

Financial Statements of

**LEITH WHEELER CANADIAN  
DIVIDEND FUND**

And Independent Auditor's Report thereon

Years ended December 31, 2023 and 2022

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying financial statements of Leith Wheeler Canadian Dividend Fund (the "Fund") have been prepared by the Manager, Leith Wheeler Investment Counsel Ltd. The Manager is responsible for the preparation and presentation of the Fund's financial statements and the development of internal controls over the financial reporting process.

The Board of Directors of the Manager is responsible for reviewing and approving the financial statements and for overseeing the Manager's performance of its financial reporting responsibilities. The Board of Directors has approved the accompanying financial statements of the Fund.

KPMG LLP, the external auditors of the Fund, were appointed by the Manager. As explained in their auditor's report, KPMG LLP have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements.

### **Leith Wheeler Investment Counsel Ltd.**

                                                *"James F. Gilliland"*                                                  
President and Chief Executive Officer

                                                *"Cecilia Wong"*                                                  
Chief Financial Officer

April 1, 2024



**KPMG LLP**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Unitholders of the Leith Wheeler Canadian Dividend Fund

### ***Opinion***

We have audited the financial statements of the Leith Wheeler Canadian Dividend Fund (the "Fund"), which comprise:

- the statements of financial position as at December 31, 2023 and December 31, 2022
- the statements of comprehensive income for the years then ended
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of material accounting policy information

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023 and December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Other Information***

The Manager is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Annual Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### ***Responsibilities of the Manager and Those Charged with Governance for the Financial Statements***

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants

Vancouver, Canada  
April 1, 2024

# LEITH WHEELER CANADIAN DIVIDEND FUND

Statements of Financial Position

(Expressed in thousands of dollars except for per unit amounts)

December 31, 2023 and 2022

	Note	2023	2022
<b>Assets</b>			
Cash		\$ 164	\$ 152
Interest and dividends receivable		316	287
Investments		184,723	184,489
		185,203	184,928
<b>Liabilities</b>			
Amounts due to brokers		67	272
Management fees payable		10	5
Administration fees payable		4	-
Redemptions payable		142	-
		223	277
<b>Net assets, attributable to holders of redeemable units</b>		<b>\$ 184,980</b>	<b>\$ 184,651</b>
Represented by:			
Series A		\$ 174,542	\$ 176,021
Series B		-	2,566
Series F		10,438	6,064
		\$ 184,980	\$ 184,651
Net assets, attributable to holders of redeemable units per unit:			
Series A		\$ 14.42	\$ 13.50
Series B		-	13.70
Series F		13.44	12.69

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors of  
Leith Wheeler Investment Counsel Ltd.,  
in its capacity as Manager.

“James F. Gilliland” Director

“Jonathon D. Palfrey” Director

# LEITH WHEELER CANADIAN DIVIDEND FUND

Statements of Comprehensive Income

(Expressed in thousands of dollars except for per unit amounts)

Years ended December 31, 2023 and 2022

	Note	2023	2022
<b>Revenue:</b>			
Interest income		\$ 29	\$ 14
Dividend income		6,839	6,870
Other income		-	148
Changes in fair value of investments:			
Net realized gain (loss)		9,241	14,752
Net change in unrealized appreciation (depreciation)		6,160	(26,396)
<b>Total revenue (loss)</b>		<b>22,269</b>	<b>(4,612)</b>
<b>Expenses:</b>			
Management fees	1	99	99
Administration fees	1	8	-
Commissions and transaction costs		45	48
Filing fees		9	11
Audit fees		10	12
GST/HST		9	8
Custodial fees		12	6
Independent review committee fees		2	2
Legal fees		2	1
<b>Total operating expenses</b>		<b>196</b>	<b>187</b>
Management fee distributions	1	(11)	(14)
Expenses waived or absorbed by Manager		(36)	(33)
<b>Net operating expenses</b>		<b>149</b>	<b>140</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions</b>		<b>22,120</b>	<b>(4,752)</b>
<b>Distributions to holders of redeemable units:</b>			
From net investment income		(6,239)	(6,928)
From net realized gains on investments		(3,746)	(5,689)
Management fee distributions	1	(11)	(14)
		(9,996)	(12,631)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ 12,124</b>	<b>\$ (17,383)</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>			
Series A		\$ 11,625	\$ (16,481)
Series B		79	(309)
Series F		420	(593)
		\$ 12,124	\$ (17,383)
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (excluding distributions):</b>			
Series A		\$ 1.66	\$ (0.33)
Series B		0.82	(0.78)
Series F		1.39	(0.56)

The accompanying notes are an integral part of these financial statements.

# LEITH WHEELER CANADIAN DIVIDEND FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units  
(Expressed in thousands of dollars)

Years ended December 31, 2023 and 2022

Series A	2023	2022
Balance, beginning of year	\$ 176,021	\$ 226,655
Increase (decrease) in net assets attributable to holders of redeemable units	11,625	(16,481)
Redeemable unit transactions:		
Issue of redeemable units	6,687	8,751
Reinvestment of distributions	7,483	9,382
Redemption of redeemable units	(27,274)	(52,286)
Net increase (decrease) from redeemable unit transactions	(13,104)	(34,153)
Balance, end of year	\$ 174,542	\$ 176,021
<b>Series B</b>	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$ 2,566	\$ 3,732
Increase (decrease) in net assets attributable to holders of redeemable units	79	(309)
Redeemable unit transactions:		
Issue of redeemable units	437	360
Reinvestment of distributions	20	126
Redemption of redeemable units	(3,102)	(1,343)
Net increase (decrease) from redeemable unit transactions	(2,645)	(857)
Balance, end of year	\$ -	\$ 2,566
<b>Series F</b>	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$ 6,064	\$ 5,555
Increase (decrease) in net assets attributable to holders of redeemable units	420	(593)
Redeemable unit transactions:		
Issue of redeemable units	4,470	1,238
Reinvestment of distributions	237	228
Redemption of redeemable units	(753)	(364)
Net increase (decrease) from redeemable unit transactions	3,954	1,102
Balance, end of year	\$ 10,438	\$ 6,064

The accompanying notes are an integral part of these financial statements.



# LEITH WHEELER CANADIAN DIVIDEND FUND

## Statements of Cash Flows

(Expressed in thousands of dollars)

Years ended December 31, 2023 and 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 12,124	\$ (17,383)
Adjustments for:		
Interest income	(29)	(14)
Dividend income	(6,839)	(6,870)
Net realized (gain) loss from investments	(9,241)	(14,752)
Net change in unrealized (appreciation) depreciation from investments	(6,160)	26,396
Non-cash distributions	7,740	9,736
Amounts due from brokers	-	61
Amounts due to broker	(205)	(530)
Management fees payable	5	(1)
Administration fees payable	4	-
Proceeds from sale of investments	64,039	83,671
Purchases of investments	(48,872)	(44,221)
Interest received	29	14
Dividends received	6,810	7,062
	19,405	43,169
Financing activities:		
Proceeds from issue of redeemable units	11,594	10,776
Payments on redemption of redeemable units	(30,987)	(53,993)
	(19,393)	(43,217)
Net increase (decrease) in cash	12	(48)
Cash, beginning of year	152	200
Cash, end of year	\$ 164	\$ 152

The accompanying notes are an integral part of these financial statements.

# LEITH WHEELER CANADIAN DIVIDEND FUND

Schedule of Investment Portfolio  
(Expressed in thousands of dollars)

December 31, 2023

Security	Number of holdings	Cost	Fair value	% of Net assets
<b>CANADIAN EQUITIES</b>				
<b>Communication Services:</b>				
Rogers Communications Inc., Class B	99,435	\$ 6,121	\$ 6,168	
Stingray Group Inc.	142,630	999	864	
		7,120	7,032	<b>3.8</b>
<b>Consumer Discretionary:</b>				
A&W Revenue Royalties Income Fund	89,890	2,877	2,798	
Canadian Tire Corporation Limited, Class 'A'	13,830	2,072	1,947	
Sleep Country Canada Holdings Inc.	91,285	1,899	2,337	
		6,848	7,082	<b>3.8</b>
<b>Consumer Staple:</b>				
Metro Inc.	77,600	4,948	5,323	
Saputo Inc.	234,323	8,415	6,286	
		13,363	11,609	<b>6.3</b>
<b>Energy:</b>				
Canadian Natural Resources Limited	75,420	2,935	6,547	
Pembina Pipeline Corporation Sub Receipts	11,536	495	518	
Pembina Pipeline Corporation	210,310	8,061	9,596	
Topaz Energy Corporation	91,980	1,463	1,783	
Tourmaline Oil Corporation	46,520	1,189	2,771	
		14,143	21,215	<b>11.5</b>
<b>Financials:</b>				
Bank of Montreal	63,050	6,245	8,266	
Brookfield Asset Management Limited, Class 'A'	29,517	942	1,571	
Brookfield Corporation	59,666	2,190	3,171	
Canadian Imperial Bank of Commerce	79,584	4,534	5,077	
Definity Financial Corporation	76,570	2,389	2,874	
iA Financial Corporation Inc.	42,365	2,457	3,827	
Intact Financial Corporation	11,886	2,039	2,423	
Manulife Financial Corporation	128,705	2,851	3,768	
Onex Corporation	7,945	573	735	
Royal Bank of Canada	102,095	10,645	13,683	
The Bank of Nova Scotia	77,610	5,104	5,006	
The Toronto-Dominion Bank	117,263	8,577	10,040	
TMX Group Limited	70,400	2,037	2,256	
		50,583	62,697	<b>33.9</b>
<b>Health Care:</b>				
Chartwell Retirement Residences	244,910	2,581	2,870	
		2,581	2,870	<b>1.6</b>
<b>Industrials:</b>				
Canadian National Railway Company	52,261	6,084	8,704	
Finning International Inc.	103,442	2,608	3,964	
Mullen Group Limited	147,765	1,824	2,075	
Russel Metals Inc.	86,527	2,057	3,896	
Toromont Industries Limited	87,917	5,611	10,207	
Waste Connections Inc.	4,151	397	821	
		18,581	29,667	<b>16.0</b>
<b>Information Technology:</b>				
Constellation Software Inc.	1,228	1,555	4,034	
Enghouse Systems Limited	88,200	3,437	3,096	
Open Text Corporation	115,095	5,455	6,410	
		10,447	13,540	<b>7.3</b>
<b>Materials:</b>				
Methanex Corporation	49,655	2,692	3,113	
Stella-Jones Inc.	33,457	1,374	2,580	
		4,066	5,693	<b>3.1</b>

# LEITH WHEELER CANADIAN DIVIDEND FUND

Schedule of Investment Portfolio (continued)

(Expressed in thousands of dollars)

December 31, 2023

Security	Number of holdings	Cost	Fair value	% of Net assets
<b>CANADIAN EQUITIES (continued)</b>				
<b>Real Estate:</b>				
CT Real Estate Investment Trust	142,090	\$ 1,932	\$ 2,082	
First Capital Real Estate Investment Trust	325,710	5,733	4,996	
		<u>7,665</u>	<u>7,078</u>	<u>3.8</u>
<b>Utilities:</b>				
Brookfield Infrastructure Partners Limited Partnership	226,484	7,976	9,459	
Hydro One Limited	144,500	3,887	5,737	
		<u>11,863</u>	<u>15,196</u>	<u>8.2</u>
<b>TOTAL CANADIAN EQUITIES</b>		<b>\$ 147,260</b>	<b>\$ 183,679</b>	<b>99.3</b>
<b>MONEY MARKET SECURITIES</b>		<b>\$ 1,044</b>	<b>\$ 1,044</b>	<b>0.6</b>
<b>TRANSACTION COSTS</b>		<b>(42)</b>		
<b>TOTAL INVESTMENT PORTFOLIO</b>		<b>\$ 148,262</b>	<b>\$ 184,723</b>	<b>99.9</b>
<b>OTHER ASSETS LESS LIABILITIES</b>			<u>257</u>	<u>0.1</u>
<b>NET ASSETS</b>			<b>\$ 184,980</b>	<b>100.0</b>

The accompanying notes are an integral part of these financial statements.

# LEITH WHEELER CANADIAN DIVIDEND FUND

Notes to Financial Statements - Fund Specific Information  
(Tabular amounts expressed in thousands of dollars or units)

Years ended December 31, 2023 and 2022

The Fund Specific Information for the Leith Wheeler Canadian Dividend Fund (the "Fund") contained herein should be read in conjunction with the "Notes to Financial Statements - General Information related to all Leith Wheeler Investment Funds" beginning after the "Notes to Financial Statements - Fund Specific Information".

## 1. Management fees and administration fees:

Management fee distributions for the year ended December 31, 2023 were approximately \$11,000 (2022 - \$14,000).

Management fees and administration fees of each series of the Fund are payable to the Manager and calculated at the following annual percentages, before GST/HST, of the daily NAV of each series of the Fund. Administration fees became effective November 1, 2023.

Fee	Series A	Series B	Series F
Management Fees	*	1.40 %	0.95 %
Administration Fees	0.02 %	0.10 %	0.10 %

\* Series A unitholders pay a negotiated management fee

## 2. Withholding tax and other income taxes:

Certain dividends and interest income received by the Fund are subject to withholding tax imposed in the country of origin. During the year, withholding tax rates were between 0% and 35% (2022 - between 0% and 35%).

The Fund has capital losses of nil (2022 - nil) available for utilization against capital gains in future years. The Fund has non-capital losses of nil (2022 - nil) available for utilization against net realized capital gains or non-capital gains in future years.

## 3. Redeemable units:

The redeemable unit transactions for the Fund during the years ended December 31, 2023 and 2022 are as follows:

	Outstanding units at beginning of year	Issued during the year	Issued on Reinvestment of distributions	Redeemed during the year	Outstanding units at end of year
Series A:					
2023	13,038	478	531	(1,942)	12,105
2022	15,239	608	671	(3,480)	13,038
Series B:					
2023	187	29	2	(218)	-
2022	248	24	9	(94)	187
Series F:					
2023	478	340	18	(59)	777
2022	396	92	17	(27)	478

# LEITH WHEELER CANADIAN DIVIDEND FUND

Notes to Financial Statements - Fund Specific Information  
(Tabular amounts expressed in thousands of dollars or units)

Years ended December 31, 2023 and 2022

## 4. Financial risk management:

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 exposed to significant credit, currency or interest rate risks.

For a comprehensive discussion of the risks applicable to the Fund refer to note 6 under the “General Information related to all Leith Wheeler Investment Funds”. Financial risks applicable to the Fund are discussed in more detail below.

(a) Liquidity risk:

The Fund’s redeemable units are due on demand. The Fund’s remaining liabilities are due within twelve months of the year-end of the Fund.

(b) Market risk:

(i) Other price risk:

For this Fund, the most significant exposure to other price risk arises from its investment in equity instruments. As at December 31, 2023 and 2022, had the relevant benchmark/broad-based indices increased or decreased by 5%, with all other variables held constant, the net assets attributable to holders of redeemable units would have increased or decreased by approximately \$9,184,000 and \$9,158,000, respectively. In practice, actual results may differ from this sensitivity analysis and these differences could be material.

## 5. Fair value of financial instruments:

For a general discussion of the Fund’s fair value measurements, refer to note 7 under the “General Information related to all Leith Wheeler Investment Funds”.

(a) Fair value hierarchy - financial instruments measured at fair value:

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

All fair value measurements below are recurring.

<b>December 31, 2023</b>	Level 1	Level 2	Level 3	Total
Money Market Securities	\$ -	\$ 1,044	\$ -	\$ 1,044
Equities	183,679	-	-	183,679
	<b>\$ 183,679</b>	<b>\$ 1,044</b>	<b>\$ -</b>	<b>\$ 184,723</b>

# LEITH WHEELER CANADIAN DIVIDEND FUND

Notes to Financial Statements - Fund Specific Information  
(Tabular amounts expressed in thousands of dollars or units)

Years ended December 31, 2023 and 2022

## 5. Fair value of financial instruments (continued):

(a) Fair value hierarchy - financial instruments measured at fair value (continued):

<b>December 31, 2022</b>	Level 1	Level 2	Level 3	Total
Money Market Securities	\$ -	\$ 1,333	\$ -	\$ 1,333
Equities	183,156	-	-	183,156
	<b>\$ 183,156</b>	<b>\$ 1,333</b>	<b>\$ -</b>	<b>\$ 184,489</b>

During 2023 and 2022, there were no transfers of financial instruments between the three levels.

The carrying amount of the Fund's net assets attributable to holders of redeemable units approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy

## 6. Related party transactions:

At December 31, 2023, the Leith Wheeler Income Advantage Fund owned 1,426,458 Series A units (2022 - 1,606,774), which is a Fund under common management. The holdings represent 11.1% (2022 - 11.7%) of the Fund.

During the year, the Fund paid approximately \$664,000 (2022 - \$782,000) in dividend income, \$41,000 (2022 - nil) in interest income, nil (2022 - \$38,000) in other income, \$426,000 (2022 - \$662,000) in capital gains and \$15,000 (2022 - nil) in return of capital to this unitholder.

# LEITH WHEELER CANADIAN DIVIDEND FUND

Notes to Financial Statements - General Information Related to All Leith Wheeler Investment Funds  
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2023 and 2022

## 1. Reporting entities:

The Leith Wheeler Investment Funds (individually, a “Fund” and collectively, the “Funds”) consist of:

Fund	Inception
Leith Wheeler Balanced Fund	September 22, 1987
Leith Wheeler Canadian Dividend Fund	December 21, 2010
Leith Wheeler Canadian Equity Fund	April 27, 1994
Leith Wheeler Carbon Constrained Canadian Equity Fund	September 27, 2017
Leith Wheeler Core Bond Fund	April 27, 1994
Leith Wheeler Corporate Advantage Fund	May 29, 2015
Leith Wheeler Emerging Markets Equity Fund	May 19, 2017
Leith Wheeler High Yield Bond Fund	May 27, 2015
Leith Wheeler Income Advantage Fund	December 21, 2010
Leith Wheeler International Equity Plus Fund	October 31, 2007
Leith Wheeler Money Market Fund	April 27, 1994
Leith Wheeler Multi Credit Fund	May 30, 2017
Leith Wheeler Preferred Share Fund	May 22, 2018
Leith Wheeler Short Term Income Fund	December 15, 2016
Leith Wheeler U.S. Dividend Fund	September 26, 2016
Leith Wheeler U.S. Equity Fund	April 27, 1994
Leith Wheeler U.S. Small/Mid-Cap Equity Fund	October 27, 2016

The Funds were established under the laws of British Columbia pursuant to various trust indentures between Leith Wheeler Investment Counsel Ltd., as manager (the “Manager”), and Canada Trust Company, as trustee. The Funds’ current trustee is CIBC Mellon Trust Company and the Funds’ custodian is CIBC Mellon.

The trust indentures for all the above Funds allow for an unlimited number of series and an unlimited number of units of each series. Authorized series of units are as follows: Series A and Series A (CAD Hedged), Series B and Series B (CAD Hedged), Series F and Series F (CAD Hedged) and Series I1.

Series A and Series A (CAD Hedged) units have no management fees. Unitholders of Series A and Series A (CAD Hedged) units pay a negotiated fee directly to the Manager and are available to investors that satisfy certain criteria related to the nature of the investors and certain other matters as established by the Manager. Series B and Series B (CAD Hedged) units carry management fees and are available to all investors. Series F, Series F (CAD Hedged) and Series I1 units carry reduced management fees and are available to investors who have accounts with dealers who have signed a fee-based agreement with the Manager.

The Leith Wheeler High Yield Bond Fund has Series A, Series A (CAD Hedged), Series B and Series B (CAD Hedged) and Series F and Series F (CAD Hedged) units outstanding. The Leith Wheeler Short Term Income Fund has Series A, Series B, Series F and Series I1 units outstanding. All other remaining Funds have Series A, Series B, and Series F units outstanding. Effective on or about October 18, 2023, Series B units are no longer available. The information provided in these financial statements and notes thereto is for the years ended December 31, 2023 and 2022. In the year a Fund or series is established, “period” represents the period from inception to December 31 of that fiscal year.

# LEITH WHEELER CANADIAN DIVIDEND FUND

Notes to Financial Statements - General Information Related to All Leith Wheeler Investment Funds  
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2023 and 2022

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## 1. Reporting entities (continued):

The general information related to all Funds presented here should be read in conjunction with each respective Fund's "Notes to Financial Statements - Fund Specific Information".

The Funds are unit trusts domiciled in Canada. The address of the Funds' registered office is at 1500 - 400 Burrard Street, Vancouver B.C., V6C 3A6.

## 2. Basis of preparation:

### (a) Statement of compliance:

The financial statements of the Funds have been prepared in compliance with IFRS Accounting Standards. The financial statements were authorized for issue by the Manager on April 1, 2024.

### (b) Basis of measurement:

The financial statements have been prepared on a historical cost basis except for investments and derivatives, which are measured at fair value.

### (c) Functional and presentation currency:

The Funds', with the exception of the Leith Wheeler U.S. Dividend Fund, have their subscriptions, redemptions, price and performance denominated in Canadian dollars, which is their functional and presentation currency. The Leith Wheeler U.S. Dividend Fund has its subscriptions, redemptions, price and performance denominated in U.S. dollars, which is the functional and presentation currency of that respective Fund.

### (d) Use of estimates and judgment:

The preparation of financial statements in conformity with IFRS Accounting Standards requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

## 3. Material accounting policy information:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Effective January 1, 2023, the Funds adopted amendments to IAS 1 Presentation of Financial Statements, which require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in this note in certain instances.



# LEITH WHEELER CANADIAN DIVIDEND FUND

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### 3. Material accounting policy information (continued):

(a) Financial instruments:

(i) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Funds become a party to the contractual provisions of the instrument. The Funds derecognize a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Funds have a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset that is a debt instrument is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

A financial asset that is a debt instrument is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and sell financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Fund may irrevocably elect to measure financial assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

Financial assets are not reclassified subsequent to their initial recognition, unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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### 3. Material accounting policy information (continued):

(a) Financial instruments (continued):

(i) Recognition and measurement (continued):

The Funds have not classified any of its financial assets as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities. The Fund may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

(ii) Fair value through profit or loss:

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the period in which they occur. The Fund's derivative financial assets and derivative financial liabilities and investments in securities and investments sold short are classified as FVTPL.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Funds' policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

(iii) Amortized cost:

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Funds classify cash, dividends receivable, interest receivable, subscriptions receivable, amounts due from brokers, bank overdraft, management fees payable, administration fees payable, redemptions payable, amounts due to brokers and distributions payable as amortized cost.

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### 3. Material accounting policy information (continued):

(b) Redeemable units:

The Funds classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The redeemable units are designated as financial liabilities at FVTPL because they are managed and their performance evaluated on a fair value basis. The redeemable units provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Funds' valuation policies at each redemption date. Distributions to holders of redeemable units are recognized in comprehensive income when they are authorized and no longer at the discretion of the Manager.

(c) Increase (decrease) in net assets attributable to holders of redeemable units per unit (excluding distributions):

The increase (decrease) in net assets attributable to holders of redeemable units per unit (excluding distributions) is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units, prior to the deduction of distributions recognized in comprehensive income, by the weighted average number of units outstanding during the period.

(d) Foreign exchange:

Foreign denominated investments and other foreign denominated assets and liabilities are translated into functional currency using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the statement of comprehensive income.

(e) Income recognition:

Interest income is recognized on an accrual basis. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Income and capital gains distributions from pooled fund investments are recorded at the distribution date and maintain the same classification. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments and unrealized appreciation/depreciation in investments are determined on the average cost basis of the respective investments.

(f) Income taxes:

The Funds qualify as unit trusts under the Income Tax Act (Canada). All of the Funds' net income for tax purposes and net capital gains realized in any year are required to be distributed to unitholders such that no income tax is payable by the Funds. As a result, the Funds do not record income taxes.

Net capital losses are available to be carried forward indefinitely and applied against future net realized capital gains. Non-capital losses may be carried forward up to 20 years to reduce future taxable income.

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## 4. Related party transactions:

### (a) Management fees:

The Manager is paid a management fee by the Funds, calculated daily and paid monthly, as compensation for its services. No management fees are paid by the Funds with respect to Series A and Series A (CAD Hedged) units. Series A and Series A (CAD Hedged) unitholders pay a negotiated fee directly to the Manager outside of the Fund for investment management services.

### (b) Operating expenses:

The Manager is also entitled to reimbursement of reasonable operating expenses incurred on behalf of the Funds in connection with charges made for registry and transfer agency services, dividend and distribution crediting services, services required in connection with the provision of information and reports to unitholders and holding unitholders' meetings, independent review committee, interest expense, accounting, audit, recordkeeping and legal fees, and custodian and safekeeping charges. The Funds pay brokerage commissions, transaction costs and applicable taxes.

The Manager has at times absorbed certain expenses incurred on behalf of the Funds, in which case such amounts are shown as a deduction from expenses in the respective Fund's statement of comprehensive income. The Manager is under no legal obligation to continue these arrangements, and may terminate them at any time.

Effective November 1, 2023, the Funds pay a fixed administration fee to the Manager. The fixed administration fee is calculated and accrued daily as a percentage of the NAV of each series of units of the Funds. The Manager in turn pays certain operating expenses of the Funds. These expenses include, but are not limited to: annual fees, normal course meeting fees and reimbursement of normal course expenses for members of the IRC; accounting and fund valuation costs; custody fees; audit and legal fees; and the costs of preparing and distributing annual and interim financial reports, prospectuses, fund facts documents and investor communications.

## 5. Capital management:

The redeemable units issued by the Funds represent the capital of the Funds. The Funds are not subject to any internally or externally imposed restrictions on its capital. The Funds' objectives in managing the redeemable units are to ensure a stable base to maximize returns to all investors and to manage liquidity risk arising from redemptions.

## 6. Financial risk management:

The following is a general discussion of the financial risks to which the Funds are exposed. Refer to the discussion on financial risk management (note 4) in the Fund Specific Information following each Fund's financial statements for information specific to the respective Fund.

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## 6. Financial risk management (continued):

Risk management framework:

The Funds use financial instruments in order to achieve their respective investment objectives. The Funds' investments are presented in each Fund's respective schedule of investment portfolio, which groups securities by asset type, geographic region and/or market segment.

The use of financial instruments subjects the Funds to a variety of financial instrument risks. The Funds' risk management practices include setting investment policies to limit exposures to financial instrument risks and employing experienced and professional investment advisors to invest the Funds' capital in securities within the constraints of investment policies. The Manager regularly monitors the Funds' performance and compliance with the investment policies.

The significant financial instrument risks, to which the Funds are exposed, along with the specific risk management practices related to those risks, are discussed below.

### (a) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds, resulting in a financial loss to the Fund. It arises principally from debt securities held, derivative financial assets, cash, and other receivables due to the Funds. The carrying value of these financial instruments as recorded in the statements of financial position reflects the Fund's maximum exposure to credit risk.

The risk management strategy for the Funds is to invest primarily in debt obligations of high credit quality issuers and to limit the amount of credit exposure with respect to any one corporate issuer.

Credit risk is mitigated by investing primarily in rated instruments. The Funds receive daily rating updates, which are reviewed accordingly. Credit risk is monitored on a daily basis by the Manager in accordance with the Funds' investment policies. If the credit risk is not in accordance with the investment policy or guidelines of the Fund, then the Manager is obliged to rebalance the portfolio as soon as practicable.

The Funds' activities may give rise to settlement risk. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities, or other assets as contractually agreed. For the majority of transactions, the Funds mitigate this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

### (b) Liquidity risk:

Liquidity risk is the risk that the Funds will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset.

The Funds' policy and the Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, including estimated redemptions of units, without incurring unacceptable losses or risking damage to the Funds' reputation.

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## 6. Financial risk management (continued):

### (b) Liquidity risk (continued):

The Funds' prospectus provides for the daily cash redemptions of redeemable units and the Funds are therefore exposed to the liquidity risk of meeting unitholder redemptions at any time.

Liquidity risk is managed by investing the majority of a Funds' assets in investments that are traded in an active market and can be readily disposed. In addition, the Funds retain sufficient cash positions to maintain liquidity. The Funds are also subject to the requirements of National Instrument ("NI") 81-102, where each respective Fund shall not purchase an illiquid asset if, immediately after the purchase, more than 10 percent of the net assets of that particular Fund, taken at market value at the time of purchase, would consist of illiquid assets.

### (c) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Funds' income or the fair value of their holdings of financial instruments.

The Funds' market risk is managed on a daily basis by the Manager in accordance with the policies and procedures in place.

#### (i) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of interest-bearing financial instruments will fluctuate as a result of changes in market interest rates. In general, as interest rates rise, the fair value of interest bearing financial instruments will fall. Financial instruments with a longer term to maturity will generally have a higher interest rate risk.

Interest rate risk management practices include setting target durations based on the appropriate benchmark indices and monitoring the Funds' durations relative to the benchmarks. If interest rates are anticipated to rise, the Funds' durations can be shortened to limit potential losses. Conversely, if interest rates are anticipated to fall, the durations can be lengthened to increase potential gains.

#### (ii) Currency risk:

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Funds, will fluctuate due to changes in foreign exchange rates. Equities in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Funds' functional currency in determining fair value.

Currency risk may be moderated by the Manager through the use of foreign currency contracts to hedge foreign currency exposures.

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## 6. Financial risk management (continued):

### (c) Market risk (continued):

#### (iii) Other price risk:

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer, or factors affecting all instruments traded in the market.

Other price risk is moderated by the Manager through a careful selection of securities within specified limits and the Funds' price risk is managed through diversification of the respective Fund. The Manager monitors the Funds' overall market positions on a daily basis and positions are maintained within established ranges.

## 7. Fair value of financial instruments:

### (a) Valuation models:

The Funds measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs that are unobservable.

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. Observable prices and model inputs are usually available in the market for listed debt and equity securities, and exchange-traded derivatives, such as futures. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with the determination of fair values. Where observable market prices and model inputs are not available, the Funds determine fair values using other valuation techniques. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Refer to the fair value of financial instruments (note 5) in the Fund Specific Information following each Fund's respective financial statements for further discussion of the respective Fund's fair value measurements.

### (b) Financial instruments not measured at fair value:

The carrying value of cash, dividends receivable, interest receivable, subscriptions receivable, amounts due from brokers, bank overdraft, management fees payable, administration fees payable, redemptions payable, amounts due to brokers and distributions payable, approximates their fair value given their short-term nature. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments.

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## 8. Audit fees:

For the year ended December 31, 2023, fees paid or payable to KPMG LLP and its network firms for the audits of the Canadian Reporting Issuer funds within the Leith Wheeler Family of funds were \$136,425 (2022 - \$136,425). Fees for other services were \$10,539 (2022 - \$10,539).