

# Leith Wheeler Income Advantage Fund

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2025



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This interim management report of fund performance contains financial highlights, but does not contain either interim or annual financial statements of the investment fund. You can get a copy of the interim or 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](http://www.leithwheeler.com) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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 investors with a relatively stable source of tax efficient monthly income, with some potential for long term growth through capital appreciation and growth in dividends. The Fund derives its income from allocating its investments primarily among fixed income securities, preferred shares, and dividend paying equities. The Fund primarily invests in a broad range of Canadian securities and may also invest in foreign securities. The Fund will also invest in a broad range of companies and is not restricted by capitalization or industry sector, although portfolio diversification is a consideration in the selection of securities in the Fund. Under normal circumstances, the fund will keep its portfolio fully invested to the greatest extent possible.

Of the total Fund, the investment in fixed income securities will range between 30% to 70%, Canadian equities from 15% to 50%, foreign equities between 0% to 25%, preferred shares between 0% to 25%, mortgages from 0% to 10%, and cash & other net assets between 0% to 5%. The fixed income securities and preferred shares will provide lower risk income and the common shares will provide an opportunity for dividends and capital gains. Investors will participate in a professionally managed portfolio in which specific security selection and asset mix decisions will be made by experienced portfolio managers.

### 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 3.7% in the first half of 2025 to \$55.4 million from \$53.4 million at the end of 2024. Of this change, \$2.8 million was attributable to positive investment performance and \$0.8 million to net outflows from unitholders.

For the six months ended June 30, 2025, the Income Advantage Fund Series A returned +5.4% before fees, and Series F increased +5.0% after fees and expenses.

The Bank of Canada cut interest rates twice in Q1 to 2.75%, responding to heightened trade tensions and potential U.S. tariffs that threatened to slow economic activity and raise inflationary pressures. However, the Bank paused in Q2 to assess the impact of these developments, as core inflation remained at the upper end of its 1%–3% target range despite headline inflation easing due to the removal of the carbon tax. Rising federal deficits, driven by increased fiscal spending, added pressure to bond yields. As a result, markets reduced expectations for additional rate cuts, and are now pricing in only one more for the remainder of the year.

Despite the challenging environment, the bond portfolio performed well, outperforming the FTSE Canada Universe Bond Index over the period. In Q1, a steepening yield curve supported returns due to positioning that benefited from falling short-term rates. In Q2, although bond market returns were negative due to rising yields, active interest rate and yield curve strategies, along with corporate bond allocations, contributed positively to relative performance. Throughout the period, the portfolio's interest rate sensitivity was maintained near neutral, ending the second quarter with a modest short duration stance.

The high yield portfolio delivered positive returns over the first half of 2025. In Q1, performance was supported by strong security selection in the Energy and Utility distribution sectors, partially offset by weaker results in the Consumer space. In Q2, contributions came from Leisure and Technology holdings, while positions in Energy detracted. Credit spreads in the high yield market were volatile, reaching a low of 2.0% in Q1 before climbing to 3.8% in Q2 and ending the first half at 2.4%. Default expectations for high yield bonds remain below long-term averages, though bank loan defaults have edged above historical norms.

Throughout the period, the portfolio maintained a strategic bias toward fixed-rate high yield bonds over bank loans. In Q1, loan exposure increased modestly, bringing bank loans to just under one-third of the portfolio. However, in Q2, exposure was reduced as relative value shifted in favor of high yield bonds, particularly as loan prices rose. By the end of June, bank loans represented about 20% of the portfolio. This disciplined allocation between bonds and loans, along with active security selection, contributed to overall positive performance during a dynamic credit environment.

The preferred share portfolio outperformed the S&P/TSX Preferred Share Index in the first half of 2025, increasing by +8.3% while the preferred share index increased by +7.3%. Within the portfolio's sector exposure, we remain overweight Utility issuers and underweight Financial, Real Estate and Resource issuers.

The Canadian equity portfolio provided a positive return in the first half of 2025, but the performance lagged S&P/TSX Composite Dividend Index by 1.8%. Over the period, Consumer Staples and Industrial sectors contributed positively to the portfolio, however, the portfolio's lack of gold holdings caused it to lag, as those stocks rallied.

Management Discussion of Fund Performance (cont.)

Recent Developments

In July 2025, the Bank of Canada kept its key interest rate at 2.75% and the S&P/TSX Composite Dividend Index returned +1.2% while the FTSE Canada Short Term Corporate Bond and FTSE Mid Term Corporate Bond indices returned +0.2% and +0.1%, respectively.

Related Party Transactions

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

As at June 30, 2025, the Fund owned 1,168,080 Series A units of the Leith Wheeler Canadian Dividend Fund, 194,925 Series A units of the Leith Wheeler Multi Credit Fund, and 508,655 Series A units of the Leith Wheeler Preferred Share Fund, which are funds under common management.

During the period, the Fund received approximately \$302,000 in distributions from Leith Wheeler Canadian Dividend Fund, \$31,000 in distributions from Leith Wheeler Multi Credit Fund and \$59,000 in distributions from Leith Wheeler Preferred Share Fund.

Management Fees and Administration Fees

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 F
Management Fees	*	0.70 %
Administration Fees	0.02 %	0.10 %

\* Series A unitholders pay a negotiated management fee

Leith Wheeler Investment Counsel Ltd. (the “Manager”) does 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 six months and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements.

Series A	June 30, 2025	2024	2023	2022	2021	2020
Net assets attributable to holders of redeemable units - per unit, beginning of period <sup>(1)</sup>	\$12.58	\$11.61	\$11.02	\$12.23	\$11.37	\$11.18
Increase (decrease) from operations:						
Total revenue	0.24	0.50	0.50	0.49	0.36	0.56
Total expenses	-	(0.01)	(0.02)	-	-	-
Realized gains (losses) for the period	0.10	0.27	(0.09)	(0.11)	0.22	(0.08)
Unrealized gains (losses) for the period	0.33	0.67	0.71	(1.08)	0.74	0.16
Total increase (decrease) from operations <sup>(1)</sup>	0.67	1.43	1.10	(0.70)	1.32	0.64
Distributions:						
From income (excluding dividends)	(0.25)	(0.26)	(0.28)	(0.26)	(0.19)	(0.20)
From dividends	-	(0.20)	(0.18)	(0.20)	(0.17)	(0.21)
From capital gains	-	-	-	-	(0.11)	-
Return of capital	-	-	(0.04)	-	-	-
Total Annual Distributions <sup>(2) (4)</sup>	(0.25)	(0.46)	(0.50)	(0.46)	(0.47)	(0.41)
Net assets attributable to holders of redeemable units - per unit, end of period <sup>(1)</sup>	\$13.00	\$12.58	\$11.61	\$11.02	\$12.23	\$11.37

Series B <sup>(3)</sup>	June 30, 2025	2024	2023	2022	2021	2020
Net assets attributable to holders of redeemable units - per unit, beginning of period <sup>(1)</sup>	n/a	n/a	\$11.50	\$12.52	\$11.62	\$11.35
Increase (decrease) from operations:						
Total revenue	n/a	n/a	0.53	0.75	0.38	0.09
Total expenses	n/a	n/a	(0.03)	(0.10)	(0.10)	(0.11)
Realized gains (losses) for the period	n/a	n/a	(0.09)	(0.18)	0.23	(0.01)
Unrealized gains (losses) for the period	n/a	n/a	(0.09)	(1.64)	0.78	0.02
Total increase (decrease) from operations <sup>(1)</sup>	n/a	n/a	0.32	(1.17)	1.29	(0.01)
Distributions:						
From income (excluding dividends)	n/a	n/a	(0.05)	(0.05)	(0.07)	(0.08)
From dividends	n/a	n/a	(0.06)	(0.10)	(0.16)	(0.17)
From capital gains	n/a	n/a	-	-	(0.11)	-
Return of capital	n/a	n/a	(0.01)	-	-	-
Total Annual Distributions <sup>(2) (4)</sup>	n/a	n/a	(0.12)	(0.15)	(0.34)	(0.25)
Net assets attributable to holders of redeemable units - per unit, end of period <sup>(1)</sup>	n/a	n/a	-	\$11.50	\$12.52	\$11.62

## Financial Highlights (cont.)

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

Series F	June 30, 2025	2024	2023	2022	2021	2020
Net assets attributable to holders of redeemable units - per unit, beginning of period <sup>(1) (3)</sup>	\$11.67	\$10.77	\$10.25	\$11.35	\$10.58	\$10.38
Increase (decrease) from operations:						
Total revenue	0.22	0.47	0.46	0.49	0.33	0.30
Total expenses	(0.05)	(0.11)	(0.02)	(0.08)	(0.09)	(0.03)
Realized gains (losses) for the period	0.09	0.26	(0.08)	(0.11)	0.20	(0.04)
Unrealized gains (losses) for the period	0.33	0.60	0.56	(1.07)	0.68	0.08
Total increase (decrease) from operations <sup>(1)</sup>	0.59	1.22	0.92	(0.77)	1.12	0.31
Distributions:						
From income (excluding dividends)	(0.18)	(0.18)	(0.21)	(0.15)	(0.11)	(0.10)
From dividends	-	(0.15)	(0.14)	(0.17)	(0.17)	(0.18)
From capital gains	-	-	-	-	(0.10)	-
Return of capital	-	-	(0.04)	-	-	-
Total Annual Distributions <sup>(2) (4)</sup>	(0.18)	(0.33)	(0.39)	(0.32)	(0.38)	(0.28)
Net assets attributable to holders of redeemable units - per unit, end of period <sup>(1)</sup>	\$12.09	\$11.67	\$10.77	\$10.25	\$11.35	\$10.58

(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) Effective October 4, 2023, Series B was discontinued as there were no unitholders.

(4) Distributions are characterized into income type at year-end.

# Financial Highlights (cont.)

## Ratios and Supplemental Data

Series A	June 30, 2025	2024	2023	2022	2021	2020
Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup>	45,290	43,332	46,183	44,135	42,868	39,424
Number of units outstanding (000s) <sup>(1)</sup>	3,483	3,444	3,979	4,005	3,506	3,466
Management expense ratio (%) <sup>(2)</sup>	0.02	0.02	-	-	-	-
Management expense ratio before waivers or absorptions (%)	0.02	0.02	0.06	0.05	0.04	0.04
Trading expense ratio (%) <sup>(3)</sup>	-	-	0.02	0.01	0.01	0.01
Portfolio turnover rate (%) <sup>(4)</sup>	21.25	64.49	63.73	81.11	56.79	99.60
Net assets attributable to holders of redeemable units - per unit (\$)	13.00	12.58	11.61	11.02	12.23	11.37

Series B <sup>(5)</sup>	June 30, 2025	2024	2023	2022	2021	2020
Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup>	n/a	n/a	n/a	7,097	16,866	18,433
Number of units outstanding (000s) <sup>(1)</sup>	n/a	n/a	n/a	617	1,347	1,586
Management expense ratio (%) <sup>(2)</sup>	n/a	n/a	n/a	0.85	0.85	0.85
Management expense ratio before waivers or absorptions (%)	n/a	n/a	n/a	0.90	0.89	0.89
Trading expense ratio (%) <sup>(3)</sup>	n/a	n/a	n/a	0.01	0.01	0.01
Portfolio turnover rate (%) <sup>(4)</sup>	n/a	n/a	n/a	81.11	56.79	99.60
Net assets attributable to holders of redeemable units - per unit (\$)	n/a	n/a	n/a	11.50	12.52	11.62

Series F	June 30, 2025	2024	2023	2022	2021	2020
Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup>	10,100	10,068	10,777	10,574	10,576	8,372
Number of units outstanding (000s) <sup>(1)</sup>	835	863	1,001	1,032	932	791
Management expense ratio (%) <sup>(2)</sup>	0.90	0.91	0.78	0.76	0.76	0.75
Management expense ratio before waivers or absorptions (%)	0.90	0.91	0.84	0.81	0.80	0.79
Trading expense ratio (%) <sup>(3)</sup>	-	-	0.02	0.01	0.01	0.01
Portfolio turnover rate (%) <sup>(4)</sup>	21.25	64.49	63.73	81.11	56.79	99.60
Net assets attributable to holders of redeemable units - per unit (\$)	12.09	11.67	10.77	10.25	11.35	10.58

- (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.
- (5) Effective October 4, 2023, Series B was discontinued as there were no unitholders.

## Past Performance

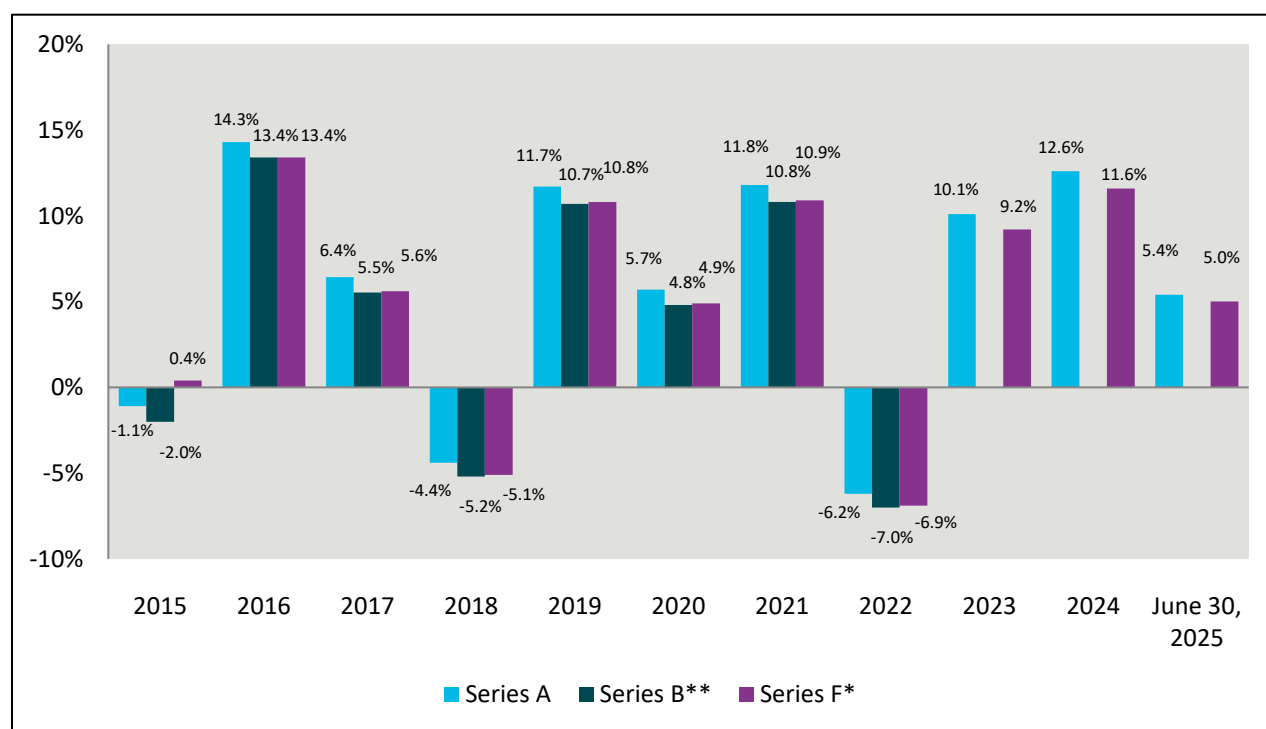
### General

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

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

### Year-by-Year Returns

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



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

\*\* Effective October 4, 2023, Series B was discontinued as there were no unitholders.

## Summary of Investment Portfolio

As at June 30, 2025

### Top 25 Positions

Issuer	% of Net Asset Value
Leith Wheeler Canadian Dividend Fund, Series 'A'	35.6%
Leith Wheeler Preferred Share Fund, Series 'A'	9.7%
Leith Wheeler Multi Credit Fund, Series 'A'	3.1%
TELUS Corporation, Callable, 2.85%, 13/11/2031	1.4%
The Bank of Nova Scotia, 1.85%, 02/11/2026	1.3%
JPMorgan Chase & Company, Variable, Callable, 1.90%, 05/03/2028	1.2%
Manulife Financial Corporation, Variable, Callable, 4.06%, 06/12/2034	0.9%
Bell Canada, Callable., 2.50%, 14/05/2030	0.9%
Inter Pipeline Limited, Callable, 6.59%, 09/02/2034	0.8%
Royal Bank of Canada, 1.83%, 31/07/2028	0.7%
Choice Properties Real Estate Investment Trust, Series 'M', Callable, 3.53%, 11/06/2029	0.7%
Keyera Corporation, Callable., 5.02%, 28/03/2032	0.7%
Dollarama Inc., Callable, 2.44%, 09/07/2029	0.6%
Canadian Imperial Bank of Commerce, 2.25%, 07/01/2027	0.6%
Canadian Imperial Bank of Commerce, Variable, Callable, 4.90%, 12/06/2034	0.6%
Loblaw Companies Limited, Callable, 2.28%, 07/05/2030	0.6%
North West Redwater Partnership/NWR Financing Company Limited, Series 'H', Callable, 4.15%, 01/06/2033	0.6%
Cash & Other Net Assets	0.6%
Pembina Pipeline Corporation, Callable., 3.62%, 03/04/2029	0.6%
ENMAX Corporation, Callable, 3.77%, 06/06/2030	0.6%
Brookfield Infrastructure Finance ULC, Callable, 4.19%, 11/09/2028	0.6%
Choice Properties Real Estate Investment Trust, Series 'P', Callable, 2.85%, 21/05/2027	0.5%
407 International Inc., Callable, 3.43%, 01/06/2033	0.5%
TransCanada Pipelines Limited, Callable, 2.97%, 09/06/2031	0.5%
Bruce Power Limited Partnership, Series '17-2', Callable, 4.01%, 21/06/2029	0.5%

### Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Bonds	51.0%
Underlying Funds	48.4%
Cash & Other Net Assets	0.6%

The Fund held no short positions as at June 30, 2025.

*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](http://www.leithwheeler.com)*