

# Leith Wheeler Multi Credit Fund

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE  
June 30, 2023



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.sedar.com](http://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 the Canadian Dollar Offered Rate (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 decreased by 6.1% in the first half of 2023 to \$153.6 million from \$163.6 million at the end of 2022. Of this change, \$8.1 million was attributable to positive investment performance and \$18.1 million to net outflows from unitholders.

As of June 30th, 2023, the Multi Credit Fund Series A increased 5.1% before fees, and Series B and F increased 4.6% and 4.7%, respectively, both after fees and expenses.

The high yield portfolio generated positive returns of approximately three percent in the first quarter of 2023. The portfolio's underweight position in the relatively poor performing media sector, along with positive security selection in the energy and basic industry sectors, were contributors to the portfolio's performance. However, the portfolio's performance was impacted by the security selection in the telecommunications sector and an underweight in the relatively strong performing healthcare and leisure sectors.

The high yield portfolio generated positive returns of approximately two percent in the first quarter of 2023. Positive security selection in the telecommunications and basic industry sectors were contributors to the portfolio's performance. However, the portfolio's performance was impacted by the security selection in the retail and technology sectors.

The fund continues to be positioned with a bias towards owning fixed rate high yield bonds over bank loans. As at June 30, 2023 the composition of the fund was 76.9% high yield bonds, 17.8% syndicated loans, 0.9% corporate bonds and 4.4% cash and other net assets.

Our outlook for high yield fixed income is constructive at current yields. Fundamentals in the high yield bond market remain strong, with most companies buffered by strong balance sheets and limited near-term maturity risk due to elevated refinancing activity in 2021 and 2022, when they took advantage of low interest rates.

We remain aware of the impacts of further Central Bank rate increases in 2023. The impacts of tighter financial conditions could impact high yield issuers. The combination of factors has us cautious over the medium term with an aversion of business models that have intensive near-term capital needs.

Looking ahead, the investment team will continue to closely monitor market developments and adjust the fund's positioning accordingly to seek opportunities for returns and manage risks.

### Recent Developments

High yield markets rose in July 2023, with one market measure, the ICE BofAML BB-B High Yield Constrained Index, up +0.8% on the month.

## 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, 2023, the Leith Wheeler Corporate Advantage Fund, Leith Wheeler Income Advantage Fund and Leith Wheeler Balanced Fund owned 1,151,375 Series A, 297,464 Series A and 992,544 Series A units of the Fund, respectively, which are under common management. Combined, the holdings represent 13.6% 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 \$6,086 for Series B and \$5,081 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 29, 2017)	June 30, 2023	2022	2021	2020	2019	2018
Net assets attributable to holders of redeemable units - per unit, beginning of year <sup>(1)</sup>	\$8.47	\$9.56	\$9.61	\$10.09	\$9.49	\$10.00
Increase (decrease) from operations:						
Total revenue	0.29	0.51	0.45	0.60	0.56	0.57
Total expenses	-	-	-	-	-	-
Realized gains (losses) for the year	0.18	(0.81)	(0.11)	(0.12)	0.19	(0.82)
Unrealized gains (losses) for the year	(0.03)	(0.27)	0.05	(0.18)	0.24	(0.23)
Total increase (decrease) from operations <sup>(1)</sup>	0.44	(0.57)	0.39	0.30	0.99	(0.48)
Distributions:						
From income (excluding dividends)	(0.33)	(0.53)	(0.44)	(0.43)	(0.34)	(0.20)
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	(0.06)	(0.04)
Return of capital	-	-	-	-	-	-
Total Annual Distributions <sup>(2)</sup>	(0.33)	(0.53)	(0.44)	(0.43)	(0.40)	(0.24)
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$8.57	\$8.47	\$9.56	\$9.61	\$10.09	\$9.49

Series B (inception May 29, 2017)	June 30, 2023	2022	2021	2020	2019	2018
Net assets attributable to holders of redeemable units - per unit, beginning of year <sup>(1)</sup>	\$8.67	\$9.64	\$9.73	\$10.09	\$9.45	\$9.98
Increase (decrease) from operations:						
Total revenue	0.17	0.68	0.45	(2.57)	0.59	0.48
Total expenses	(0.03)	(0.08)	(0.09)	(0.06)	(0.15)	(0.14)
Realized gains (losses) for the year	0.11	(1.08)	(0.11)	0.53	0.19	(0.70)
Unrealized gains (losses) for the year	(0.02)	(0.35)	0.05	0.76	0.25	(0.19)
Total increase (decrease) from operations <sup>(1)</sup>	0.23	(0.83)	0.30	(1.34)	0.88	(0.55)
Distributions:						
From income (excluding dividends)	(0.18)	(0.32)	(0.39)	(0.21)	(0.21)	(0.12)
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	(0.06)	(0.04)
Return of capital	-	-	-	-	-	-
Total Annual Distributions <sup>(2)</sup>	(0.18)	(0.32)	(0.39)	(0.21)	(0.27)	(0.16)
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$8.88	\$8.67	\$9.64	\$9.73	\$10.09	\$9.45

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

Series F (inception May 29, 2017)	June 30, 2023	2022	2021	2020	2019	2018
Net assets attributable to holders of redeemable units - per unit, beginning of year <sup>(1)</sup>	\$8.52	\$9.56	\$9.66	\$10.09	\$9.47	\$9.99
Increase (decrease) from operations:						
Total revenue	0.31	0.52	0.47	(2.90)	0.50	0.58
Total expenses	(0.04)	(0.08)	(0.09)	(0.07)	(0.01)	(0.01)
Realized gains (losses) for the year	0.19	(0.83)	(0.11)	0.60	0.16	(0.83)
Unrealized gains (losses) for the year	(0.04)	(0.26)	0.06	0.85	0.22	(0.24)
Total increase (decrease) from operations <sup>(1)</sup>	0.42	(0.65)	0.33	(1.52)	0.87	(0.50)
Distributions:						
From income (excluding dividends)	(0.33)	(0.41)	(0.41)	(0.30)	(0.24)	(0.13)
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	(0.06)	(0.04)
Return of capital	-	-	-	-	-	-
Total Annual Distributions <sup>(2)</sup>	(0.33)	(0.41)	(0.41)	(0.30)	(0.30)	(0.17)
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$8.58	\$8.52	\$9.56	\$9.66	\$10.09	\$9.47

(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 (inception May 29, 2017)	June 30, 2023	2022	2021	2020	2019	2018
Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup>	151,771	161,403	192,216	222,348	164,005	122,882
Number of units outstanding (000s) <sup>(1)</sup>	17,714	19,050	20,109	23,134	16,257	12,951
Management expense ratio (%) <sup>(2)</sup>	-	-	-	-	-	-
Management expense ratio before waivers or absorptions (%)	0.03	0.02	0.02	0.02	0.02	0.03
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01	-	-	-	0.01
Portfolio turnover rate (%) <sup>(4)</sup>	176.46	132.20	148.40	165.29	186.70	226.82
Net assets attributable to holders of redeemable units - per unit (\$)	8.57	8.47	9.56	9.61	10.09	9.49

Series B (inception May 29, 2017)	June 30, 2023	2022	2021	2020	2019	2018
Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup>	397	715	1,920	2,059	6,992	6,971
Number of units outstanding (000s) <sup>(1)</sup>	45	82	199	212	693	737
Management expense ratio (%) <sup>(2)</sup>	1.04	1.02	1.03	1.02	1.03	1.00
Management expense ratio before waivers or absorptions (%)	1.07	1.04	1.05	1.04	1.05	1.03
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01	-	-	-	0.01
Portfolio turnover rate (%) <sup>(4)</sup>	176.46	132.20	148.40	165.29	186.70	226.82
Net assets attributable to holders of redeemable units - per unit (\$)	8.88	8.67	9.64	9.73	10.09	9.45

Series F (inception May 29, 2017)	June 30, 2023	2022	2021	2020	2019	2018
Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup>	1,401	1,439	1,811	2,392	4,912	3,710
Number of units outstanding (000s) <sup>(1)</sup>	163	169	189	248	487	392
Management expense ratio (%) <sup>(2)</sup>	0.88	0.87	0.88	0.85	0.85	0.84
Management expense ratio before waivers or absorptions (%)	0.91	0.89	0.90	0.87	0.87	0.87
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01	-	-	-	0.01
Portfolio turnover rate (%) <sup>(4)</sup>	176.46	132.20	148.40	165.29	186.70	226.82
Net assets attributable to holders of redeemable units - per unit (\$)	8.58	8.52	9.56	9.66	10.09	9.47

(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

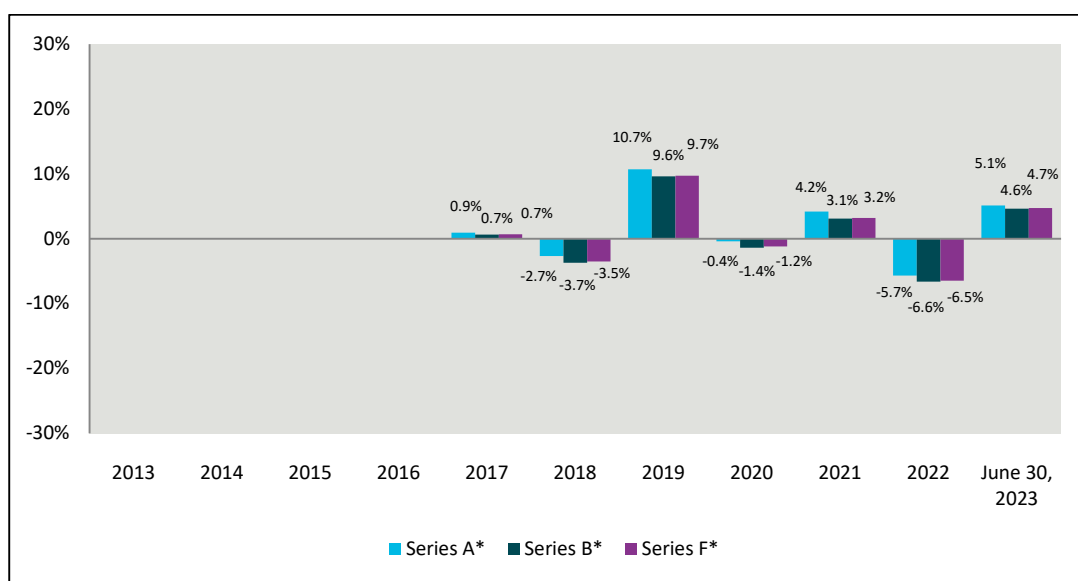
General

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. Performance start date is September 26, 2017, which is the date of first unitholder contribution to the Series. Returns from September 26, 2017 to December 31, 2017, not annualized.

**Summary of Investment Portfolio**

As at June 30, 2023

**Top 25 Positions**

Issuer	% of Net Asset Value
Open Text Corp 8.7% January 31, 2030	5.0%
Cash & Other Net Assets	4.4%
Par Petroleum LLC 9.61% February 28, 2030	3.8%
Russell Investments US Institutional Holdco Inc 8.7% May 30, 2025	3.2%
Marriott Ownership Resorts Inc 4.5% June 15, 2029	3.2%
Methanex Corp 5.25% December 15, 2029	3.0%
NRG Energy Inc 4.45% June 15, 2029	2.9%
Teine Energy Ltd 6.88% April 15, 2029	2.7%
Victoria's Secret & Co 4.62% July 15, 2029	2.6%
Vermilion Energy Inc 6.88% May 01, 2030	2.5%
Qorvo Inc 3.38% April 01, 2031	2.5%
Graftech Finance Inc 4.62% December 15, 2028	2.1%
Northrivers Midstream Finance LP 5.62% February 15, 2026	2.1%
Western Digital Corp 3.1% February 01, 2032	2.1%
Regal Rexnord Corp 6.3% February 15, 2030	2.1%
Lumen Technologies Inc 4% February 15, 2027	2.0%
Northern Oil and Gas Inc 8.12% March 01, 2028	2.0%
First Quantum Minerals Ltd 6.88% March 01, 2026	2.0%
Parkland Corp 4.38% March 26, 2029	1.9%
ERO Copper Corp 6.5% February 15, 2030	1.9%
Corus Entertainment Inc 5% May 11, 2028	1.8%
Benteler International AG 10.5% May 15, 2028	1.8%
CCO Holdings LLC / CCO Holdings Capital Corp 4.5% August 15, 2030	1.8%
Bausch + Lomb Corp 8.59% May 10, 2027	1.8%
Fortress Transportation and Infrastructure Investors LLC 6.5% October 01, 2025	1.6%

**Portfolio Allocation**

Portfolio Breakdown	% of Net Asset Value
High Yield Bonds	76.9%
Senior Loans	17.8%
Cash & Other Net Assets	4.4%
Corporate Bonds	0.9%

The Fund held no short positions as at June 30, 2023.

*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).*