



ADVISORY BOARD MEETING

<u>Board Member</u>	<u>Alternate</u>	<u>Board Member</u>	<u>Alternate</u>
David Morritt	TBA	Donald Milner	Anne-Marie Breton
Robert Love	Kate Menear	Gordon Goodman	John Birch
Mike Swartz	Paul Wilson	Ken Crofoot	Eugene Cipparone
Julia Holland	David Outerbridge	Laurence Detière	Melanie Koszegi
Caroline Zayid	David E. Woollcombe	Carl De Vuono	Christopher Garrah

Tuesday, September 19, 2023 at 8:30 a.m.
Goodmans LLP
34th Floor, Bay Adelaide Centre, West Tower
333 Bay Street
Toronto, Ontario

ZOOM login information: Advisory Board of CLLAS

To join meeting using a computer:

<https://us02web.zoom.us/j/88254217283?pwd=UlQydHpZOHJsUks5dWdsRU04M1dlZ09>

Meeting ID: 882 5421 7283

Meeting Password: 975592

To join meeting by phone:

+1 647 558 0588 Canada

Meeting ID: 882 5421 7283

Meeting Password: 975592

AGENDA

	<u>Responsibility</u>	<u>Est. Time</u>	<u>Tab</u>
1. Constitution of Meeting	Ken Crofoot		
2. Appointment of Secretary	Ken Crofoot		
3. Approval of the Minutes of June 20, 2023 Meeting	Ken Crofoot	5 mins	3.1

Proposed Resolution: To approve the minutes.



	<u>Responsibility</u>	<u>Est. Time</u>	<u>Tab</u>
4. Business Arising Out of the Minutes	Ken Crofoot		
5. Comments of Chair	Ken Crofoot	5 mins	
6. Final Placement of Reinsurance Renewal including Cyber	Ryan Durrell	10 mins	
7. Board Education	Carrie Green Julie-Linda Laforce	45 mins	
7.1 IFRS 17 Education Session			7.1
7.2 Actuarial Liabilities Education Session			7.2
8. Report of the General Manager's Office	Carrie Green	10 mins	
8.1 Management Financial Statements as at June 30, 2023			8.1
8.2 CLLAS Cyber subscribers accounts/rules of the reciprocal (status update)			
9. Committee Reports		20 mins	
9.1 Audit Committee	Gord Goodman		
9.2 Claims Committee	Robert Love		9.2
9.3 Risk Management Committee	Julia Holland		
9.4 Policy Committee	Donald Milner		
10. Other Business		5 mins	
10.1 Quarterly Report of the Investment Manager	Carrie Green		10.1
11. Proposed Meeting Dates for 2024:			
• February 27, 2024			
• June 25, 2024			
• September 17, 2024			
• December 3, 2024			
12. Next Meeting – December 5, 2023			

Anticipated Adjournment Time: 10:00 a.m.

**CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
("CLLAS")**

Minutes of a Meeting of the Advisory Board

8:45 a.m.
Goodmans LLP (via videoconference)

Tuesday, June 20, 2023

Present:

Ken Crofoot (Chair)	Goodmans LLP
Robert Love	Borden Ladner Gervais LLP
Laurence Detière	Davies Ward Phillips & Vineberg LLP
Gordon Goodman	Cassels Brock & Blackwell LLP
Donald Milner	Fasken Martineau DuMoulin LLP
Anne-Marie Breton	Fasken Martineau DuMoulin LLP
Caroline Zayid	McCarthy Tétrault LLP
Carl De Vuono	McMillan LLP
David Morritt	Osler, Hoskin & Harcourt LLP
Julia Holland	Torys LLP
Michael Swartz	WeirFoulds LLP
Patrick Mahoney	Office of the General Manager, CLLAS
Carrie Green	Office of the General Manager, CLLAS
Norma Ibbetson	Office of the General Manager, CLLAS
Ryan Durrell	Axxima
Chris Marley	Axxima

Absent:

1. Constitution of Meeting

The Chair brought the meeting to order.

2. Appointment of Secretary

Norma Ibbetson acted as Secretary.

3. Approval of Minutes of the February 21, 2023, Meeting of the Advisory Board

It was moved by Michael Swartz and seconded by Laurence Detière that the minutes of the February 21, 2023, meeting of the Advisory Board be approved. The motion was carried unanimously.

4. Business Arising Out of the Minutes

All business arising out of the minutes is being dealt with elsewhere in the agenda.

5. Comments of the Chair

Ken Crofoot reported to the Board that the trip to London with management, the Axxima Group and Bob Love went very well. The underwriters of the various syndicates were very receptive to the discussions on CLLAS' claims management work and discussion of the return-to-work policies of many of the firms.

6. Pro-Form Insurance Services

Bob Wilson and Scott Belton joined the meeting.

The professional liability market in Canada has continued to level out in 2023, which is being driven by increased competition from Lloyds and domestic carriers for certain classes of business.

The Lloyds market remains the main option for "primary" Canadian lawyers' professional liability as there is limited appetite from Canadian insurers to participate on the lower working layers.

There are a few new domestic entrants to the Canadian professional liability market, and Lloyds syndicates have been given the green light to grow their books of business this year. As a result, CLLAS should continue to see competition between insurers as they are no longer able to rely solely on rate increases to grow the size of their books – especially on the higher excess layers.

The impacts of economic and social inflation on claims costs continue to be a concern for liability insurers across the board and insurers will be keeping an eye on the broader economic situation as they would typically expect an increase in claims in times of recession. We're generally seeing inflationary rate increases on the "working layers" of lawyers' professional liability towers but minor or no increases on higher excess layers, in line with what's been achieved for the CLLAS firms.

Current excess insurers have agreed to renew their participation for a further year at expiring rates apart from Axis who wanted a 10% increase and as a result have been replaced by Tokio Marine Canada, on the \$50,000,000 excess of \$50,000,000 layer and 5% on the next layer of \$60,000,000 excess of \$100,000,000. There are no changes to the structure of the program this year.

Mr. Wilson indicated that there will be no changes to the policy wordings in 2023, subject to any changes to the underlying CLLAS wording which are not expected.

The CLLAS International program is renewing with a small rate increase, attributable to inflation, generally with the same insurers as expiring. Mr. Wilson stressed to the Board that he views this as a good result. He reminded the Board that the international program is marketed as a group but that each firm is rated separately based on claims experience. Pro-Form will be in contact directly with each firm to explain their specific increase.

A schedule summarizing the AM Best and S&P ratings of all insurers on the excess and international programs was included in the hand-out material. Also included was a rate summary going back to 2001 which highlights the decrease in rates since 2004 up to 2018. The 2023 rate is still competitive at \$930 for \$110 million of coverage and well below the rate of 15 years ago.

Lawyer head counts as of June 1, 2023 are considered final. Mr. Wilson indicated that firms will be renewed based on expiring terms and limits, unless he is advised otherwise. He and Mr. Belton then left the meeting.

Mike Swartz left the meeting.

7. Reinsurance Renewal

Ryan Durrell and Chris Marley reported on the CLLAS reinsurance renewal and the cyber program.

Reinsurance Renewal

The Board received a copy of a June 13, 2022, memo reporting on the placement. The primary renewal objective for this year was to achieve the best renewal terms possible for CLLAS members given current market conditions.

Ken Crofoot and Robert Love from the CLLAS Board and Patrick Mahoney, Carrie Green, Ryan Durrell and Christopher Marley from Axxima met with markets.

Ken spoke to underwriters on a variety of topics and emerging issues, including the Canadian legal marketplace, finding balance in hybrid workplace environments, artificial intelligence, risk management efforts and the launch of CLLAS' cyber program. Robert also took the opportunity to speak to underwriters of the role the CLLAS claims committee plays, highlighting the benefit of the perspective of a number of senior counsels who can provide valuable analysis, insight of practicing litigators, and recommendations. Also provided were details claim developments and trends.

These messages were very well received by underwriters, who took a keen interest in the firms' experiences. Topics that seemed of particular interest to underwriters were inflation and AI platforms.

While our lead on the primary layer has agreed to a 2.5% increase, some of the following markets are being challenged on their pricing models and so it is possible that the overall increase may be as high as 7.5%. For the Third Optional Excess and First Blanket Excess, indications from the lead are that they are seeking a double-digit increase, believing the layers are underpriced. Lead terms on the Second Blanket Excess are flat.

Though we continue to see adverse development in the underlying claims experience, CLLAS' loss development and loss emergence over the past 12 months have been relatively stable. Loss history since 2010 is emerging positively relative to rates, although actuaries are quick to discount recent experience as not being sufficiently mature. Regardless, another year of relative stability was the highlight of our "business as usual" theme during renewal presentations.

Surplus Position and Impact on 2023/24 Premium

During last year's rate discussion, the Board agreed that the return of a certain amount of surplus was appropriate to smooth premium increases but that it should be at a level that is sustainable for the next three or four years.

CLLAS' surplus position at December 31, 2022 was slightly above \$10.7 million. In considering the appropriate surplus level for CLLAS, it is important to consider regulatory requirements and surplus attributable to departed firms. Taking all factors into account and building in a prudent "cushion" over the minimum regulatory requirements, there is \$1.7 million of available surplus. CLLAS' actuary recommends the application of no more than 50% of the available surplus or \$850,000 of surplus towards premium credits for 2023/2024. We are recommending \$700,000 which is the same amount as in the previous two years. That said, if the rate on the primary level comes in at the higher end of the 7.5% to 10% range, we recommend funding the minor difference in reinsurance costs through surplus, which would result in an additional deployment of surplus of up to the \$850,000 recommended limit.

It was moved by David Morritt and seconded by Laurence Detière that the surplus of not less than \$700,00 but up to \$850,000 be distributed by way of premium credit and that the 2023/24 premium rate be set based on a reinsurance rate increase on the average lawyer costs of 7.5%, subject to final minor adjustments not to exceed 8%. The motion was carried unanimously.

CLLAS Cyber Reinsurance Program

In parallel to the larger and more complex professional liability reinsurance program, we are also completing the reinsurance renewal for the cyber program. While the impact of this renewal will not be felt by the majority of firms until the fall when the bulk of the policies renew, we will provide a fulsome update on the cyber program and expected rates at the upcoming board meeting.

As of writing, we are anticipating a +5% increase year-over-year on the reinsurance premiums, which should translate to a 0% to +2.5% average cost increase on a per-lawyer basis due to lawyer count increases as compared with last year. Coverage is expected to remain as expiring, save for the introduction of endorsements to address catastrophic losses. A more fulsome report will be provided at the September Board meeting.

One firm will renew July 1, 2023, with another on November 1, 2023 and the balance October 15, 2023. The expectation is that all firms will move to a common renewal dated over the first two policy periods.

8. Report of the General Manager's Office

Carrie Green reported. Before presenting the Financials, Carrie shared with the Board her background in reciprocal management.

Financial Statements Quarter Ending March 31, 2023

CLLAS's financial management report for the three months ended March 31, 2023, was included with the meeting materials.

These financial statements were prepared under IFRS 17 which came into effect January 1, 2023. While there have been changes in presentation and terminology as a result, best efforts have been made to maintain a familiar level of detail in the supporting schedules. A Board education session for IFRS 17 will be on the agenda for the September 2023 Board meeting.

We have three sets of statements.

- E&O
- Cyber
- Combined

On a combined program basis, CLLAS experienced a positive net insurance result of \$136,000 for the first three months of 2023. After considering the net investment result and unrealized gains/losses on the investment portfolio, CLLAS' total comprehensive income was \$239,000. Several claims were resolved late in Q4 2022 and early Q1 2023, resulting in claim payments totally just over \$11.2 million in the quarter. At March 31, 2023, CLLAS had a surplus of just under \$13.7 million. Expenses to date are slightly under budget.

The key regulatory solvency test that CLLAS is required to comply with is known as the Alberta Maintenance of Reserve and Guarantee Fund ("AMRGF"). CLLAS must maintain "cash and approved securities" more than the reserve fund plus the guarantee fund required by the Alberta regulator. The AMRGF required for CLLAS at March 31, 2023 was \$3.056 million. CLLAS' cash and approved securities are in excess of the minimum requirement.

CLLAS also monitors its Minimum Capital Test ratio. At March 31, 2023, CLLAS' MCT ratio is estimated to be 494%, well above CLLAS' minimum internal requirements of 210% and also up from the December 31, 2022 result of 381%.

Ms. Green referred the Board to the risk metrics, Exhibit 1.5, monitored by CLLAS on a quarterly basis. The results for March 31, 2023, are within CLLAS' risk tolerances with the exception of the "maximum concentration with a single reinsurer" as the Argo Syndicate reinsures 18.1% of CLLAS' total liabilities. As noted, before, appropriate moves to continue diversifying CLLAS' reinsurance support should be made when market conditions permit.

As shown on Exhibit 3.2, the Cyber program produced near break-even results for the quarter, with a total comprehensive income of just over \$7,000. As explained in the 2023 CLLAS operating budget, with the exception of premium taxes and reinsurance fees, which can be isolated by program, 5% of all other operating expenses are allocated to the Cyber program. As shown on the budget variance (Exhibit 3.4), operating expenses for the quarter are tracking to budget. Surplus for the Cyber program is sitting in a slight deficit position of close to (\$52,000) which is not unexpected given that the program is in early stages of development.

The invoice for the first premium instalment will go out as soon as rates are finalized, which we expect to happen in the next few days.

Business Plan for Regulator – FY23 to FY25

The Business Plan, which has been updated to reflect the CLLAS Cyber Program was filed with the regulator in May and included with the Board materials.

CLLAS Subscribers' Accounts - Proposed Rules for Cyber Program

Patrick Mahoney reported.

Included in the Board package is a June 9, 2023, Memorandum to the Board outlining the approach suggested by the General Manager's office to account for Subscriber participation in the CLLAS Cyber program (Underwriting Group II).

No decision is required from the Board today. After obtaining feedback on the Cyber Program, draft Rules will be prepared. We recommend that formal adoption be postponed until after the preparation of the first set of Cyber Program Subscribers' Accounts (which will be prepared in the fall) in case that process results in recommended changes to the methodology. Going forward, separate Subscribers' Accounts will be maintained for each of the two programs.

Bob Love left the meeting.

9. Committee Reports

Report of the Audit Committee

Gordon Goodman had no report for the Board.

Report of the Claims Committee

Patrick Mahoney reported. The Committee continues to meet quarterly in person, and as needed by phone and email. The next meeting is scheduled for early July 4, 2023. There were a number of payouts on claims in the first quarter of 2023.

Report of the Risk Management Committee

Julia Holland reported to the Board. Tentative discussion are underway on a September session – topic to be decided on. Please feel free to pass along any suggestions.

Report of the Policy Committee

Don Milner reported. There is currently no new activity.

10. Other Business

Report of the Investment Manager at March 31, 2023

The report of the investment manager was included with the Board materials as an information item.

Updated Committee Membership

An updated committee list was provided. Appreciation as always was expressed for the work being done by the committees. Anyone interested in participating in a committee or changing their role was asked to contact the chair.

General Manager Transition

Included in the Board meeting material was a short memorandum updating the final processes required with respect to the transition of the General Manager role of CLLAS from Patrick Mahoney to Carrie Green. Ken spoke to Patrick's contribution over the past many years and thanked him.

It was moved by Donald Milner and seconded by Laurence Detière that Carrie Green of Axxima Insurance Services, a division of 3303128 Canada Inc. be appointed as General Manager of CLLAS effective July 1, 2023. The motion was carried unanimously.

It was moved by Donald Milner and seconded by Laurence Detière that Carrie Green replace Patrick Mahoney as authorized signatory for CLLAS effective July 1, 2023. The motion was carried unanimously.

There was no other business.

11. Next Meeting

The next scheduled meeting of the Board will be on September 19, 2023 and will be held via Zoom.

There being no further business, the meeting was terminated.

Chairman

Secretary



Canadian Lawyers Liability Assurance Society

IFRS 17 Education Session - Board
September 2023

Purpose of Education Session

- Provide education on IFRS 17
- Quantifying the impact of IFRS 17 on the actuarial liabilities
- Getting familiar with IFRS 17 financial statements, and understanding the financial and accounting policy decisions' impacts of transitioning to IFRS 17

Disclaimer

Many interpretations and concrete implementation issues related to IFRS 17 are still being discussed by the industry.

The information provided in the following slides is based on our interpretation of the standard and of the guidance available at this time.

Background on IFRS 17

New accounting standard for the measurement, presentation and disclosures of insurance contracts

- Changes in terminology
- Changes in presentation
- Changes in measurement
- Extensive disclosures

Reasons for IFRS 17:

- Added comparability across insurance entities
- Added transparency and usefulness

Effective date of January 1, 2023 (with comparative January 1, 2022)

IFRS 17 implementation requires Board involvement/approval for accounting policy decisions

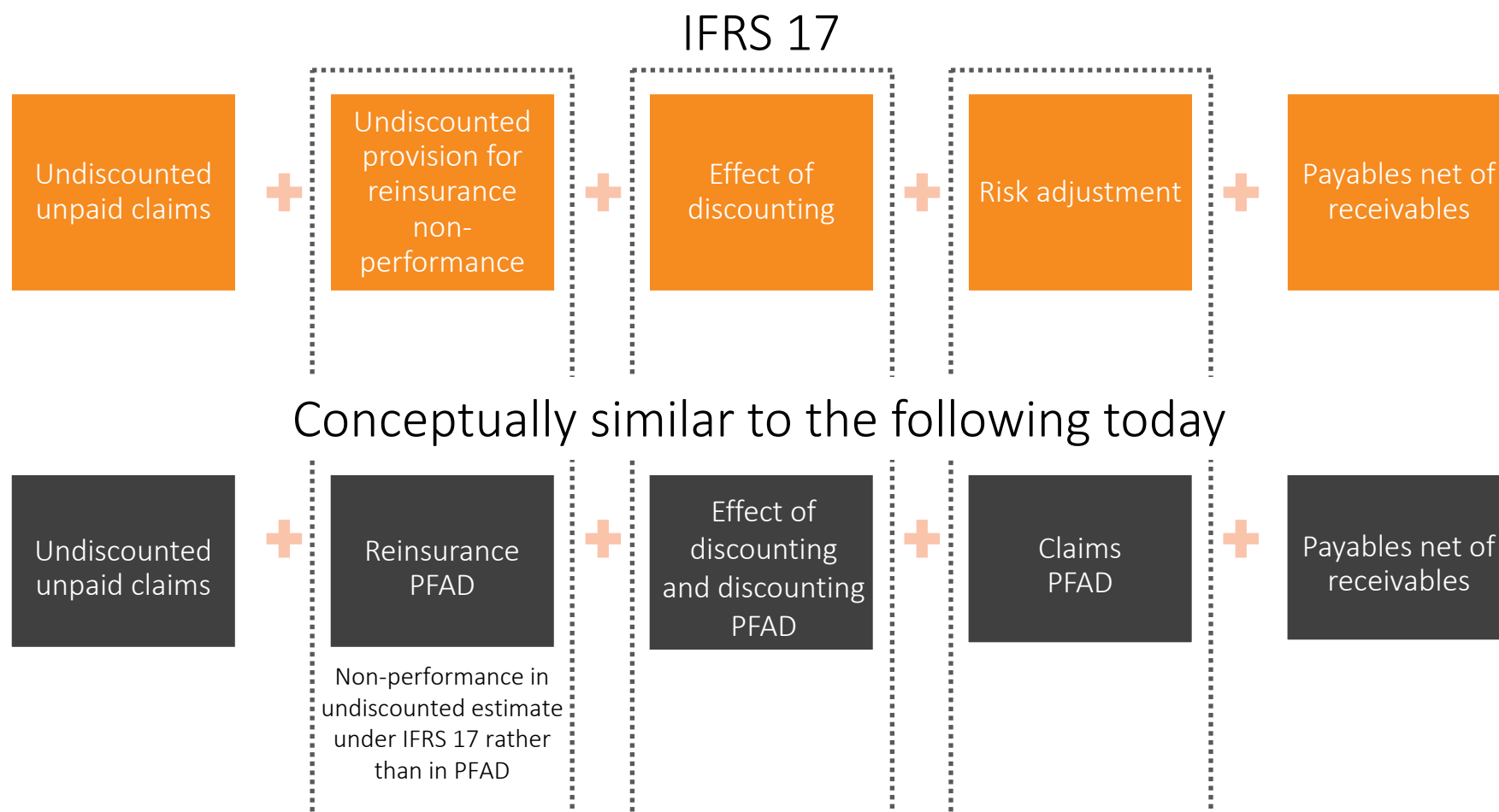
Key Impacts From IFRS 17

Many simplifications are allowed under IFRS 17. We have recommended that CLLAS elects simplifications where possible for administrative efficiency

Key impacts are:

- New **discount rates** applied to the liabilities
- New concept of **risk adjustment** replacing provision for adverse deviation
- New concept of level of aggregation and **onerous contracts**
- Elimination of the **deferred policy acquisition costs**

Liability for Incurred Claims (LIC)



Reinsurance non-performance

For CLLAS the reinsurance PFAD under IFRS 4 was valued at 5% of ceded liabilities based on the CIA actuarial standards valuing reinsurance PFAD between 0% to 15% based on various risk factors including ceded ratios

Under IFRS17, the reinsurance non-performance is evaluated at 1% of ceded liabilities. The IFRS17 standard is focussed on reinsurers risk of default only

New Discount Rates

CLLAS's discount rates and investment returns are no longer related

	12.31.2022
IFRS 4 Discount Rates (Based on CLLAS's Investment Portfolio, Net of Investment Management Fees and discounting PFAD)	2.95%
IFRS 17 Average Discount Rates (Based on Risk-Free + Liquidity Premium)	4.73% (3.46% + 1.27%)

The liquidity premium increases the discount rates even though CLLAS is **not expected** to collect this investment income

The higher average discount rate results in lower liabilities

New requirement to separately present the effect of discounting liabilities in the income statement

Risk Adjustment

Compensation required for the uncertainty about the amount and timing of the cash flows.
Conceptually replaces PFAD for claims risk

Based on the Board's view, no longer on the actuary's view

- No explicitly mandated range, although current practice in Canada is for the claims PFAD to be in the range of 0% to 20% (20% for long duration, high claim limits or poor data)
- Given CLLAS does not require a compensation/profit, the risk adjustment could be zero with the surplus being managed more conservatively instead
- The current PFAD is 10%, CLLAS adopted a **9% Risk Adjustment** (to generate equivalent claims margin applied to discounted claims)

CLLAS's ERM policy should be enhanced to include a review of the Risk Adjustment every three years as a minimum

Risk Adjustment (Continued)

The actuary will be responsible for applying the Board's decision to the liabilities which will appear in the financial statements and the confidence level (i.e., probability that liabilities are sufficient to meet future payments) associated with the risk adjustment will be disclosed in the financial statements

Levels of Aggregation and Onerous Contracts

All insurance contracts must be separated into:

- Portfolios (business with similar risks managed together) → four: liability insurance and reinsurance, cyber insurance and reinsurance
- Annual cohorts (contracts issued within the same year) → will follow policy year
- Groups of contracts
 - Contracts that are onerous (i.e., not profitable based on IFRS 17 assumptions)
 - Other contracts

When insurance contracts issued are onerous, then **the expected net losses from those contracts is accrued in the financials at the issue date**

CLLAS distributing surplus through premiums may give rise to onerous contracts and would require a loss to be recorded when the decision regarding the surplus is taken

Acquisition Costs

Acquisition Costs under IFRS 17 represent the cost of selling, underwriting and starting a group of insurance contracts

- Direct costs attributable to specific contracts (e.g., premium tax)

- Allocation of fixed and variable overhead (e.g., actuarial, accounting, etc.) directly attributable to fulfilling the insurance contracts (NEW)

For CLLAS, the reciprocal has the choice of:

- Recognizing acquisition costs when incurred

- Amortizing acquisition costs in proportion to insurance revenue recognized

For simplification, the DPAE (premium taxes only for CLLAS) is being expensed as incurred and will no longer show on the balance sheet as an asset (one time impact at transition)

Asset or Liability for Incurred Claims

New terminology for all unpaid claims and expenses that relate to expired coverage (i.e. claims reported before Dec 31st)

	IFRS 4	IFRS 17
Assets	Provision for unpaid claims and adjustment expenses recoverable from reinsurers Reinsurance receivable	Asset for Incurred Claims (AIC)
Liabilities	Provisions for unpaid claims and adjustment expenses Claims payable	Liability for Incurred Claims (LIC)

Asset or Liability for Remaining Coverage

New terminology for the future cash flows that relate to **unexpired** coverage (i.e., claims reported between Dec 31st and June 30th)

	IFRS 4	IFRS 17
Insurance Contracts	Unearned premiums (liability) Premium deficiency (liability) Premium taxes and other payable (liability) Deferred policy acquisition costs (asset) Premiums receivable (asset)	Liability for Remaining Coverage (LRC)
Reinsurance Contracts	Ceded unearned premiums (asset) Amounts due to reinsurers (liability)	Asset for Remaining Coverage (ARC)

Opening Balance Sheet (Unaudited)

IFRS 4	As at December 31, 2022	As at January 1, 2022	IFRS 17	As at December 31, 2022	As at January 1, 2022
Assets			Assets		
Cash	2,872,993	3,533,877	Cash, investments and accrued income	20,165,903	20,962,754
Short term investments	11,590,166	11,361,485	Prepaid expenses	236,651	150,827
Bonds	5,677,588	6,043,762	Reinsurance contract assets		
Interest income due and accrued	25,156	23,630	Asset for incurred claims	72,018,164	64,021,442
Prepaid expenses	236,651	150,827	Asset for remaining coverage	2,665,644	3,235,738
Premium receivable	5,648,700	3,673,597		<u>74,683,808</u>	<u>67,257,180</u>
Other receivable	0	0			
Deferred policy acquisition costs	258,476	41,179		<u>95,086,362</u>	<u>88,370,761</u>
Unearned reinsurance premium ceded	7,121,884	5,236,160			
Reinsurance recoverable	1,491,496	577,410	Liabilities		
Provision for unpaid claims recoverable from reinsurers	73,415,025	64,708,168	Insurance contract liabilities		
	<u>108,338,135</u>	<u>95,350,095</u>	Liability for incurred claims	76,144,667	68,922,369
			Liability for remaining coverage	3,931,901	4,060,376
Liabilities			Accounts payable	<u>1,585,000</u>	<u>0</u>
Accounts payable & accrued charges	1,919,069	278,684		<u>81,661,568</u>	<u>72,982,745</u>
Premium taxes payable	111,210	81,030			
Unearned premium	9,135,323	6,244,910			
Due to reinsurers	4,456,240	3,045,212	Equity	<u>13,424,794</u>	<u>15,388,015</u>
Provision for unpaid claims and adjustment expenses	82,061,404	72,867,454			
	<u>97,683,246</u>	<u>82,517,290</u>			
Equity	<u>10,654,889</u>	<u>12,832,805</u>			

The overall equity increases by \$2.5M
(mainly due to lower reinsurance non-performance
and higher discount rate)

Income Statement: IFRS 4 vs. IFRS 17

Similarities

- No impact on investment income
- General presentation is still broken down into two categories:
 - IFRS 4 (current): underwriting income and investment income
 - IFRS 17: **insurance service result** and **investment result**

Key Differences

Presentation of Incurred Claims and Operating Expenses

- Reporting the ceded portion separately from the gross of reinsurance portion
- Combining operating expenses with claims expenses
- Reporting the impact of discounting as part of investment results

Income Statement: IFRS 17 – The Narrative

IFRS 17	Year to Date December 31, 2022	
Insurance Service Result		
Insurance revenue	14,004,146	}
Insurance service expense	<u>(16,452,625)</u>	
	(2,448,479)	
Allocation of reinsurance premiums	(11,619,994)	}
Amounts recovered from reinsurers	<u>14,004,668</u>	
	2,384,674	
Net insurance service result	(63,805)	}
Investment Result		
Investment income	393,562	}
Insurance finance income (expense)		}
For insurance contracts	4,299,959	
For reinsurance contracts	<u>(3,963,465)</u>	
Net investment result	730,056	
Net income (loss)	666,251	
Unrealized gains (losses) on available for sale financial assets arising during the year	<u>(434,476)</u>	
Total comprehensive income (loss)	231,775	
Return of premium surplus	(2,195,000)	}
Total income (loss)	<u>(1,963,225)</u>	

Details on earned premiums are shown on a **gross** basis less the **gross** claims, **total** premium taxes and **net** operating expenses (i.e., all operating expenses except those supporting reinsurance). The total is “similar” to an underwriting revenue on a **gross** basis

Details on earned premiums are shown on a **ceded** basis less the claims and operating expenses related to the **ceded** contracts. The total is “similar” to an underwriting revenue on a **ceded** basis

Similar to underwriting income/(loss) excluding impact related to release of discount

No change : Investment income as it relates to realized gains on invested assets

Insurance finance result which reflects the release of discount due to the passage of time and changes in discount rate assumptions on a gross and ceded basis

No change : Surplus returned to the Subscribers

Conclusion

Looking forward, it will be necessary for CLLAS to enhance its Enterprise Risk Management policy to include a **review of the risk adjustment margin** selected **every three years**, or more frequently should the coverage offered, duration or any other characteristics of the risk undertaken by the entity change materially

Transitioning to IFRS 17 represents an **increase of \$2,555,000** on equity based on the opening balance sheet (one-time impact **at transition**), which is mainly driven by the reinsurance for non-performance provision reduction and higher discount rates

The total comprehensive income at December 31, 2022 is \$231,775 under IFRS 17 (vs. \$17,084 under IFRS 4) and **as of December 31, 2022 the equity under IFRS 17 is now \$2,770,000 higher than under IFRS 4 due to the reinsurance for non-performance provision reduction and higher discount rates**

discussion





Canadian Lawyers Liability Assurance Society

Role of the Actuary
September 2023

Role of the Appointed Actuary



Valuation of policy liabilities

- Claim liabilities
- Unearned premium liabilities
- Other policyholder liabilities



Liaise with the auditor

In accordance with Canadian Accounting Standard 620



Monitor the financial condition

Other Roles – Not required by Regulation

Quarterly actuarial valuation

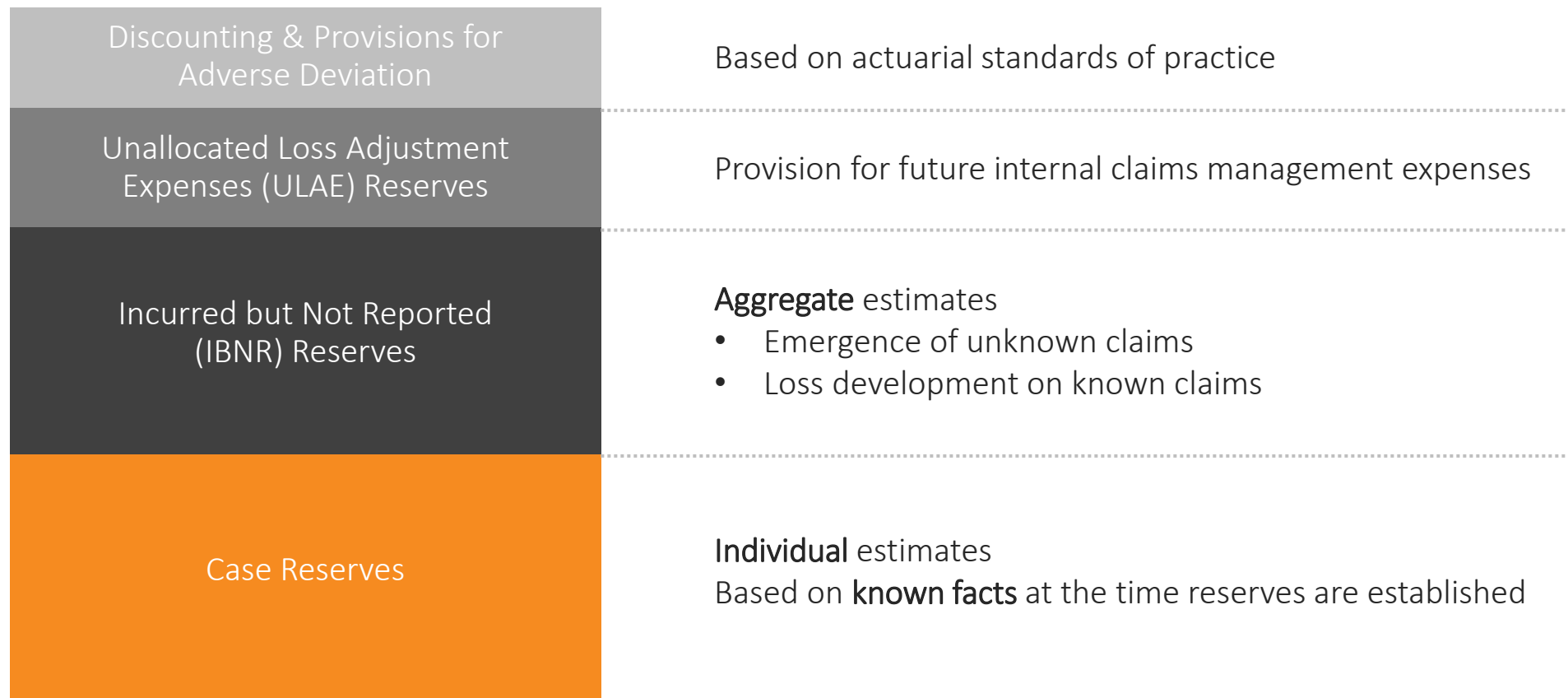
Annual Funding Study – Set expected loss cost for 2023/2024 year (portion of this work is used in the Reinsurance Submission)

Surplus Distribution Recommendation – Annual exchange for June Board meeting

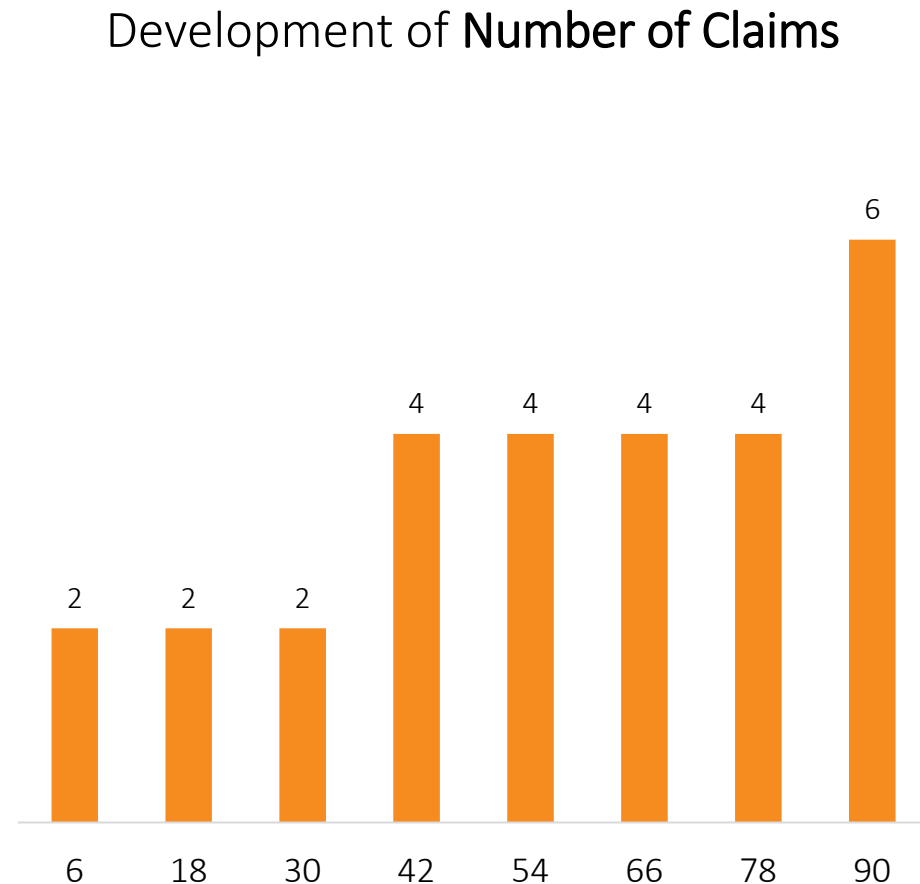
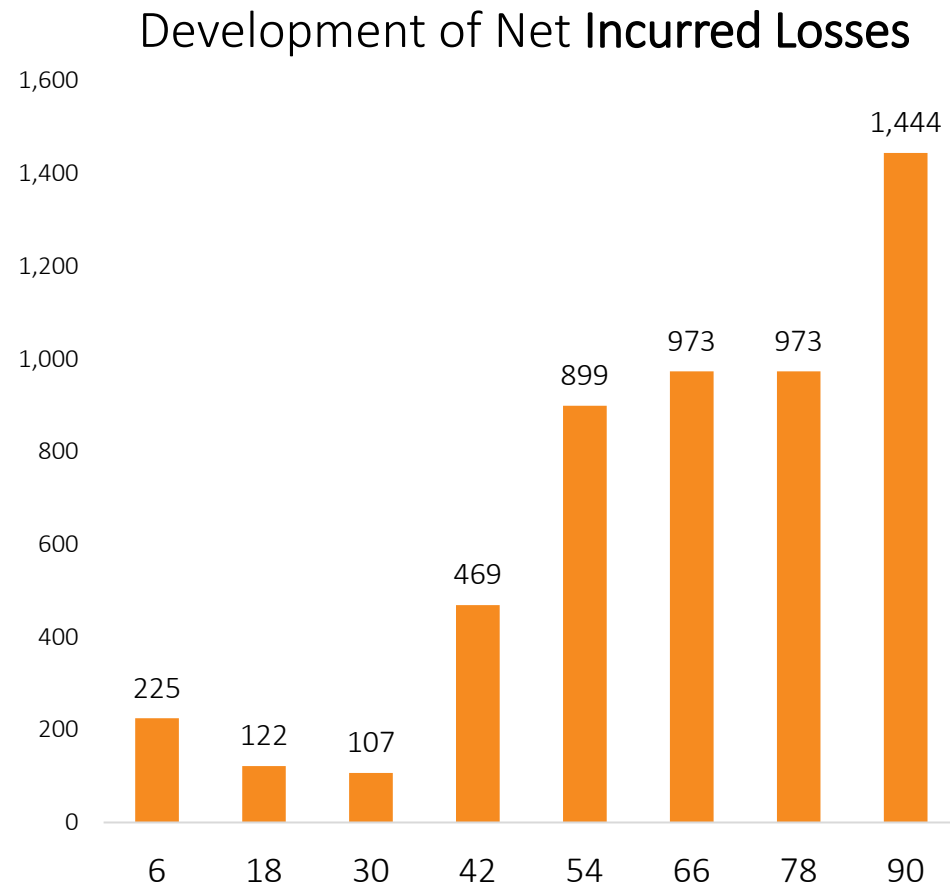
ORSA/Risk metrics – As required by CLLAS (no longer a regulatory requirement)

Strategic: Departing members, new member evaluations, etc.

Claim Liabilities

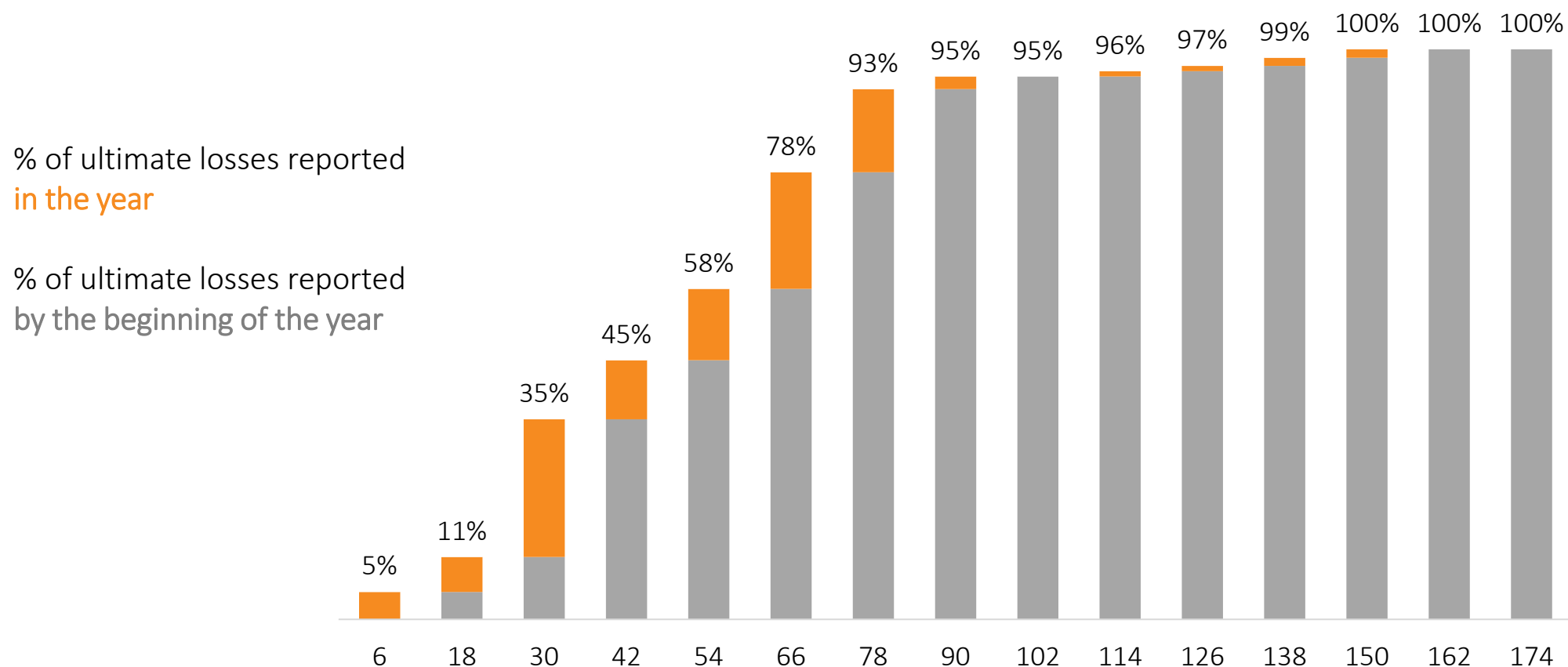


Example: Development of 11/12 Policy Year

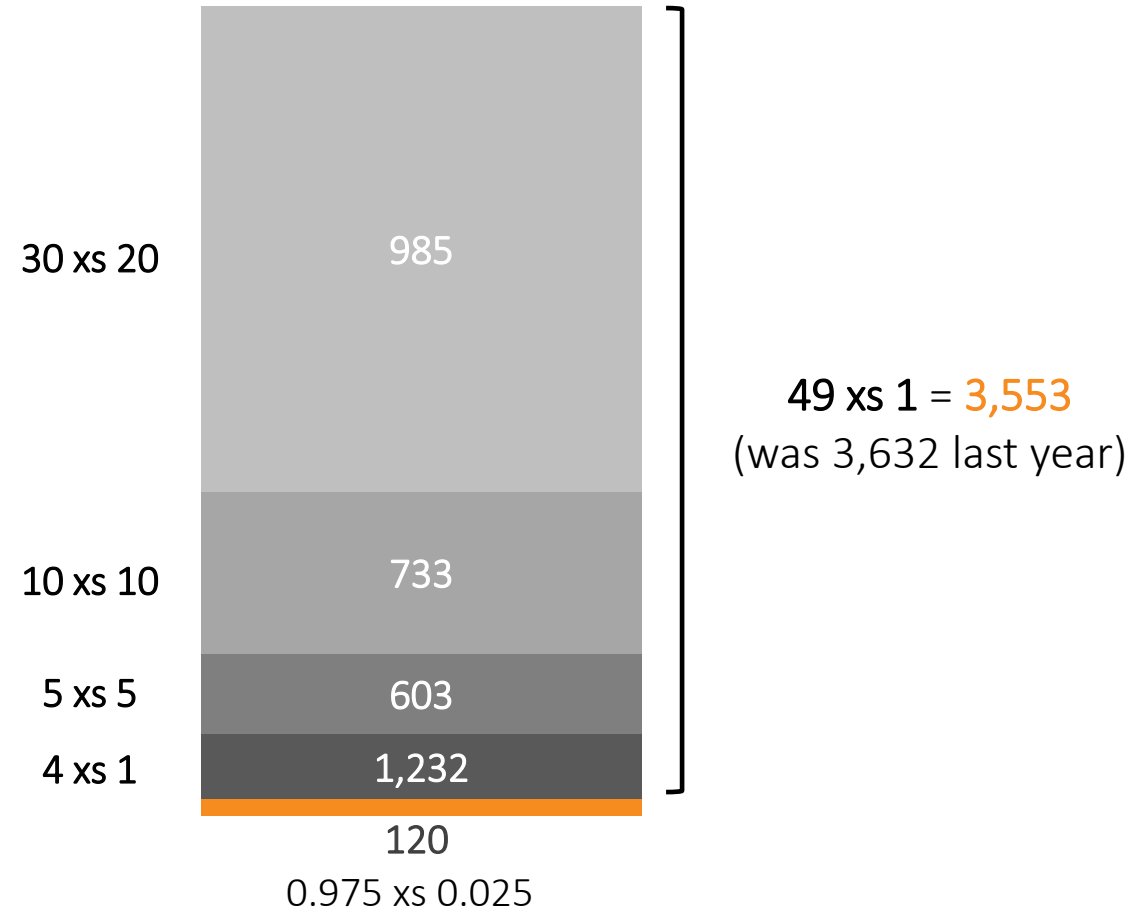


Development of Incurred Losses

Losses are assumed to be **fully reported** after **11.5 years**

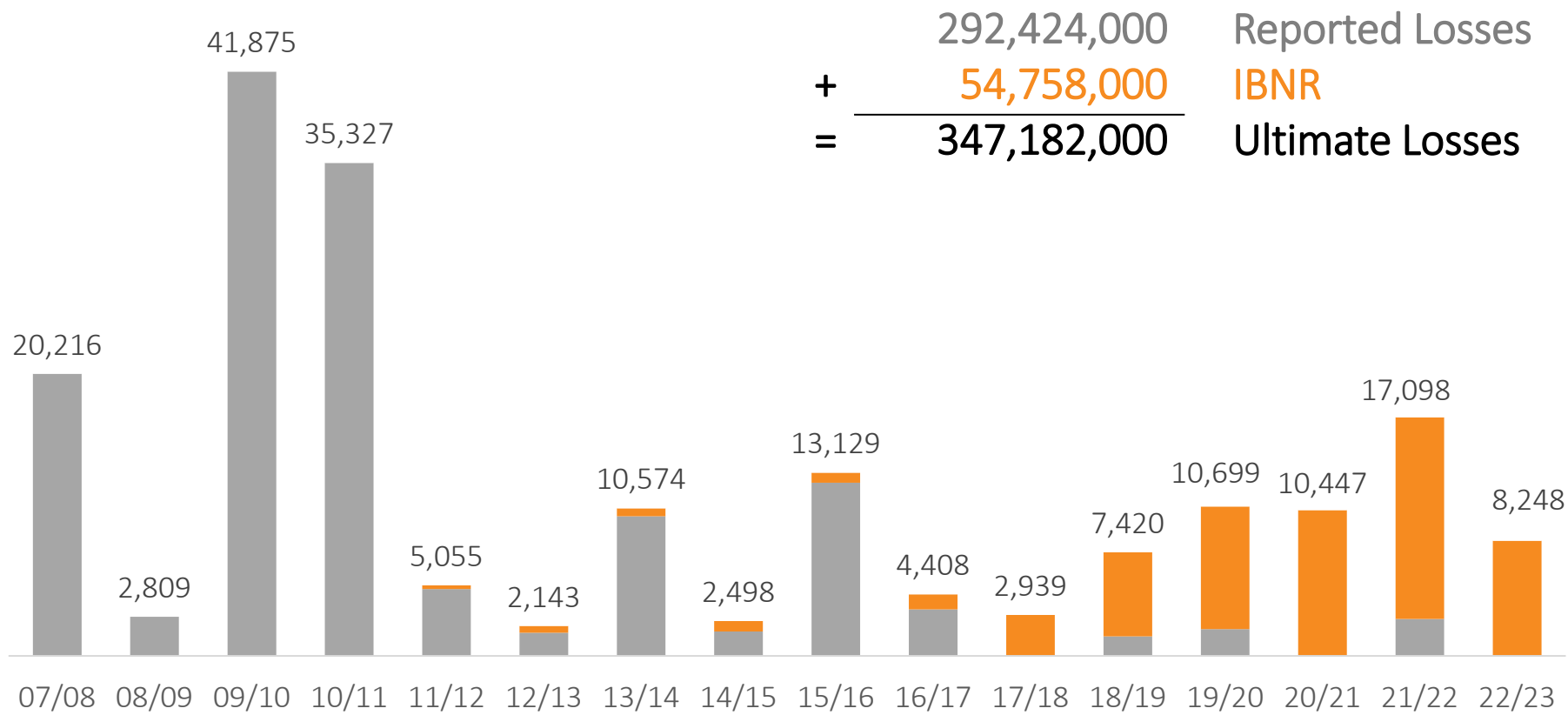


Expected Loss Costs

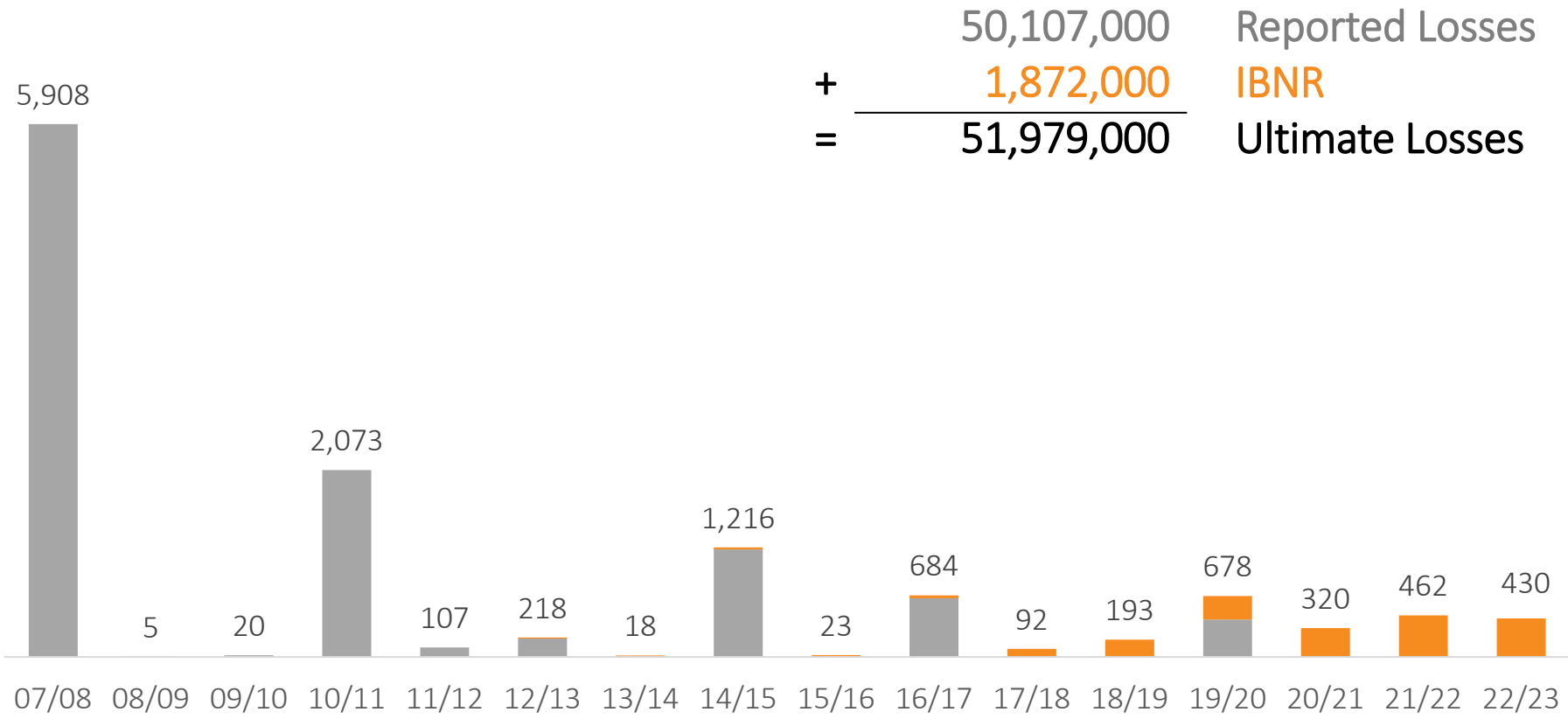


Other Excess Layers	
Layer	Loss Cost per Lawyer
30 xs min 65	8
5% of 30 xs 50	13
5% of 50 xs 50	16
5% of 60 xs 100	3
60 xs 160	12
30 xs 250	1

Projected Ultimate Losses - Gross



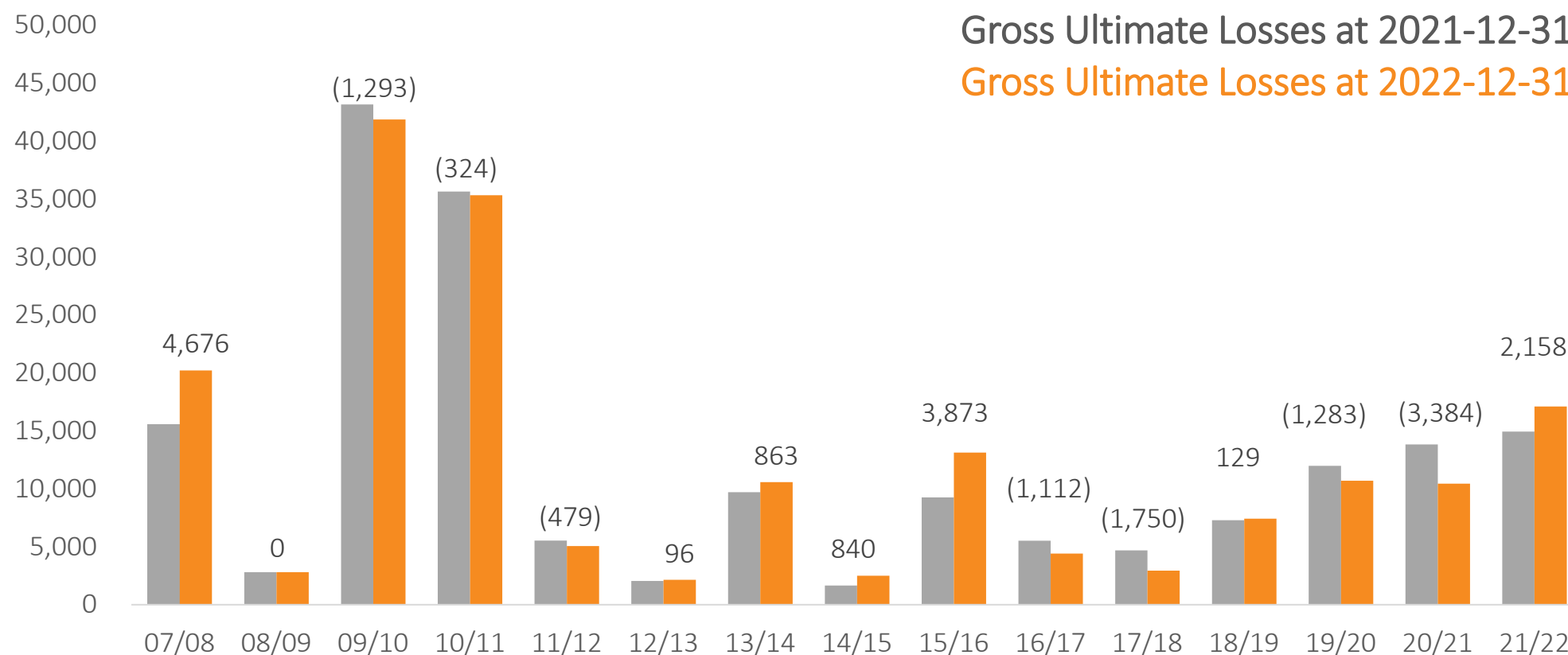
Projected Ultimate Losses - Net



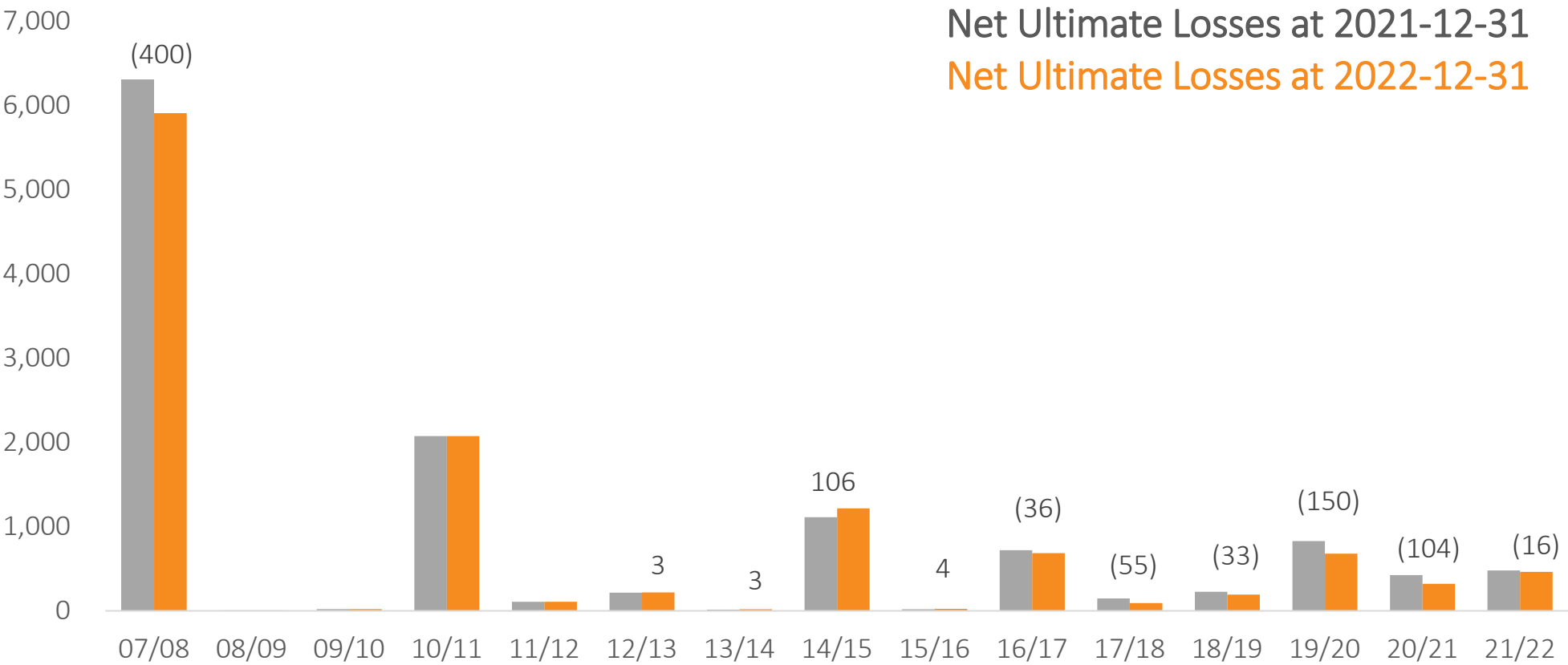
	50,107,000	Reported Losses
+	1,872,000	IBNR
=	<u>51,979,000</u>	Ultimate Losses

Overall Claims deterioration of \$3,008,000 – Gross Basis

Mainly due to increase in case reserves



Overall Claims Improvement of \$676,000 – Net Basis



Unallocated Loss Adjustment Expenses (ULAE)

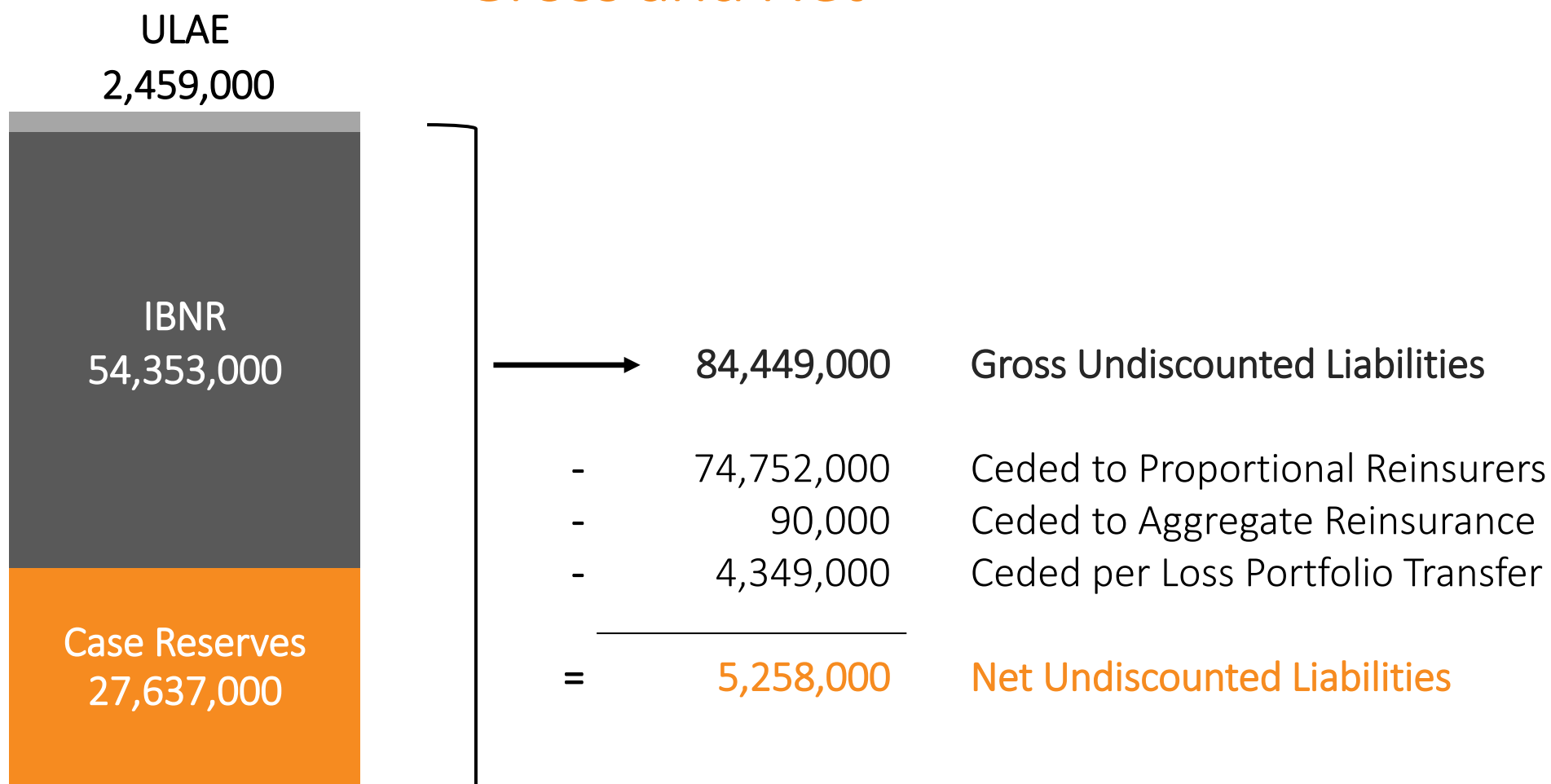
Represents the provision for the **claims management** function **to service existing obligations** if CLLAS were to cease writing business on December 31, 2022

Loading = **3.00%** x (gross case reserves + gross provisions for IBNR)
(was 3.40% as of December 31, 2021)

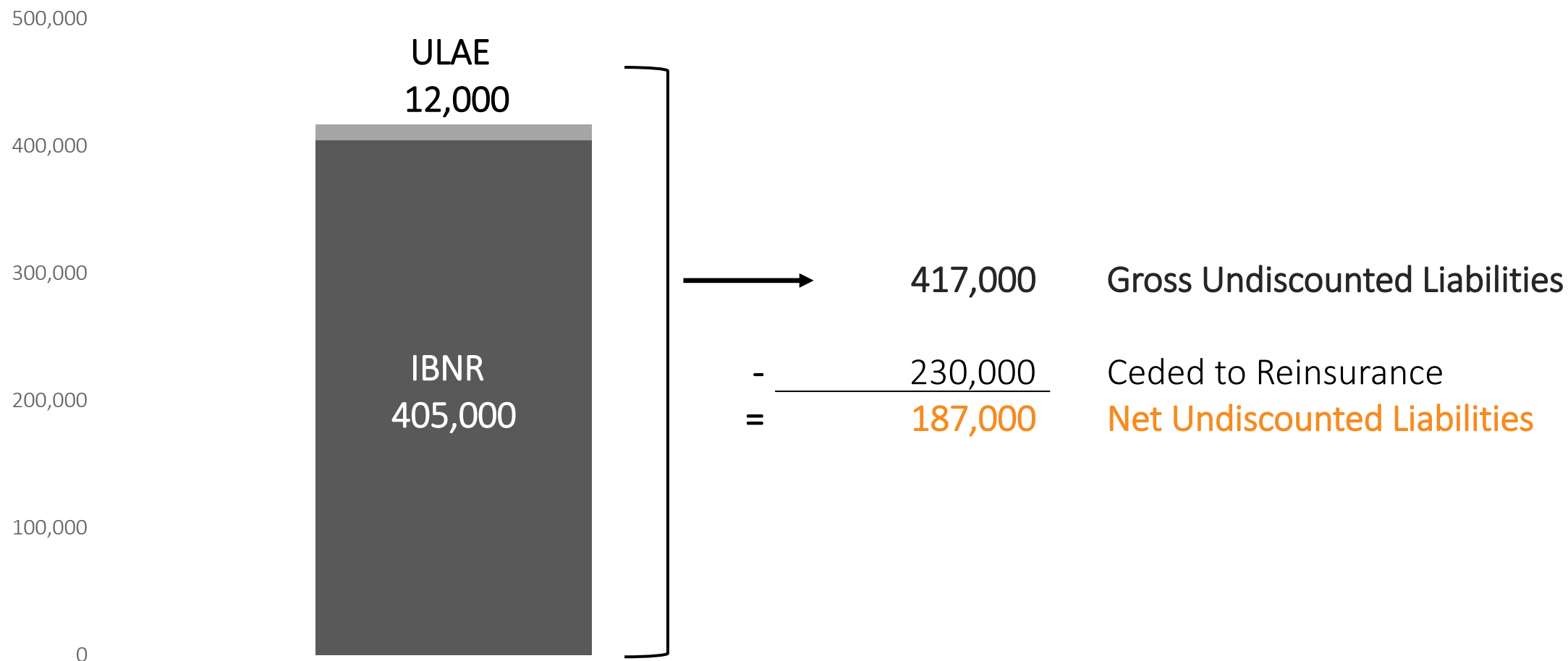
The provision for ULAE is **entirely retained** by CLLAS

Professional Liability Undiscounted Liabilities

Gross and Net



Cyber Undiscounted Liabilities Gross and Net



Discussion





MEMORANDUM

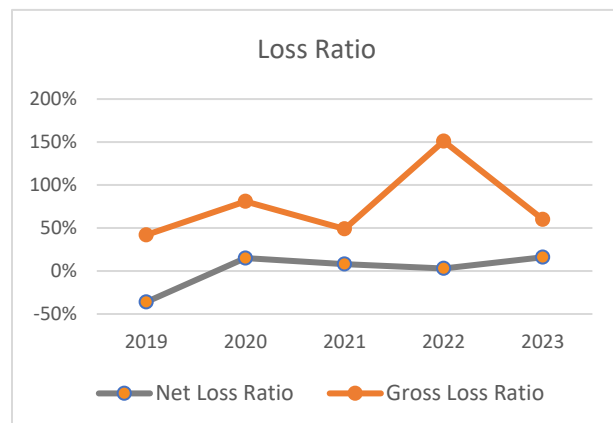
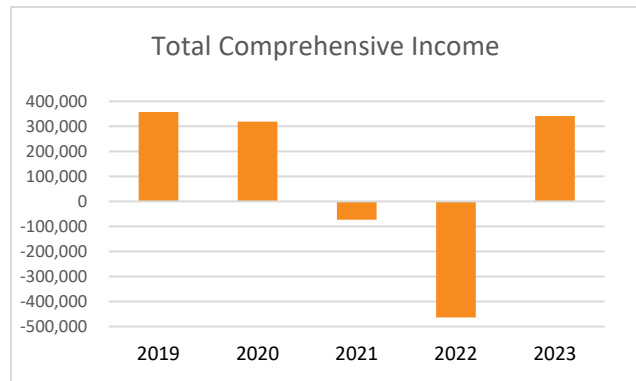
DATE: September 8, 2023
 TO: CLLAS Advisory Board
 FROM: Carrie Green
 COPY:
 RE: June 30, 2023 Financial Management Report

CLLAS' financial management report for the quarter ended June 30, 2023 is attached. Included are the following exhibits:

- Exhibit 1: Management Financial Statements for the Combined CLLAS Programs, including the risk metrics and AMRGF exhibits
- Exhibit 2: Management Financial Statements for the E&O Program
- Exhibit 3: Management Financial Statements for the Cyber Program

Combined Programs (Exhibits 1.1 – 1.6)

These financial statements were prepared under IFRS 17 which came into effect January 1, 2023. While there have been changes in presentation and terminology as a result, best efforts have been made to maintain a familiar level of detail in the supporting schedules. Note that for the graphs contained here, the figures shown for all years prior to 2023 were prepared under IFRS 4.

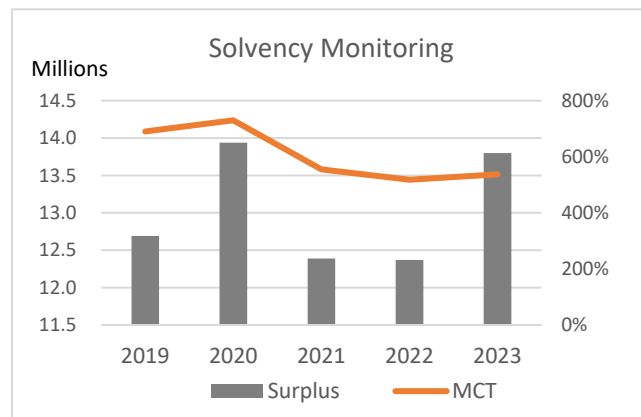
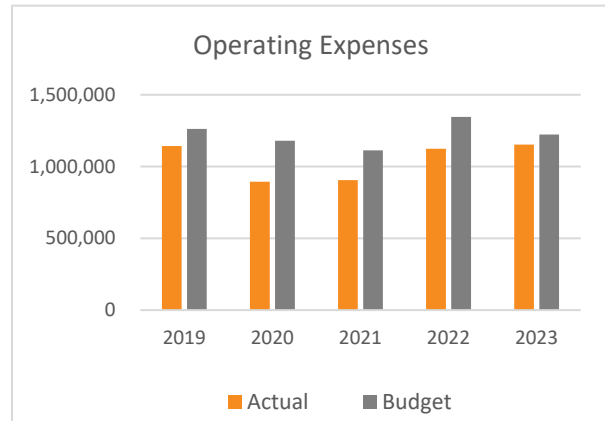


Overall claims experience was quiet through the quarter relative to the flurry of activity in Q1. On a combined program basis, as shown on Exhibit 1.2, the insurance service result (i.e. premiums minus claims and expenses) continued to be positive for CLLAS in Q2 with a net insurance result YTD of \$209,000. After taking into account the net investment result and unrealized losses on the investment portfolio, the total comprehensive income result for the quarter was \$102,000 and \$341,000 YTD.

The Budget Variance (Exhibit 1.4) shows that expenses finished the quarter almost \$70,000, or 6% under budget.

As shown on Exhibit 1.1, the surplus position for CLLAS at June 30, 2023 remains steady at close to \$13.8 million.

The key regulatory solvency test that CLLAS is required to comply with is known as the Alberta Maintenance of Reserve and Guarantee Fund (“AMRGF”). CLLAS must maintain “cash and approved securities” in excess of the reserve fund plus the



“cash and approved securities” in excess of the reserve fund plus the guarantee fund required by the Alberta regulator. Exhibit 1.6 shows that at June 30, 2023 CLLAS had assets exceeding the required amount by over \$11.3 million, which is in well in excess of the required amount.

The other solvency test monitored by CLLAS is the Minimum Capital Test (“MCT”). As shown in Exhibit 1.5, CLLAS’ MCT ratio was 537% at June 30, 2023, again well in excess of regulatory expectations.

Note that the combined statements consolidate the two programs and account for any inter-program adjustments. (For example, premium taxes on the Cyber Program may have been paid by the E&O Program. This would appear as a payable on the Cyber Program’s accounts and a receivable for the E&O Program but would be netted out on the combined statements.) The financial performance metrics for CLLAS (shown on Exhibit 1.5) are presented on a combined basis.

Exhibit 1.5 shows the year-end results for 2021 and 2022, and the results at June 30, 2023 against risk targets and risk limits. Most of the metrics at June 30, 2023 are within CLLAS’ risk limits. The items of note are discussed below.

Line 3: Status of Governance Policies: The ERM policy needs to be amended in 2023 to address the risk adjustment for IFRS 17. This will be addressed at the December Board meeting.

Line 8: While the insurance market conditions continue to normalize, we remain cautiously optimistic maintaining a yellow indicator for this metric. This metric will be reviewed again as circumstance change.



Line 9: This metric reflects the Reinsurance Security Report presented to the Audit Committee at its October 21, 2022 meeting. As discussed during that meeting, one of CLLAS' reinsurers (Argo) has an A- rating with AM Best and/or S&P.

Line 10: This metric also reflects the Reinsurance Security Report presented to the Audit Committee at its October 21, 2022 meeting. As discussed during that meeting, the Argo Syndicate (Lloyds) reinsures 18.1% of CLLAS' total liabilities. The percentage has reduced from 19.3% in 2020 but still exceeds CLLAS' risk limit. Appropriate moves to continue diversifying CLLAS' reinsurance support should be made when market conditions permit.

CLLAS E&O Program (Exhibits 2.1 – 2.4)

As shown on Exhibit 2.2, the E&O program has experienced a positive net insurance service result of just under \$196,000 in the first two quarters resulting in total comprehensive income (after taking into account the net investment result and unrealized gains/losses on the investment portfolio) of \$324,000. The E&O program's surplus at June 30, 2023 sits at just over \$13.8 million.

CLLAS Cyber Program (Exhibits 3.1 – 3.4)

As shown on Exhibit 3.2, once again the Cyber program produced near break-even results for the quarter, with a total comprehensive income of just over \$16,600 year to date. As explained in the 2023 CLLAS operating budget, with the exception of premium taxes and reinsurance fees, which can be isolated by program, 5% of all other operating expenses are allocated to the Cyber program. As shown on the budget variance (Exhibit 3.4), operating expenses year to date are tracking to budget. Surplus for the Cyber program is sitting in a slight deficit position of (\$42,000) which is not unexpected given that the program is in early stages of development.

Please contact me if you have any questions with respect to the statements or the risk metrics.

Sincerely,

Carrie Green
General Manager

**CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - COMBINED
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED June 30, 2023**

Exhibit 1.1

	As at June 30, 2023	As at June 30, 2022
Assets		
Cash	3,435,991	3,240,960
Short term investments	8,981,432	11,340,855
Bonds	6,924,076	5,721,231
Interest income due and accrued	33,416	24,241
Prepaid expenses	207,600	136,032
Other receivable	-	-
Reinsurance contract assets		
Asset for incurred claims	65,893,371	66,445,600
Asset for remaining coverage	441,486	271,739
	85,917,371	87,180,658
Liabilities		
Insurance contracts liabilities		
Liability for incurred claims	71,237,001	70,826,987
Liability for remaining coverage	914,516	933,545
Accounts payable & accrued charges	-	-
	72,151,517	71,760,532
Subscribers' equity		
Equity	14,099,881	15,728,090
Accumulated other comprehensive income (loss)	(334,026)	(307,964)
	13,765,855	15,420,126
	85,917,371	87,180,658

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - COMBINED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED June 30, 2023

Exhibit 1.2

	Current Year		Prior Year	
	Quarter June 30, 2023	Year to Date June 30, 2023	Quarter June 30, 2022	Year to Date June 30, 2022
Insurance service result				
Insurance revenue	4,210,363	8,374,459	3,139,706	6,244,910
Insurance service expense				
Incurred claims expenses	688,343	5,216,372	6,753,016	7,034,194
Operating expenses	445,349	947,045	457,664	933,526
Premium taxes	-	-	411,285	411,285
Insurance service result before reinsurance	3,076,671	2,211,042	(4,482,259)	(2,134,095)
Allocation of reinsurance premiums	3,358,654	6,680,400	2,632,544	5,236,160
Amounts recovered from reinsurers	458,285	4,884,470	6,714,141	7,467,903
Reinsurance fees	(103,353)	(206,432)	(74,750)	(149,500)
	3,003,722	2,002,362	(4,006,847)	(2,082,243)
Net insurance service result	72,949	208,680	(475,412)	(51,852)
Investment result				
Investment income (loss)	105,401	237,425	65,723	106,976
Insurance finance income (expense)				
For insurance contract	(23,354)	(1,375,199)	1,970,982	4,866,340
For reinsurance contracts	21,768	1,274,546	(1,817,623)	(4,483,918)
Net investment result	103,815	136,772	219,082	489,398
Net Income (loss)	176,764	345,452	(256,330)	437,546
Unrealized gains (losses) arising during the year	(74,891)	(4,390)	(168,363)	(412,805)
Recognition of realized gain (loss) included in income	-	-	-	-
Other comprehensive income (loss) for the year	(74,891)	(4,390)	(168,363)	(412,805)
Total comprehensive income (loss)	101,873	341,062	(424,693)	24,741

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - COMBINED
STATEMENT OF CHANGES IN EQUITY
June 30, 2023

Exhibit 1.3

	Minimum Surplus	Additional Surplus	Unrealized gains and losses on FVOCI financial assets	Total Equity
Balance, beginning of year	50,000	10,934,525	(329,637)	10,654,889
Restated balance, beginning of year	50,000	13,704,428	(329,636)	13,424,793
Comprehensive income for the year				
Net gain (loss) for the year		345,452		345,452
Other comprehensive income				
Unrealized gains and losses arising during the year			(4,390)	(4,390)
Recognition of realized gain included in income			-	-
Total comprehensive income (loss) for the year	-	345,452	(4,390)	341,062
Return of Surplus		-		-
Balance at June 30, 2023	50,000	14,049,881	(334,026)	13,765,855

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - COMBINED
STATEMENT OF OPERATIONS AND SURPLUS - VARIANCE ANALYSIS
FOR THE PERIOD ENDED June 30, 2023

Exhibit 1.4

	Annual Budget	Year to Date Budget %	Year to Date Budget \$ June 30, 2023	Year to Date Actual \$ June 30, 2023	Fav/(Unfav) Variance \$	YTD Actual Prior Year \$ June 30, 2022
MANAGEMENT SERVICES (See Note 1)	575,000	50%	287,500	281,263	6,237	282,854
PROFESSIONAL SERVICES (See Note 2)						
Actuarial Services	80,000	63%	50,400	56,755	(6,355)	41,882
Reinsurance Matters	280,000	63%	176,400	170,362	6,038	142,707
Strategic Matters	125,000	63%	78,750	61,554	17,196	85,128
Sub-Total Professional Services	485,000		305,550	288,670	16,880	269,718
GST/HST on Consulting Fees	137,800		77,096	74,091	3,005	71,834
Total Management & Professional Services	1,197,800		670,146	644,024	26,122	624,407
OTHER EXPENSES						
Audit Expenses (See Note 3)	207,000	50%	103,500	90,865	12,636	88,886
Annual Dinner	7,500	100%	7,500	6,177	1,323	-
Premium Taxes	500,000		-	-	-	41,179
Chairman's Expenses	-		-	-	-	-
Chairman's Honourium	150,000	100%	150,000	150,000	-	150,000
Reinsurance Expense	6,000	100%	6,000	2,708	3,292	5,244
D&O Insurance	20,000		-	-	-	-
Office Expenses	16,000	50%	8,000	6,726	1,275	2,108
Claims: Borderaux (LawPro/LIF)	18,300	92%	16,800	15,550	1,250	15,550
Special Services	15,000	50%	7,500	-	7,500	3,480
Reinsurance Fee (BWI) (See Note 4)	421,800	50%	210,900	206,432	4,468	149,500
I.B.C Statistical Plan Fees	-		-	662	(662)	896
Assessment Fees	5,500	100%	5,500	7,026	(1,526)	5,500
Investment counsel fees	29,000	50%	14,500	13,354	1,146	14,565
Investment - Custodial	18,000	50%	9,000	6,453	2,547	9,390
Risk Management/Loss Prevention	20,000	50%	10,000	-	10,000	10,000
License Fee	5,000	80%	4,000	3,500	500	3,500
Insurance: Sundry	-		-	-	-	-
Sub-total	1,439,100		553,200	509,453	43,747	499,798
TOTAL	2,636,900		1,223,346	1,153,477	69,870	1,124,205

*** NOTE 1: MANAGEMENT SERVICES**

The budget of \$575,000 (5% is allocated to the Cyber) has been increased from \$563,500 prior year budget due to:

- wage inflation
- additional activity due to Cyber Program, and
- increase in commission credit applied against fixed fees as a combined result of the small increase in commission to place CLLAS Associate, and profit share commission expected to be received in 2023 on CLLAS Associate firms.

*** NOTE 2: PROFESSIONAL SERVICES - SEASONALLY WEIGHTED BUDGET**

This is based upon an analysis of the current budget and previous years' experience, the anticipated pattern of seasonal workflow is as follows:

First Quarter, ending March 31st	20%
Second Quarter, ending June 30th	43%
Third Quarter, ending September 30th	17%
Fourth Quarter, ending December 31st	20%
	<u>100%</u>

*** NOTE 3: AUDIT EXPENSES**

The total (E&O and Cyber) increase of \$29,000 over the 2022 actual reflects an increase to account for audit services related to the IFRS17 implementation.

*** NOTE 4: BWI INSURANCE FEES (Reins. Comm.)**

Budget for BWI fees for the year 2023 reflects the fee already agreed for the 2023/24 policy year, and it is \$321,800 on E&O and \$100,000 on Cyber Program.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
SUMMARY OF RISK METRICS*
June 30, 2023

Exhibit 1.5

Risk Category	Risk Metric	December 31, 2021	December 31, 2022	June 30, 2023	Green Zone (Meets Target)	Yellow Zone	Red Zone (Limit Exceeded)
General	(1) AMRGF - Excess of Cash/Appr. Securities Over Reg. Req'ment	\$8,237,000	\$2,952,000	\$11,332,000	5,000,000 and above 210% and above Up to date	\$2,500,000 to \$5,000,000 n/a Items outstanding	Less than \$2,500,000 Less than 210% Materially behind schedule
	(2) MCT Ratio	555%	381%	537%			
	(3) Status of Governance Policies	Up to date	Up to date	Items outstanding			
Insurance	(4) Gross Loss Ratio	-3%	87%	60%	Less than 150% Less than 50% Nothing on horizon	150% to 300% 50% to 100% Some concerns raised	Over 300% Over 100% Adverse experience
	(5) Net Loss Ratio	-12%	3%	16%			
	(6) Risk of Systemic Loss	Some concerns raised	Nothing on horizon	Nothing on horizon			
Premium & Strategy	(7) Actual Expenses vs. Budget	98%	94%	94%	Less than 105% Nothing on horizon	105% to 120% Some concerns raised	Over 120% Adverse experience
	(8) State of the Market Outlook	Some concerns raised	Some concerns raised	Some concerns raised			
Reinsurance	(9) Reinsurer Credit Rating	A- to A+	A- to A+	A- to A+	A or above Less than 10%	A- 10% to 15%	B+ and below Over 15%
	(10) Maximum Concentration with a Single Reinsurer excl. Colchester	19.0%	18.1%	18.1%			
Operational	(11) Board Discussion of Prior Quarter Risk Metrics	Discussed corrective measures	Discussed corrective measures	Discussed corrective measures	Discussed corrective measures Score of 4 or 5 out of 5 Score of 4 or 5 out of 5 0 to 2 members 0 to 1 person	Received but no discussion Score of 3 out of 5 Score of 3 out of 5 3 to 4 members 2 to 3 people	Not received Score of 1 or 2 out of 5 Score of 1 or 2 out of 5 5 or more members 4 or more members
	(12) Resiliency Capacity - People (e.g. redundancy, succession)	n/a	n/a	n/a			
	(13) Resiliency Capacity - Data/Systems	n/a	n/a	n/a			
	(14) Advisory Board Turnover in Last 12 Months	0	0	0			
	(15) Key Management/Advisor Turnover in Last 36 Months	1	1	1			
Investments	(16) Investment Manager Compliance Statement	In compliance	In compliance	In compliance	In compliance	Temporarily or slightly not	Consistently or
Regulatory Compliance	(17) Regulatory Outlook Report	No significant concerns noted	No significant concerns noted	No significant concerns noted	No significant issues noted	Issues being addressed	Significant issues

Notes

- (1) = From Exhibit 6.
- (2) Based on P&C-1 for December 2021 and 2022, based on data and financial statements for June 2023. The capital requirement for the liability for incurred claims does not include payables/receivables as this provides significant variations in the MCT ratio over the quarters. Target based on ORSA analysis.
- (3) Reviewed annually in December.
- (4) = Insurance incurred claims expenses / Insurance revenue from the financial statements, excluding the effect of any return of surplus.
- (5) = Insurance incurred claims expenses net of reinsurance recovered amounts / Insurance revenue net of reinsurance premium from the financial statements, excluding the effect of any return of surplus.
- (6) Reviewed in December 2022.
- (7) = Actual expenses / budget expenses. From the financial statements.
- (8) Reviewed in December 2022.
- (9) Based on A.M. Best. information from report on reinsurance security (October 2022).
- (10) Based on claim liabilities exposure. Lloyds syndicates are assessed separately. Septtember 2022 information from report on reinsurance security (October 2022).
- (11) Reviewed quarterly.
- (12) Reviewed annually in December.
- (13) Reviewed annually in December.
- (14) Reviewed quarterly based on turnover in the preceding 12-month period
- (15) Senior Management/Key Advisor Turnover in Last 36 Months – Includes principal attorney, general manager, accountant, auditor, actuary, reinsurance broker and excess insurance broker.
- (16) Reviewed quarterly.
- (17) Reviewed annually in December.

*Risk Metrics as of December 31, 2021 and December 31, 2022 are based on the financial statements under IFRS 4. Risk Metrics as of June 30, 2023 are based on the financial statements under IFRS 17.

Color Code
Meets Target
Between Target and Limit
Exceeds Limit

Exhibit 1.6

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
For the Period Ending June 30, 2023

ALBERTA MAINTENANCE OF RESERVE AND GUARANTEE FUNDS
 (Section 99 and 100)

	Current Year to Date 30-Jun-23 (in \$000's)	Prior Year End 30-Jun-22 (in \$000's)
<u>Reserve Fund</u>		
Premiums collected or credited having one year or less to run	(1) 16,895	12,594
Less: Amount paid to licensed reinsurers	(2) 13,394	10,493
Premiums collected with more than one year to run, less expired portion	(3) -	-
Less: Amount paid to reinsurers on premiums on line 3, less expired portion.	(4) -	-
Subtotal (lines 1, minus line 2, plus line 3, minus line 4)	(5) 3,501	2,101
Reserve Fund Required (50% of Line 5)	(6) 1,751	1,051
<u>Guarantee Fund</u>		
Total Liabilities	(7) 72,152	82,061
Less: Unearned Premiums	(8) 761	-
Less: Recoverable from licensed reinsurers	(9) 65,182	73,005
Plus: Statutory Margin	(10) 50	50
Guarantee Fund Required (Line 7 minus Lines 8 and 9 plus line 10)	(11) 6,259	9,106
TOTAL RESERVE & GUARANTEE FUND REQUIRED (Line 6+11)	(12) 8,010	10,157
Cash & Approved Securities	(13) 19,341	20,303
Excess of Cash & Securities over Reserve & Guarantee Fund (line 13 minus line 12)	(14) 11,332	10,146

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - E&O
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED June 30, 2023

Exhibit 2.1

	As at June 30, 2023	As at June 30, 2022
Assets		
Cash	3,435,991	3,240,960
Short term investments	8,981,432	11,340,855
Bonds	6,924,076	5,721,231
Interest income due and accrued	33,416	24,241
Prepaid expenses	151,663	136,032
Other receivable	-	-
Reinsurance contract assets		
Asset for incurred claims	65,139,346	66,445,600
Asset for remaining coverage	-	271,739
	84,665,924	87,180,658
Liabilities		
Insurance contracts liabilities		
Liability for incurred claims	69,863,739	70,826,987
Liability for remaining coverage	153,652	933,545
Accounts payable & accrued charges	840,619	-
	70,858,010	71,760,532
Subscribers' equity		
Equity	14,141,939	15,728,090
Accumulated other comprehensive income (loss)	(334,026)	(307,964)
	13,807,913	15,420,126
	84,665,924	87,180,658

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - E&O
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED June 30, 2023

Exhibit 2.2

	Current Year		Prior Year	
	Quarter June 30, 2023	Year to Date June 30, 2023	Quarter June 30, 2022	Year to Date June 30, 2022
Insurance service result				
Insurance revenue	3,570,232	7,101,231	3,139,706	6,244,910
Insurance service expense				
Incurred claims expenses	207,568	4,256,062	6,753,016	7,034,194
Operating expenses	423,082	899,692	457,664	933,526
Premium taxes	-	-	411,285	411,285
Insurance service result before reinsurance	2,939,582	1,945,476	(4,482,259)	(2,134,095)
Allocation of reinsurance premiums	2,990,657	5,948,450	2,632,544	5,236,160
Amounts recovered from reinsurers	193,261	4,355,657	6,714,141	7,467,903
Reinsurance fees	(78,488)	(156,975)	(74,750)	(149,500)
	2,875,883	1,749,767	(4,006,847)	(2,082,243)
Net insurance service result	63,699	195,708	(475,412)	(51,852)
Investment result				
Investment income (loss)	104,647	230,601	65,723	106,976
Insurance finance income (expense)				
For insurance contract	(22,249)	(1,368,204)	1,970,982	4,866,340
For reinsurance contracts	21,163	1,270,726	(1,817,623)	(4,483,918)
Net investment result	103,561	133,123	219,082	489,398
Net Income (loss)	167,259	328,832	(256,330)	437,546
Unrealized gains (losses) arising during the year	(74,891)	(4,390)	(168,363)	(412,805)
Recognition of realized gain (loss) included in income	-	-	-	-
Other comprehensive income (loss) for the year	(74,891)	(4,390)	(168,363)	(412,805)
Total comprehensive income (loss)	92,368	324,441	(424,693)	24,741

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - E&O
STATEMENT OF CHANGES IN EQUITY
June 30, 2023

Exhibit 2.3

	Minimum Surplus	Additional Surplus	Unrealized gains and losses on FVOCI financial assets	Total Equity
Balance, beginning of year	50,000	10,957,820	(329,636)	10,678,185
Restated balance, beginning of year	50,000	13,763,108	(329,636)	13,483,472
Comprehensive income for the year				
Net gain (loss) for the year		328,832		328,832
Other comprehensive income				
Unrealized gains and losses arising during the year			(4,390)	(4,390)
Recognition of realized gain included in income			-	-
Total comprehensive income (loss) for the year	-	328,832	(4,390)	324,441
Return of Surplus		-		-
Balance at June 30, 2023	50,000	14,091,939	(334,026)	13,807,913

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - E&O
STATEMENT OF OPERATIONS AND SURPLUS - VARIANCE ANALYSIS
FOR THE PERIOD ENDED June 30, 2023

Exhibit 2.4

	Annual Budget	Year to Date Budget %	Year to Date Budget \$	Year to Date Actual \$	Fav/(Unfav) Variance \$
		June 30, 2023	June 30, 2023	June 30, 2023	
MANAGEMENT SERVICES	546,250	50%	273,125	267,200	5,925
(See Note 1)					
PROFESSIONAL SERVICES (See Note 2)					
Actuarial Services	76,000	63%	47,880	53,917	(6,037)
Reinsurance Matters	266,000	63%	167,580	161,844	5,736
Strategic Matters	118,750	63%	74,812	58,476	16,337
Sub-Total Professional Services	460,750		290,272	274,237	16,036
GST/HST on Consulting Fees	130,910		73,242	70,387	2,855
Total Management & Professional Services	1,137,910		636,639	611,823	24,816
OTHER EXPENSES					
Audit Expenses (See Note 3)	196,650	50%	98,325	86,321	12,004
Annual Dinner	7,125	100%	7,125	5,868	1,257
Premium Taxes	432,000		-	-	-
Chairman's Expenses	-		-	-	-
Chairman's Honourium	142,500	100%	142,500	142,500	-
Reinsurance Expense	5,700	100%	5,700	2,572	3,128
D&O Insurance	19,000		-	-	-
Office Expenses	15,200	50%	7,600	6,389	1,211
Claims: Borderaux (LawPro/LIF)	17,385	92%	15,960	14,773	1,188
Special Services	14,250	50%	7,125	-	7,125
Reinsurance Fee (BWI) (See Note 4)	321,800	50%	160,900	156,975	3,925
I.B.C Statistical Plan Fees	-		-	629	(629)
Assessment Fees	5,225	100%	5,225	6,675	(1,450)
Investment counsel fees	27,550	50%	13,775	12,687	1,088
Investment - Custodial	17,100	50%	8,550	6,130	2,420
Risk Management/Loss Prevention	19,000	50%	9,500	-	9,500
License Fee	4,750	80%	3,800	3,325	475
Insurance: Sundry	-		-	-	-
Sub-total	1,245,235		486,085	444,844	41,241
TOTAL	2,383,145		1,122,724	1,056,667	66,057

*** NOTE 1: MANAGEMENT SERVICES**

The budget of \$575,000 (5% is allocated to the Cyber Program) has been increased from \$563,500 prior year budget due to:

- wage inflation
- additional activity due to Cyber Program, and
- increase in commission credit applied against fixed fees as a combined result of the small increase in commission to place CLLAS Associate, and profit share commission expected to be received in 2023 on CLLAS Associate firms.

*** NOTE 2: PROFESSIONAL SERVICES - SEASONALLY WEIGHTED BUDGET**

This is based upon an analysis of the current budget and previous years' experience, the anticipated pattern of seasonal workflow is as follows:

First Quarter, ending March 31st	20%
Second Quarter, ending June 30th	43%
Third Quarter, ending September 30th	17%
Fourth Quarter, ending December 31st	20%
	<u>100%</u>

*** NOTE 3: AUDIT EXPENSES**

The total (E&O and Cyber) increase of \$29,000 over the 2022 actual reflects an increase to account for audit services related to the IFRS17 implementation.

*** NOTE 4: BWI INSURANCE FEES (Reins. Comm.)**

Budget for BWI fees for the year 2023 reflects the fee already agreed for the 2023/24 policy year, and it is \$321,800 on E&O and \$100,000 on Cyber Program.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - CYBER
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED June 30, 2023

Exhibit 3.1

	As at June 30, 2023	As at June 30, 2022
Assets		
Cash	-	-
Short term investments	-	-
Bonds	-	-
Interest income due and accrued	-	-
Prepaid expenses	55,938	-
Other receivable	840,619	-
Reinsurance contract assets		
Asset for incurred claims	754,025	-
Asset for remaining coverage	441,484	-
	2,092,067	-
Liabilities		
Insurance contracts liabilities		
Liability for incurred claims	1,373,262	-
Liability for remaining coverage	760,864	-
Accounts payable & accrued charges	-	-
	2,134,126	-
Subscribers' equity		
Equity	(42,059)	-
Accumulated other comprehensive income (loss)	-	-
	(42,059)	-
	2,092,067	-

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - CYBER
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED June 30, 2023

Exhibit 3.2

	Current Year		Prior Year	
	Quarter June 30, 2023	Year to Date June 30, 2023	Quarter June 30, 2022	Year to Date June 30, 2022
Insurance service result				
Insurance revenue	640,131	1,273,229	-	-
Insurance service expense				
Incurred claims expenses	480,775	960,310	-	-
Operating expenses	22,267	47,352	-	-
Premium taxes	-	-	-	-
Insurance service result before reinsurance	137,089	265,566	-	-
Allocation of reinsurance premiums	367,997	731,950	-	-
Amounts recovered from reinsurers	265,024	528,813	-	-
Reinsurance fees	(24,865)	(49,457)	-	-
	127,838	252,595	-	-
Net insurance service result	9,251	12,972	-	-
Investment result				
Investment income (loss)	754	6,824	-	-
Insurance finance income (expense)				
For insurance contract	(1,105)	(6,995)	-	-
For reinsurance contracts	605	3,820	-	-
Net investment result	254	3,649	-	-
Net Income (loss)	9,505	16,621	-	-
Unrealized gains (losses) arising during the year	-	-	-	-
Recognition of realized gain (loss) included in income	-	-	-	-
Other comprehensive income (loss) for the year	-	-	-	-
Total comprehensive income (loss)	9,505	16,621	-	-

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - CYBER
STATEMENT OF CHANGES IN EQUITY
June 30, 2023

Exhibit 3.3

	Minimum Surplus	Additional Surplus	Unrealized gains and losses on FVOCI financial assets	Total Equity
Balance, beginning of year		(23,296)	-	(23,296)
Restated balance, beginning of year	-	(58,680)	-	(58,680)
Comprehensive income for the year				
Net gain (loss) for the year		16,621		16,621
Other comprehensive income				
Unrealized gains and losses arising during the year			-	-
Recognition of realized gain included in income			-	-
Total comprehensive income (loss) for the year	-	16,621	-	16,621
Return of Surplus		-		-
Balance at June 30, 2023	-	(42,059)	-	(42,059)

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - CYBER
STATEMENT OF OPERATIONS AND SURPLUS - VARIANCE ANALYSIS
FOR THE PERIOD ENDED June 30, 2023

	Annual Budget	Year to Date Budget %	Year to Date Budget \$	Year to Date Actual \$	Fav/(Unfav) Variance \$
MANAGEMENT SERVICES	28,750	50%	14,375	14,063	312
(See Note 1)					
PROFESSIONAL SERVICES (See Note 2)					
Actuarial Services	4,000	63%	2,520	2,838	(318)
Reinsurance Matters	14,000	63%	8,820	8,518	302
Strategic Matters	6,250	63%	3,937	3,078	860
Sub-Total Professional Services	24,250		15,277	14,434	844
GST/HST on Consulting Fees	6,890		3,855	3,705	150
Total Management & Professional Services	59,890		33,507	32,201	1,306
OTHER EXPENSES					
Audit Expenses (See Note 3)	10,350	50%	5,175	4,543	632
Annual Dinner	375	100%	375	309	66
Premium Taxes	68,000	100%	-	-	-
Chairman's Expenses	-	0%	-	-	-
Chairman's Honourium	7,500	100%	7,500	7,500	-
Reinsurance Expense	300	100%	300	135	165
D&O Insurance	1,000	0%	-	-	-
Office Expenses	800	50%	400	336	64
Claims: Borderaux (LawPro/LIF)	915	92%	840	778	63
Special Services	750	50%	375	-	375
Reinsurance Fee (BWI) (See Note 4)	100,000	50%	50,000	49,457	543
I.B.C Statistical Plan Fees	-	0%	-	33	(33)
Assessment Fees	275	100%	275	351	(76)
Investment counsel fees	1,450	50%	725	668	57
Investment - Custodial	900	50%	450	323	127
Risk Management/Loss Prevention	1,000	50%	500	-	500
License Fee	250	80%	200	175	25
Sub-total	193,865		67,115	64,608	2,507
TOTAL	253,755		100,622	96,810	3,813

*** NOTE 1: MANAGEMENT SERVICES**

The budget of \$575,000 (5% is allocated to the Cyber Program) has been increased from \$563,500 prior year budget due to:

- wage inflation
- additional activity due to Cyber Program, and
- increase in commission credit applied against fixed fees as a combined result of the small increase in commission to place CLLAS Associate, and profit share commission expected to be received in 2023 on CLLAS Associate firms.

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	<u>100%</u>

*** NOTE 3: AUDIT EXPENSES**

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*** NOTE 4: BWI INSURANCE FEES (Reins. Comm.)**

Budget for BWI fees for the year 2023 reflects the fee already agreed for the 2023/24 policy year, and it is \$321,800 on E&O and \$100,000 on Cyber Program.

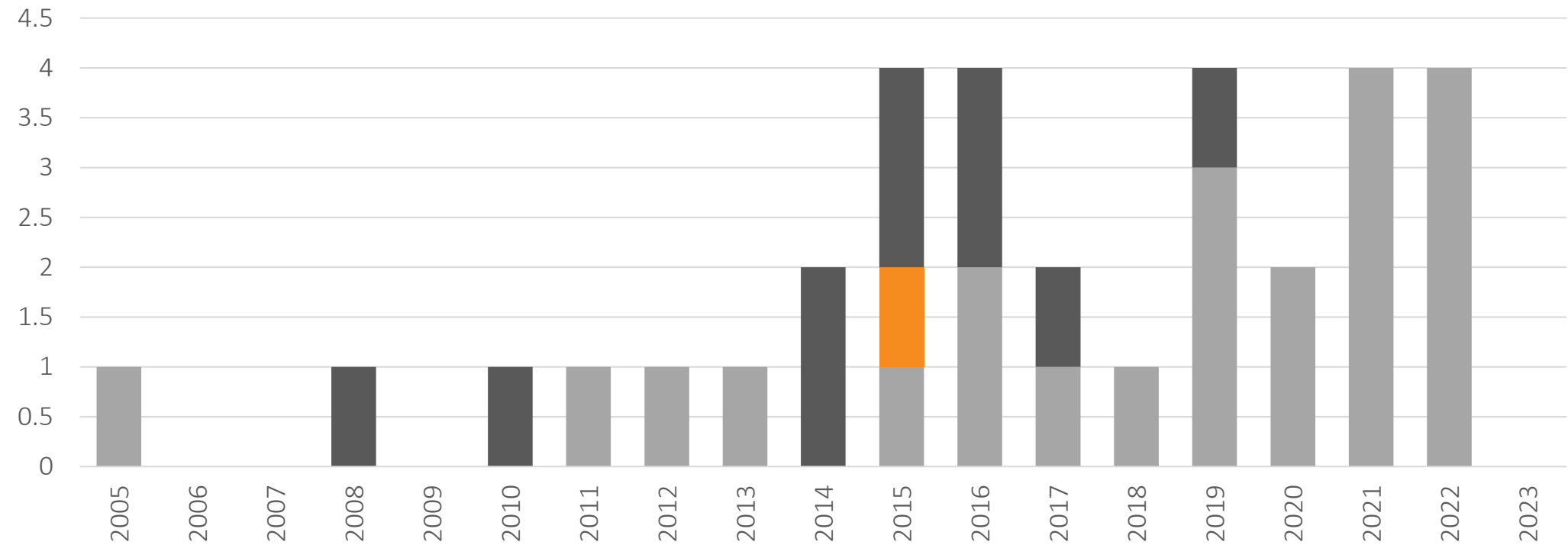


Canadian Lawyers Liability Assurance Society

Open Large Loss Claims Summary as at June 30, 2023

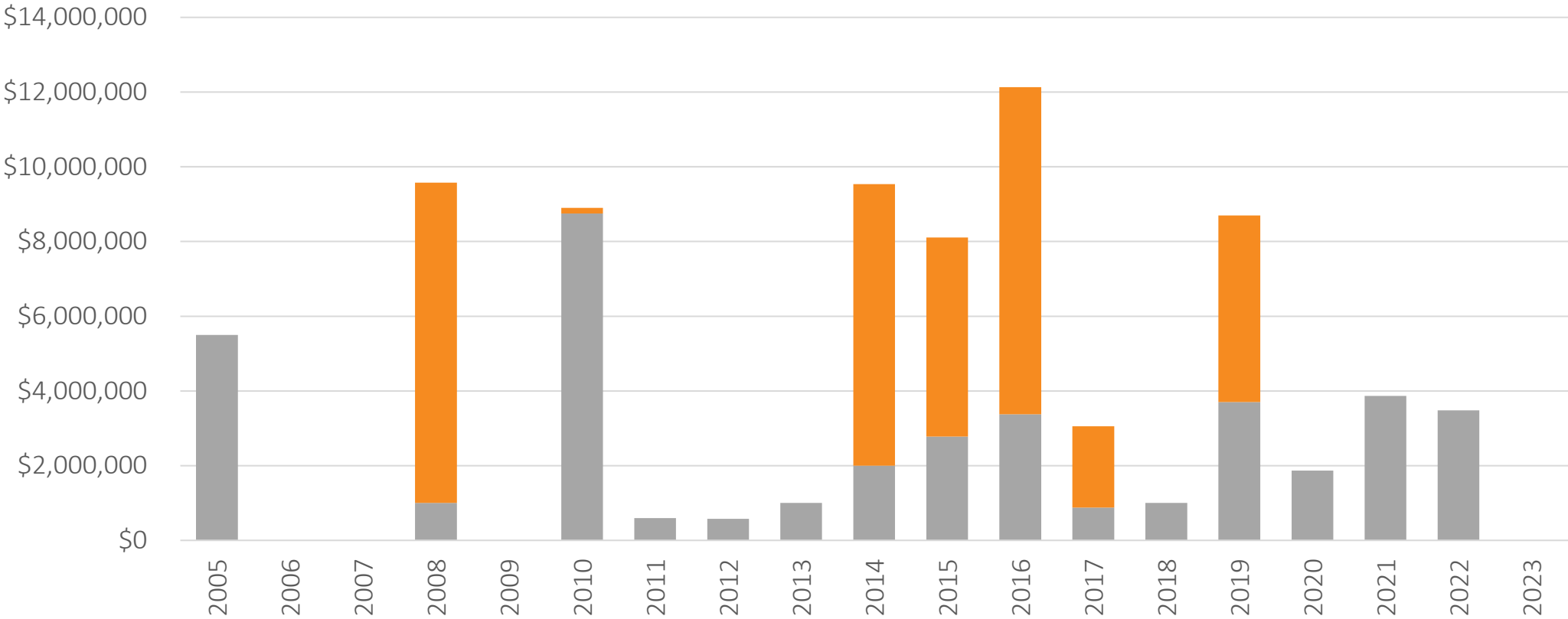
Number of Claims by Insurer

CLLAS & LS
CLLAS Only
LS Only

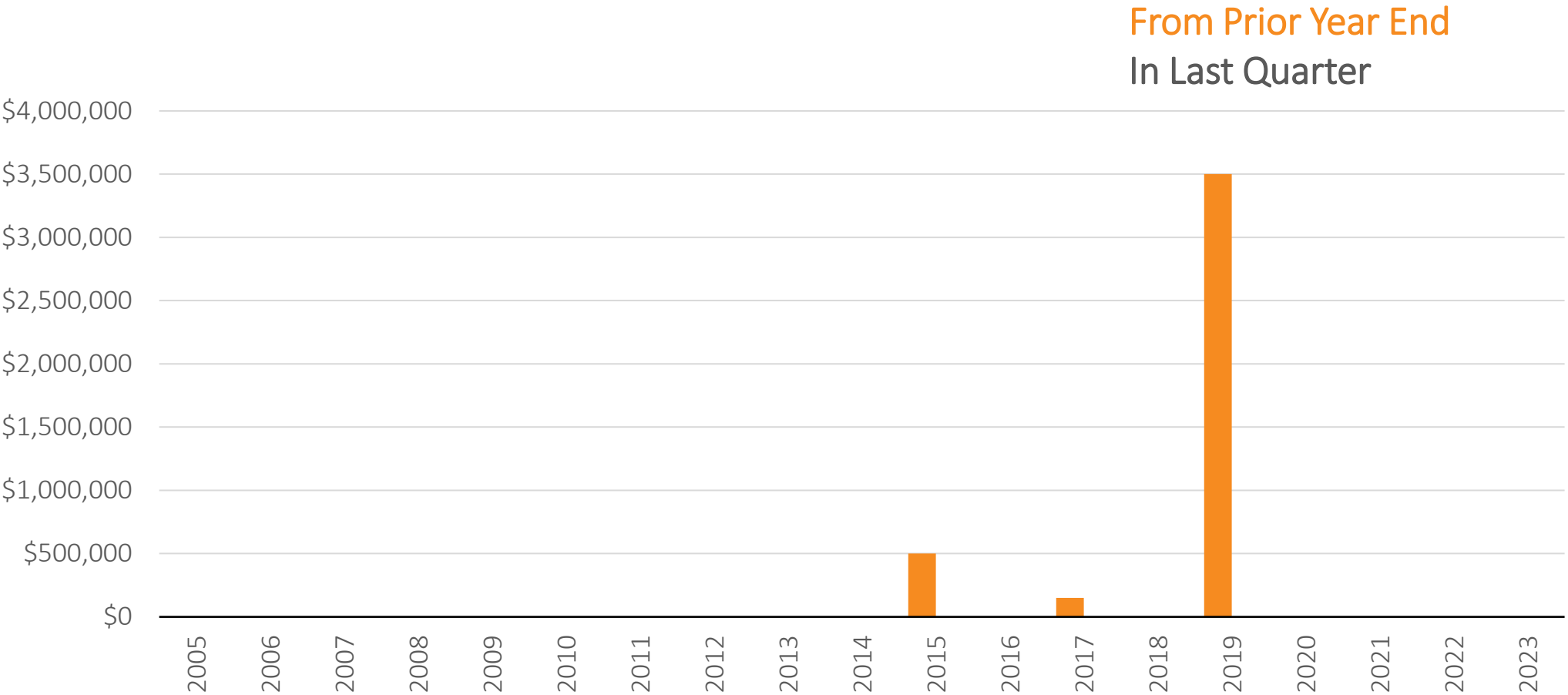


Incurred Amounts by Insurer

LS - **CLLAS**

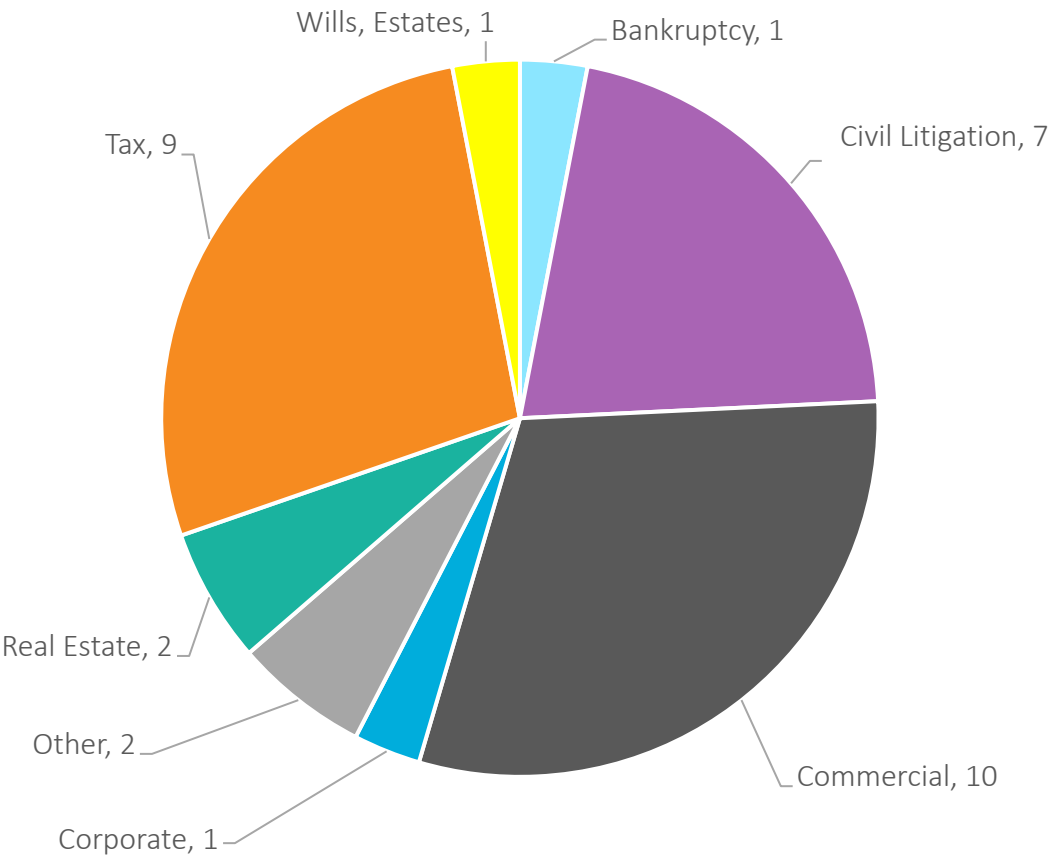


Change in Incurred Amounts (CLLAS)

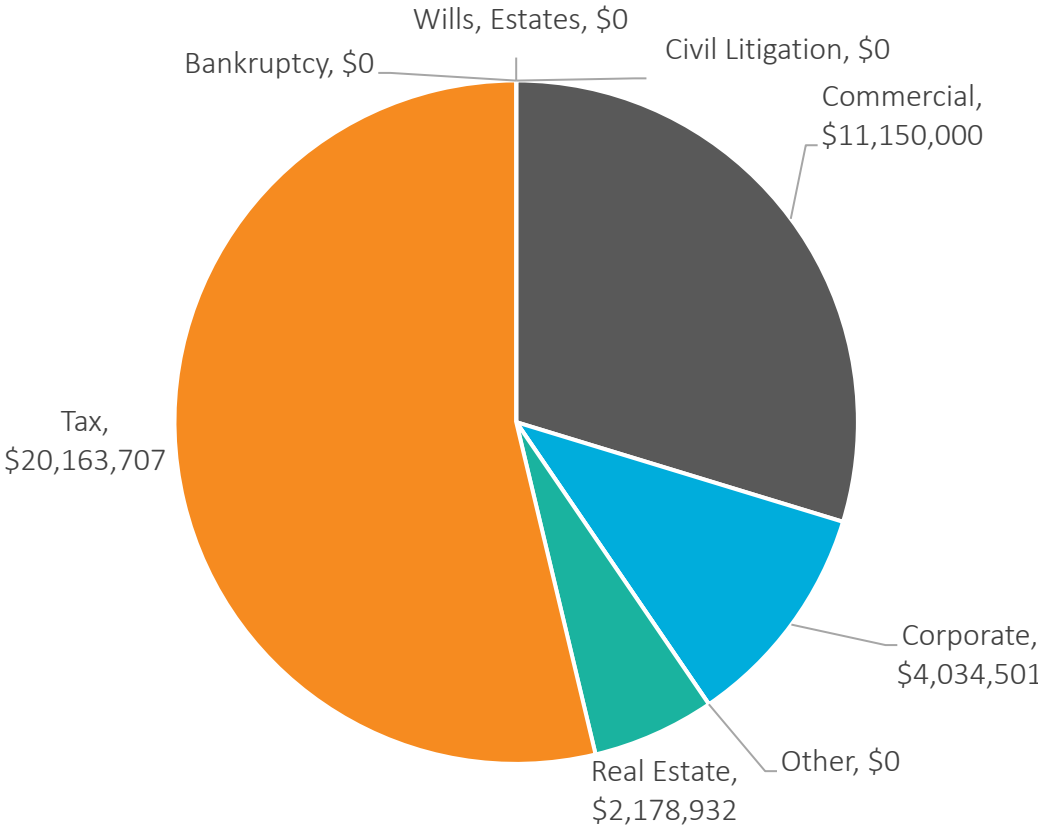


By Area of Law

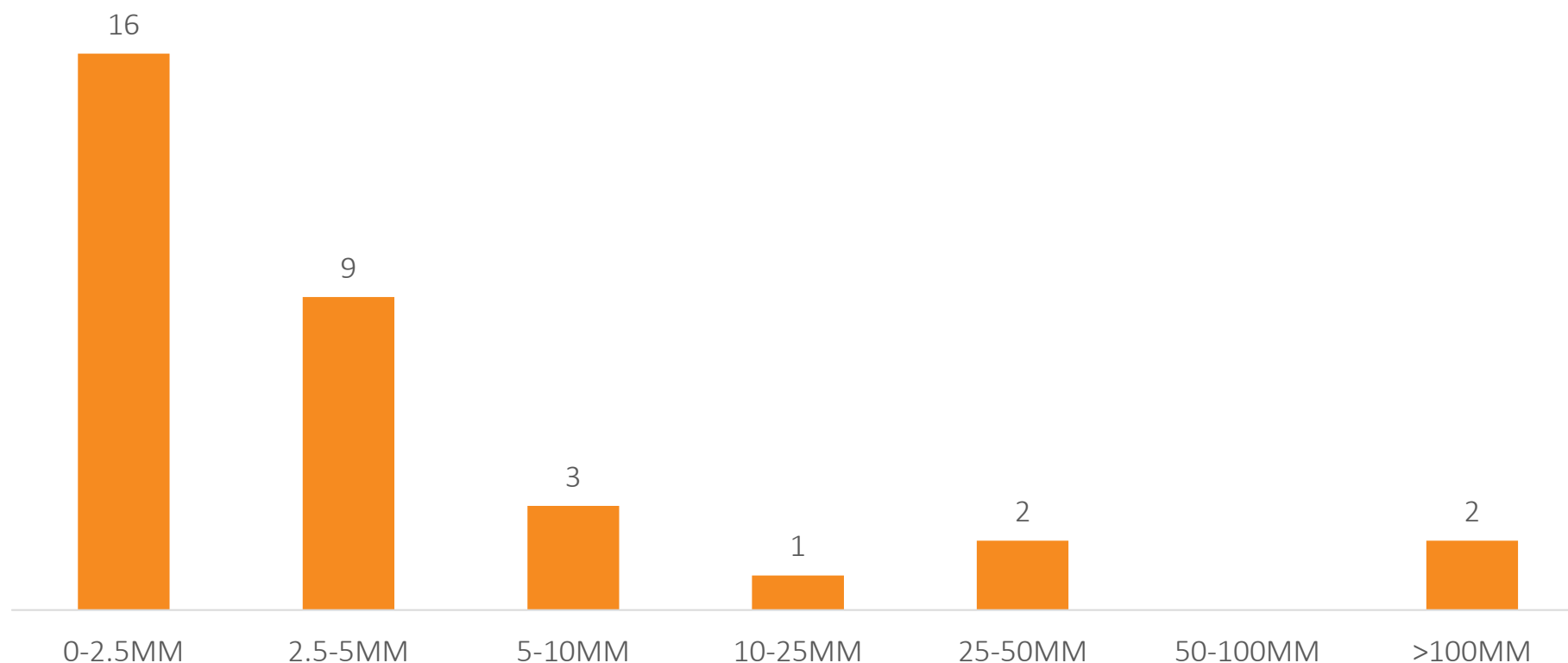
Number of Claims (CLLAS & LS)



CLLAS Incurred



Number of Claims by Best Estimate of Worst Case



Claim Count Movement in Quarter

Policy Year	Law Society Only	CLLAS Only	CLLAS & Law Society
2006 and prior	0	0	0
2007	0	0	0
2008	0	0	0
2009	0	0	0
2010	0	0	0
2011	0	0	0
2012	0	0	0
2013	0	0	0
2014	-1	0	0
2015	0	0	-1
2016	0	0	0
2017	0	0	0
2018	0	0	0
2019	-1	0	0
2020	0	0	0
2021	0	0	0
2022	0	0	-1
2023	0	0	0

Notes

Slide 1

- Illustrates the number of open claims by insurer.
- LS Only: Large (\$500,000+) Law Society (“LS”) claims which have not yet developed into CLLAS (\$1,000,000+) claims
- CLLAS Only: Claims which are typically drop-down claims where the Law Society does not respond
- CLLAS & LS: Claims where amounts have been incurred by both the Law Society and CLLAS

Slide 2

- Illustrates the aggregate incurred amounts (paid + reserved) by policy year
- Identifies the quantum yet to be crystalized and highlights extraordinary years

Slide 3

- Illustrates movements in paid (always positive, except in cases of recovery) and reserved amounts on open claims
- Positive values highlight strengthening of reserves, or adverse claim development. Negative values highlight reduced reserves or better than expected outcomes

Notes (Cont'd)

Slide 4

- Illustrates the split between areas of law for the number of open claims and the incurred amounts (paid + reserved)
- Highlights the law areas of claims being actively managed

Slide 5

- Based on counsel's best estimate of the worst case outcome of each open claim
- Highlights the potential claim size being actively managed

Slide 6

- Illustrates the emergence or closure (including reduction of incurred value below the large loss monitoring threshold of \$500,000) of claims over the previous quarter
- Note: Claims may move between Law Society Only, CLLAS & Law Society, and CLLAS Only

discussion



MARTIN, LUCAS & SEAGRAM LTD.
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July 14th, 2023

Mr. Patrick Mahoney,
Axxima,
Berkeley Castle
Toronto, ON M5A 1J2

Re: Canadian Lawyers Liability Assurance Society

Dear Patrick:

Please find enclosed our quarterly investment report for the period ending June 30 last on the Short Term Fund and Long Term Fund last for CLLAS, together with a copy of our accounts, the originals of which have been sent to RBC Dexia Investor Services for payment.

After showing little net change during the first half of the quarter, bond prices came under downward pressure in the second half as the entire yield curve shifted higher. As a result, the short-term total return index closed the quarter down 0.8% and the mid-term total return index was off 1.9%. Reflecting these negative trends, the Long Term Fund also lost ground and posted a total return of minus 0.8%.

Please let us know if there are any questions or comments on the report.

With best regards,

Yours sincerely,

Rowland W. Bell

RWB/de
Enclosures

CLLAS
CANADIAN LAWYERS LIABILITY
ASSURANCE SOCIETY

INVESTMENT REPORT
JUNE 30, 2023

MARTIN, LUCAS & SEAGRAM LTD.
INDEPENDENT INVESTMENT COUNSEL

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CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY**COMMENTARY FOR THE QUARTER ENDING JUNE 30, 2023****Review of Market Yields**

After drifting in a sideways trading range during the first half of the second quarter, bond yields across all maturities bounced higher in May and continued to climb until late June. At the end of June, yields on 3-month Treasury Bills out to 5-year Canadas were up an average of 65 basis points. Meanwhile, the 10-year Canada showed the smallest change over the quarter with an increase of 36 basis points.

As a result of these shifts, the inversion of the yield curve deepened as the yield advantage of 3-month T-bills over the 10-year Canada expanded to 164 basis points, compared to a gap of 144 basis points at the end of March.

	Jan. 01/95	Dec. 30/22	Mar. 31/23	Jun. 30/23
3-month Treasury Bill	6.80%	4.23%	4.34%	4.87%
5-year Canada	8.99%	3.41%	3.02%	3.68%
10-year Canada	9.09%	3.30%	2.90%	3.26%

During the second quarter, capital contributions totalled \$7,500,000. The capital contributions funded the purchase of a number of money market securities in the Short Term Fund as well as the purchase of a number of medium-term provincial, government and corporate bonds in the Long Term Fund. Activity in the Short Term Investment Fund also involved the roll-over and sale of money market securities. In the Long Term Fund, a provincial bond matured.

At June 30, 2023, the average term to maturity of the Long Term Investment Fund was 4.56 years and the duration was 4.11 years.

The table below shows the distribution of the assets net cash held in both the Short and Long Term Investment Funds at June 30.

<i>Distribution at June 30, 2023</i>	<i>Valuation</i>	<i>%</i>
Short Term Investment Fund	\$8,996,472	56.5%
Long Term Investment Fund	\$6,924,338	43.5%
TOTAL COMBINED VALUATION	\$15,920,810	100.0%

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

The following pages set out tables, commentary and schedules on the items listed below:

- Total Returns vs. Benchmarks - Gross and Net of Fees
- Distribution of Securities in the Long Term Investment Fund by Credit Risk and by Maturity
- Compliance Statement
- Quarterly Performance Report - Gross of Fees: Long Term Investment Fund
- Bond Market Commentary and Future Policy
- Security Holdings in the Short Term and Long Term Investment Funds Listed and Valued Separately as at June 30, 2023
- Security Purchases and Sales
- Cash Reconciliations
- External Individual Credit Rating Report

LONG TERM INVESTMENT FUND**TIME-WEIGHTED RATES OF TOTAL RETURN
FOR PERIODS ENDING JUNE 30, 2023**

	3 Years*	2 Years*	1 Year	Last 3 months
<i>Long Term Investment Fund – Gross of Fees</i>	<i>-1.14%</i>	<i>-1.85%</i>	<i>2.21%</i>	<i>-0.81%</i>
<i>Long Term Investment Fund – Net of Fees</i>	<i>-1.42%</i>	<i>-2.13%</i>	<i>1.91%</i>	<i>-0.89%</i>
Benchmark Portfolio **	-2.20%	-2.76%	2.08%	-1.25%

*Annualized

** In the most recent Investment Policy update (dated December 7, 2021) the Benchmark Portfolio was revised to a composite comprised of the following total return indices:

- 60% FTSE Canada Short Bond Index
- 40% FTSE Canada Mid Bond Index

To reflect this change, the returns of the Benchmark Portfolio shown in the above table are based on the returns earned by the revised Benchmark Portfolio (as detailed above) in December 2021 and subsequent periods and the returns of the former Benchmark Portfolio that prevailed during reported periods prior to December 2021 (as detailed below).

- 30% FTSE (DEX) Federal Short Bond Index
- 30% FTSE (DEX) Provincial Short Bond Index
- 20% FTSE (DEX) Federal Mid Bond Index
- 20% FTSE (DEX) Provincial Mid Bond Index

SHORT TERM INVESTMENT FUND**TIME-WEIGHTED RATES OF TOTAL RETURN
FOR PERIODS ENDING JUNE 30 2023**

	Since Inception Oct. 01/08 *	3 Years*	2 Years *	1 Year	Last 3 Months
<i>Short Term Investment Fund – Gross of Fees</i>	<i>1.01%</i>	<i>1.38%</i>	<i>2.01%</i>	<i>3.72%</i>	<i>1.02%</i>
<i>Short Term Investment Fund – Net of Fees</i>	<i>0.89%</i>	<i>1.26%</i>	<i>1.89%</i>	<i>3.60%</i>	<i>0.99%</i>
Benchmark Portfolio **	0.96%	1.36%	1.98%	3.67%	1.10%

* Annualized

** The Benchmark Portfolio, confirmed in the December 7, 2021 Investment Policy update, is based 100% on the total return index of the 30-day Treasury Bill Index

LONG TERM INVESTMENT FUND**DISTRIBUTION OF SECURITIES BY CREDIT RISK**
(Based on Market Values)

	Dec. 17/13	Sep. 30/22	Dec. 31/22	Mar. 31/23	Jun. 30/23
Bonds, Treasury Bills & Cash Less than 1 year term	100.0%	20.0%	20.0%	17.4%	10.7%
Canadas Greater than 1 year term		24.1%	22.2%	22.5%	20.9%
Provincials Greater than 1 year term		26.8%	28.5%	30.6%	38.2%
Corporates Greater than 1 year term		29.1%	29.3%	29.5%	30.2%
TOTAL PORTFOLIO	100.0%	100.0%	100.0%	100.0%	100.0%

LONG TERM INVESTMENT FUND**DISTRIBUTION OF SECURITIES BY MATURITY**
(Based on Market Values)

	Jun. 30/22	Dec. 31/22	Mar. 31/23	Jun. 30/23
Under 1 year	14.8%	20.0%	17.4%	10.7%
1 - 3 years	28.4%	24.7%	24.7%	24.1%
3 - 5 years	31.5%	26.4%	33.3%	27.0%
5 - 7 years	8.1%	14.9%	8.5%	17.5%
7 - 10 years	17.2%	13.9%	16.0%	20.6%
TOTAL	100.0%	100.0%	100.0%	100.0%
Average Maturity (yrs)	3.90	3.68	3.65	4.56
Average Duration (yrs)	3.61	3.39	3.37	4.11

SHORT TERM INVESTMENT FUND

	Jun. 30/22	Dec. 31/22	Mar. 31 /23	Jun. 30/23
Short Term Average Duration (yrs)	0.14	0.12	0.07	0.12

COMPLIANCE WITH INVESTMENT POLICY STATEMENT

AT JUNE 30, 2023

	Investment Limits	Investment Funds	Compliance
<i>Short Term Investment Fund</i>			
Maximum Term of Any Issue	1 year	0.2 year	Yes
Minimum Percentage of Total Fund (Short & Long)	20% of Total	56.5%	Yes
Minimum Canada & Provincial Percentage	50%	57.2%	Yes
Minimum Provincial Quality	A	N/A	Yes
Minimum Bank CD & BA Quality	R1 (high)	R1 (high)	Yes
<i>Long Term Investment Fund</i>			
Maximum Term of Any Issue	10 years	9.9 years	Yes
Maximum Percentage of Total Fund (Short & Long)	80% of Total	43.5%	Yes
Minimum Canada Percentage	20%	27.3%	Yes
Maximum Provincial Percentage	40%	38.2%	Yes
Minimum Canada & Provincial Percentage	60%	65.5%	Yes
Minimum Provincial Quality *	A	AA (low)	Yes
Maximum Corporate Percentage	40%	28.6%	Yes
Minimum Corporate Quality *	BBB	BBB	Yes
Maximum BBB Corporate Percentage	10%	5.9%	Yes

* At time of purchase

This will confirm that, as at the end of the latest quarter, the Long Term and Short Term Investment Funds were managed in compliance with the Investment Policy limits provided December 7, 2021.

Martin, Lucas & Seagram Ltd.
 PERFORMANCE REPORT
 GROSS OF FEES
CLLAS – LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 03-31-23 to 06-30-23

Portfolio Value on 03-31-23	5,717,520
Accrued Interest	37,606
Contributions	1,803,847
Withdrawals	-554,386
Realized Gains	1,289
Unrealized Gains	-85,605
Interest	41,674
Dividends	0
Change in Accrued Interest	-4,190
Portfolio Value on 06/30/23	6,924,338
Accrued Interest	33,416
Average Capital	5,824,895
Total Gains before Fees	-46,832
IRR for 0.25 Years	-0.80%

BOND MARKET COMMENTARY AND FUTURE POLICY

Following the heightened volatility experienced during the first quarter of the year, due in part to a series of regional U.S. bank failures, equity markets were comparatively calm throughout the second quarter. In Canada, the domestic stock index drifted in a bumpy sideways pattern and most of the developed international equity markets followed a similar path. While domestic bond prices also held relatively steady during the first half of the quarter, yields turned higher midway through May and have been moving in an upward channel since then. During this period, the 5-year Canada yield increased over 100 basis points to 4%, before pulling back to 3.75% over the past week. The 5-year U.S. Treasury yield recorded a similar increase to 4.4%, before settling back to around 4%.

On the economic front, the latest estimate for growth in the U.S. during the first quarter was raised to a 2% annual rate, which was sharply above the consensus estimate of 1.4%. Buoyant consumer spending was largely responsible for the upward revision. Meanwhile, the Conference Board's Leading Economic Index (LEI), which is a set of data that is used to help forecast future economic activity, has been trending steadily lower. Following a decline of 0.7% in May, the LEI has fallen for 14 consecutive months and is down a notable 4.3% over the latest six-month period. This, along with the continued inversion of the Treasury market yield curve, suggest a recession is highly probable later this year. Nevertheless, household spending has remained buoyant due to the robust labour market, which continues to impress despite the Federal Reserve's efforts to cool demand. Nonfarm payrolls added another 209,000 jobs in June and average hourly earnings, a key barometer for inflation and spending, remained elevated with a gain of 4.4% year-over-year. Despite holding its key rate steady at its meeting last month, the Federal Reserve has signalled that more rate increases are coming since growth, inflation and the labour market have all remained stronger than expected.

Meanwhile, Canada's GDP grew at an annualized pace of 3.1% in the first quarter. This was considerably above the Bank of Canada's estimate of 2.3% and was fuelled by positive contributions from recreation, retail spending, trade and business investment. However, in recent months the economy has lost momentum as household spending softened and exports suffered from lower commodity prices. This points to weakness in the current quarter and beyond, which was echoed in the Bank of Canada's latest Business Outlook Survey that saw more firms now expecting growth to slow rather than increase over the next 12 months. Despite this, and a recent slowdown in average wage growth, Canada's labour market remains strong, with a near record low unemployment rate of 5.4%. This, together with strong demand and a rebound in housing market activity, prompted the Bank of Canada to raise its overnight target rate by another 0.25% this month to 5%, its highest level in 22 years. A similar hike was made last month, which ended the 5-month pause on rate increases declared back in January and current derivative contracts imply there is a 75% chance of another quarter-point increase coming in September.

Looking offshore, the latest data shows the eurozone entered a technical recession in the first quarter of this year. The region's GDP has edged 0.1% lower for two consecutive quarters, led by a downturn in household consumption as consumers struggled with higher prices. Manufacturing output has also slowed considerably in recent months, and this is likely to act as a drag on economic activity going forward. Meanwhile, China's recent reopening after three years of strict pandemic-driven lockdowns has produced disappointing results for the world's second-largest economy. After a brief rebound early this year, the recovery stalled on several fronts during the second quarter. The jobless rate among young workers has soared to a record of greater than

20%, manufacturing activity contracted for a third consecutive month in June, exports to western economies have weakened and a recovery in the housing market has faded. As a result, many forecasters have downgraded their full-year GDP estimates. Also, despite China's central bank bucking the global trend by maintaining highly stimulative monetary policies, consumer confidence and domestic demand remains weak.

Since our last report, a variety of factors pushed bond yields into a noticeably higher trading range. After worries surrounding the U.S. debt ceiling were largely resolved and the risk of contagion from the regional banking crisis dissipated, the support provided by funds seeking the relative safety of bonds declined as fund flows reversed away from bonds into equities. Ongoing tightness in the labour market and the resilience of consumer spending also diminished market expectations that the authorities would soon pivot to easier policies and caused more investors to adopt the central banks' views that rates will need to stay higher for longer to get inflation back to their targets. Underinvestment in key commodities and housing has also raised concerns that inflation may prove stickier than expected.

Nevertheless, the most recent U.S. data on the inflation front has been better than expected. Following a 4% gain in May, the June consumer price index climbed just 3% from a year earlier, which is the smallest annual increase in over two years. The producer price index, which is considered a leading indicator for consumer price inflation, also rose less than anticipated and was up just 0.1% in the month of June. The bond market reacted favourably to the news and the entire yield curve has shifted moderately lower. Over the near term, we expect yields will consolidate around current levels as investors wait for more clarity on the economy's underlying strength and the U.S. monetary authority's next move. Looking further ahead, we think the uptick in initial unemployment claims, a deceleration in wage gains and tentative signs that the job market is softening suggest that economic momentum is starting to fade. Based on our expectation that the economic backdrop will deteriorate further and that there will be continued progress on the inflation front, we believe the backdrop will become more supportive of bond prices and expect there will be another downward shift in the yield curve from current levels. As a result, we will be looking for favourable opportunities to moderately extend the Long Term Fund's duration, which was increased from 3.4 years to 4.1 years during the second quarter.

RWB/de

As stipulated in our Investment Management Agreement, please let ML&S know if there are major changes in your financial and/or personal circumstances, income needs or risk tolerance in order for us to review the suitability of your investment portfolio and objectives.

Martin, Lucas & Seagram Ltd.

CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at June 30, 2023

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
CASH					
	Cash Account			15,087	0
MONEY MARKET ISSUES					
400,000	Royal Bank BA 4.71% due July 10, 2023	98.88	99.86	399,422	18,628
405,000	Toronto Dominion Bank BA 4.75% due July 10, 2023	99.64	99.86	404,442	19,168
500,000	Canada Treasury Bill 4.30% due July 20, 2023	99.19	99.75	498,730	21,327
1,000,000	Royal Bank BA 4.899% due July 25, 2023	99.61	99.66	996,565	48,800
1,000,000	CIBC BA 4.899% due July 27, 2023	99.59	99.63	996,291	48,787
1,000,000	Canada Treasury Bill 4.65% due August 3, 2023	99.52	99.56	995,560	46,276
455,000	CIBC BA 4.65% due August 8, 2023	98.90	99.46	452,560	20,923
1,555,000	Canada Treasury Bill 4.30% due August 17, 2023	99.18	99.37	1,545,196	66,110
600,000	CIBC BA 4.90% due August 25, 2023	99.23	99.23	595,366	29,173
1,525,000	Canada Treasury Bill 4.75% due September 14, 2023	98.95	98.99	1,509,652	71,654
610,000	Canada Treasury Bill 4.80% due September 28, 2023	98.80	98.80	602,687	28,930
				<u>8,996,472</u>	<u>419,775</u>
TOTAL PORTFOLIO				9,011,559	419,775

Disclosures:

1. Please note that the securities listed herein are held on your behalf by the above noted custodian. You may wish to contact them directly to determine if your account is covered by any recognized Investor Protection Plan and/or for information on how these securities are held.
2. The cost of each position shown in the account is the book cost (original cost adjusted for distributions, capital returns and re-orgs). For unit costs marked with an *, the book cost cannot be determined and the value shown is based on the closing market price on July 15, 2015.

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
From 04-01-23 To 06-30-23

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
04-12-23	04-13-23	400,000	CIBC BA 4.55% due May 12, 2023	99.64	398,559.20
04-12-23	04-13-23	500,000	Canada Treasury Bill 4.24% due June 22, 2023	99.19	495,967.00
04-12-23	04-13-23	400,000	Royal Bank BA 4.71% due July 10, 2023	98.88	395,508.80
05-11-23	05-12-23	405,000	CIBC BA 4.65% due August 8, 2023	98.89	400,509.77
05-11-23	05-12-23	500,000	Canada Treasury Bill 4.30% due August 17, 2023	98.87	494,351.00
05-11-23	05-12-23	500,000	Canada Treasury Bill 4.30% due July 20, 2023	99.19	495,968.50
05-11-23	05-12-23	400,000	Toronto Dominion Bank BA 4.55% due June 12, 2023	99.62	398,460.00
05-12-23	05-12-23	50,000	CIBC BA 4.65% due August 8, 2023	98.93	49,464.35
06-05-23	06-06-23	55,000	Canada Treasury Bill 4.30% due August 17, 2023	99.13	54,521.39
06-09-23	06-09-23	405,000	Toronto Dominion Bank BA 4.75% due July 10, 2023	99.64	403,529.45
06-21-23	06-22-23	525,000	Canada Treasury Bill 4.75% due September 14, 2023	98.92	519,323.18
06-23-23	06-26-23	1,000,000	CIBC BA 4.899% due July 27, 2023	99.59	995,856.00
06-23-23	06-26-23	1,000,000	Canada Treasury Bill 4.30% due August 17, 2023	99.33	993,349.00
06-23-23	06-26-23	1,000,000	Canada Treasury Bill 4.65% due August 3, 2023	99.52	995,182.00
06-23-23	06-26-23	1,000,000	Canada Treasury Bill 4.75% due September 14, 2023	98.97	989,696.00
06-23-23	06-26-23	1,000,000	Royal Bank BA 4.899% due July 25, 2023	99.61	996,122.00
06-27-23	06-28-23	600,000	CIBC BA 4.90% due August 25, 2023	99.23	595,364.40
06-27-23	06-28-23	610,000	Canada Treasury Bill 4.80% due September 28, 2023	98.80	602,708.06
					10,274,440.10
SALES					
04-13-23	04-13-23	1,290,000	Canada Treasury Bill 4.15% due April 13, 2023	100.00	1,290,000.00
05-11-23	05-11-23	1,388,000	Canada Treasury Bill 4.15% due May 11, 2023	100.00	1,388,000.00

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
From 04-01-23 To 06-30-23

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
05-12-23	05-12-23	400,000	CIBC BA 4.55% due May 12, 2023	100.00	400,000.00
05-15-23	05-15-23	50,000	CIBC BA 4.50% due May 15, 2023	100.00	50,000.00
06-12-23	06-12-23	400,000	Toronto Dominion Bank BA 4.55% due June 12, 2023	100.00	400,000.00
06-22-23	06-22-23	500,000	Canada Treasury Bill 4.24% due June 22, 2023	100.00	500,000.00
					4,028,000.00

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
From 03-31-23 to 06-30-23

Cash Balance at March 31, 2023		15,842.00
ADD: Proceeds from Sales	4,028,000.00	
Capital Contribution	7,500,000.00	
Interest on cash balance	3,278.09	
Bond Interest Credited (from Long Term Investment Fund)	47,260.92	11,578,539.01
LESS: Cost of Purchases	-10,274,440.10	
Capital Withdrawal	0.00	
Q1 2023 Investment Counsel Fees - Short Term Investment Fund	-772.63	
Q1 2023 Investment Counsel Fees - Long Term Investment Fund	-4,038.00	
Trust Company Charges net interest income	-3,321.34	
Transfers to Long Term Fund re: net sales and purchases	-1,296,721.69	-11,579,293.76
Cash Balance at June 30, 2023		15,087.25

Martin, Lucas & Seagram Ltd.							
EXTERNAL INDIVIDUAL CREDIT RATING REPORT - JUNE 30, 2023							
CLLAS - SHORT TERM INVESTMENT FUND							
Quantity	Security	Rating	Unit Cost	Total Cost	Price	Market Value	% Assets
500,000	Canada Treasury Bill 4.30%	R-1 (high)	99.194	495,969	99.746	498,730	5.5%
	due July 20, 2023						
1,555,000	Canada Treasury Bill 4.30%	R-1 (high)	99.178	1,542,221	99.369	1,545,196	17.2%
	due August 17, 2023						
1,525,000	Canada Treasury Bill 4.75%	R-1 (high)	98.952	1,509,019	98.994	1,509,652	16.8%
	due September 14, 2023						
1,000,000	Canada Treasury Bill 4.65%	R-1 (high)	99.518	995,182	99.556	995,560	11.1%
	due August 3, 2023						
610,000	Canada Treasury Bill 4.80%	R-1 (high)	98.805	602,708	98.801	602,687	6.7%
	due September 28, 2023						
1,000,000	CIBC BA 4.899%	R-1 (high)	99.586	995,856	99.629	996,291	11.1%
	due July 27, 2023						
455,000	CIBC BA 4.65%	R-1 (high)	98.895	449,974	99.464	452,560	5.0%
	due August 8, 2023						
600,000	CIBC BA 4.90%	R-1 (high)	99.227	595,364	99.228	595,366	6.6%
	due August 25, 2023						
400,000	Royal Bank BA 4.71%	R-1 (high)	98.877	395,509	99.855	399,422	4.4%
	due July 10, 2023						
1,000,000	Royal Bank BA 4.899%	R-1 (high)	99.612	996,122	99.657	996,565	11.1%
	due July 25, 2023						
405,000	Toronto Dominion Bank BA 4.75%	R-1 (high)	99.637	403,529	99.862	404,442	4.5%
	due July 10, 2023						
				8,981,454		8,996,472	100%

Martin, Lucas & Seagram Ltd.

CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at June 30, 2023

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
GOVERNMENT BONDS					
200,000	Canada Housing Trust 2.35% due September 15, 2023	105.62	99.49	198,974	4,700
250,000	Canada Housing Trust 2.9% due June 15, 2024	102.64	98.01	245,013	7,250
300,000	Canada Housing Trust Ser. 70 2.25% due December 15, 2025	100.98	94.77	284,319	6,750
250,000	Canada Housing Trust Ser. 77 2.35% due June 15, 2027	93.81	93.82	234,542	5,875
250,000	Canada Housing Trust No.1 2.350% due March 15, 2028	103.96	93.25	233,118	5,875
300,000	Canada Housing Trust 2.1% Series 88 due September 15, 2029	99.73	90.53	271,586	6,300
275,000	Canada Housing Trust 1.1% Series 95 due March 15, 2031	94.05	82.39	226,573	3,025
200,000	Canada Housing Trust 3.55% due September 15, 2032	98.05	98.78	197,567	7,100
				<hr/> 1,891,692	<hr/> 46,875
PROVINCIAL BONDS					
400,000	Ontario 2.60% due June 2, 2025	101.08	96.15	384,602	10,400
350,000	British Columbia 2.3% due June 18, 2026	104.40	94.23	329,797	8,050
350,000	Ontario 2.60% due June 2, 2027	97.56	94.42	330,485	9,100
300,000	Alberta 2.90% due December 1, 2028	94.50	94.54	283,611	8,700
350,000	Ontario 2.05% due June 2, 2030	94.43	88.51	309,801	7,175
200,000	British Columbia 1.55% due June 18, 2031	83.75	83.67	167,343	3,100
300,000	Ontario 2.25% due December 2, 2031	87.15	87.74	263,222	6,750
300,000	British Columbia 3.2% due June 18, 2032	96.71	94.18	282,545	9,600
300,000	Ontario 3.65% due June 2, 2033	97.98	97.41	292,228	10,950
				<hr/> 2,643,634	<hr/> 73,825

Martin, Lucas & Seagram Ltd.

CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at June 30, 2023

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
CORPORATE BONDS					
300,000	Toronto Dominion Bank Dep. Note 1.909% due July 18, 2023	102.63	99.89	299,672	5,727
250,000	Toronto Dominion Bank Dep. Note 3.226% due July 24, 2024	102.02	97.79	244,470	8,065
250,000	CIBC Deposit Note 3.3% due May 26, 2025	100.24	96.50	241,242	8,250
200,000	Wells Fargo & Company 2.975% due May 19, 2026	102.15	92.99	185,981	5,950
300,000	Bank of Nova Scotia Dep. Notes 2.62% due December 2, 2026	102.07	92.85	278,537	7,860
150,000	Bank of Montreal Dep. Note 2.70% due December 9, 2026	108.76	93.03	139,541	4,050
100,000	Bank of Nova Scotia 2.95% due March 8, 2027	92.85	92.44	92,439	2,950
150,000	Enbridge Inc. CB-27 3.2% due June 8, 2027	96.43	93.12	139,678	4,800
150,000	Royal Bank 4.642% due January 17, 2028	97.93	97.80	146,707	6,963
100,000	Bank of Montreal 3.19% due March 1, 2028	100.75	93.45	93,451	3,190
100,000	Telus Corp. CB-27 3.625% due March 1, 2028	97.25	93.86	93,860	3,625
100,000	Bell Canada SerM56 2.2% due May 29, 2028	98.26	87.99	87,995	2,200
150,000	Toronto Dominion Bank 4.68% due January 8, 2029	97.80	98.02	147,033	7,020
125,000	Ontario Power Generation 2.977% 13SEP29 due September 13, 2029	99.95	90.79	113,490	3,721
100,000	Loblaw Companies 2.284% due May 7, 2030	86.07	84.92	84,917	2,284
				<hr/> 2,389,013	<hr/> 76,655
TOTAL PORTFOLIO				6,924,338	197,355

Disclosures:

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2. The cost of each position shown in the account is the book cost (original cost adjusted for distributions, capital returns and re-orgs). For unit costs marked with an *, the book cost cannot be determined and the value shown is based on the closing market price on July 15, 2015.

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 04-01-23 To 06-30-23

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
06-01-23	06-05-23	100,000	British Columbia 3.2% due June 18, 2032	94.98	94,980.00
06-01-23	06-05-23	100,000	Loblaw Companies 2.284% due May 7, 2030	86.07	86,070.00
06-01-23	06-05-23	300,000	Ontario 3.65% due June 2, 2033	97.98	293,940.00
06-23-23	06-27-23	200,000	Canada Housing Trust 3.55% due September 15, 2032	98.05	196,100.00
06-23-23	06-27-23	300,000	Ontario 2.25% due December 2, 2031	87.15	261,450.00
06-23-23	06-27-23	50,000	Telus Corp. CB-27 3.625% due March 1, 2028	93.95	46,975.00
06-23-23	06-27-23	150,000	Toronto Dominion Bank 4.68% due January 8, 2029	97.80	146,700.00
06-27-23	06-29-23	300,000	Alberta 2.90% due December 1, 2028	94.50	283,500.00
06-27-23	06-29-23	250,000	Canada Housing Trust Ser. 77 2.35% due June 15, 2027	93.81	234,525.00
06-27-23	06-29-23	150,000	Royal Bank 4.642% due January 17, 2028	97.93	146,895.00
					1,791,135.00
SALES					
06-02-23	06-02-23	500,000	Ontario 2.85% due June 2, 2023	100.00	500,000.00
					500,000.00

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - LONG TERM INVESTMENT FUND
From 03-31-23 to 06-30-23

Cash Balance at March 31, 2023		<u>0.00</u>
ADD: Proceeds from Sales	500,000.00	
Accrued Interest on Sales	7,125.00	
Bond Interest Credited to Long Term Investment Fund	47,260.92	
Transfer Bond Interest to Short Term Investment Fund	-47,260.92	<u>507,125.00</u>
LESS: Cost of Purchases	-1,791,135.00	
Accrued Interest on Purchases	-12,711.69	
Transfer from Short Term Fund	1,296,721.69	<u>-507,125.00</u>
Cash Balance at June 30, 2023		<u><u>0.00</u></u>

Martin, Lucas & Seagram Ltd.									
EXTERNAL INDIVIDUAL CREDIT RATING REPORT - JUNE 30, 2023									
CLLAS - LONG TERM INVESTMENT FUND									
					Unit	Total		Market	Pct.
Quantity	CUSIP	Security		Rating	Cost	Cost	Price	Value	Assets
GOVERNMENT BONDS									
200,000	13509PDV2	Canada Housing Trust 2.35%	due September 15, 2023	AAA	105.62	211,240	99.49	198,974	2.9%
250,000	13509PEF6	Canada Housing Trust 2.9%	due June 15, 2024	AAA	102.64	256,600	98.01	245,013	3.5%
300,000	13509PFD0	Canada Housing Trust Ser. 70 2.25%	due December 15, 2025	AAA	100.98	302,940	94.77	284,319	4.1%
250,000	13509PFX6	Canada Housing Trust Ser. 77 2.35%	due June 15, 2027	AAA	93.81	234,525		234,542	
250,000	13509PGF4	Canada Housing Trust No.1 2.350%	due March 15, 2028	AAA	103.96	259,900	93.25	233,118	3.4%
300,000	13509PHD8	Canada Housing Trust 2.1% Series 88	due September 15, 2029	AAA	99.73	299,200	90.53	271,586	3.9%
275,000	13509PHQ9	Canada Housing Trust 1.1% Series 95	due March 15, 2031	AAA	94.05	258,638	82.39	226,573	3.3%
200,000	13509PJC8	Canada Housing Trust 3.55%	due September 15, 2032	AAA	98.05	196,100	98.78	197,567	2.9%
						2,019,143		1,891,692	23.9%
PROVINCIAL BONDS									
400,000	68323ACX0	Ontario 2.60%	due June 2, 2025	AA (low)	101.08	404,305	96.15	384,602	5.6%
350,000	11070TAJ7	British Columbia 2.3%	due June 18, 2026	AA (high)	104.40	365,400	94.23	329,797	4.8%
350,000	68323AEE0	Ontario 2.60%	due June 2, 2027	AA (low)	97.56	341,460	94.42	330,485	4.8%
300,000	01305IEB9	Alberta 2.90%	due December 1, 2028	AA (low)		283,500		283,611	
350,000	68333ZAH0	Ontario 2.05%	due June 2, 2030	AA (low)	94.43	330,515	88.51	309,801	4.5%
200,000	110709AF9	British Columbia 1.55%	due June 18, 2031	AA (high)	83.75	167,500	83.67	167,343	2.4%
300,000	68333ZAT4	Ontario 2.25%	due December 2, 2031	AA (low)	87.15	261,450	87.74	263,222	3.8%
300,000	110709GL0	British Columbia 3.20%	due June 18, 2032	AA (high)	96.71	290,130	94.18	282,545	4.1%
300,000	68333ZAY3	Ontario 3.65%	due June 2, 2033	AA (low)	97.98	293,940	97.41	292,228	4.2%
						2,738,200		2,643,634	34.1%
CORPORATE BONDS									
300,000	891160LV3	Toronto Dominion Bank Dep. Note 1.909%	due July 18, 2023	AA (high)	102.63	307,890	99.89	299,672	4.3%
250,000	891145T79	Toronto Dominion Bank Dep. Note 3.226%	due July 24, 2024	AA (high)	102.02	255,050	97.79	244,470	3.5%
250,000	13596Z3Y9	CIBC Deposit Note 3.3%	due May 26, 2025	AA	100.24	250,600	96.50	241,242	3.5%
200,000	949746RX1	Wells Fargo & Company 2.975%	due May 19, 2026	AA (low)	102.15	204,300	92.99	185,981	2.7%
300,000	064151QE6	Bank of Nova Scotia Dep. Notes 2.62%	due December 2, 2026	AA	102.07	306,210	92.85	278,537	4.0%
150,000	06368AAA8	Bank of Montreal Dep. Note 2.70%	due December 9, 2026	AA	108.76	163,140	93.03	139,541	2.0%
100,000	06415GDE7	Bank of Nova Scotia 2.95%	due March 8, 2027	AA (low)	92.85	92,850	92.44	92,439	1.3%
150,000	29251ZBK2	Enbridge Inc. CB-27 3.2%	due June 8, 2027	BBB (high)	96.43	144,650	93.12	139,678	2.0%
150,000	780086WG5	Royal Bank 4.642%	due January 17, 2028	AA	97.93	146,895	97.80	146,707	2.1%
100,000	06368BTX6	Bank of Montreal 3.19%	due March 1, 2028	AA	100.75	100,750	93.45	93,451	1.3%
100,000	87971MBG7	Telus Corp. CB-27 3.625%	due March 1, 2028	BBB	97.25	97,250	93.86	93,860	1.4%
100,000	07813ZCJ1	Bell Canada SerM56 2.2%	due May 29, 2028	BBB (high)	98.26	98,263	87.99	87,995	1.3%
150,000	89117GRJ8	Toronto Dominion Bank 4.68%	due January 8, 2029	AA	97.80	146,700	98.02	147,033	2.1%
125,000	68321ZAD3	Ontario Power Generation 2.977% 13SEP29	due September 13, 2029	A (low)	99.95	124,938	90.79	113,490	1.6%
100,000	539481AN1	Loblaw Companies 2.284%	due May 7, 2030	BBB (high)	86.07	86,070	84.92	84,917	1.2%
						2,525,555		2,389,013	34.5%
TOTAL PORTFOLIO									
						7,282,898		6,924,338	92.5%

Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 12-31-22 to 06-30-23

Security	12-31-22 Market Value	Additions Withdrawals	06-30-23 Market Value	06-30-23 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
CASH								
Cash Account	0	0	0	0				
GOVERNMENT BONDS								
Canada Housing Trust 2.35% due September 15, 2023	196,916	-2,350	198,974	211,240	0	0	-12,266	2,058
Canada Housing Trust 2.9% due June 15, 2024	245,056	-3,625	245,013	256,600	0	0	-11,587	-43
Canada Housing Trust Ser. 70 2.25% due December 15, 2025	286,269	-3,375	284,319	302,940	0	0	-18,621	-1,950
Canada Housing Trust Ser. 77 2.35% due June 15, 2027	0	234,750	234,542	234,525	0	0	17	17
Canada Housing Trust No.1 2.350% due March 15, 2028	233,914	-2,938	233,118	259,900	0	0	-26,782	-795
Canada Housing Trust 2.1% Series 88 due September 15, 2029	271,460	-3,150	271,586	299,200	0	0	-27,615	126
Canada Housing Trust 1.1% Series 95 due March 15, 2031	224,123	-1,513	226,573	258,638	0	0	-32,064	2,450
Canada Housing Trust 3.55% due September 15, 2032	0	198,123	197,567	196,100	0	0	1,467	1,467
GOVERNMENT BONDS Total	<u>1,457,738</u>		<u>1,891,692</u>	<u>2,019,143</u>	<u>0</u>	<u>0</u>	<u>-127,451</u>	<u>3,329</u>
PROVINCIAL BONDS								
Ontario 2.85% due June 2, 2023	496,393	-507,125	0	0	-11,430	3,608	0	0
Ontario 2.60% due June 2, 2025	386,522	-5,200	384,602	404,305	0	0	-19,703	-1,919
British Columbia 2.3% due June 18, 2026	331,878	-4,025	329,797	365,400	0	0	-35,603	-2,081
Ontario 2.60% due June 2, 2027	332,655	-4,550	330,485	341,460	0	0	-10,975	-2,170
Alberta 2.90% due December 1, 2028	0	284,167	283,611	283,500	0	0	111	111
Ontario 2.05% due June 2, 2030	307,342	-3,588	309,801	330,515	0	0	-20,714	2,459
British Columbia 1.55% due June 18, 2031	165,174	-1,550	167,343	167,500	0	0	-157	2,169
Ontario 2.25% due December 2, 2031	0	261,912	263,222	261,450	0	0	1,772	1,772
British Columbia 3.2% due June 18, 2032	93,603	189,504	282,545	290,130	0	0	-7,586	-3,539
Ontario 3.65% due June 2, 2033	0	294,030	292,228	293,940	0	0	-1,712	-1,712
PROVINCIAL BONDS Total	<u>2,113,566</u>		<u>2,643,634</u>	<u>2,738,200</u>	<u>-11,430</u>	<u>3,608</u>	<u>-94,566</u>	<u>-4,910</u>
CORPORATE BONDS								
Wells Fargo 3.46% due January 24, 2023	149,891	-152,595	0	0	-3,542	109	0	0
Toronto Dominion Bank Dep. Note 1.909% due July 18, 2023	295,073	-2,864	299,672	307,890	0	0	-8,218	4,600
Toronto Dominion Bank Dep. Note 3.226% due July 24, 2024	243,462	-4,033	244,470	255,050	0	0	-10,580	1,008
CIBC Deposit Note 3.3% due May 26, 2025	242,040	-4,125	241,242	250,600	0	0	-9,358	-798

Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 12-31-22 to 06-30-23

Security	12-31-22 Market Value	Additions Withdrawals	06-30-23 Market Value	06-30-23 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
Wells Fargo & Company 2.975% due May 19, 2026	186,259	-2,975	185,981	204,300	0	0	-18,319	-278
Bank of Nova Scotia Dep. Notes 2.62% due December 2, 2026	277,932	-3,930	278,537	306,210	0	0	-27,674	605
Bank of Montreal Dep. Note 2.70% due December 9, 2026	139,356	-2,025	139,541	163,140	0	0	-23,599	185
Bank of Nova Scotia 2.95% due March 8, 2027	92,396	-1,475	92,439	92,850	0	0	-411	44
Enbridge Inc. CB-27 3.2% due June 8, 2027	139,218	-2,393	139,678	144,650	0	0	-4,972	460
Royal Bank 4.642% due January 17, 2028	0	150,005	146,707	146,895	0	0	-188	-188
Bank of Montreal 3.19% due March 1, 2028	93,391	-1,595	93,451	100,750	0	0	-7,299	60
Telus Corp. CB-27 3.625% due March 1, 2028	46,914	46,655	93,860	97,250	0	0	-3,390	-29
Bell Canada SerM56 2.2% due May 29, 2028	87,381	-1,100	87,995	98,263	0	0	-10,268	614
Toronto Dominion Bank 4.68% due January 8, 2029	0	150,585	147,033	146,700	0	0	333	333
Ontario Power Generation 2.977% 13SEP29 due September 13, 2029	112,849	-1,861	113,490	124,938	0	0	-11,447	641
Loblaw Companies 2.284% due May 7, 2030	0	86,251	84,917	86,070	0	0	-1,153	-1,153
CORPORATE BONDS Total	2,106,161		2,389,013	2,525,555	-3,542	109	-136,542	6,103
TOTAL PORTFOLIO	5,677,464		6,924,338	7,282,898	-14,972	3,716	-358,559	4,523
TOTAL DATE TO DATE GAIN OR LOSS								8,239
% CHANGE DURING PERIOD								0.15