

# Leith Wheeler Balanced Fund

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE  
June 30, 2024



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, superior long-term rate of return, through a balanced portfolio of common shares and fixed income securities. This Fund invests primarily in Canadian issuers and may invest in foreign securities. The Fund invests in a broad range of companies and is not restricted by capitalization or industry sectors although portfolio diversification is a consideration in the selection of securities for the Fund.

Although Leith Wheeler Investment Counsel Ltd. (the “Manager”) will change the investment mix between fixed income and equity securities as opportunities arise, a portion of the Fund will be maintained in each class. The allocation is determined by the Manager, as opportunities arise, although the Fund’s equity portion will range between 40% and 75% of its total assets. The maximum invested in foreign securities is not expected to exceed 40% of the net assets of the Fund at the time of investment. The fixed income securities provide lower risk income while the common shares provide an opportunity for capital gains. Investors 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 0.9% in the first half of 2024 to \$244.9 million from \$242.7 million at the end of 2023. Of this change, \$9.4 million was attributable to positive investment performance and \$7.2 million of net outflows from unitholders.

For the six months ended June 30, 2024, the Balanced Fund Series A increased +3.9% before fees and Series F increased +3.4% before fees and expenses.

Continued expectations for lower interest rates and declining concerns of a recession in developed markets boosted equity returns in the first quarter across regions. The international equity market had a strong start to the year with the MSCI ACWI ex-US Index (C\$) up +7.4% in the first quarter. The US equity market had a strong start to the year as well, with the S&P 500 (C\$) returning 13% in the first quarter. The narrative of a “soft landing” recession (or “no landing”) buoyed market sentiment despite the timing of potential rate cuts being pushed back and the expected number of cuts lowered. Canadian government bond yields rose across the curve during the first quarter, as economic data in Canada and the US was stronger than expected. The Bank of Canada left policy rates unchanged at a 22-year high of 5.0%. Expectations for future policy rate cuts shifted to later in the year given economic growth. Inflation continued to cool over the first quarter, with headline inflation dipping to 2.8%, from 3.4% in December. Meanwhile, US inflation remained elevated with headline inflation at 3.2%, proving to be more persistent than anticipated.

Global equity markets reached new highs in the second quarter, but the most significant gains were concentrated in a few mega-cap stocks benefitting from their exposure to artificial intelligence. The Canadian market does not have these types of companies, and despite reaching mid-quarter highs, the S&P/TSX Composite Index (TSX) ended the quarter down 0.5%. Despite some positive momentum from the Bank of Canada’s June interest rate cut, Canadian stock performance was lackluster, with only a few sectors outperforming. The US equity market built on a strong start to 2024 and returned 5% in the second quarter. Participation in the market rally remained very narrow with a handful of technology stocks generating the majority of the returns within the index. The international equity market moderated in the second quarter, with the MSCI ACWI ex-US Index (C\$) returning 0.7%. Canadian government bond yields with terms to maturity of under five years fell over the second quarter, as inflation pressures eased. Economic data was mixed: consumption growth remained solid while inventory investment slowed. The labour market continued to be robust and wage pressures persisted, but it showed signs of gradually moderating. The Bank of Canada cut the policy rate by 25 basis points to 4.75%, marking a turning point in monetary policy. It stated that monetary policy no longer needed to be as restrictive with continued evidence that underlying inflation is easing, and future rate cuts would be gradual and data dependent. Over the past two years, inflation has moderated significantly and currently stands at 2.9%, which is within the Bank of Canada’s target range of 1% to 3%. The Bank of Canada has indicated that it expects inflation to cool further to 2.0% by next year; however, some components of the economy may present a risk to the inflation outlook, including housing costs.

Given our disciplined approach, we remain excited about the opportunities in the Fund regardless of what happens to the economy in the near term. We continue to own and look for companies that we believe are trading at prices significantly less than they are worth. Although inflation will remain top of mind going forward, we feel our portfolios are well positioned in the current market environment.

**Management Discussion of Fund Performance (cont.)**

**Recent Developments**

In July 2024, the Canadian equity index, Canadian bond index, international equity index, and US equity index increased: S&P/TSX Composite Index (+5.9%); S&P 500 (C\$) (+2.2%), MSCI ACWI Net Total Return Index (C\$) (+2.6%); and FTSE Canada Universe Bond Index (+2.4%).

**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, 2024, the Fund owned 2,547,418 Series A units of the Leith Wheeler International Equity Plus Fund, 553,214 Series A units of the Leith Wheeler U.S. Small/Mid-Cap Equity Fund, and 478,926 Series A units of the Leith Wheeler Multi Credit Fund, which are funds under common management.

**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     | *        | 0.85 %   |
| Administration Fees | 0.02 %   | 0.10 %   |

\* Series A unitholders pay a negotiated management fee

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  | June 30, 2024 | 2023    | 2022    | 2021    | 2020    | 2019    |
|---|---------------|---------|---------|---------|---------|---------|
| Net assets attributable to holders of redeemable units - per unit, beginning of year <sup>(1)</sup> | \$29.12       | \$27.16 | \$29.56 | \$27.21 | \$26.16 | \$23.81 |
| Increase (decrease) from operations:  |               |         |         |         |         |         |
| Total revenue   | 0.50          | 0.98    | 0.65    | 0.96    | 0.78    | 0.83    |
| Total expenses  | (0.01)        | (0.05)  | -       | -       | -       | -       |
| Realized gains (losses) for the year  | 0.56          | 0.40    | 0.10    | 1.13    | 0.30    | 0.43    |
| Unrealized gains (losses) for the year  | 0.09          | 1.61    | (1.78)  | 1.84    | 0.91    | 2.01    |
| Total increase (decrease) from operations <sup>(1)</sup>  | 1.14          | 2.94    | (1.03)  | 3.93    | 1.99    | 3.27    |
| Distributions:  |               |         |         |         |         |         |
| From income (excluding dividends) <sup>(4)</sup>  | (0.44)        | (0.71)  | (0.32)  | (0.25)  | (0.22)  | (0.19)  |
| From dividends  | -             | (0.24)  | (0.63)  | (0.50)  | (0.52)  | (0.49)  |
| From capital gains  | -             | (0.01)  | -       | (0.82)  | (0.05)  | (0.18)  |
| Return of capital   | -             | -       | -       | -       | -       | -       |
| Total Annual Distributions <sup>(2)(5)</sup>  | (0.44)        | (0.96)  | (0.95)  | (1.57)  | (0.79)  | (0.86)  |
| Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>       | \$29.82       | \$29.12 | \$27.16 | \$29.56 | \$27.21 | \$26.16 |

| Series B <sup>(3)</sup>   | June 30, 2024 | 2023    | 2022    | 2021    | 2020    | 2019    |
|---|---------------|---------|---------|---------|---------|---------|
| Net assets attributable to holders of redeemable units - per unit, beginning of year <sup>(1)</sup> | n/a           | \$28.12 | \$30.28 | \$27.91 | \$26.81 | \$24.37 |
| Increase (decrease) from operations:  |               |         |         |         |         |         |
| Total revenue   | n/a           | 1.02    | 1.38    | 0.99    | 0.76    | 0.84    |
| Total expenses  | n/a           | (0.05)  | (0.20)  | (0.24)  | (0.30)  | (0.28)  |
| Realized gains (losses) for the year  | n/a           | 0.42    | 0.21    | 1.16    | 0.30    | 0.43    |
| Unrealized gains (losses) for the year  | n/a           | 0.68    | (3.79)  | 1.86    | 0.88    | 2.03    |
| Total increase (decrease) from operations <sup>(1)</sup>  | n/a           | 2.06    | (2.40)  | 3.77    | 1.64    | 3.02    |
| Distributions:  |               |         |         |         |         |         |
| From income (excluding dividends) <sup>(4)</sup>  | n/a           | (0.17)  | -       | -       | -       | -       |
| From dividends  | n/a           | (0.14)  | (0.18)  | (0.46)  | (0.45)  | (0.36)  |
| From capital gains  | n/a           | -       | -       | (0.84)  | (0.05)  | (0.18)  |
| Return of capital   | n/a           | -       | -       | -       | -       | -       |
| Total Annual Distributions <sup>(2)(5)</sup>  | n/a           | (0.31)  | (0.18)  | (1.30)  | (0.50)  | (0.54)  |
| Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>       | n/a           | -       | \$28.12 | \$30.28 | \$27.91 | \$26.81 |

## Financial Highlights (cont.)

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

| Series F  | June 30,<br>2024 | 2023    | 2022    | 2021    | 2020    | 2019    |
|---|------------------|---------|---------|---------|---------|---------|
| Net assets attributable to holders of redeemable units - per unit, beginning of year <sup>(1)</sup> | \$28.21          | \$26.61 | \$28.88 | \$26.56 | \$25.43 | \$23.08 |
| Increase (decrease) from operations:  |                  |         |         |         |         |         |
| Total revenue   | 0.48             | 0.96    | 0.81    | 0.95    | 0.61    | 0.79    |
| Total expenses  | (0.16)           | (0.05)  | (0.25)  | (0.26)  | (0.24)  | (0.20)  |
| Realized gains (losses) for the year  | 0.54             | 0.39    | 0.13    | 1.11    | 0.24    | 0.41    |
| Unrealized gains (losses) for the year  | 0.10             | 1.69    | (2.23)  | 1.79    | 0.70    | 1.94    |
| Total increase (decrease) from operations <sup>(1)</sup>  | 0.96             | 2.99    | (1.54)  | 3.59    | 1.31    | 2.94    |
| Distributions:  |                  |         |         |         |         |         |
| From income (excluding dividends) <sup>(4)</sup>  | (0.27)           | (0.59)  | (0.05)  | -       | -       | -       |
| From dividends  | -                | (0.21)  | (0.32)  | (0.44)  | (0.39)  | (0.36)  |
| From capital gains  | -                | (0.19)  | -       | (0.80)  | (0.05)  | (0.17)  |
| Return of capital   | -                | (0.01)  | -       | -       | -       | -       |
| Total Annual Distributions <sup>(2)(5)</sup>  | (0.27)           | (1.00)  | (0.37)  | (1.24)  | (0.44)  | (0.53)  |
| Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>       | \$28.89          | \$28.21 | \$26.61 | \$28.88 | \$26.56 | \$25.43 |

(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 18, 2023, Series B has been discontinued as there are no unitholders.

(4) Effective 2023, distributions per unit for income derived from foreign countries, including foreign dividends, is included in "from income".

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

## Financial Highlights (cont.)

## Ratios and Supplemental Data

| Series A   | June 30, 2024 | 2023    | 2022    | 2021    | 2020    | 2019    |
|--|---------------|---------|---------|---------|---------|---------|
| Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup> | 236,158       | 233,381 | 167,796 | 140,981 | 126,739 | 118,828 |
| Number of units outstanding (000s) <sup>(1)</sup>                                    | 7,920         | 8,016   | 6,178   | 4,770   | 4,657   | 4,542   |
| Management expense ratio (%) <sup>(2)</sup>  | 0.02          | -       | -       | -       | -       | -       |
| Management expense ratio before waivers or absorptions (%)                           | 0.02          | -       | -       | -       | -       | -       |
| Trading expense ratio (%) <sup>(3)</sup>   | 0.01          | 0.01    | 0.01    | 0.02    | 0.03    | 0.04    |
| Portfolio turnover rate (%) <sup>(4)</sup>   | 33.89         | 58.93   | 69.45   | 57.06   | 69.53   | 58.14   |
| Net assets attributable to holders of redeemable units - per unit (\$)               | 29.82         | 29.12   | 27.16   | 29.56   | 27.21   | 26.16   |

| Series B <sup>(5)</sup>  | June 30, 2024 | 2023 | 2022   | 2021    | 2020    | 2019   |
|--|---------------|------|--------|---------|---------|--------|
| Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup> | n/a           | n/a  | 68,682 | 120,753 | 101,897 | 95,174 |
| Number of units outstanding (000s) <sup>(1)</sup>                                    | n/a           | n/a  | 2,443  | 3,988   | 3,651   | 3,549  |
| Management expense ratio (%) <sup>(2)</sup>  | n/a           | n/a  | 1.16   | 1.16    | 1.16    | 1.17   |
| Management expense ratio before waivers or absorptions (%)                           | n/a           | n/a  | 1.16   | 1.16    | 1.16    | 1.17   |
| Trading expense ratio (%) <sup>(3)</sup>   | n/a           | n/a  | 0.01   | 0.02    | 0.03    | 0.04   |
| Portfolio turnover rate (%) <sup>(4)</sup>   | n/a           | n/a  | 69.45  | 57.06   | 69.53   | 58.14  |
| Net assets attributable to holders of redeemable units - per unit (\$)               | n/a           | n/a  | 28.12  | 30.28   | 27.91   | 26.81  |

| Series F   | June 30, 2024 | 2023  | 2022  | 2021  | 2020  | 2019  |
|--|---------------|-------|-------|-------|-------|-------|
| Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup> | 8,698         | 9,301 | 3,254 | 3,408 | 3,319 | 3,866 |
| Number of units outstanding (000s) <sup>(1)</sup>                                    | 301           | 330   | 122   | 118   | 125   | 152   |
| Management expense ratio (%) <sup>(2)</sup>  | 1.07          | 0.94  | 0.92  | 0.93  | 0.92  | 0.93  |
| Management expense ratio before waivers or absorptions (%)                           | 1.07          | 0.94  | 0.92  | 0.93  | 0.92  | 0.93  |
| Trading expense ratio (%) <sup>(3)</sup>   | 0.01          | 0.01  | 0.01  | 0.02  | 0.03  | 0.04  |
| Portfolio turnover rate (%) <sup>(4)</sup>   | 33.89         | 58.93 | 69.45 | 57.06 | 69.53 | 58.14 |
| Net assets attributable to holders of redeemable units - per unit (\$)               | 28.89         | 28.21 | 26.61 | 28.88 | 26.56 | 25.43 |

- (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 18, 2023, Series B has been discontinued as there are no unitholders.

Past Performance

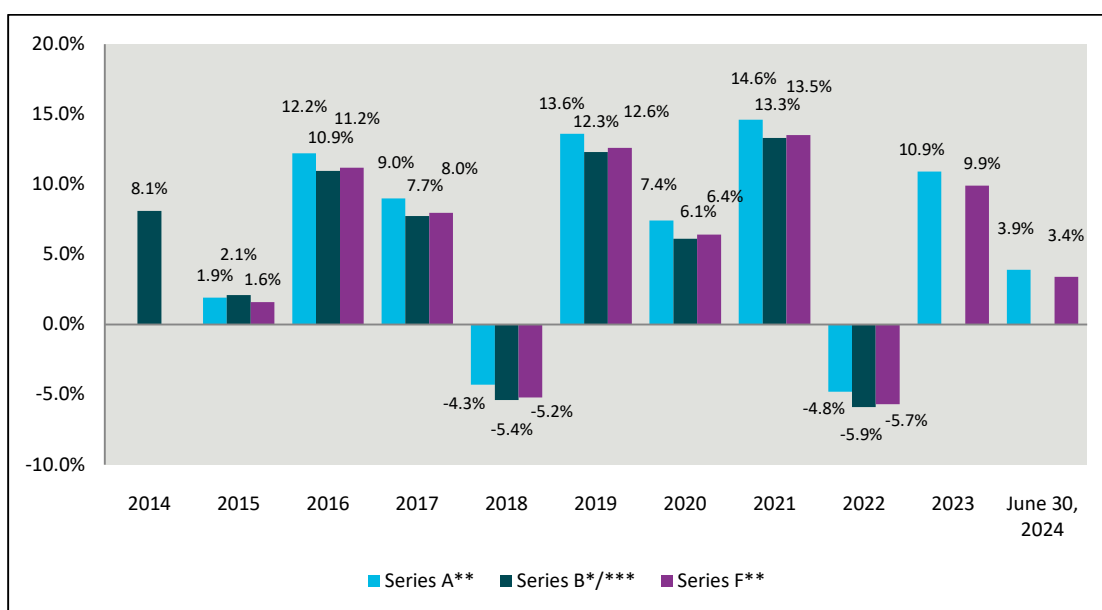
General

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.



\* This Series of the Fund was renamed Series B as of August 28, 2015.

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

\*\*\* Effective October 18, 2023, Series B has been discontinued as there are no unitholders.

## Summary of Investment Portfolio

As at June 30, 2024

### Top 25 Positions

| Issuer  | % of Net Asset Value |
|---|----------------------|
| Leith Wheeler International Equity Plus Fund, Series 'A'              | 11.4%                |
| Leith Wheeler U.S. Small/Mid-Cap Equity Fund, Series 'A'              | 3.5%                 |
| Canada Housing Trust No. 1, 3.70%, 15/06/2029                         | 3.4%                 |
| Cash & Other Net Assets   | 3.2%                 |
| Royal Bank of Canada  | 2.2%                 |
| Toromont Industries Limited   | 1.9%                 |
| Leith Wheeler Multi Credit Fund, Series 'A'                           | 1.7%                 |
| Constellation Software Inc.   | 1.6%                 |
| Canadian National Railway Company                                     | 1.5%                 |
| Pembina Pipeline Corporation  | 1.4%                 |
| The Toronto-Dominion Bank   | 1.3%                 |
| CPPIB Capital Inc., 3.60%, 02/06/2029                                 | 1.2%                 |
| Brookfield Infrastructure Partners Limited Partnership                | 1.1%                 |
| British Columbia Investment Management Corporation, 4.90%, 02/06/2033 | 1.1%                 |
| Waste Connections Inc.  | 1.1%                 |
| Bank of Montreal  | 1.1%                 |
| Government of Canada, 1.75%, 01/12/2053                               | 1.0%                 |
| Canadian Natural Resources Limited                                    | 1.0%                 |
| Saputo Inc.   | 1.0%                 |
| Tourmaline Oil Corporation  | 1.0%                 |
| CGI Inc.  | 1.0%                 |
| Government of Canada, 3.00%, 01/06/2034                               | 0.9%                 |
| Metro Inc., Class 'A'   | 0.9%                 |
| Rogers Communications Inc., Class 'B'                                 | 0.8%                 |
| Open Text Corporation   | 0.8%                 |

### Portfolio Allocation

| Portfolio Breakdown     | % of Net Asset Value |
|-------------------------|----------------------|
| Bonds                   | 34.5%                |
| Canadian Equities       | 31.5%                |
| U.S. Equities           | 16.6%                |
| International Equities  | 12.0%                |
| Cash & Other Net Assets | 4.2%                 |
| Senior Loans            | 1.2%                 |

The Fund held no short positions as at June 30, 2024.

*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)*