

Leith Wheeler Core Bond Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2022



Quiet Money.®

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 proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

To provide a stable and attractive total return through investment in Canadian fixed income securities. The Fund will invest in Government and high-grade corporate bonds, with a varying mix between short term, medium term and longer term maturities depending on the assessment of interest rate trends and prospective returns.

Safety and liquidity are the focus of our approach to fixed income investing. Economic conditions are constantly monitored by Leith Wheeler to forecast interest rate changes. The added value for the Fixed Income Fund will come from Leith Wheeler identifying opportunities to shift investments between various maturities and between Federal, Provincial and Corporate bonds.

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 47.9% in 2022 to \$282.4 million from \$190.9 million at the end of 2021. Of this change, \$26.8 million was attributable to negative investment performance and \$118.3 million to net inflows from unitholders.

For the year ended December 31, 2022, the Core Bond Fund Series A decreased -11.0% before fees, and Series B decreased -11.7% after fees and expenses. The FTSE Canada Universe Bond Index decreased -11.7% over the same period.

The Bank of Canada and the US Federal Reserve increased their policy rate by a cumulative total of about 4% in 2022 and have indicated that they are close to the end of their rate tightening cycles. However, central banks and markets have lower confidence about the time frame for getting back to inflation targets. The government bond yield curve also continued to invert as shorter-term yields rose more than longer-term yields. Compared to the beginning of the year, short term government bond yields increased approximately 4.0% while long-term bond yields rose 1.75%.

Corporate bond portfolio returns were negative for 2022 as central banks pursued tighter monetary policy throughout the year to combat inflation, and credit spreads widened. Inflation in Canada and the US have exhibited signs of rolling over since the peaks reached in the summer of 2022. Corporate credit strengthened towards the end of the year as the market started to anticipate the end of central bank interest hikes and the portfolio has benefited. We added to credit throughout the year on weakness and continue to position the portfolio overweight with a bias towards short-dated, higher quality issuers.

As of December 31, 2022, the Fund held 26.3% in Federal issues, 21.2% in Provincial issues, 4.0% in Municipal issues, 44.5% in investment-grade corporate issues, 3.2% in Maples and 0.8% in cash.

The Fund continues to invest in high-quality investment-grade securities. As of December 31, 2022, it held 27.3% in AAA securities, 25.4% in AA, 34.9% in A, and 12.4% in BBB.

The Core Bond Fund aims to provide a stable and attractive total return through investment in fixed income securities. The primary return objective is to achieve, over moving four-year periods, the annualized total return of the FTSE Canada Universe Bond Index plus 0.35%. The secondary return objective is to rank, over moving four-year periods, in the top quartile of a universe of Canadian bond funds as measured by a comparative measurement service.

Recent Developments

In January 2023, the Bank of Canada hiked the overnight rate to 4.50%.

Management Discussion of Fund Performance (cont.)

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 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 0.75%. During the year, the Fund paid the Manager \$45,882 (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 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------|---------|---------|---------|---------|
| Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾ | \$10.91 | \$11.45 | \$10.98 | \$10.52 | \$10.68 |
| Increase (decrease) from operations: | | | | | |
| Total revenue | 0.30 | 0.29 | 0.31 | 0.31 | 0.32 |
| Total expenses | - | - | - | - | - |
| Realized gains (losses) for the year | (0.58) | (0.11) | 0.39 | 0.20 | (0.12) |
| Unrealized gains (losses) for the year | (0.70) | (0.40) | 0.29 | 0.26 | (0.03) |
| Total increase (decrease) from operations ⁽¹⁾ | (0.98) | (0.22) | 0.99 | 0.77 | 0.17 |
| Distributions: | | | | | |
| From income (excluding dividends) | (0.28) | (0.29) | (0.33) | (0.31) | (0.31) |
| From dividends | - | - | - | - | - |
| From capital gains | - | - | (0.16) | - | - |
| Return of capital | - | - | - | - | - |
| Total Annual Distributions ⁽²⁾ | (0.28) | (0.29) | (0.49) | (0.31) | (0.31) |
| Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾ | \$9.43 | \$10.91 | \$11.45 | \$10.98 | \$10.52 |

| Series B | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------|---------|---------|---------|---------|
| Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾ | \$11.19 | \$11.73 | \$11.17 | \$10.71 | \$10.79 |
| Increase (decrease) from operations: | | | | | |
| Total revenue | 0.60 | 0.37 | 0.32 | 0.32 | 0.26 |
| Total expenses | (0.08) | (0.09) | (0.08) | (0.09) | (0.09) |
| Realized gains (losses) for the year | (1.17) | (0.14) | 0.41 | 0.20 | (0.09) |
| Unrealized gains (losses) for the year | (1.39) | (0.51) | 0.32 | 0.26 | (0.03) |
| Total increase (decrease) from operations ⁽¹⁾ | (2.04) | (0.37) | 0.97 | 0.69 | 0.05 |
| Distributions: | | | | | |
| From income (excluding dividends) | (0.05) | (0.20) | (0.16) | (0.23) | (0.16) |
| From dividends | - | - | - | - | - |
| From capital gains | - | - | (0.16) | - | - |
| Return of capital | - | - | - | - | - |
| Total Annual Distributions ⁽²⁾ | (0.05) | (0.20) | (0.32) | (0.23) | (0.16) |
| Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾ | \$9.83 | \$11.19 | \$11.73 | \$11.17 | \$10.71 |

(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 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------|---------|---------|---------|---------|
| Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾ | 278,513 | 180,490 | 174,427 | 192,997 | 172,793 |
| Number of units outstanding (000s) ⁽¹⁾ | 29,522 | 16,545 | 15,236 | 17,581 | 16,418 |
| Management expense ratio (%) ⁽²⁾ | - | - | - | - | - |
| Management expense ratio before waivers or absorptions (%) | - | - | - | - | - |
| Trading expense ratio (%) ⁽³⁾ | - | 0.01 | - | - | - |
| Portfolio turnover rate (%) ⁽⁴⁾ | 173.07 | 126.46 | 135.10 | 134.62 | 148.39 |
| Net assets attributable to holders of redeemable units - per unit (\$) | 9.43 | 10.91 | 11.45 | 10.98 | 10.52 |

| Series B | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|--------|--------|--------|--------|--------|
| Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾ | 3,837 | 10,436 | 12,309 | 22,857 | 22,971 |
| Number of units outstanding (000s) ⁽¹⁾ | 390 | 933 | 1,049 | 2,047 | 2,145 |
| Management expense ratio (%) ⁽²⁾ | 0.79 | 0.79 | 0.79 | 0.79 | 0.79 |
| Management expense ratio before waivers or absorptions (%) | 0.79 | 0.79 | 0.79 | 0.79 | 0.79 |
| Trading expense ratio (%) ⁽³⁾ | - | 0.01 | - | - | - |
| Portfolio turnover rate (%) ⁽⁴⁾ | 173.07 | 126.46 | 135.10 | 134.62 | 148.39 |
| Net assets attributable to holders of redeemable units - per unit (\$) | 9.83 | 11.19 | 11.73 | 11.17 | 10.71 |

(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

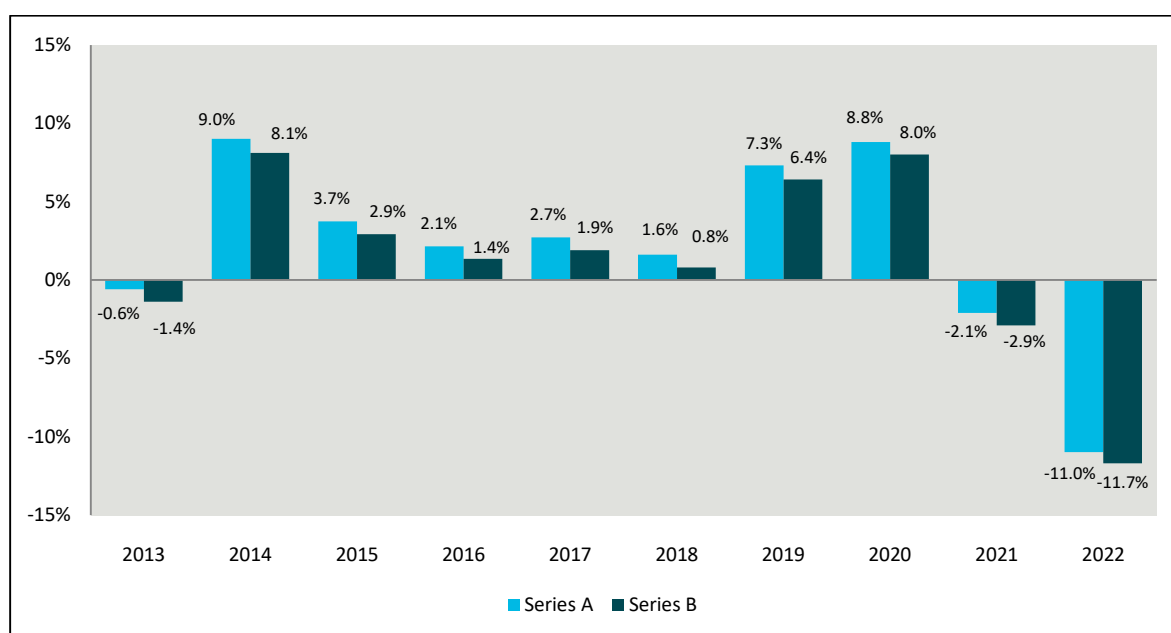
General

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 FTSE Canada Universe Bond Index, in each case for the year ended December 31, 2022. The FTSE Canada Universe Bond Index measures the total return attributable to bonds, and includes representative bond issues by issuer, quality, and term. 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 | -11.0% | -1.8% | 0.6% | 2.0% |
| Benchmark | -11.7% | -2.2% | 0.3% | 1.6% |
| Fund – Series B | -11.7% | -2.6% | -0.2% | 1.2% |
| Benchmark | -11.7% | -2.2% | 0.3% | 1.6% |

Summary of Investment Portfolio

As at December 31, 2022

Top 25 Positions

| Issuer | % of Net Asset Value |
|--|----------------------|
| Canada Housing Trust No 1 3.55% September 15, 2032 | 12.9% |
| Canadian Government Bond 1.50% April 01, 2025 | 4.9% |
| Canadian Government Bond 4.00% June 01, 2041 | 2.5% |
| Province of Ontario 4.60% June 02, 2039 | 1.9% |
| Province of Ontario 2.90% June 02, 2049 | 1.7% |
| Province of Ontario 2.90% December 02, 2046 | 1.7% |
| Canadian Government Bond 2.00% June 01, 2032 | 1.6% |
| Bank of Montreal 2.85% March 06, 2024 | 1.6% |
| Wells Fargo & Co 3.18% February 08, 2024 | 1.6% |
| Province of Ontario 1.90% December 02, 2051 | 1.4% |
| Province of Newfoundland and Labrador 2.05% June 02, 2031 | 1.3% |
| Province of Ontario 5.85% March 08, 2033 | 1.3% |
| Hydro-Quebec 2.10% February 15, 2060 | 1.3% |
| Royal Bank of Canada 3.37% September 29, 2025 | 1.2% |
| North West Redwater Partnership / NWR Financing Co Ltd 1.20% December 01, 2023 | 1.1% |
| Sun Life Financial Inc 3.05% September 19, 2028 | 1.1% |
| Canadian Imperial Bank of Commerce 2.75% March 07, 2025 | 1.0% |
| City of Montreal 2.00% September 01, 2031 | 1.0% |
| Toronto-Dominion Bank 1.13% December 09, 2025 | 1.0% |
| Province of Manitoba 4.10% March 05, 2041 | 0.9% |
| Bank of America Corp 3.30% April 24, 2024 | 0.9% |
| Canada Housing Trust No 1 4.83% March 15, 2023 | 0.9% |
| Province of Saskatchewan 2.80% December 02, 2052 | 0.9% |
| Choice Properties Real Estate Investment Trust 4.29% February 08, 2024 | 0.9% |
| Bank of Nova Scotia 5.50% May 08, 2026 | 0.8% |

Portfolio Allocation

| Portfolio Breakdown | % of Net Asset Value |
|-------------------------|----------------------|
| Corporate Bonds | 44.5% |
| Federal Bonds | 26.3% |
| Provincials Bonds | 21.2% |
| Municipal Bonds | 4.0% |
| Maple Bonds | 3.2% |
| Cash & Other Net Assets | 0.8% |

The Fund held no short positions as at December 31, 2022.

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.