

Leith Wheeler Canadian Dividend Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
December 31, 2016



This annual management report of fund performance contains financial highlights, but does not contain complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-888-292-1122, by writing to us at 1500 – 400 Burrard Street, Vancouver, BC V6C 3A6 or by visiting our website at www.leithwheeler.com or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The investment objective of the Fund is to provide a source of monthly income with the potential for long term growth through capital appreciation and growth in dividends by investing primarily in a portfolio of common shares, convertible debentures and other equity related securities of Canadian issuers. The Fund is not restricted by capitalization or industry sector although portfolio diversification is a consideration in the selection of securities for the Fund. Under normal circumstances, the Fund will keep its portfolio fully invested, to the greatest extent possible, in Canadian equity and equity related securities.

Our approach to stock picking is based on fundamental research with a strong “value” bias. Our test for value is viewing any investment we make as if we were “buying the whole business”. Therefore, the critical question becomes “what would be the price of the whole business that would make the purchase a profitable one?” Our experience has been that the price of a company in the stock market does not always reflect its real value. This discrepancy between price and value creates excellent investment opportunities.

As value investors, we tend to include companies in the portfolio when they are “out of favour” by the market and have declined in price. Companies can become undervalued when there is a lack of investor awareness; when an entire industry is out of favour with investors; or when a company experiences a short-term difficulty which, following careful analysis, we believe can be overcome. By purchasing these companies after a price decline, we find we are able to control risk in the portfolio as these investments often have less downside risk while offering a decent potential return.

Risk

The overall risks of investing in the Fund are as described in the Simplified Prospectus. There were no material changes to the Fund during the year that affected the overall level of risk.

Results of Operations

The Fund’s net assets increased by 30.7% in 2016 to \$88.2 million from \$67.5 million at the end of 2015. Of this change, \$21.8 million was attributable to investment gains and (\$1.1) million to net outflows.

Despite a negative start, 2016 was a remarkable year for Canadian stock markets, where sentiment shifted quite significantly over the year. Canada had finished 2015 as one of the worst performing developed markets amid concerns around global growth, weakness in commodities and a gloomy outlook for the Canadian economy. Despite numerous global concerns including “Brexit”, Trump and European bank issues, market sentiment improved over the course of the year and the TSX climbed the “wall of worry” to end 2016 as the best performing developed market.

In 2016, the S&P/TSX Composite’s positive performance was broadly based, with ten of the eleven industry sectors posting positive returns for the year. The index was led by the Materials (41.2%), Energy (35.5%) and Financials (24.1%) sectors. The only negative sector in 2016 was Health Care (-78.5%). The poor performance of the Health Care sector was primarily due to the issues experienced by Valeant Pharmaceuticals.

The Canadian Dividend Fund significantly outperformed the S&P/TSX Composite Index in 2016 as Series A units of the Fund increased by 31.5% and Series B units increased by 29.6% after fees and expenses. Series F units of the Fund increased by 30.2% after fees and expenses. Overall, after a difficult year of performance in 2015, we are pleased with our portfolio’s results this year.

Among the top contributors to the Fund’s performance in 2016 were Russel Metals (+70.9%), Sleep Country (+70.9%), and Waste Connections (+57.3%). Russel Metals’ share price rose on improving economic growth and the potential for an increase in spending on infrastructure. Sleep Country increased as the company continued to report strong financial results and expanding market share. The stock also recently joined the S&P/TSX index, which boosted the share price as index funds had to include it in their portfolios. Waste Connections is an integrated municipal solid waste services company. In contrast the Fund’s performance in 2016 was hurt by CI Financial (-0.8%), and Baytex Energy (-37.1%). CI Financial fell with mutual fund sales slowing and weaker performance from some of their funds. What was once a premium-priced company, has become one that trades a lot closer in value to the major banks. We feel there is upside from these levels with a very strong management team at the helm and initiatives in place to bring new products to market. Baytex Energy suspended its dividend, and it seems unlikely that they will be able to re-instate it in the near future.

We added three new holdings to the Fund in the first half of 2016: Boardwalk REIT, TransCanada Pipelines and A&W Revenue Royalties Income Fund. Boardwalk REIT is an Alberta-focused rental apartment owner, with 67% of their net operating income generated from the province. The remainder of income comes from properties in Ontario, Saskatchewan and Quebec.

Management Discussion of Fund Performance (cont.)

Investor concerns over low oil prices and the effects on the Alberta economy have negatively impacted the stock. This created an opportunity for us to buy good-quality assets, at a 30% discount to net-asset-value. Boardwalk has a strong and stable management team, with experience managing the company through difficult environments. The founders own 25% of the company and are well aligned with other shareholders, as they receive distributions as income rather than salaries, bonuses, or options. During the first quarter of 2016, we added a position in TransCanada Pipelines. TransCanada is the one of the largest natural gas and liquids pipeline companies in North America. Due to uncertainty associated with the company receiving regulatory as well as shipper approval for its large, long-distance oil and natural gas pipeline projects, the stock has been under pressure since we sold it in late 2014. As a consequence, the valuation for the business has improved, while earnings and dividend growth remains healthy and above many similar businesses. In addition, during a period of stress for many companies in the energy infrastructure space due to limited access to capital, TransCanada's strong balance sheet and single-A credit rating has served it well. A&W Revenue Royalties Income Fund is a top-line income fund that receives royalties from the more than 830 A&W restaurants operating in Canada. The company has over 60 years of operating history in Canada with established brands such as The Burger Family, A&W Root Beer and Chubby Chicken. In 2015, sales surpassed \$1 billion and as a brand they hold the #5 spot in Canada behind only Tim Horton's, McDonald's, Subway and Starbucks. The management team has shown an ability to adapt to changing trends with their "better Ingredients" campaign leading to same store sales growth of over 5% the past eight quarters. Additionally, management and insiders own 21% of total units outstanding on a fully diluted basis and their average tenure is more than 24 years. We believe A&W will outperform peers as they expand in Ontario and this will support continued earnings and dividend growth.

We eliminated two of the holdings in the Fund during the first half of the year: Baytex Energy, and Enbridge. We sold our position in Baytex Energy during the first quarter of 2016. The company suspended its dividend, and it seems unlikely that they will be able to reinstate it in the near future. We initiated a small position in Enbridge during the first quarter, but sold the position prior to the end of the quarter. The outlook for this pipeline, gas processing and distribution business became increasingly uncertain in the first quarter due to concerns about the company's access to debt capital markets. The company undertook equity financing at a substantial discount, which we found attractive. In short order, the market priced in several years of future growth and the stock appreciated quickly beyond our three-year-out price target. With the shares trading at an above-average valuation versus alternative investment opportunities, we exited the position.

In the second half of 2016 we eliminated our positions in Encana, Boardwalk REIT, Canadian Western Bank, National Bank, and TransCanada Pipelines. The risk-reward profile of Encana became less attractive than other investment opportunities in the portfolio, after the stock rebounded off the lows earlier this year. The company has a higher risk profile than our preferred Energy names with a more levered balance sheet. In hindsight, our investment in Encana did not work out as expected, and we decided to deploy the capital into better opportunities. We purchased Boardwalk REIT in the first quarter of 2016 when oil prices were severely depressed and the outlook for the Alberta economy was quite dire. Boardwalk is an Alberta-focused rental apartment owner, and we bought the shares at a 30% discount to net-asset-value at the time. We did extensive work to make sure the downside of our investment was limited and felt the potential outcomes were skewed in our favour. As the oil price recovered, sentiment improved and we did very well on our investment, recouping a gain over several months that we had hoped would accrue over a few years. Boardwalk became less attractive than other investment opportunities in the portfolio and we sold our position. Canadian Western Bank was the second best performing bank in the TSX during the year, rising 34.4%. The outlook for the business has improved, but the valuation looks expensive relative to other opportunities in the portfolio. National Bank has performed well over the year and as a result its forward-looking returns narrowed. We sold the name and redeployed the proceeds into Royal Bank, Bank of Nova Scotia and CIBC. We purchased TransCanada Pipelines earlier in the year when the market was concerned about oil and natural gas prices, as well as additional regulatory and environmental scrutiny. Since our purchase in the first quarter, the stock increased 23.5% and the valuation moved to a level where the return outlook was no longer attractive relative to its risk profile.

Arguably the main driver of capital markets in Canada, and globally, over the coming year will be the US policy agenda. So far, capital markets have given the Trump administration the "benefit of the doubt". There is no doubt that Canada will benefit from a stronger US economy; however, we expect the path to implementation to be rocky with potential upside as well as downside risks.

We remain committed to our bottom-up investment style, focusing on selecting and holding companies where we believe the potential returns are attractive over the next three years and valuations are reasonable.

Recent Developments

Equity markets were up globally in the first two months of 2017.

On June 23, 2016, Michael Ryan retired from the Independent Review Committee ("IRC"). Also, on June 23, 2016, the members appointed Eric Watt as a member of the IRC. On the same day, Michael Scott was appointed Chair of the IRC.

Related Party Transactions

Leith Wheeler Investment Counsel Ltd. (the “Manager”) is the manager and portfolio advisor of the Fund and is responsible for the Fund’s day-to-day operations. The Fund pays the Manager a management fee as compensation for managing the investment portfolio of the Fund.

As at December 31, 2015 the Leith Wheeler Income Advantage Fund and Leith Wheeler Income Pooled Fund own 1,976,574 and 292,377 Series A units of the Fund, respectively, which are both under common management. Combined, the holdings represent 32.3% of this Fund.

Management Fees

The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The annualized management fee for the Series B and Series F units of the Fund are 1.40% and 0.95%, respectively. During the year, the Fund paid the Manager \$42,020 for Series B and \$6,046 for Series F (exclusive of GST/HST) of its net assets as management fees. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund. The Manager paid all operating expenses except brokerage charges and taxes. In respect of Series A units, the unitholder pays the Manager a negotiated management fee outside the Fund.

We do not directly or indirectly pay fees, sales commissions or trailing commissions, nor do we provide any non-monetary benefits to registered dealers for distributions of units of the Fund. If a broker charges you a commission or fee, that is a matter between you and the dealer.

Financial Highlights

The Fund's Net Assets Attributable to Holders of Redeemable Units per Unit

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements. The financial information for periods beginning on or after January 1, 2013 is derived from the financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For all prior periods, the financial information is presented in accordance with Canadian generally accepted accounting principles "GAAP". The net assets attributable to holders of redeemable units and the net assets attributable to holders of redeemable units per unit may differ from the Net Assets and Net Assets per Unit due to the valuation methodology previously used in determining fair values. An explanation of these differences can be found in the notes to the financial statements.

Series A	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$10.33	\$11.61	\$12.29	\$10.85	\$9.88
Increase (decrease) from operations:					
Total revenue	0.39	0.42	0.43	0.40	0.40
Total expenses	-	-	-	-	-
Realized gains (losses) for the year	0.56	(0.22)	1.24	0.66	0.33
Unrealized gains (losses) for the year	2.28	(0.97)	(0.83)	1.52	0.82
Total increase (decrease) from operations ⁽¹⁾	3.23	(0.77)	0.84	2.58	1.55
Distributions:					
From income (excluding dividends)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)
From dividends	(0.37)	(0.41)	(0.42)	(0.38)	(0.34)
From capital gains	(0.56)	(0.04)	(1.10)	(0.59)	(0.25)
Return of capital	-	-	-	-	-
Total Annual Distributions ⁽²⁾	(0.95)	(0.46)	(1.53)	(0.98)	(0.61)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$12.58	\$10.33	\$11.61	\$12.29	\$10.83
Series B	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$10.32	\$11.62	\$12.34	\$10.87	\$9.89
Increase (decrease) from operations:					
Total revenue	0.38	0.39	0.30	0.39	0.27
Total expenses	(0.17)	(0.14)	(0.16)	(0.09)	(0.16)
Realized gains (losses) for the year	0.56	(0.21)	0.83	0.64	0.23
Unrealized gains (losses) for the year	2.24	(0.89)	(0.56)	1.48	0.57
Total increase (decrease) from operations ⁽¹⁾	3.01	(0.85)	0.41	2.42	0.91
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.22)	(0.27)	(0.29)	(0.19)	(0.19)
From capital gains	(0.56)	(0.04)	(1.11)	(0.59)	(0.25)
Return of capital	-	-	-	-	-
Total Annual Distributions ⁽²⁾	(0.78)	(0.31)	(1.40)	(0.78)	(0.44)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$12.56	\$10.32	\$11.62	\$12.34	\$10.84

Financial Highlights (cont.)

The Fund's Net Assets Attributable to Holders of Redeemable Units per Unit (cont.)

Series F (inception September 10, 2015)	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units - per unit, beginning of year ^{(1) (3)}	\$9.97	\$10.41	n/a	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.40	0.01	n/a	n/a	n/a
Total expenses	(0.01)	(0.01)	n/a	n/a	n/a
Realized gains (losses) for the year	0.58	-	n/a	n/a	n/a
Unrealized gains (losses) for the year	2.36	(0.02)	n/a	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	3.34	(0.02)	n/a	n/a	n/a
Distributions:					
From income (excluding dividends)	-	-	n/a	n/a	n/a
From dividends	(0.44)	(0.49)	n/a	n/a	n/a
From capital gains	(0.53)	(0.04)	n/a	n/a	n/a
Return of capital	-	-	n/a	n/a	n/a
Total Annual Distributions ⁽²⁾	(0.97)	(0.53)	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$11.95	\$9.97	n/a	n/a	n/a

- (1) Net assets attributable to holders of redeemable units and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
- (2) Distributions are reinvested in additional units of the Fund or paid in cash.
- (3) From September 10, 2015, inception date of Series F units of the Fund. Series F initial net asset value per unit offering commenced at the closing net asset value per unit of Series B on September 10, 2015 of \$10.41.

Financial Highlights (cont.)

Ratios and Supplemental Data

Series A	2016	2015	2014	2013	2012
Total net assets attributable to holders of redeemable units - (\$000s) ⁽¹⁾	83,520	64,368	63,377	48,678	26,700
Number of units outstanding (000s) ⁽¹⁾	6,639	6,231	5,458	3,960	2,461
Management expense ratio(%) ⁽²⁾	-	-	-	-	-
Management expense ratio before waivers or absorptions (%)	0.03	0.03	0.04	0.05	0.11
Trading expense ratio (%) ⁽³⁾	0.11	0.13	0.10	0.12	0.16
Portfolio turnover rate (%) ⁽⁴⁾	78.59	83.29	73.62	71.90	70.47
Net assets attributable to holders of redeemable units per unit (\$)	12.58	10.33	11.61	12.29	10.85

Series B	2016	2015	2014	2013	2012
Total net assets attributable to holders of redeemable units - (\$000s) ⁽¹⁾	3,495	2,706	2,604	2,745	1,915
Number of units outstanding (000s) ⁽¹⁾	278	262	224	222	176
Management expense ratio(%) ⁽²⁾	1.50	1.49	1.47	1.47	1.57
Management expense ratio before waivers or absorptions (%)	1.53	1.53	1.51	1.53	1.69
Trading expense ratio (%) ⁽³⁾	0.11	0.13	0.10	0.12	0.16
Portfolio turnover rate (%) ⁽⁴⁾	78.59	83.29	73.62	71.90	70.47
Net assets attributable to holders of redeemable units per unit (\$)	12.56	10.32	11.62	12.34	10.87

Series F (inception September 10, 2015)	2016	2015	2014	2013	2012
Total net assets attributable to holders of redeemable units - (\$000s) ⁽¹⁾	1,214	382	n/a	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	102	38	n/a	n/a	n/a
Management expense ratio(%) ⁽²⁾	1.03	1.00	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	1.05	1.03	n/a	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.11	0.13	n/a	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	78.59	83.29	n/a	n/a	n/a
Net assets attributable to holders of redeemable units per unit (\$)	11.95	9.97	n/a	n/a	n/a

- (1) This information is provided as at December 31 of the year shown; unless noted otherwise.
- (2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of the daily average net asset value during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Past Performance

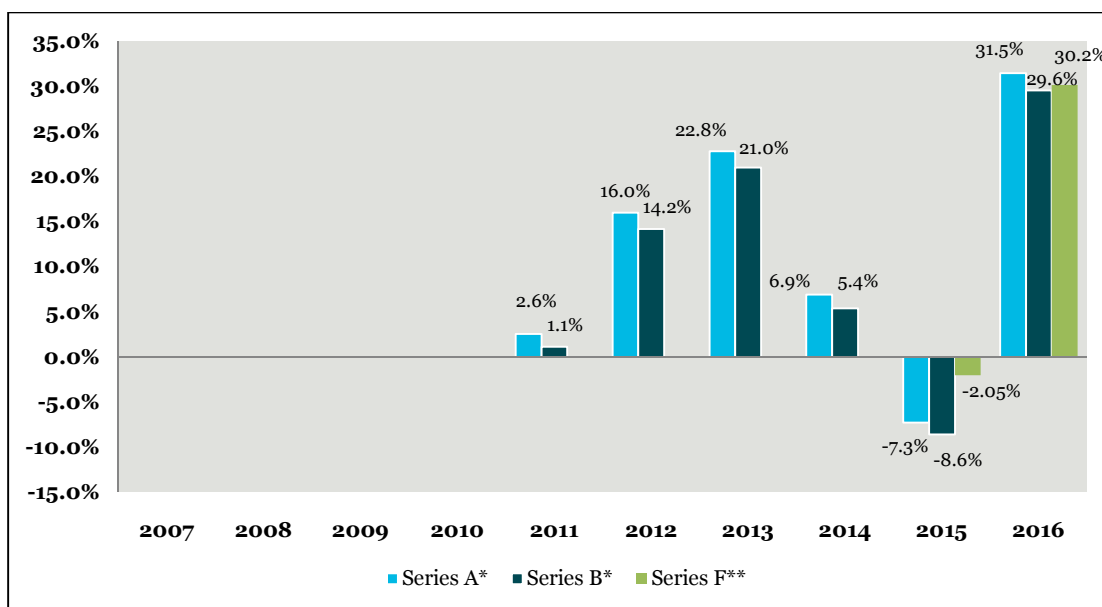
General

The Fund's performance assumes all distributions made by the Fund in the years shown were reinvested in units of the Fund and is based on net asset value per unit. If you hold the Fund outside a Registered Plan, you will be taxed on these distributions.

The performance information does not take into account sales charges, other charges or taxes that, if applicable, would have reduced returns or performance; but includes management fees and other expenses borne directly by the Fund. Past performance does not necessarily indicate how the Fund may perform in the future.

Year-by-Year Returns

The following bar chart shows the Fund's historical return, which changes each year and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each year.



* Series A units were created December 21, 2010, Series B units were created on December 23, 2010.

** Series F units were created on September 10, 2015. Return from September 10, 2015 to December 31, 2015, not annualized.

Past Performance (cont.)

Annual Compound Returns

The following table compares the historical annual compound return of the Fund (before fees for Series A and after fees for Series B and F) with the S&P/TSX Composite Index, in each case for the year ended December 31, 2016. The S&P/TSX Composite Index is the headline index and the principal broad market measure for the Canadian equity markets. A discussion of the performance of the Fund as compared to the index is found in the Results of Operations section of this document.

For the Years ended December 31	1 Year	3 Years	5 Years	10 Years
Fund – Series A *	31.5%	9.2%	13.2%	n/a*
S&P/TSX Composite Index	21.1%	7.1%	8.3%	n/a*
Fund – Series B *	29.6%	7.7%	11.5%	n/a*
S&P/TSX Composite Index	21.1%	7.1%	8.3%	n/a*
Fund – Series F **	30.2%	n/a	n/a	n/a*
S&P/TSX Composite Index	21.1%	n/a	n/a	n/a*

* Series A units were created December 21, 2010, Series B units were created on December 23, 2010.

** Series F units were created on September 10, 2015. Investment Performance in respect of Series F will not be available until such units have been offered under a simplified prospectus for at least 12 consecutive months.

Summary of Investment Portfolio

As at December 31, 2016

Top 25 Positions

Issuer	% of Net Asset Value
Royal Bank of Canada	6.5%
Bank of Nova Scotia	6.3%
Brookfield Infrastructure Partners LP	5.7%
Canadian National Railway Co.	4.6%
Canadian Imperial Bank of Commerce	4.2%
Toronto Dominion Bank	4.0%
Saputo Inc.	4.0%
Canadian Real Estate Investment Trust	3.9%
Mullen Group Ltd.	3.9%
Canadian Tire Corp. Ltd. Class A	3.8%
CI Financial Corp.	3.7%
Cardinal Energy Ltd	3.7%
Finning International Inc.	3.6%
Manulife Financial Corp.	3.4%
Great-West Lifeco Inc.	3.2%
Bank of Montreal	3.1%
Brookfield Asset Management Inc	3.0%
Constellation Software Inc.	2.9%
Waste Connections Inc	2.7%
Slate Retail REIT	2.7%
Sun Life Financial Inc.	2.5%
Open Text Corp.	2.3%
Russel Metals Inc.	2.2%
Toromont Industries Ltd.	2.2%
First Capital Realty Inc.	2.1%

Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Financials	40.0%
Industrials	16.8%
Utilities	9.5%
Energy	9.2%
Rea Estate	8.7%
Consumer Discretionary	6.0%
Information Technology	5.2%
Consumer Staples	4.0%
Cash & Other Net Assets	0.7%

The Fund held no short positions as at December 31, 2016.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at www.leithwheeler.com.