EXCEL
HIGH INCOME FUND

Morningstar Ratings™
★★★★★
The Excel High Income Fund (Series "F") 5-Star Overall Morningstar RatingTM

FUNDGRADE™ A+
ACHIEVED FOR THE YEAR 2016

Performance and Portfolio Allocations as at July 31, 2017.

FIXED-INCOME

Fund Category | **Emerging Markets Fixed-Income**

Unit Price

Series A	$ 5.12
Series F	$ 5.48
AUM	$ 193,170,850
Distributions	Monthly ($0.025 per unit) Distribution Yield – **Series A (5.8%)**

Date of Inception

Series A	November 2, 2010
Series F	November 3, 2010
Series IS	October 13, 2016
Series N	September 30, 2016

Management Fee

Series A	1.95%
Series F	0.95%
Series IS	0.75%
Series N	0.95%

Risk Rating

Low to Medium

Style

Medium Blend

About the Fund

The Excel High Income Fund (the "Fund") seeks to achieve total return comprised of a combination of interest income and capital growth by investing primarily in debt securities issued by governmental and corporate issuers located in emerging market countries throughout the world.

Securities Portfolio Adviser: Excel Investment Counsel Inc. ("EIC")

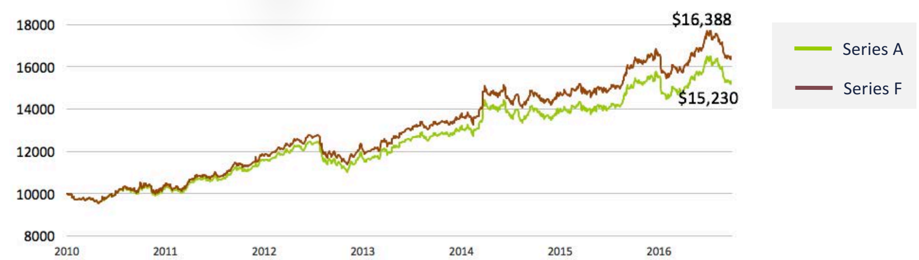
EIC provides investment advisory and portfolio management services to the mutual funds managed by Excel Funds Management Inc. ("EFM"), Canada's only emerging markets focused mutual fund provider.

Commodity Futures Portfolio Adviser: Amundi Asset Management

Amundi
ASSET MANAGEMENT

Sergeï Strigo
Mr. Strigo has over 12 years of investment experience. He joined Amundi Asset Management in 2004 and has been managing the Excel High Income Fund since 2010.

Growth of $10,000 Since Inception*



Annual Compound Returns (%)

	YTD	1 month	3 month	6 month	1 year	3 year	5 year	10 year	Inception
Series A	1.7	-2.0	-6.7	3.8	1.6	6.0	6.4	N/A	6.4
Series F	2.3	-1.9	-6.5	4.3	2.8	7.2	7.6	N/A	7.6

Portfolio Allocations

Foreign Government Bonds	71.0%
Foreign Corporate Bonds	25.8%
Other Net Assets (Liabilities)	3.2%

Top Ten Holdings

Nota Do Tesouro Nacional 10.00% Jan. 1, 2025	7.0%
Nota Do Tesouro Nacional 10.00% Jan. 1, 2021	3.6%
Republic of Turkey 8.00% Mar. 12, 2025	3.4%
Petroleos Mexicanos 2.75% Apr. 21, 2027	3.2%
Petrobras Global Finance BV 4.38% May 20, 2023	3.1%
Republic of Argentina 5.00% Jan 15, 2027	3.1%
Republic of South Africa 10.50% Dec. 21, 2026	2.4%
Republic of Poland 2.50% Jul. 25, 2026	2.0%
Petroleos Mexicanos 7.19% Sep. 12, 2024	2.0%
Russian Federation 7.85% Mar. 10, 2018	1.9%

Country Allocations

Brazil	16.6%
Mexico	10.7%
Indonesia	8.7%
Argentina	6.7%
South Africa	6.6%
Turkey	6.4%
Russia	5.2%
United States	3.5%
**Others	35.6%

**Others include regions which individually represents less than 3.5% of the Net Asset Value of the Fund

Fund Codes	Front End		Deferred		Low Load		Series F		Series IS		Series N	
	C$	US$	C$	US$	C$	US$	C$	US$	C$	US$	C$	US$
	EXL 111	EXL 841	EXL 211	EXL 843	EXL 311	EXL 845	EXL 611	EXL 805	EXL 1114	EXL 1211	EXHIF	EXHIF.U

Calendar Performance*

Series A	3.6%	18.4%	-1.6%	11.0%	8.0%	6.6%
Year	2011	2012	2013	2014	2015	2016

Commentary

Market Commentary

Global investors have recently been forced to sift through mixed signals from macro data and markets. Chief among these discordant messages is the apparent dichotomy between softer inflation, lower yields and falling oil prices on one end; and continuous solid global growth and firm risk sentiment on the other. The fixed income market navigated through the environment of sharp decline in oil price with limited impact than in the past, while hawkish commentary from key central bank members that has led to a divergent in emerging markets (EM) sovereign spreads and the spike in volatility.

The US Federal Reserve (Fed) has stuck to its script on tightening and raised policy rates for the fourth time since December 2015. More importantly, the Fed explained how it intended to shrink its balance sheet. It would stop reinvesting an increasing amount of maturing assets from an initial monthly pace of USD 6bn for Treasuries and USD 4bn for Mortgage Backed Securities and revised the amount upward each quarter by USD 6bn and USD 4bn, respectively, until they reached USD 30bn and USD 20bn. Almost as important was the Fed's intent to keep its dot plot almost unchanged for the three coming years (with another hike to come in 2017, followed by three in 2018, and another three in 2019).

European Central Bank (ECB) President, Mario Draghi, startled market participants during his June 27 speech when he stated the need to gradually withdraw accommodation, leading the 10Y Bund yield rates to surge by 20 basis points on the week.

Hence, this quarter marked a real shift in central banks' general orientation:

- The European Central Bank (ECB) will reduce its asset purchases in 2018.
- The Fed will shrink its balance sheet and continue raising interest rates, particularly for financial stability (FOMC members have been increasingly vocal on this point).
- The Bank of England is pondering the relevance of a rate hike as the (perilous) negotiations on Brexit have just begun and the economy is slowing.
- The Bank of Canada (BoC) has expressed it could raise its key rate very soon despite the very low oil prices.

Brazil was once again the most prominent story for EM. The public prosecutor, Rodrigo Janot, charged President Michel Temer with corruption on June 26. This move was highly expected and was made after the release of the final investigation report by the Federal Police indicated the crimes of i) corruption; and ii) obstruction of justice. According to the prosecutor, there is "abundant" evidence that the president received bribery money and acted "in violation of his duties to the State and to society". However, it is important to note that in order for the president to go on trial, the Lower House of Congress must first approve the charges by a two-third majority. The president has been working in the past few weeks with his allies to ensure a majority would not be reached.

Current Positioning and Outlook

Wider EM credit spreads and higher US treasury yield created divergence between hard and local currency EM debt return over the quarter. The Canadian dollar was the best performing currency in June as the BoC unexpectedly turned hawkish in the second week of June. The BoC governor noted that interest rate cuts that were put in place in 2015 appeared to have done their job. The hawkish tone suggests policy change may happen soon in the second half of the year. The combination of those two elements led to the decline in the Fund over the quarter.

At the end of the quarter, the Fund maintained a very slight underweight versus the benchmark in Macaulay duration of 5.7 versus 5.8 years. The Fund maintain an overall underweight allocation to local currency bonds. The fund manager has been much more active on the EM hard currency bond component where exposure to the Latin America financial sector (Peru and Mexico) and Turkish banking sector were added, while reducing exposure to the Turkish sovereign. The Fund have also participated to the first EUR bond issuance from Ivory Coast, a sub-Saharan African country. Lastly on the currency side, the Fund reduced its overweight on EM FX to approximately 7% as at quarter end. This was established by reducing long positions on high yielding EM currencies such as the Russian ruble, the Mexican peso and the Turkish lira. At the same time, the Fund increased long positions on the Malaysian ringgit and reduced short position on the Chilean peso. The Fund maintained an approximately 12% short position on the low-yielding China-currency bloc (Chinese offshore renminbi, Korean won, Singapore dollar, Taiwanese dollar). The fund manager prefers to fund long EM positions versus the USD rather than the EUR or CAD, leading to a short USD position of around 14%.

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YES!

The units of the fund are qualified investments for
RRSPs, LIRAs, RRIFs, LIFs, LRIFs, DPSPs, RESPs, RDSPs and TFSAs.

www.excelfunds.com EXCEL FUNDS 1-855-EXCEL30

*Data provided representative of Excel High Income Fund, Series "A". The inception date of the Fund's Series A is November 2, 2010.

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List of Winning Funds

Fund Name	CIFSC Category	Fund Count	FundGrade Start Date	FundGrade Calc Date
Excel High Income Fund	High Yield Fixed Income	237	1/31/2011	12/31/2016

Distributions are paid as a fixed amount each month, representing an amount which approximates the amount of income the Excel High Income Fund is expected to receive on average each month. These amounts can be adjusted up or down from time to time as determined by the fund's manager. Unless you instruct us to pay your distributions in cash, all distributions by the fund will be reinvested automatically in additional units of the same series of the fund held by the investor at the NAV thereof. As at July 31, 2017, 77.28% of Series A, 46.35% of Series F and 98.56% of Series IS of the fund's total distribution were reinvested. Yields are calculated on average daily net asset value for each month.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the simplified prospectus before investing. The indicated rates of return are the historical annual compounded total return including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The rates of return shown are used only to illustrate the effects of the compound growth rate and are not intended to reflect future values of the returns on investment in Excel Funds.

All statements in this update, other than statements of historical fact, and including statements regarding the future economic effects of events, are "forward-looking statements". These forward-looking statements reflect the current beliefs of the Fund's portfolio manager and are based on information available to the Fund as of the date of this update. Actual results may differ materially as they are subject to a number of significant risks and uncertainties. The Fund has no obligation to update or revise the forward-looking statements in this update.