

# Leith Wheeler Multi Credit Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE  
December 31, 2023



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

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 6.7% in 2023 to \$152.7 million from \$163.6 million at the end of 2022. Of this change, \$17.0 million was attributable to positive investment performance and \$27.9 million attributable to net outflows from unitholders.

As of December 31st, 2023, the Multi Credit Fund Series A increased +11.5% before fees, and Series F increased +10.5% after fees and expenses.

The fund continues to be positioned with a bias towards owning fixed rate high yield bonds over bank loans. As at December 31, 2023 the composition of the fund was 79.3% high yield bonds, 2.2% investment grade corporate bonds, 12.8% syndicated loans and 3.5% cash and other net assets.

The high yield portfolio generated positive returns 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. This was offset somewhat by 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 in the second quarter of 2023. Positive security selection in the Telecommunications and Basic Industry sectors were contributors to the portfolio's performance while security selection in the Retail and Technology sectors were detractors.

In the third quarter, the high yield portfolio delivered positive returns again, helped by positive security selection in the Energy and Financial Services sectors. Performance was partially offset by security selection in the Media and Telecommunications sectors.

The high yield portfolio delivered positive returns in the fourth quarter of 2023. Security selection in the Retail and Technology were contributors to the portfolio's performance. Portfolio performance was partially offset by security selection in the Basic Industry and Capital Goods sectors.

Sub-investment grade credit spreads are below their long-term averages, leading us to take a measured approach to managing risk in the portfolio. However, valuation dispersion remains high, leading to idiosyncratic opportunities to add value to the portfolio. Fundamentals in the high yield bond market are reasonable, with most companies buffered by stable balance sheets and limited near-term maturity risk. The opportunities in the investment grade space remain limited but we remain diligent and thoughtful in our approach to ensure we are investing in high-quality companies with strong balance sheets.

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 January 2024, with one market measure, the ICE BofAML BB-B High Yield Constrained Index, up +1.4% 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.

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.

At December 31, 2023, the Leith Wheeler Corporate Advantage Fund, Leith Wheeler Income Advantage Fund and Leith Wheeler Balanced Fund owned 1,043,717 Series A, 233,754 Series A and 688,689 Series A units of the Fund, respectively, which are under common management. Combined, the holdings represent 11.4% of this Fund.

**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	*	0.95 %	0.80 %
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 year <sup>(1)</sup>	\$8.47	\$9.56	\$9.61	\$10.09	\$9.49
Increase (decrease) from operations:					
Total revenue	0.60	0.51	0.45	0.60	0.56
Total expenses	-	-	-	-	-
Realized gains (losses) for the year	0.14	(0.81)	(0.11)	(0.12)	0.19
Unrealized gains (losses) for the year	0.20	(0.27)	0.05	(0.18)	0.24
Total increase (decrease) from operations <sup>(1)</sup>	0.94	(0.57)	0.39	0.30	0.99
Distributions:					
From income (excluding dividends)	(0.64)	(0.53)	(0.44)	(0.43)	(0.34)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	(0.06)
Return of capital	-	-	-	-	-
Total Annual Distributions <sup>(2)</sup>	(0.64)	(0.53)	(0.44)	(0.43)	(0.40)
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$8.77	\$8.47	\$9.56	\$9.61	\$10.09
<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 year <sup>(1)</sup>	\$8.67	\$9.64	\$9.73	\$10.09	\$9.45
Increase (decrease) from operations:					
Total revenue	0.61	0.68	0.45	(2.57)	0.59
Total expenses	(0.07)	(0.08)	(0.09)	(0.06)	(0.15)
Realized gains (losses) for the year	0.15	(1.08)	(0.11)	0.53	0.19
Unrealized gains (losses) for the year	(0.42)	(0.35)	0.05	0.76	0.25
Total increase (decrease) from operations <sup>(1)</sup>	0.27	(0.83)	0.30	(1.34)	0.88
Distributions:					
From income (excluding dividends)	(0.18)	(0.32)	(0.39)	(0.21)	(0.21)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	(0.06)
Return of capital	-	-	-	-	-
Total Annual Distributions <sup>(2)</sup>	(0.18)	(0.32)	(0.39)	(0.21)	(0.27)
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	-	\$8.67	\$9.64	\$9.73	\$10.09

**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 year <sup>(1)</sup>	\$8.52	\$9.56	\$9.66	\$10.09	\$9.47
Increase (decrease) from operations:					
Total revenue	0.60	0.52	0.47	(2.90)	0.50
Total expenses	(0.07)	(0.08)	(0.09)	(0.07)	(0.01)
Realized gains (losses) for the year	0.15	(0.83)	(0.11)	0.60	0.16
Unrealized gains (losses) for the year	0.21	(0.26)	0.06	0.85	0.22
Total increase (decrease) from operations <sup>(1)</sup>	0.89	(0.65)	0.33	(1.52)	0.87
Distributions:					
From income (excluding dividends)	(0.59)	(0.41)	(0.41)	(0.30)	(0.24)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	(0.06)
Return of capital	-	-	-	-	-
Total Annual Distributions <sup>(2)</sup>	(0.59)	(0.41)	(0.41)	(0.30)	(0.30)
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$8.79	\$8.52	\$9.56	\$9.66	\$10.09

(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 July 4, 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>	151,385	161,403	192,216	222,348	164,005
Number of units outstanding (000s) <sup>(1)</sup>	17,261	19,050	20,109	23,134	16,257
Management expense ratio (%) <sup>(2)</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions (%)	0.03	0.02	0.02	0.02	0.02
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01	-	-	-
Portfolio turnover rate (%) <sup>(4)</sup>	248.07	132.20	148.40	165.29	186.70
Net assets attributable to holders of redeemable units - per unit (\$)	8.77	8.47	9.56	9.61	10.09

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	715	1,920	2,059	6,992
Number of units outstanding (000s) <sup>(1)</sup>	n/a	82	199	212	693
Management expense ratio (%) <sup>(2)</sup>	n/a	1.02	1.03	1.02	1.03
Management expense ratio before waivers or absorptions (%)	n/a	1.04	1.05	1.04	1.05
Trading expense ratio (%) <sup>(3)</sup>	n/a	0.01	-	-	-
Portfolio turnover rate (%) <sup>(4)</sup>	n/a	132.20	148.40	165.29	186.70
Net assets attributable to holders of redeemable units - per unit (\$)	n/a	8.67	9.64	9.73	10.09

Series F	2023	2022	2021	2020	2019
Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup>	1,346	1,439	1,811	2,392	4,912
Number of units outstanding (000s) <sup>(1)</sup>	153	169	189	248	487
Management expense ratio (%) <sup>(2)</sup>	0.90	0.87	0.88	0.85	0.85
Management expense ratio before waivers or absorptions (%)	0.93	0.89	0.90	0.87	0.87
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01	-	-	-
Portfolio turnover rate (%) <sup>(4)</sup>	248.07	132.20	148.40	165.29	186.70
Net assets attributable to holders of redeemable units - per unit (\$)	8.79	8.52	9.56	9.66	10.09

(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 July 4, 2023, Series B has been discontinued as there are no unitholders.

Past Performance

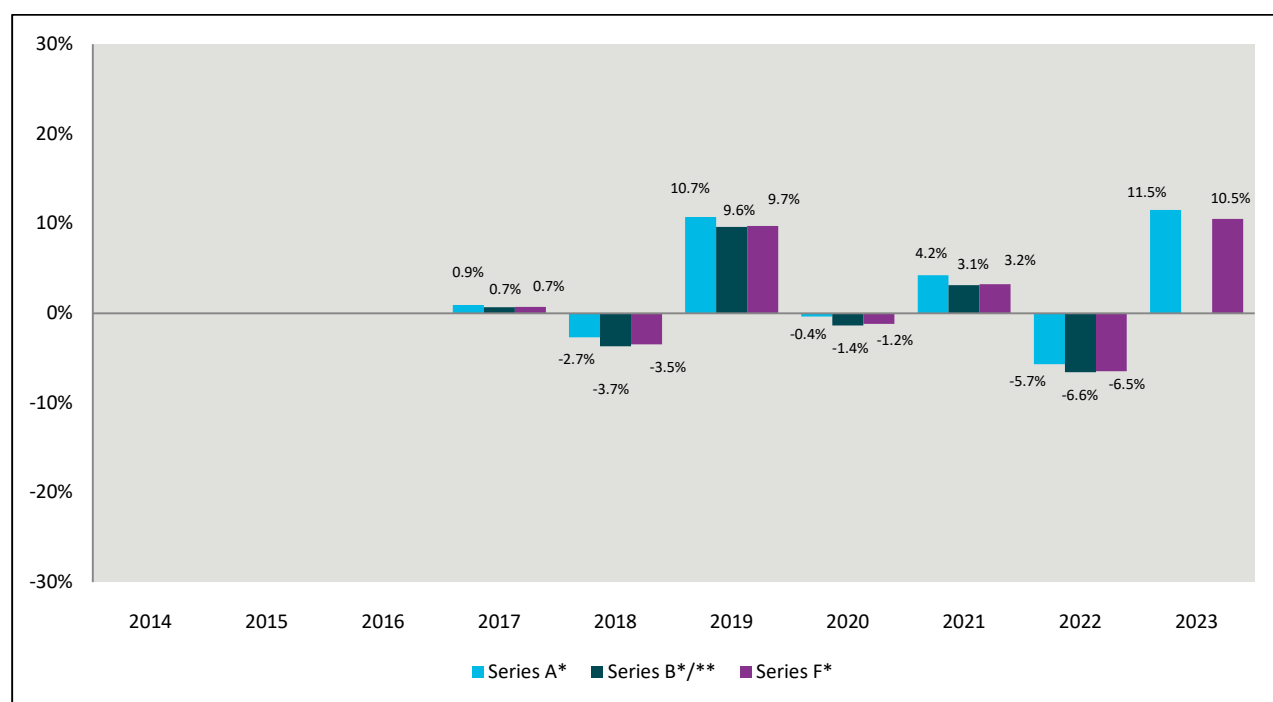
General

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, 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.

\*\* Effective July 4, 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 the Canadian Dollar Offered Rate (CDOR) in each case for the year ended December 31, 2023. CDOR is the rate at which banks are willing to offer credit to companies against bankers' acceptances. A discussion of the performance of the Fund as compared to this benchmark 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 *	11.5%	3.1%	3.8%	n/a
CDOR	5.3%	2.8%	2.3%	n/a
Fund – Series B */**	n/a	n/a	n/a	n/a
CDOR	5.3%	2.8%	2.3%	n/a
Fund – Series F *	10.5%	2.2%	2.9%	n/a
CDOR	5.3%	2.8%	2.3%	n/a

\* 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.

\*\* Effective July 4, 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
Open Text Corporation, Term Loan B, 0.00%, 31/01/2030	3.8%
Cash & Other Net Assets	3.5%
First Quantum Minerals Limited, Callable, 8.63%, 01/06/2031	3.1%
Bombardier Inc., Callable, 7.13%, 15/06/2026	3.0%
Victoria's Secret & Company, Callable, 4.63%, 15/07/2029	3.0%
Icahn Enterprises Limited Partnership/Finance Corporation, Callable, 6.38%, 15/12/2025	3.0%
Methanex Corporation, Callable, 5.25%, 15/12/2029	2.8%
Fortress Transportation and Infrastructure Investors LLC, Callable, 9.75%, 01/08/2027	2.7%
Marriott Ownership Resorts Inc., Callable, 4.50%, 15/06/2029	2.5%
American Airlines Inc., Initial Term Loan, 0.00%, 20/04/2028	2.4%
Qorvo Inc., Callable, 3.38%, 01/04/2031	2.4%
NRG Energy Inc., 7.00%, 15/03/2033	2.3%
First Quantum Minerals Limited, Callable, 6.88%, 01/03/2026	2.2%
Northriver Midstream Finance Limited Partnership, Callable, 5.63%, 15/02/2026	2.2%
Teine Energy Limited, Callable, 6.88%, 15/04/2029	2.2%
Par Petroleum LLC, Term Loan B, 0.00%, 28/02/2030	2.1%
NRG Energy Inc., Callable, 4.45%, 15/06/2029	2.1%
Northern Oil and Gas Inc., Callable, 8.13%, 01/03/2028	1.9%
Vermilion Energy Inc., Callable, 6.88%, 01/05/2030	1.9%
Western Digital Corporation, Callable, 3.10%, 01/02/2032	1.8%
GrafTech Finance Inc., Callable, 4.63%, 15/12/2028	1.8%
Corus Entertainment Inc., Callable, 5.00%, 11/05/2028	1.7%
CCO Holdings LLC/Capital Corporation, Callable, 4.50%, 15/08/2030	1.7%
Six Flags Entertainment Corporation, Callable, 7.25%, 15/05/2031	1.6%
Air Lease Corporation, Series 'C', Variable, Callable, Perpetual, 4.13%, 31/12/2049	1.6%

### Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
High Yield Corporate Bonds	79.3%
Senior Loans	12.8%
Cash & Other Net Assets	3.5%
Investment Grade Corporate Bonds	2.2%
Preferred Shares	2.2%

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).*