

Leith Wheeler Multi Credit Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2018



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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

The investment objective of the fund is to achieve interest income, with the potential for some long term capital growth, by investing primarily in corporate credit securities. The primary return objective is to deliver income and return in excess of CDOR over a credit cycle. The Fund is intended to have a risk profile similar to that of the Bank of America Merrill Lynch BB-B U.S. High Yield Constrained Index (hedged back to Canadian Dollars), but with lower interest rate risk. The Multi Credit Fund has the ability to invest across the capital structure of a business with a core focus on global high yield bonds, U.S. senior loans and global investment grade 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 were increased by 175.5 % in 2018, rising to \$133.6 million from \$48.5 million at the end of 2017. Of this change, \$4.3 million was attributable to investment loss and \$89.4 million attributable to net inflows.

The Multi Credit Fund was negative during 2018 with Series A units declining 2.7%. Series B units fell by 3.7% and Series F units declined by 3.5%, both after fees and expenses, during the year.

After a strong first half of 2018, we ended the second quarter with the composition of the Fund at 67.4% senior secured loans, 32.3% high yielding bonds and 0.3% cash & other net assets. The positive returns continued into the third quarter, with the Multi Credit Fund rising 0.9%. Notable outperformers in the third quarter included high yield bonds issued by Teck Resources (+6.6%) and Vertiv Group (+8.3%). Teck Resources continues to deleverage and generate free cash flow at current commodity prices. Based on the improved balance sheet, the metals and mining company now has the debt profile of an investment grade issuer and there are some positive catalysts for a full upgrade by the credit rating agencies. Vertiv Group reported second quarter earnings that relieved some of the organic growth concerns that arose from its first quarter earnings release. There was also speculation that the company would attempt to sell itself or initiate a public offering, which resulted in price appreciation.

Positive returns were partially offset in the third quarter by the high yield bond issued by Diebold Nixdorf (-25.0%). We were discouraged to hear that the promising new CEO, Gerrard Schmid, reduced full year earnings and revenue guidance further than we expected, which will result in higher net leverage and increase the likelihood of the company breaching its debt covenants in 2019. Recognizing that the breakdown of our original thesis had resulted in a higher risk profile, we exited the position in August.

The broad high yield bond market saw credit spreads widen 200 basis points during the fourth quarter to just over 500 basis points. However, the magnitude of the sell-off in credit markets was modest relative to those corrections seen during the European financial crisis in 2011 and the collapse in oil prices in 2015-16, where broad high yield market spreads rose to near 900 basis points in anticipation of higher default rates.

Fortunately, the portfolio's focus on higher-quality credit helped the portfolio to outperform during the quarter. Lower rated CCC-rated bonds sold off over 10% during the quarter, significantly underperforming higher quality debt. In addition, the portfolio was also invested in senior loans which outperformed high yield bonds during this down-market, due to their seniority in the capital structure and because these loans are typically secured by real assets.

Covia Holdings (-8.6%), formerly known as Unimin, was the largest detractor from performance in the fourth quarter. The company provides minerals and material solutions for the industrial and energy markets. We exited the position as there were continuing headwinds for their frac sands business and an eroding equity cushion. Seagate (-8.3%) reported strong financial results in the quarter but provided a weaker outlook, similar to other players in the computing space. Management is looking to exercise caution given uncertainty around trade but believes this to be temporary. The bonds that we own in the company remain at good valuation given its rating and leverage position.

We view the correction in credit spreads during the final quarter of 2018 as a healthy adjustment in markets from previously tight levels, which we had reflected through an underweight allocation in our balanced portfolios. We had also positioned the Multi Credit Fund with a more defensive allocation to senior loans and higher-quality bonds within the portfolio.

Management Discussion of Fund Performance (cont.)

Results of Operations (cont.)

Credit spreads in high yield markets are a reflection of forward expectations of default rates and have now adjusted to levels that are broadly consistent with our outlook for default rates and the economy. As a result, we have used this correction as an opportunity to increase the allocation in our balanced portfolios from underweight to neutral, but retain a conservative, income-oriented bias within the portfolio. Relative to investment grade bonds and equity markets, we believe that high yield credit continues to offer favourable return potential, particularly on a risk-adjusted basis, given our outlook for capital markets in 2019.

Recent Developments

The Bank of Canada held its key interest rate steady at 1.75% in January.

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 December 31, 2018, the Leith Wheeler Corporate Advantage Fund, Leith Wheeler Income Advantage Fund, Leith Wheeler Core Plus Bond Fund and Leith Wheeler Balanced Fund owned 2,115,182 Series A, 727,565 Series A, 3,074,984 Series A and 330,999 Series A units of the Fund, respectively, which are under common management. Combined, the holdings represent 44.4% of this 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 0.95% and 0.80%, respectively. During the year, the Fund paid the Manager \$51,666 for Series B and \$25,804 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 five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements.

Series A (inception May 29, 2017)	2018	2017	2016	2015	2014
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$10.00	\$10.00	n/a	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.57	0.26	n/a	n/a	n/a
Total expenses	-	-	n/a	n/a	n/a
Realized gains (losses) for the year	(0.82)	0.09	n/a	n/a	n/a
Unrealized gains (losses) for the year	(0.23)	(0.12)	n/a	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	(0.48)	0.22	n/a	n/a	n/a
Distributions:					
From income (excluding dividends)	(0.20)	(0.07)	n/a	n/a	n/a
From dividends	-	-	n/a	n/a	n/a
From capital gains	(0.04)	(0.02)	n/a	n/a	n/a
Return of capital	-	-	n/a	n/a	n/a
Total Annual Distributions ⁽²⁾	(0.24)	(0.10)	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$9.49	\$10.00	n/a	n/a	n/a
Series B (inception May 29, 2017)	2018	2017	2016	2015	2014
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$9.98	\$10.00	n/a	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.48	0.24	n/a	n/a	n/a
Total expenses	(0.14)	(0.07)	n/a	n/a	n/a
Realized gains (losses) for the year	(0.70)	0.08	n/a	n/a	n/a
Unrealized gains (losses) for the year	(0.19)	(0.11)	n/a	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	(0.55)	0.14	n/a	n/a	n/a
Distributions:					
From income (excluding dividends)	(0.12)	(0.06)	n/a	n/a	n/a
From dividends	-	-	n/a	n/a	n/a
From capital gains	(0.04)	(0.02)	n/a	n/a	n/a
Return of capital	-	-	n/a	n/a	n/a
Total Annual Distributions ⁽²⁾	(0.16)	(0.09)	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$9.45	\$9.98	n/a	n/a	n/a

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

Series F (inception May 29, 2017)	2018	2017	2016	2015	2014
Net assets attributable to holders of redeemable units - per unit, beginning of year ^{(1) (3)}	\$9.99	\$10.00	n/a	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.58	0.11	n/a	n/a	n/a
Total expenses	(0.01)	-	n/a	n/a	n/a
Realized gains (losses) for the year	(0.83)	0.04	n/a	n/a	n/a
Unrealized gains (losses) for the year	(0.24)	(0.05)	n/a	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	(0.50)	0.09	n/a	n/a	n/a
Distributions:					
From income (excluding dividends)	(0.13)	(0.06)	n/a	n/a	n/a
From dividends	-	-	n/a	n/a	n/a
From capital gains	(0.04)	(0.02)	n/a	n/a	n/a
Return of capital	-	-	n/a	n/a	n/a
Total Annual Distributions ⁽²⁾	(0.17)	(0.08)	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$9.47	\$9.99	n/a	n/a	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 29, 2017, inception date of Series A, B and F units of the Fund.

Financial Highlights (cont.)

Ratios and Supplemental Data

Series A (inception May 29, 2017)	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	122,882	45,132	n/a	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	12,951	4,515	n/a	n/a	n/a
Management expense ratio (%) ⁽²⁾	-	-	-	-	-
Management expense ratio before waivers or absorptions (%)	0.03	0.17	n/a	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.01	0.01	n/a	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	226.82	79.78	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	9.49	10.00	n/a	n/a	n/a

Series B (inception May 29, 2017)	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	6,971	2,877	n/a	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	737	288	n/a	n/a	n/a
Management expense ratio (%) ⁽²⁾	1.00	1.00	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	1.03	1.16	n/a	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.01	0.01	n/a	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	226.82	79.78	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	9.45	9.98	n/a	n/a	n/a

Series F (inception May 29, 2017)	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	3,710	452	n/a	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	392	45	n/a	n/a	n/a
Management expense ratio (%) ⁽²⁾	0.84	0.84	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	0.87	1.01	n/a	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.01	0.01	n/a	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	226.82	79.78	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	9.47	9.99	n/a	n/a	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

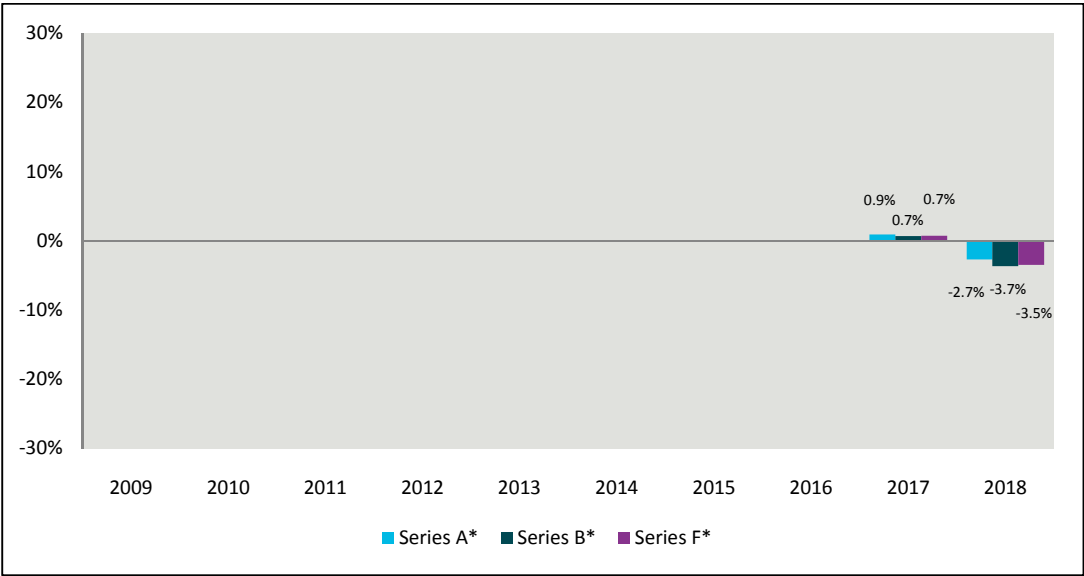
General

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 29, 2017. Return from May 29, 2017 to December 31, 2017, not annualized.

Past Performance (cont.)**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 and F) with the Bank of America Merrill Lynch BB-B U.S. High Yield Index (CAD) in each case for the year ended December 31, 2018. The Bank of America Merrill Lynch BB-B U.S. High Yield Index (CAD) measures the total return attributable to high yield liquid corporate bonds, and includes representative bond issues by issuer, quality, and term. A discussion of the performance of the Fund as compared to this broad-based index 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 *	-2.7%	n/a	n/a	n/a
Bank of America Merrill Lynch BB-B U.S. High Yield Index (CAD)	-2.9%	n/a	n/a	n/a
Fund – Series B *	-3.7%	n/a	n/a	n/a
Bank of America Merrill Lynch BB-B U.S. High Yield Index (CAD)	-2.9%	n/a	n/a	n/a
Fund – Series F *	-3.5%	n/a	n/a	n/a
Bank of America Merrill Lynch BB-B U.S. High Yield Index (CAD)	-2.9%	n/a	n/a	n/a

* Series A, Series B and Series F units were created on May 29, 2017.

Summary of Investment Portfolio

As at December 31, 2018

Top 25 Positions

Issuer	% of Net Asset Value
CenturyLink Inc 5.10% January 31, 2025	5.2%
Unit Corp 6.62% May 15, 2021	4.5%
Vistra Operations Co LLC 4.33% December 31, 2025	4.4%
Graftech Finance Inc 6.12% February 12, 2025	4.0%
Grizzly Acquisitions Inc 5.65% October 01, 2025	4.0%
NRG Energy Inc 4.12% June 30, 2023	3.9%
Envision Healthcore Corp 6.19% October 10, 2025	3.8%
Microchip Technology Inc 4.65% May 29, 2025	3.7%
Ggp Nimbus LP 5.15% August 27, 2025	3.6%
Albertson's LLC 5.40% June 22, 2023	3.4%
Gray Television Inc 4.87% January 02, 2026	3.0%
Plantronics Inc 4.91% July 02, 2025	2.9%
Charter Communications Operating Capital 4.78% April 30, 2025	2.9%
First Data Corp 4.78% July 08, 2022	2.9%
Altice US Finance I Corp 4.70% January 15, 2026	2.9%
Teck Resources Ltd 5.20% March 01, 2042	2.8%
Russell Investments US 5.58% June 01, 2023	2.5%
First Quantum Minerals Ltd 7.25% May 15, 2022	2.2%
Consol Energy Inc 5.88% April 15, 2022	2.0%
Dana Holding Corp 4.85% November 14, 2025	2.0%
Dawn Acquisition LLC 6.17% October 25, 2025	1.9%
Teine Energy Ltd 6.88% September 30, 2022	1.9%
Silversea Cruise Finance 7.25% February 01, 2025	1.9%
Superior Plus LP 5.12% August 27, 2025	1.8%
Taylor Morrison Communities Inc / Monarch Communities Inc 5.62% March 01, 2024	1.7%

Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Loans	67.4%
Bonds	32.3%
Cash & Other Net Assets	0.3%

The Fund held no short positions as at December 31, 2018.

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.