

# Leith Wheeler Corporate Advantage Fund

REVISED ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE  
December 31, 2023



Note: This revised annual management report of fund performance is being filed to reflect the correct portfolio turnover rate of the Fund as of December 31, 2023. The previous portfolio turnover rate was overstated due to the inclusion of portfolio securities having a remaining term to maturity on the date of acquisition by the Fund of one year or less in the calculation. These should have been excluded.

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](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

To provide a relatively stable source of monthly income. The Fund will invest in fixed income securities (including corporate bonds, preferred shares, high-yield debt, loans, convertible debt and guaranteed mortgages). The Fund primarily invests in a range of Canadian securities and may also invest in foreign securities. The Fund will also invest in broad range of companies and is not restricted by capitalization or industry sector, although portfolio diversification is a consideration in the selection of securities of the Fund. Under normal circumstances, the Fund will keep its portfolio fully invested to the greatest extent possible.

This Fund invests in a mix of assets to provide a source of income. The asset mix includes investment-grade fixed income securities, providing the lower risk portion of the portfolio, and preferred shares, high-yield debt, loans, convertible debt and guaranteed mortgages, which provide additional income with less liquidity and potentially more credit risk. The allocation of investments in the Fund's portfolio is determined by the Manager to optimize the income and balance the risk of the portfolio using the follow target ranges for the asset mix: investment grade fixed income securities 25% - 100%; preferred shares 0% - 30%; high-yield debt 0% - 20%; loans 0% - 10%; convertible debt 0% - 20% and guaranteed mortgages 0% - 10%.

### 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 29.6% in 2023 to \$192.8 million from \$148.8 million at the end of 2022. Of this change, \$14.2 million was attributable to positive investment performance and \$29.8 million to net inflows from unitholders.

For the year ended December 31, 2023, Series A of the Corporate Advantage Fund returned +8.5% before fees and expenses. After fees and expenses, Series F returned +7.9%.

As of December 31, 2023, the Fund held 82.3% in investment grade bonds, 3.6% high yield bonds and senior loans (through the Leith Wheeler Multi Credit Fund), 13.1% preferred shares, and 0.9% cash and equivalents.

The Bank of Canada left policy rates unchanged for the final three meetings during 2023. However, expectations for future changes in policy rates reversed abruptly during the fourth quarter. At the beginning of the quarter, expectations were for the Bank of Canada to raise policy rates another 25 basis points by the middle of 2024. At the end of the year, market expectations had moved to the Bank of Canada lowering policy rates by as much as 125 basis points by late 2024.

This abrupt shift in market expectations caused short-term bond yields to decline by over 100 basis points during the quarter, led by the 2- to 5-year part of the yield curve. Longer term bond yields also declined, albeit by slightly less, resulting in a steepening in the bond yield curve beyond 5 years.

The tightening in corporate credit was broad-based, with all sectors exhibiting a compression in credit spreads during the quarter. While your investment-grade corporate bond positions performed broadly in-line with the benchmark, your portfolio benefited from a small opportunistic position in preferred shares that recovered significantly from depressed levels during the quarter in response to both easing financial conditions, tighter credit spreads, and lower short-term bond yields.

The high yield portfolio delivered positive returns throughout the year, and slightly underperformed in the first and last quarter due to changes in interest rates. In the last quarter, security selection in the retail and technology sectors were contributors to the portfolio's performance. However, the portfolio's performance was partially offset by security selection in the basic industry and capital goods sectors. The preferred share portfolio outperformed the S&P/TSX Preferred Share Index in 2023, increasing by +8.8% while the index increased by +5.9%. This was mainly due to an overweight in rate reset preferreds, and an underweight in perpetuals. We were overweight utility issuers and underweight real estate and financial issuers, which also helped performance in Q4 and throughout 2023.

### Recent Developments

In January 2024, the Bank of Canada kept its key interest rate at 5.0%.

**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.

In addition, effective November 1, 2023, the Fund pays a fixed administration fee and in exchange the Manager pays certain operating expenses of the Fund. These expenses include, but are not limited to: annual fees, normal course meeting fees and reimbursement of normal course expenses for members of the IRC; accounting and fund valuation costs; custody fees; audit and legal fees; and the costs of preparing and distributing annual and interim financial reports, prospectuses, fund facts documents and investor communications.

As at December 31, 2023, the Fund owned 1,043,717 Series A units of the Leith Wheeler Multi Credit Fund and 3,119,603 Series A units of the Leith Wheeler Preferred Share 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 B	Series F
Management Fees	*	0.75 %	0.50 %
Administration Fees	0.02 %	0.10 %	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 five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements.

Series A	2023	2022	2021	2020	2019
Net assets attributable to holders of redeemable units - per unit, beginning of period <sup>(1)</sup>	\$9.24	\$10.42	\$10.53	\$10.12	\$9.89
Increase (decrease) from operations:					
Total revenue	0.39	0.37	0.31	0.32	0.34
Total expenses	(0.01)	-	-	-	-
Realized gains (losses) for the year	(0.14)	(0.47)	0.08	0.05	0.09
Unrealized gains (losses) for the year	0.53	(0.76)	(0.12)	0.32	0.24
Total increase (decrease) from operations <sup>(1)</sup>	0.77	(0.86)	0.27	0.69	0.67
Distributions:					
From income (excluding dividends)	(0.33)	(0.30)	(0.27)	(0.26)	(0.26)
From dividends	(0.07)	(0.05)	(0.05)	(0.07)	(0.07)
From capital gains	-	-	(0.07)	(0.04)	(0.10)
Return of capital	(0.05)	-	-	-	-
Total Annual Distributions <sup>(2)</sup>	(0.45)	(0.35)	(0.39)	(0.37)	(0.43)
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$9.55	\$9.24	\$10.42	\$10.53	\$10.12
<b>Series B<sup>(3)</sup></b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net assets attributable to holders of redeemable units - per unit, beginning of period <sup>(1)</sup>	\$9.14	\$10.26	\$10.36	\$9.90	\$9.69
Increase (decrease) from operations:					
Total revenue	0.39	0.35	0.33	0.24	0.39
Total expenses	(0.01)	(0.06)	(0.08)	(0.05)	(0.21)
Realized gains (losses) for the year	(0.14)	(0.46)	0.09	0.04	0.11
Unrealized gains (losses) for the year	(0.02)	(0.72)	(0.14)	0.24	0.28
Total increase (decrease) from operations <sup>(1)</sup>	0.22	(0.89)	0.20	0.47	0.57
Distributions:					
From income (excluding dividends)	(0.09)	(0.18)	(0.17)	(0.15)	(0.18)
From dividends	(0.02)	(0.04)	(0.05)	(0.05)	(0.07)
From capital gains	-	-	(0.07)	(0.03)	(0.10)
Return of capital	-	-	-	-	-
Total Annual Distributions <sup>(2)</sup>	(0.11)	(0.22)	(0.29)	(0.23)	(0.35)
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	-	\$9.14	\$10.26	\$10.36	\$9.90

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

Series F	2023	2022	2021	2020	2019
Net assets attributable to holders of redeemable units - per unit, beginning of period <sup>(1)</sup>	\$8.85	\$9.98	\$10.05	\$9.63	\$9.44
Increase (decrease) from operations:					
Total revenue	0.38	0.34	0.31	0.36	0.29
Total expenses	(0.01)	(0.05)	(0.05)	(0.07)	(0.01)
Realized gains (losses) for the year	(0.13)	(0.44)	0.08	0.06	0.08
Unrealized gains (losses) for the year	0.46	(0.69)	(0.13)	0.35	0.21
Total increase (decrease) from operations <sup>(1)</sup>	0.70	(0.84)	0.21	0.70	0.57
Distributions:					
From income (excluding dividends)	(0.27)	(0.24)	(0.15)	(0.19)	(0.22)
From dividends	(0.05)	(0.05)	(0.05)	(0.06)	(0.07)
From capital gains	-	-	(0.07)	(0.03)	(0.10)
Return of capital	(0.05)	-	-	-	-
Total Annual Distributions <sup>(2)</sup>	(0.37)	(0.29)	(0.27)	(0.28)	(0.39)
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$9.16	\$8.85	\$9.98	\$10.05	\$9.63

(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 June 27, 2023, Series B has been discontinued as there are no unitholders.

## Financial Highlights (cont.)

## Ratios and Supplemental Data

Series A	2023	2022	2021	2020	2019
Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup>	172,776	126,924	125,959	95,760	115,955
Number of units outstanding (000s) <sup>(1)</sup>	18,086	13,741	12,088	9,090	11,458
Management expense ratio (%) <sup>(2)</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions (%)	0.02	0.02	0.02	0.02	0.02
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01	0.01	0.01	-
Portfolio turnover rate (%) <sup>(4)</sup>	98.34	139.79	76.48	167.19	101.88
Net assets attributable to holders of redeemable units - per unit (\$)	9.55	9.24	10.42	10.53	10.12

Series B <sup>(5)</sup>	2023	2022	2021	2020	2019
Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup>	n/a	5,139	6,182	5,230	8,266
Number of units outstanding (000s) <sup>(1)</sup>	n/a	562	603	505	835
Management expense ratio (%) <sup>(2)</sup>	n/a	0.80	0.80	0.80	0.79
Management expense ratio before waivers or absorptions (%)	n/a	0.82	0.82	0.82	0.81
Trading expense ratio (%) <sup>(3)</sup>	n/a	0.01	0.01	0.01	-
Portfolio turnover rate (%) <sup>(4)</sup>	n/a	139.79	76.48	167.19	101.88
Net assets attributable to holders of redeemable units - per unit (\$)	n/a	9.14	10.26	10.36	9.90

Series F	2023	2022	2021	2020	2019
Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup>	20,046	16,707	17,307	22,018	26,336
Number of units outstanding (000s) <sup>(1)</sup>	2,187	1,888	1,734	2,191	2,734
Management expense ratio (%) <sup>(2)</sup>	0.56	0.53	0.54	0.54	0.53
Management expense ratio before waivers or absorptions (%)	0.58	0.55	0.56	0.56	0.55
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01	0.01	0.01	-
Portfolio turnover rate (%) <sup>(4)</sup>	98.34	139.79	76.48	167.19	101.88
Net assets attributable to holders of redeemable units - per unit (\$)	9.16	8.85	9.98	10.05	9.63

- (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 June 27, 2023, Series B has been discontinued as there are no unitholders.

Past Performance

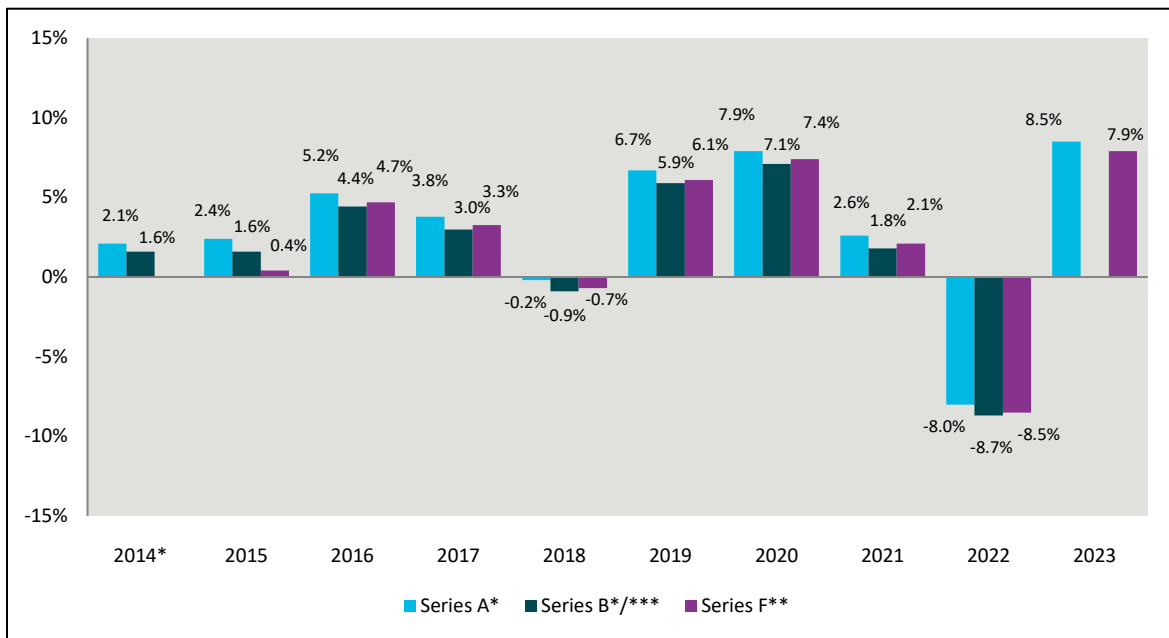
General

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.



\* Series A and Series B units were created May 29, 2014. Return from May 29, 2014 to December 31, 2014, not annualized.

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

\*\*\*Effective June 27, 2023, Series B has been discontinued as there are no unitholders.

**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 a blended benchmark return for the year ended December 31, 2023. The blended benchmark (the "Benchmark") is comprised of 50% FTSE Canada Short Term Corporate Bond Index and 50% FTSE Canada Mid Term Corporate Bond Index. Each of these indices is used as a proxy to measure returns for the associated asset classes. The FTSE Canada Short Term Corporate Bond Index measures the total return attributable to bonds with maturities 5 years and under. The FTSE Canada Mid Term Corporate Bond Index measures the total return attributable to bonds with maturities between 5 to 10 years. 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.

<b>For the Years ended December 31</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
Fund – Series A *	8.5%	0.8%	3.4%	n/a
Benchmark	7.6%	-0.4%	2.7%	n/a
Fund – Series B */***	n/a	n/a	n/a	n/a
Benchmark	7.6%	-0.4%	2.7%	n/a
Fund – Series F **	7.9%	0.3%	2.8%	n/a
Benchmark	7.6%	-0.4%	2.7%	n/a

\* Series A and Series B units were created May 29, 2014.

\*\* Series F units were created on September 10, 2015.

\*\*\*Effective June 27, 2023, Series B has been discontinued as there are no unitholders.



## Summary of Investment Portfolio

As at December 31, 2023

### Top 25 Positions

Issuer	% of Net Asset Value
Leith Wheeler Preferred Share Fund, Series 'A'	13.1%
Leith Wheeler Multi Credit Fund, Series 'A'	4.7%
The Toronto-Dominion Bank, Variable, Callable, 3.11%, 22/04/2030	1.7%
Royal Bank of Canada, 1.83%, 31/07/2028	1.6%
Cash & Other Net Assets	1.5%
Choice Properties Real Estate Investment Trust, Series 'M', Callable, 3.53%, 11/06/2029	1.4%
The Toronto-Dominion Bank, 4.34%, 27/01/2026	1.3%
JPMorgan Chase & Company, Variable, Callable, 1.90%, 05/03/2028	1.2%
Enbridge Gas Inc., Callable, 2.35%, 15/09/2031	1.1%
TransCanada PipeLines Limited, Callable, 3.00%, 18/09/2029	1.1%
Manulife Financial Corporation, Variable, Callable, 2.82%, 13/05/2035	1.1%
Bell Canada, Callable, 2.50%, 14/05/2030	1.1%
Sun Life Financial Inc., Variable, Callable, 4.78%, 10/08/2034	1.0%
Pembina Pipeline Corporation, Callable, 3.53%, 10/12/2031	1.0%
Choice Properties Real Estate Investment Trust, Series 'N', Callable, 2.98%, 04/03/2030	1.0%
Royal Bank of Canada, 5.23%, 24/06/2030	1.0%
North West Redwater Partnership/NWR Financing Company Limited, Series 'F', Callable, 4.25%, 01/06/2029	0.9%
TransCanada PipeLines Limited, Callable, 5.28%, 15/07/2030	0.9%
Rogers Communications Inc., Callable, 5.90%, 21/09/2033	0.8%
Bell Canada, Callable, 4.55%, 09/02/2030	0.8%
Capital Power Corporation, 5.38%, 25/01/2027	0.8%
Inter Pipeline Limited, Callable, 6.59%, 09/02/2034	0.8%
CT Real Estate Investment Trust, Callable, 5.83%, 14/06/2028	0.8%
Brookfield Infrastructure Finance ULC, Callable, 4.19%, 11/09/2028	0.8%
407 International Inc., Callable, 3.43%, 01/06/2033	0.8%

### Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Bonds	85.0%
Canadian Equities	12.6%
Senior Loans	0.6%
Cash & Other Net Assets	1.8%

The Fund held no short positions as at December 31, 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)*