

Leith Wheeler Canadian Equity Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2017



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

To provide superior long-term investment returns by investing primarily in a diversified portfolio of common shares 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 13.7% in 2017 to \$3,032.8 million from \$2,666.4 million at the end of 2016. Of this change, \$282.8 million was attributable to investment gains and \$83.6 million to net inflows.

After a stellar year of performance in 2016, the Canadian market delivered a solid result, finishing 2017 up 9.1%. Ten out of the 11 sectors posted positive results for the year, with the index being led by Health Care (+34.2%), Consumer Discretionary (+22.8%), and Industrials (+19.7%). Energy (-7.1%) was the only negatively performing sector. Despite oil prices ending the year up over US\$60, the Energy sector was negatively affected by concerns over a potential border adjustment tax (BAT), NAFTA renegotiations, and pipeline availability.

The Canadian Equity Fund (before fees) outperformed the S&P/TSX Composite Index in 2017 as Series A of the Fund increased by 10.1% and Series B of the Fund increased by 8.5% after fees and expenses.

Among the top contributors to the Fund’s performance in 2017 were BRP Inc. (+65.0%), Toromont Industries (+32.1%), and First Quantum (+32.0%). BRP, a producer of recreational vehicles such as Ski-Doo and Sea-Doo, was the best performer in the portfolio. The company reported strong quarterly results throughout the year and is showing very good momentum with strong products, good buy-in from dealers and solid customer demand. There is, however, an outstanding risk of potential changes to NAFTA regarding content rules, as the company has manufacturing facilities in Mexico and imports vehicles into the U.S. While we ultimately don’t know what will happen with NAFTA, we have trimmed our position given that the shares have performed very well this year and forward-looking returns have narrowed. Toromont provides specialized capital equipment in Canada, the U.S. and internationally. In August, the company announced that it would be purchasing Hewitt Group, the Caterpillar dealer in Quebec, Western Labrador and the Maritimes. This is a great acquisition for Toromont, giving the company a strong geographical footprint, covering Manitoba to Newfoundland, and providing further opportunities for growth and cost synergies. First Quantum engages in the exploration, development and production of mineral properties, specializing in copper, nickel, gold, and zinc ores. Copper has been among the best performing commodities in 2017, up over 30% due to disruptions in supply caused by labour strikes. The development of First Quantum’s Cobre Panama mine is progressing well, with first production on track to begin in early 2019. The company is positioned for growth going forward, but we have trimmed the position with the strength we have seen in the stock over the year.

On the other hand, weak investor sentiment in the Energy sector hurt the Fund’s 2017 performance. Western Energy Services (-59.4%), Cardinal Energy Ltd. (-48.1%), and Seven Generations Energy (-43.2%) were the worst performing names in the Fund.

Management Discussion of Fund Performance (cont.)

Results of Operations (cont.)

There were two names added to the portfolio in 2017. In the third quarter, Canadian Western Bank was added. We had exited this name at the beginning of 2017, as forward-looking returns had narrowed amid the risks of slowing Alberta and Saskatchewan economies. As the year progressed, we gained confidence that the bank's struggles were largely behind it. The outlook for loan growth has improved significantly and the outlook for net interest margins is positive. The combination of the two is powerful for this bank as it generates 90% of its income from basic banking services. Agrium was added near the end of the fourth quarter and merged with PotashCorp in January 2018 to create Nutrien. The newly formed company is the largest global fertilizer company, with the leading agriculture retail distribution network in North America.

There were several holdings eliminated from the Fund in 2017 including Equitable Group, ECN Capital, Element Fleet Management, Hudson's Bay, Sleep Country Canada, Home Capital, Redknee Solutions, Teck Resources, Bank of Montreal, and Sun Life. Equitable Group, an alternative mortgage lender, was deleted from the portfolio as the stock price had appreciated beyond our target and we were unable to establish a meaningful position. We exited positions in ECN Capital and Element Fleet Management, two companies that were created when Element Financial split itself into two in late 2016. We lost faith in the management of these companies after witnessing substantial changes in business strategy, excessive executive compensation, and very aggressive methods of presenting financial results. We do not believe that the risk/return characteristics of the newly formed companies are attractive when compared to our other opportunities. We eliminated Hudson's Bay after several quarters of disappointing results. The company made several large acquisitions which significantly increased leverage, while also spending a large amount on its e-commerce business. Although Canadian retail results have been good, the rest of its business has experienced deteriorating results amid competition from the likes of Amazon. Sleep Country Canada was eliminated as its valuation had become expensive relative to other opportunities in the portfolio. The company has demonstrated strong earnings growth, but investors are now paying a higher price for that growth going forward. In December of 2016, we made the decision to initiate the sale of Home Capital. We sold about 90% of the position during the first quarter and in April we exited the remaining position following the news that the company had experienced material redemptions in its deposit base, forcing it to put in place a very expensive \$2 billion loan facility from an institutional investor. Early in the fourth quarter, we exited our small position in Redknee Solutions after increasing concerns over governance at the company. During the third quarter, Redknee completed a highly dilutive rights offering designed to fund a restructuring of the troubled business. The transaction further cemented ESW Capital's control of Redknee. The situation deteriorated further when the only truly independent director on the Board resigned, leaving public shareholders with no reliable representation. Teck Resources was also eliminated over the fourth quarter. Shares had appreciated significantly from their lows experienced in early 2016 as commodity prices recovered. We believe metallurgic coal prices have appreciated beyond fundamentals and expect prices to come back down over the next few quarters. We will continue to monitor Teck for potential future opportunities. Finally, Bank of Montreal and Sun Life were both eliminated from the portfolio as the forward-looking returns for these companies had narrowed and proceeds were used to fund more attractive opportunities.

Recent Developments

Our outlook for 2018 remains constructive, as fiscal stimulus combined with easy global monetary conditions continues to provide a tailwind to growth and investment returns. However, we are mindful of recent outsized investment returns and rising valuations in many asset classes, prompting us to adopt a more conservative view in portfolio allocations heading into the New Year.

In this environment, we continue to focus on allocating assets to the best risk-adjusted investments. We will continue to apply our value investment principles to security selection and remain focused on identifying companies with attractive valuations, good business models, and solid management teams.

The Canadian Equity market was down 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.

Management Discussion of Fund Performance (cont.)

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 units of the Fund is 1.40%. During the year, the Fund paid the Manager \$ 1,855,033 (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	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$41.67	\$32.91	\$39.35	\$39.47	\$33.15
Increase (decrease) from operations:					
Total revenue	1.00	1.20	1.08	1.07	0.92
Total expenses	-	-	-	-	-
Realized gains (losses) for the year	0.80	0.09	0.64	3.64	1.71
Unrealized gains (losses) for the year	2.56	8.76	(6.44)	(1.26)	5.57
Total increase (decrease) from operations ⁽¹⁾	4.36	10.05	(4.76)	3.45	8.20
Distributions:					
From income (excluding dividends)	-	-	(0.01)	-	(0.01)
From dividends	(0.91)	(0.98)	(1.06)	(1.10)	(0.91)
From capital gains	-	-	(0.82)	(2.54)	(0.91)
Return of capital	-	-	-	-	-
Total Annual Distributions ⁽²⁾	(0.91)	(0.98)	(1.89)	(3.64)	(1.83)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$44.90	\$41.67	\$32.91	\$39.35	\$39.47

Series B	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$45.94	\$36.76	\$43.55	\$43.14	\$35.78
Increase (decrease) from operations:					
Total revenue	1.06	1.25	1.12	1.21	0.97
Total expenses	(0.60)	(0.61)	(0.51)	(0.58)	(0.49)
Realized gains (losses) for the year	0.85	0.10	0.67	4.10	1.81
Unrealized gains (losses) for the year	2.69	9.12	(6.72)	(1.42)	5.88
Total increase (decrease) from operations ⁽¹⁾	3.99	9.86	(5.44)	3.31	8.17
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.24)	(0.65)	(0.35)	(0.34)	(0.38)
From capital gains	-	-	(0.78)	(2.42)	(0.47)
Return of capital	-	(0.67)	-	-	-
Total Annual Distributions ⁽²⁾	(0.24)	(1.32)	(1.13)	(2.76)	(0.85)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$49.59	\$45.94	\$36.76	\$43.55	\$43.14

(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.

Financial Highlights (cont.)

Ratios and Supplemental Data

Series A	2017	2016	2015	2014	2013
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	2,898,971	2,534,482	1,989,747	1,990,341	1,791,587
Number of units outstanding (000s) ⁽¹⁾	64,560	60,818	60,454	50,583	45,395
Management expense ratio (%) ⁽²⁾	-	-	-	-	-
Management expense ratio before waivers or absorptions (%)	-	-	-	-	-
Trading expense ratio (%) ⁽³⁾	0.04	0.06	0.07	0.07	0.07
Portfolio turnover rate (%) ⁽⁴⁾	19.86	29.92	27.64	37.07	27.52
Net assets attributable to holders of redeemable units - per unit (\$)	44.90	41.67	32.91	39.35	39.47

Series B	2017	2016	2015	2014	2013
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	133,872	131,928	114,474	140,724	130,114
Number of units outstanding (000s) ⁽¹⁾	2,700	2,872	3,114	3,232	3,016
Management expense ratio (%) ⁽²⁾	1.49	1.49	1.49	1.49	1.49
Management expense ratio before waivers or absorptions (%)	1.49	1.49	1.49	1.49	1.49
Trading expense ratio (%) ⁽³⁾	0.04	0.06	0.07	0.07	0.07
Portfolio turnover rate (%) ⁽⁴⁾	19.86	29.92	27.64	37.07	27.52
Net assets attributable to holders of redeemable units - per unit (\$)	49.59	45.94	36.76	43.55	43.14

(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

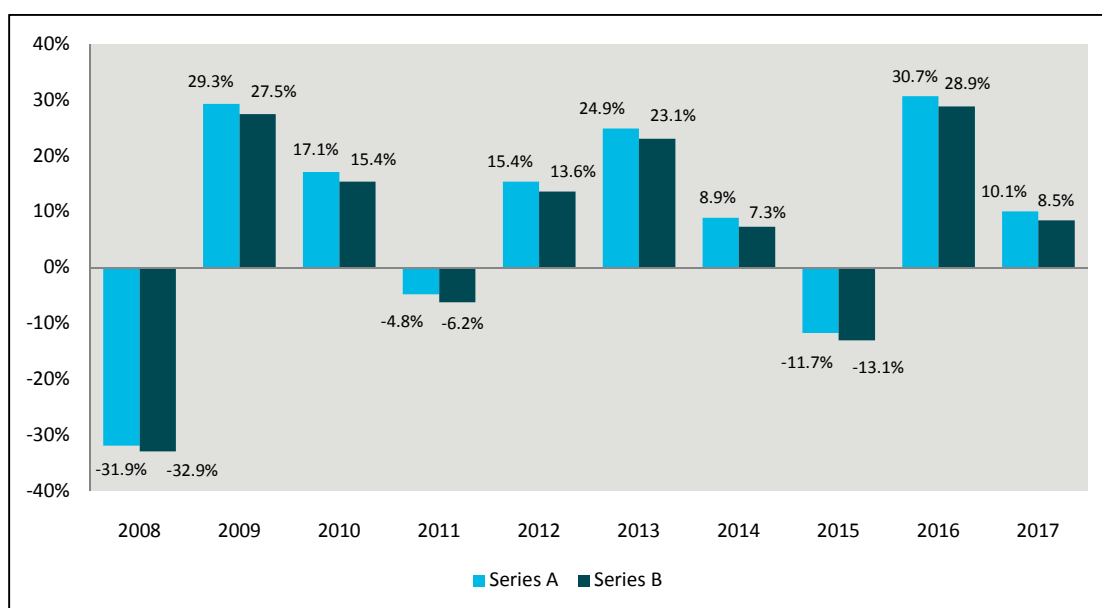
General

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.



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) with the S&P/ TSX Composite Index, in each case for the year ended December 31, 2017. 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 benchmark 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	10.1%	8.3%	11.6%	7.0%
Benchmark	9.1%	6.6%	8.6%	4.7%
Fund – Series B	8.5%	6.7%	9.9%	5.4%
Benchmark	9.1%	6.6%	8.6%	4.7%

Summary of Investment Portfolio

As at December 31, 2017

Top 25 Positions

Issuer	% of Net Asset Value
Royal Bank of Canada	6.9%
Toronto Dominion Bank	6.7%
Bank of Nova Scotia	6.2%
Brookfield Infrastructure Partners LP	5.7%
Toromont Industries Ltd	5.0%
Saputo Inc	4.9%
Canadian National Railway Co	4.9%
Open Text Corp	4.3%
Manulife Financial Corp	4.2%
Canadian Imperial Bank of Commerce	4.2%
Brookfield Asset Management Inc	3.7%
Canadian Natural Resources	3.2%
Tourmaline Oil Corp	3.1%
Constellation Software Inc	3.1%
CI Financial Corp	2.9%
Finning International Inc	2.9%
Waste Connections Inc	2.8%
First Quantum Minerals Ltd	2.7%
Canadian Tire Corp Ltd	2.5%
Stantec Inc	2.3%
Canadian Western Bank	1.8%
Mullen Group Ltd	1.8%
Raging River Exploration Inc	1.7%
Cameco Corp	1.6%
Seven Generations Energy Ltd	1.6%

Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Financials	38.2%
Industrials	18.0%
Energy	15.4%
Information Technology	7.3%
Utilities	6.9%
Consumer Staple	5.0%
Consumer Discretionary	4.6%
Materials	3.6%
Real Estate	0.6%
Cash & Other Net Assets	0.4%

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.