

Leith Wheeler Preferred Share Fund

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2022



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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 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 investors with income and the opportunity for long term capital appreciation by investing primarily in a portfolio of Canadian preferred share securities. This Fund invests primarily in publicly listed preferred shares, including securities convertible into preferred shares, with a minimum preferred share quality of Pfd-3(low) (per Dominion Bond Rating Service or equivalent).

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 decreased by 23% in the first half of 2022 to \$52.3 million from \$67.9 million at the end of 2021. Of this change, \$7.1 million was attributable to negative investment performance and \$8.5 million to net outflows from unitholders.

The Leith Wheeler Preferred Share Fund was negative in the first half of 2022, with Series A units returning -11.1%. Series B and Series F units returned -11.5% and -11.4% respectively, both after fees and expenses.

The Canadian preferred share market reversed some of its gains in the first six months of 2022, as the S&P/TSX Preferred Share Total Return Index declined by 9.9%. Whereas historically Government of Canada five-year bond yields and the S&P/TSX Preferred Share Index have moved relatively in tandem, we saw a divergence year-to-date as 5-year bond yields rose by 185 basis points to 3.1%, while the index dropped. The move higher in interest rates has been one of the fastest in the past 30 years, reflecting both sustained higher inflation, a deterioration in the inflation outlook due to geopolitical risks, as well as central bank policy being relatively behind the curve compared to the inflationary and economic backdrop.

Widening preferred share spreads also contributed to the negative returns of this asset class. In terms of volume, the Canadian preferred share market saw net outflows in the first six months of the year, as investors withdrew \$621.5 million from preferred share ETFs, the worst showing since 2017. An already tight supply was further exacerbated by \$6.6 billion in outstanding preferred share issues being called.

In the first six months of the year, Intact Financial, Partners Value Split Corp., TD Bank and Brookfield Renewable Partners came to market with four new preferred share issues. We participated in the TD Bank 5.75% rate reset preferred share in the first quarter, which like the RBC issue we purchased in 2021, was made more accessible to institutional investors due to the higher par price of \$1,000, greater minimum trade lot, and the fact that it trades over the counter (OTC). We are likely to see more preferred share issuance from banks while issuance from other sectors remain slow, along with continued redemptions from outstanding rate reset issues.

The Leith Wheeler Preferred Share Fund underperformed the S&P/TSX Preferred Share Index in the first six months of the year. The Fund remains overweight rate reset preferreds at 85.9% of the portfolio versus 78.3% for the index, and underweight perpetual preferreds at 13.2% versus 19.0% for the index. The Fund has no exposure to floating rate preferred shares, which make up only 2.7% of the index. Our overweight to rate reset preferred shares and underweight to perpetual preferred shares has been a contributor to relative performance year-to-date, as perpetual preferred shares lagged the other structural types as bond yields rose. Within the Fund's sector exposure, we remain overweight Utilities and underweight Financial and Real Estate. Our overweight exposure to Utilities was a drag on relative performance in the first six months of the year.

Despite these challenges, we see short-term upside as redemptions continue with limited new issuance. If five-year bond yields continue to trend higher, which we expect, the Fund should benefit from the overweight exposure to rate reset preferred shares through higher dividend rate resets.

Recent Developments

The S&P/TSX Preferred Share Total Return Index declined by -0.3% in July 2022.

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.

At June 30, 2022, the Leith Wheeler Income Advantage Fund and the Leith Wheeler Corporate Advantage Fund owned 582,943 Series A units and 1,572,090 Series A units of the Fund, respectively, which are both under common management. Combined, the holdings represent 36.8% 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 and Series F units of the Fund are 0.90% and 0.70%, respectively. During the year, the Fund paid the Manager \$1,683 for Series B and \$72,212 for Series F (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 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 (inception May 22, 2018) | June 30, 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------|---------|--------|--------|---------|------|
| Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾ | \$10.29 | \$8.58 | \$8.50 | \$8.67 | \$10.00 | n/a |
| Increase (decrease) from operations: | | | | | | |
| Total revenue | 0.22 | 0.44 | 0.37 | 0.44 | 0.25 | n/a |
| Total expenses | - | - | - | - | - | n/a |
| Realized gains (losses) for the year | 0.21 | 0.48 | (0.16) | (0.21) | (0.26) | n/a |
| Unrealized gains (losses) for the year | (1.55) | 1.24 | 0.61 | 0.11 | (1.34) | n/a |
| Total increase (decrease) from operations ⁽¹⁾ | (1.12) | 2.16 | 0.82 | 0.34 | (1.35) | n/a |
| Distributions: | | | | | | |
| From income (excluding dividends) | - | - | - | - | - | n/a |
| From dividends | (0.23) | (0.41) | (0.37) | (0.41) | (0.22) | n/a |
| From capital gains | - | - | - | - | - | n/a |
| Return of capital | - | - | - | - | - | n/a |
| Total Annual Distributions ⁽²⁾ | (0.23) | (0.41) | (0.37) | (0.41) | (0.22) | n/a |
| Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾ | \$8.93 | \$10.29 | \$8.58 | \$8.50 | \$8.67 | n/a |

| Series B (inception May 22, 2018) | June 30, 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------|---------|--------|--------|---------|------|
| Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾ | \$10.02 | \$8.39 | \$8.47 | \$8.66 | \$10.00 | n/a |
| Increase (decrease) from operations: | | | | | | |
| Total revenue | 0.22 | 0.41 | 0.93 | 3.43 | 0.25 | n/a |
| Total expenses | (0.04) | (0.09) | (0.09) | (2.47) | (0.82) | n/a |
| Realized gains (losses) for the year | 0.20 | 0.44 | (0.41) | (1.64) | (0.26) | n/a |
| Unrealized gains (losses) for the year | (1.53) | 1.15 | 1.55 | 0.89 | (1.37) | n/a |
| Total increase (decrease) from operations ⁽¹⁾ | (1.15) | 1.91 | 1.98 | 0.21 | (2.20) | n/a |
| Distributions: | | | | | | |
| From income (excluding dividends) | - | - | - | - | - | n/a |
| From dividends | (0.19) | (0.35) | (0.45) | (0.35) | (0.18) | n/a |
| From capital gains | - | - | - | - | - | n/a |
| Return of capital | - | - | - | - | - | n/a |
| Total Annual Distributions ⁽²⁾ | (0.19) | (0.35) | (0.45) | (0.35) | (0.18) | n/a |
| Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾ | \$8.69 | \$10.02 | \$8.39 | \$8.47 | \$8.66 | n/a |

Financial Highlights (cont.)

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

| Series F (inception May 22, 2018) | June 30, 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|------------------|--------|--------|--------|---------|------|
| Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾ | \$9.81 | \$8.22 | \$8.37 | \$8.56 | \$10.00 | n/a |
| Increase (decrease) from operations: | | | | | | |
| Total revenue | 0.20 | 0.38 | 0.80 | 0.33 | 0.65 | n/a |
| Total expenses | (0.04) | (0.07) | (0.08) | - | - | n/a |
| Realized gains (losses) for the year | 0.19 | 0.41 | (0.35) | (0.16) | (0.68) | n/a |
| Unrealized gains (losses) for the year | (1.41) | 1.06 | 1.33 | 0.09 | (3.49) | n/a |
| Total increase (decrease) from operations ⁽¹⁾ | (1.06) | 1.78 | 1.70 | 0.26 | (3.52) | n/a |
| Distributions: | | | | | | |
| From income (excluding dividends) | - | - | - | - | - | n/a |
| From dividends | (0.18) | (0.37) | (0.52) | (0.38) | (0.28) | n/a |
| From capital gains | - | - | - | - | - | n/a |
| Return of capital | - | - | - | - | - | n/a |
| Total Annual Distributions ⁽²⁾ | (0.18) | (0.37) | (0.52) | (0.38) | (0.28) | n/a |
| Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾ | \$8.52 | \$9.81 | \$8.22 | \$8.37 | \$8.56 | n/a |

(1) Net assets attributable to holders of redeemable units and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(2) Distributions are reinvested in additional units of the Fund or paid in cash.

(3) From May 22, 2018, inception date of Series A, B and F units of the Fund.

Financial Highlights (cont.)

Ratios and Supplemental Data

| Series A (inception May 22, 2018) | June 30, 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|------------------|--------|--------|--------|--------|------|
| Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾ | 35,375 | 43,555 | 39,527 | 37,501 | 27,977 | n/a |
| Number of units outstanding (000s) ⁽¹⁾ | 3,962 | 4,234 | 4,607 | 4,414 | 3,228 | n/a |
| Management expense ratio (%) ⁽²⁾ | - | - | - | - | - | n/a |
| Management expense ratio before waivers or absorptions (%) | 0.04 | 0.04 | 0.06 | 0.07 | 0.06 | n/a |
| Trading expense ratio (%) ⁽³⁾ | 0.03 | 0.04 | 0.06 | 0.07 | 0.10 | n/a |
| Portfolio turnover rate (%) ⁽⁴⁾ | 25.93 | 37.13 | 24.82 | 30.71 | 64.62 | n/a |
| Net assets attributable to holders of redeemable units - per unit (\$) | 8.93 | 10.29 | 8.58 | 8.50 | 8.67 | n/a |

| Series B (inception May 22, 2018) | June 30, 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|------------------|-------|-------|-------|-------|------|
| Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾ | 350 | 397 | 671 | 69 | 45 | n/a |
| Number of units outstanding (000s) ⁽¹⁾ | 40 | 40 | 80 | 8 | 5 | n/a |
| Management expense ratio (%) ⁽²⁾ | 0.95 | 0.95 | 0.95 | 0.95 | 0.95 | n/a |
| Management expense ratio before waivers or absorptions (%) | 0.99 | 0.99 | 1.01 | 1.02 | 1.01 | n/a |
| Trading expense ratio (%) ⁽³⁾ | 0.03 | 0.04 | 0.06 | 0.07 | 0.10 | n/a |
| Portfolio turnover rate (%) ⁽⁴⁾ | 25.93 | 37.13 | 24.82 | 30.71 | 64.62 | n/a |
| Net assets attributable to holders of redeemable units - per unit (\$) | 8.69 | 10.02 | 8.39 | 8.47 | 8.66 | n/a |

| Series F (inception May 22, 2018) | June 30, 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|------------------|--------|--------|-------|-------|------|
| Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾ | 16,547 | 23,902 | 11,635 | 2,932 | 1,765 | n/a |
| Number of units outstanding (000s) ⁽¹⁾ | 1,943 | 2,436 | 1,415 | 350 | 206 | n/a |
| Management expense ratio (%) ⁽²⁾ | 0.78 | 0.79 | 0.79 | 0.74 | 0.74 | n/a |
| Management expense ratio before waivers or absorptions (%) | 0.82 | 0.83 | 0.85 | 0.81 | 0.80 | n/a |
| Trading expense ratio (%) ⁽³⁾ | 0.03 | 0.04 | 0.06 | 0.07 | 0.10 | n/a |
| Portfolio turnover rate (%) ⁽⁴⁾ | 25.93 | 37.13 | 24.82 | 30.71 | 64.62 | n/a |
| Net assets attributable to holders of redeemable units - per unit (\$) | 8.52 | 9.81 | 8.22 | 8.37 | 8.56 | n/a |

(1) This information is provided as at December 31 of the year shown; unless noted otherwise.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of the daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Past Performance

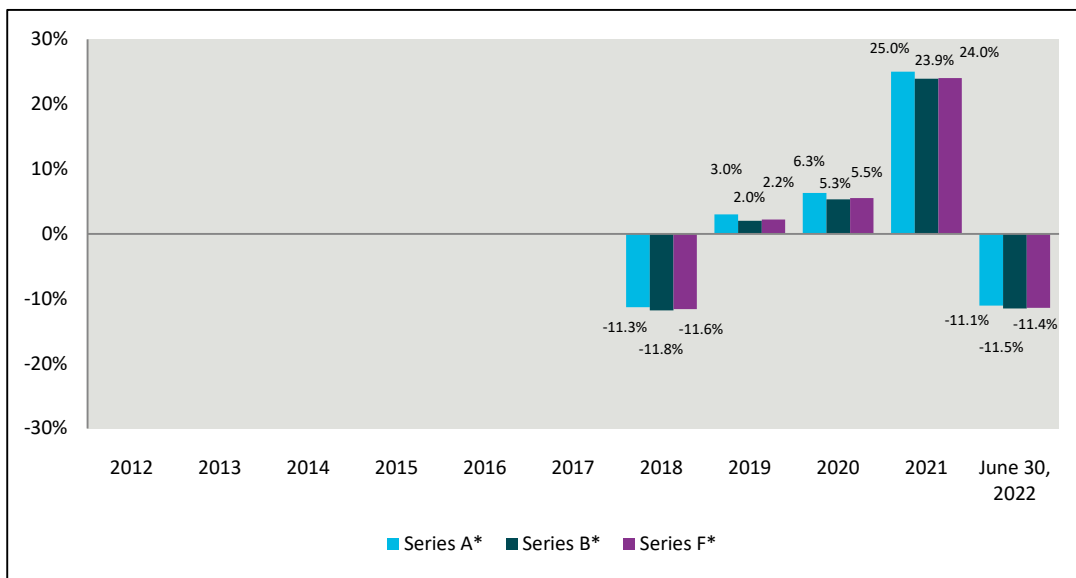
General

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 A, Series B and Series F units were created on May 22, 2018. Performance start date is May 25, 2018, which is the date of first unitholder contribution to the Series. Returns from May 25, 2018 to December 31, 2018, not annualized.

Summary of Investment Portfolio

As at June 30, 2022

Top 25 Positions

| Issuer | % of Net Asset Value |
|---|----------------------|
| Royal Bank of Canada Step Up Preferred Shares, Series J | 6.3% |
| BCE Inc Step Up Preferred Shares, Series M | 5.7% |
| Bank of Montreal Step Up Preferred Shares, Series D | 4.9% |
| Enbridge Inc Step Up Preferred Shares, Series G | 4.6% |
| Toronto-Dominion Bank Step Up Preferred Shares, Series E | 4.4% |
| Fortis Inc Step Up Preferred Shares, Series M | 4.3% |
| TC Energy Corp Step Up Preferred Shares, Series G | 3.8% |
| Pembina Pipeline Corp Step Up Preferred Shares, Series C | 3.7% |
| Royal Bank of Canada Step Up Preferred Shares, Series 9 | 3.6% |
| Toronto-Dominion Bank Step Up Preferred Shares, Series D | 2.7% |
| Manulife Financial Corp Step Up Preferred Shares, Series I | 2.6% |
| AltaGas Ltd Step Up Preferred Shares, Series A | 2.4% |
| Toronto-Dominion Bank Step Up Preferred Shares, Series 1 | 2.4% |
| Brookfield Renew Pow PFD Step Up Preferred Shares, Series A | 2.4% |
| Brookfield Renew Pow PFD Step Up Preferred Shares, Series C | 2.4% |
| Enbridge Inc Step Up Preferred Shares, Series E | 2.1% |
| Intact Financial Corp Step Up Preferred Shares, Series C | 2.1% |
| Pembina Pipeline Corp Step Up Preferred Shares, Series I | 1.9% |
| AltaGas Ltd Step Up Preferred Shares, Series G | 1.9% |
| Brookfield Office Properties Inc Step Up Preferred Shares, Series R | 1.8% |
| Enbridge Inc Step Up Preferred Shares, Series B | 1.8% |
| CU Inc Straight Preferred Shares, Series A | 1.7% |
| Intact Financial Corp Straight Preferred Shares, Series F | 1.7% |
| TC Energy Corp Step Up Preferred Shares, Series B | 1.5% |
| Canadian Imperial Bank of Commerce Step Up Preferred Shares, Series R | 1.3% |

Portfolio Allocation

| Portfolio Breakdown | % of Net Asset Value |
|---------------------------|----------------------|
| Step Up Preferred Shares | 85.9% |
| Straight Preferred Shares | 13.2% |
| Cash & Other Net Assets | 0.9% |

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