



### i-Watch Rating System:

**Date** October 27, 2025

**Fund Manager** CC&L Investment Management

**i-Watch Status** ● **Increased Scrutiny**

- No concern(s)
- Moderate concern(s) requiring frequent and close monitoring
- Serious concern(s) that require a full review and may lead to removal from the fund platform

### Product(s) Impacted:

CC&L Group Fundamental Canadian Equity Fund  
CC&L Equity Income and Growth Fund

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### Summary

- The CC&L Fundamental Equity Team (“the Team”) has remained stable following the leadership transition announcement in August 2024.
- Two seasoned research analysts joined the team over the past year to strengthen the Team’s research capacity.
- The Team’s future CIO, Michael McPhillips, continues to progress towards a Co-CIO capacity and works closely with Mr. Baker in all portfolio management activities.
- Significant concerns about the Team’s resources and their ability to execute a smooth transition of Mr. Baker’s multiple investment roles have alleviated. The Funds are upgraded to Increased Scrutiny as continuous monitoring is still required.

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### Commentary

The Team had historically been very stable with long-time Head Gary Baker leading overall investment activities with the support of 6 long-tenured sector portfolio managers (‘PMs’). In 2022, the Team initiated the succession plan for Mr. Baker and started to transition some of his leadership responsibilities to other senior members. However, the succession plan, which was expected to be a multi-year process, had triggered major turnovers among the Team’s senior members with 4 of the 6 sector PMs having departed from the Team over the past two years. Meanwhile, Mr. Baker continued to hold multiple investment roles, including CIO, sole PM for all portfolios, and sector leader for multiple sectors including Financials.

In August 2024, the Team announced that Michael McPhillips would become the Team’s future CIO. Mr. McPhillips, who joined the Team in 2012 and became a sector PM in 2019 and Director of Research in 2023, would work closely with Mr. Baker over the coming years to gradually assume the latter’s CIO responsibilities. Meanwhile, the Team indicated that they would continue to use their Portfolio Management Development Program to help identify future PMs to assume Mr. Baker’s day-to-day portfolio management responsibilities.

Amid the sector PM departures and the leadership transition announcement, the Team added two research analysts in 2024 and promoted two other analysts to assume more research responsibilities. In October 2024, a research analyst who joined the Team in 2022, had departed from the Team.

## Impact

Global Manager Research ('GMR') has been closely monitoring the Team's resources over the past two years and their ability to consistently conduct fundamental research. We also had multiple discussions with Mr. Baker and Mr. McPhillips regarding the transition of the CIO responsibilities.

The Team had added several research analysts in 2022 and 2023 to maintain a deep analyst bench, together with two more additions in 2024, they were able to quickly transition their fundamental research coverage without a material gap. In May and August of 2025, the Team added two seasoned analysts with strong research background in Financials, and they have assumed most of Mr. Baker's research responsibilities. The Team currently has 10 investment professionals including 8 research analysts, and it is expected that Mr. Baker will fully transition out of his research responsibilities over the coming year.

Meanwhile, Mr. McPhillips continues to work closely with Mr. Baker to progress towards a Co-CIO capacity. As the Team's future CIO, Mr. McPhillips will be involved in all portfolio management activities with a focus on combining top-down macro forecast with the bottom-up research to make portfolio construction decisions. Currently he continues to work closely with individual analysts as the Director of Research and plays a critical role in helping the Team establish a new dynamic with a more collaborative approach.

## Closing Remarks

However, despite the clear progress that has been made in terms of transitioning Mr. Baker's CIO and fundamental research responsibilities, uncertainty still exists in terms of the transition of his day-to-day portfolio management responsibilities. There are three candidates in the PM Development Program, but there is still no clear indication on the Team's future structure at the PM level.

GMR has upgraded the Funds to Increased Scrutiny in October 2025 to reflect the fact that our significant concerns were alleviated. We will continue to closely monitor Mr. McPhillips' transition into the CIO role and assess the stability of the Team's overall resources given the on-going succession plan for Mr. Baker.



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