

Leith Wheeler Multi Credit Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2017



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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 achieve interest income, with the potential for some long term capital growth, by investing primarily in corporate credit securities. The primary return objective is to deliver income and return in excess of CDOR over a credit cycle. The Fund is intended to have a risk profile similar to that of the Bank of America Merrill Lynch BB-B U.S. High Yield Constrained Index (hedged back to Canadian Dollars), but with lower interest rate risk. The Multi Credit Fund has the ability to invest across the capital structure of a business with a core focus on global high yield bonds, U.S. senior loans and global investment grade bonds.

The Multi Credit Fund targets an allocation of 55% senior loans, 40% high yield bonds, and 5% investment grade bonds. As of December 31, 2017, the composition of the Fund was 50.5% senior loans, 42.9% high yield bonds, 4.3% investment grade bonds and 2.3% cash & equivalents.

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 Multi Credit Fund was launched on May 29, 2017. At the end of 2017, the Fund's net assets were \$48.5 million.

The high yield market realized positive returns over the second half of 2017, benefiting from the higher coupon income associated with the asset class. After a slow move down for most of the year, high yield spreads widened in August due to geopolitical concerns regarding North Korea. As worries about further escalation subsided, spreads ended the third quarter slightly tighter than at the end of the second quarter. The market saw a large volume of new issuance in September, but had no trouble absorbing the new supply as the market continues to have a strong appetite for additional yield at a time when investment grade spreads are at the tight end of their ranges. The high yield market was stronger than absolute performance would suggest in the fourth quarter given the increase in five-year treasury yields from 1.94% to 2.21%. Benchmark returns in excess of treasuries were 0.64% for the quarter, highlighting the resilience of the high yield market to the move in interest rates.

After strong performance in the first half of the year, data storage manufacturer Seagate HDD Cayman was down in the third quarter after Standard & Poor's downgraded its credit rating from BBB to BB+. Investors were also disappointed by the company's fiscal third quarter results, which weakened following a solid second quarter. The company remains BBB-rated by two rating agencies, Moody's and Fitch, and we see value in the bond trading at a deep discount to its strong free cash flow and earnings potential. Seagate rebounded in the fourth quarter, finishing the year as one of the top contributors to performance. We view Seagate as an asymmetric investment with modest downside and greater upside potential. With a low net leverage of 1.3x over the last 12 months, very strong free cash flow generation and EBITDA expansion, the bond is displaying investment grade metrics that the market and investment agencies have been slow to respond to. If bond spreads continue to reflect current fundamentals, the resulting price increase plus coupon could result in a ~10% total return. Downside risk is modest if spreads expand to B index levels, as the coupon would likely offset the price decrease.

After a weak third quarter, Kindred Healthcare, a loan holding, bounced back as the top performing holding in the Fund during the fourth quarter. The company reported strong results for the third quarter, including increasing core operating cash flows despite negative impacts from the hurricanes Harvey, Irma, and Maria. It was also announced that Kindred will be acquired by insurance company, Humana, and two private equity firms for approximately \$4.1 billion in cash. The bonds traded up on expectations that Humana will offer Kindred a premium to buy back outstanding bonds.

Investment grade bonds can provide the protection of stronger balance sheets in times of market stress, while loans (senior secured debt) provide yield pick-up and are more resilient to economic downturns and typically receive higher recoveries in the event of default. Loans provide quarterly interest rate reset features, which act as a defensive position in a rising rate environment. In the case that the business cycle moves into a slowdown phase we are able to tactically increase the Fund's allocation to senior loans and investment grade bonds. The Fund remains conservatively positioned, with the expectation that returns over the rest of the year will continue to be generated from the high coupon income.

Management Discussion of Fund Performance (cont.)

Recent Developments

The Bank of Canada raised its key interest rate by 0.25% to 1.25% in the first two months of 2018.

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.

At December 31, 2017, the Leith Wheeler Corporate Advantage Fund, Leith Wheeler Income Advantage Fund and the Leith Wheeler Core Plus Bond Fund owned 1,248,081 Series A, 653,236 Series A and 449,718 Series A units of the Fund, respectively, which are under common management. Combined, the holdings represent 48.5% 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 is 0.95% for the Series B units of the Fund and 0.80% for the Series F units of the Fund. During the year, the Fund paid the Manager \$2,499 for Series B units and \$714 for Series F units (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 commissions, transaction 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.

Series A (inception May 29, 2017)	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$10.00	n/a	n/a	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.26	n/a	n/a	n/a	n/a
Total expenses	-	n/a	n/a	n/a	n/a
Realized gains (losses) for the year	0.09	n/a	n/a	n/a	n/a
Unrealized gains (losses) for the year	(0.12)	n/a	n/a	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	0.22	n/a	n/a	n/a	n/a
Distributions:					
From income (excluding dividends)	(0.07)	n/a	n/a	n/a	n/a
From dividends	-	n/a	n/a	n/a	n/a
From capital gains	(0.02)	n/a	n/a	n/a	n/a
Return of capital	-	n/a	n/a	n/a	n/a
Total Annual Distributions ⁽²⁾	(0.10)	n/a	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$10.21	n/a	n/a	n/a	n/a

Series B (inception May 29, 2017)	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$10.00	n/a	n/a	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.24	n/a	n/a	n/a	n/a
Total expenses	(0.07)	n/a	n/a	n/a	n/a
Realized gains (losses) for the year	0.08	n/a	n/a	n/a	n/a
Unrealized gains (losses) for the year	(0.11)	n/a	n/a	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	0.14	n/a	n/a	n/a	n/a
Distributions:					
From income (excluding dividends)	(0.06)	n/a	n/a	n/a	n/a
From dividends	-	n/a	n/a	n/a	n/a
From capital gains	(0.02)	n/a	n/a	n/a	n/a
Return of capital	-	n/a	n/a	n/a	n/a
Total Annual Distributions ⁽²⁾	(0.09)	n/a	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$9.95	n/a	n/a	n/a	n/a

Financial Highlights (cont.)

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

Series F (inception May 29, 2017)	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units - per unit, beginning of year ^{(1) (3)}	\$10.00	n/a	n/a	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.11	n/a	n/a	n/a	n/a
Total expenses	-	n/a	n/a	n/a	n/a
Realized gains (losses) for the year	0.04	n/a	n/a	n/a	n/a
Unrealized gains (losses) for the year	(0.05)	n/a	n/a	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	0.09	n/a	n/a	n/a	n/a
Distributions:					
From income (excluding dividends)	(0.06)	n/a	n/a	n/a	n/a
From dividends	-	n/a	n/a	n/a	n/a
From capital gains	(0.02)	n/a	n/a	n/a	n/a
Return of capital	-	n/a	n/a	n/a	n/a
Total Annual Distributions ⁽²⁾	(0.08)	n/a	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$9.69	n/a	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 May 29, 2017, inception date of Series A, B and F units of the Fund.

Financial Highlights (cont.)**Ratios and Supplemental Data**

Series A (inception May 29, 2017)	2017	2016	2015	2014	2013
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	45,132	n/a	n/a	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	4,515	n/a	n/a	n/a	n/a
Management expense ratio (%) ⁽²⁾	-	-	-	-	-
Management expense ratio before waivers or absorptions (%)	0.17	n/a	n/a	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.01	n/a	n/a	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	79.78	n/a	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	10.00	n/a	n/a	n/a	n/a

Series B (inception May 29, 2017)	2017	2016	2015	2014	2013
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	2,877	n/a	n/a	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	288	n/a	n/a	n/a	n/a
Management expense ratio (%) ⁽²⁾	1.00	n/a	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	1.16	n/a	n/a	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.01	n/a	n/a	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	79.78	n/a	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	9.98	n/a	n/a	n/a	n/a

Series F (inception May 29, 2017)	2017	2016	2015	2014	2013
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	452	n/a	n/a	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	45	n/a	n/a	n/a	n/a
Management expense ratio (%) ⁽²⁾	0.84	n/a	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	1.01	n/a	n/a	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.01	n/a	n/a	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	79.78	n/a	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	9.99	n/a	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

Past performance information 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, 2017

Top 25 Positions

Issuer	% of Net Asset Value
Sprint Communications 9.00% November 15, 2018	5.0%
Diebold Inc 8.50% April 15, 2024	3.8%
Chesapeake Energy Corp Class A Loan August 23, 2021	3.4%
CSC Holdings LLC 10.13% January 15, 2023	3.2%
Cash & Other Net Assets	3.0%
DirectCash Payments Inc Term Loan Second Lien 4.48% June 15, 2023	2.6%
Select Medical Corporation Tranche B Term Loan 4.82% March 06, 2024	2.6%
Russell Investments US Institutional Holdco, Inc. Initial Term Loan 5.56% June 01, 2023	2.6%
Endo Luxembourg Finance Company Initial Term Loan 5.56% April 27, 2024	2.6%
RP Crown Parent, LLC Initial Term Loan 4.86% October 12, 2023	2.6%
Kindred Healthcare, Inc. New Term Loan April 09, 2021	2.6%
Vertiv Group Corporation Term B Loan 5.56% November 30, 2023	2.6%
McAfee, LLC Closing Date USD Term Loan 5.83% September 29, 2024	2.6%
Coeur Mining Inc 5.88% June 01, 2024	2.6%
CenturyLink Inc Initial Term B Loan February 07, 2024	2.5%
Communications Sales & Leasing, Inc. (CSL Capital, LLC) Shortfall Term Loan 4.31% October 24, 2022	2.5%
Seagate HDD Cayman 4.88% June 01, 2027	2.5%
Silversea Cruise Finance 7.25% February 01, 2025	2.3%
Olympus Merger Sub Inc 5.33% October 03, 2024	2.3%
Tutor Perini Corp 6.88% May 01, 2025	2.2%
Century Aluminum Co 7.50% June 01, 2021	2.0%
Cortes NP Acquisition Corp 9.25% October 15, 2024	2.0%
Dynegy Inc. Tranche C-2 Term Loan February 07, 2024	1.9%
Navistar, Inc. Tranche B Term Loan November 06, 2024	1.9%
Albertson Cos LLC 2017-1 Term B-6 Loan June 22, 2023	1.9%

Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Bonds	46.9%
Loans	50.1%
Cash & Other Net Assets	3.0%

The Fund held no short positions as at December 31, 2017.

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.