

Leith Wheeler Balanced Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
December 31, 2018



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 interim financial report, 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 decreased by 0.7% in 2018 to \$110.6 million from \$111.4 million at the end of 2017. Of this change, \$5.7 million was attributable to investment losses and \$4.9 million to net inflows.

The Leith Wheeler Balanced Fund posted a loss for the year after a difficult fourth quarter. As of December 31, 2018, Series A of the Fund ended the year down -4.3% and Series B fell -5.4% after fees and expenses while Series F returned -5.2% after fees and expenses. The Balanced Fund’s asset mix at December 31, 2018 was 31.3% Canadian Equities, 30.7% investment-grade fixed income, 14.5% U.S. equities, 13.4% International equities (through Leith Wheeler International Equity Plus Fund), 0.9% high yield bonds and 1.9% senior loans (through Leith Wheeler Multi Credit Fund), and 7.3% cash & other net assets.

Equity markets were under significant pressure at year end as the prospects of slower growth due to global trade uncertainty, higher interest rates, flat yield curves, and weakness in energy markets triggered a reassessment of equity valuations.

In one of the worst quarters in the past decade, several markets declined over 10%. Returns for Canadian investors were offset somewhat by an almost 6% strengthening in the US dollar during the quarter, which boosted returns of US stocks when converted back to Canadian dollars.

Unfortunately, the fourth quarter was also a difficult one for our equity portfolios.

Our Canadian equity portfolio underperformed the S&P/TSX Composite Index (the Index), primarily as a result of its exposure to holdings with a more cyclical bias than the index – areas of the market that have been more attractively valued than more defensive areas.

Our holdings in oil and gas producers were hurt by the 40% decline in oil prices during the quarter. Smaller companies, such as NuVista and Cardinal Energy, were hit particularly hard. Having no exposure to pipeline stocks, which we have not owned due to above-average leverage and low growth prospects, also hurt results as these stocks outperformed.

Other portfolio holdings were indirectly exposed to lower energy prices, such as Canadian Western Bank, which underperformed due to its lending activities in Alberta.

The allocation to US equities in the portfolio also underperformed the S&P 500 Index due to its holdings in the Energy sector. Oil producers, Hess and Kosmos Energy, were among the weakest performers in the portfolio.

While the International equity portfolio also declined during the quarter, it outperformed relative to the MSCI EAFE (C\$) Index. An underweight in Financials helped relative results. More specifically, having no exposure to Deutsche Bank and several other large European banks was a positive, as these banks were down more than 20%.

We took the weakness in energy markets as an opportunity to add to several companies across our portfolio. In Canada, we added to NuVista, Canadian Natural Resources, and Tourmaline. In the US, we initiated a position in oil refiner Valero, and added to our existing position in Hess.

Management Discussion of Fund Performance (cont.)

Results of Operations (cont.)

Our portfolios have also lacked exposure to some “safe haven” areas, like golds and utilities, which held up better. Our view is that these sectors do not look as attractive longer-term as energy and financial stocks, which have pessimism priced in. Admittedly we have a contrarian view, a position we often find ourselves in, but this is something we believe is necessary to effectively manage portfolios over the long term and has served our clients well in the past. At the portfolio level, we have also added to our equity weight in balanced portfolios through the weakness, having been more cautious earlier in the year.

Recent Developments

The Bank of Canada raised its key interest rate to 1.75% in October and has held steady through January 2019. All relative equity indices have rebounded in January, with the S&P 500 Index (C\$) up 4.1%, the MSCI EAFE Index (C\$) up 2.7% and S&P/TSX Composite Index returning a strong 8.7% as of January 31st, 2019.

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 Fund owned 1,556,944 Series A units of the Leith Wheeler International Equity Plus Fund, 299,717 Series A units of the Leith Wheeler US Small/Mid-Cap Equity Fund and 330,999 Series A units of the Leith Wheeler Multi Credit Fund, which are funds under common management.

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 1.10% and 0.85%, respectively. During the year, the Fund paid the Manager \$1,067,720 for Series B and \$27,614 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 September 10, 2015)	2018	2017	2016	2015	2014
Net assets attributable to holders of redeemable units - per unit, beginning of year ^{(1) (3)}	\$25.81	\$24.34	\$23.15	\$24.03	n/a
Increase (decrease) from operations:					
Total revenue	0.67	0.77	0.73	0.87	n/a
Total expenses	-	-	-	-	n/a
Realized gains (losses) for the year	0.37	0.48	1.21	0.70	n/a
Unrealized gains (losses) for the year	(1.85)	0.88	0.86	(0.75)	n/a
Total increase (decrease) from operations ⁽¹⁾	(0.81)	2.12	2.80	0.82	n/a
Distributions:					
From income (excluding dividends)	(0.29)	(0.49)	(0.24)	(0.27)	n/a
From dividends	(0.43)	(0.16)	(0.46)	(0.39)	n/a
From capital gains	(0.21)	(0.03)	(0.89)	(0.67)	n/a
Return of capital	-	-	-	-	n/a
Total Annual Distributions ⁽²⁾	(0.93)	(0.68)	(1.59)	(1.33)	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$23.81	\$25.81	\$24.34	\$23.15	n/a

Series B ⁽⁴⁾	2018	2017	2016	2015	2014
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$26.32	\$24.84	\$23.59	\$24.09	\$23.10
Increase (decrease) from operations:					
Total revenue	0.84	0.79	0.74	0.73	0.67
Total expenses	(0.26)	(0.21)	(0.22)	(0.20)	(0.21)
Realized gains (losses) for the year	0.47	0.51	1.25	0.58	0.88
Unrealized gains (losses) for the year	(2.33)	0.90	0.88	(0.62)	0.60
Total increase (decrease) from operations ⁽¹⁾	(1.28)	1.99	2.65	0.49	1.94
Distributions:					
From income (excluding dividends)	-	(0.23)	-	(0.10)	(0.02)
From dividends	(0.32)	(0.17)	(0.40)	(0.22)	(0.34)
From capital gains	(0.22)	(0.03)	(0.91)	(0.68)	(0.52)
Return of capital	-	-	-	-	-
Total Annual Distributions ⁽²⁾	(0.54)	(0.43)	(1.31)	(1.00)	(0.88)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$24.37	\$26.32	\$24.84	\$23.59	\$24.09

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

Series F (inception September 10, 2015)	2018	2017	2016	2015	2014
Net assets attributable to holders of redeemable units - per unit, beginning of year ^{(1) (3)}	\$25.22	\$23.79	\$22.66	\$24.03	n/a
Increase (decrease) from operations:					
Total revenue	1.11	0.74	0.82	0.16	n/a
Total expenses	(0.31)	(0.17)	(0.21)	(0.04)	n/a
Realized gains (losses) for the year	0.64	0.45	1.36	0.13	n/a
Unrealized gains (losses) for the year	(3.13)	0.84	0.98	(0.14)	n/a
Total increase (decrease) from operations ⁽¹⁾	(1.69)	1.85	2.95	0.11	n/a
Distributions:					
From income (excluding dividends)	(0.14)	(0.26)	(0.03)	(0.42)	n/a
From dividends	(0.51)	(0.16)	(0.46)	(0.67)	n/a
From capital gains	(0.21)	(0.04)	(0.88)	(0.66)	n/a
Return of capital	-	-	-	-	n/a
Total Annual Distributions ⁽²⁾	(0.86)	(0.45)	(1.37)	(1.75)	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$23.08	\$25.22	\$23.79	\$22.66	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 September 10, 2015, inception date of Series A and Series F units of the Fund. Both Series A and Series F initial net asset value per unit offering commenced at the closing net asset value per unit of Series B on September 10, 2015 of \$24.03.

(4) This Series of the Fund was renamed Series B as of August 28, 2015.

Financial Highlights (cont.)

Ratios and Supplemental Data

Series A (inception September 10, 2015)	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	23,801	13,348	11,434	9,557	n/a
Number of units outstanding (000s) ⁽¹⁾	1,000	517	470	413	n/a
Management expense ratio (%) ⁽²⁾	-	-	-	-	n/a
Management expense ratio before waivers or absorptions (%)	-	-	-	-	n/a
Trading expense ratio (%) ⁽³⁾	0.03	0.02	0.04	0.03	n/a
Portfolio turnover rate (%) ⁽⁴⁾	64.22	68.15	75.62	39.65	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	23.81	25.81	24.34	23.15	n/a

Series B ⁽⁵⁾	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	82,212	96,402	89,486	80,636	84,799
Number of units outstanding (000s) ⁽¹⁾	3,373	3,663	3,603	3,418	3,521
Management expense ratio (%) ⁽²⁾	1.17	1.16	1.16	1.17	1.17
Management expense ratio before waivers or absorptions (%)	1.17	1.16	1.16	1.17	1.17
Trading expense ratio (%) ⁽³⁾	0.03	0.02	0.04	0.03	0.03
Portfolio turnover rate (%) ⁽⁴⁾	64.22	68.15	75.62	39.65	28.86
Net assets attributable to holders of redeemable units - per unit (\$)	24.37	26.32	24.84	23.59	24.09

Series F (inception September 10, 2015)	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾⁽⁵⁾	4,606	1,621	1,374	690	n/a
Number of units outstanding (000s) ⁽¹⁾	200	64	58	30	n/a
Management expense ratio (%) ⁽²⁾	0.94	0.95	0.95	0.89	n/a
Management expense ratio before waivers or absorptions (%)	0.94	0.95	0.95	0.89	n/a
Trading expense ratio (%) ⁽³⁾	0.03	0.02	0.04	0.03	n/a
Portfolio turnover rate (%) ⁽⁴⁾	64.22	68.15	75.62	39.65	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	23.08	25.22	23.79	22.66	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.
- (5) This Series of the Fund was renamed Series B as of August 28, 2015.

Past Performance

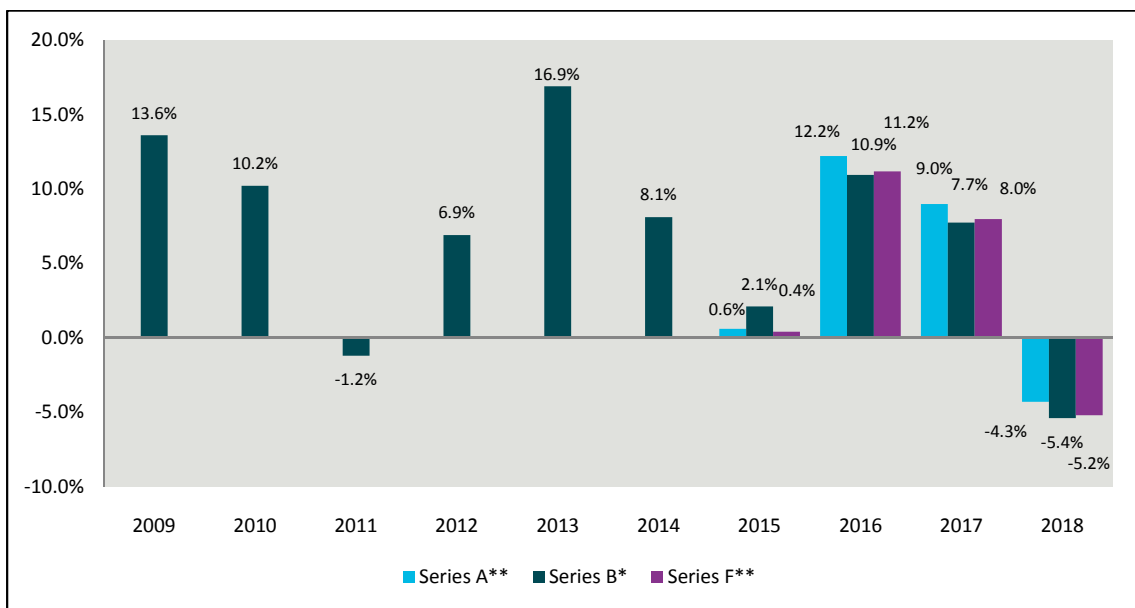
General

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.

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, 2018. At the end of December 2018, the benchmark was comprised of 35% FTSE TMX Canada Universe Bond Index, 30% S&P/TSX Composite Index, 15% S&P 500 Total Return Index, 15% MSCI EAFE Index and 5% FTSE TMX Canada 91 day T-Bill Index. Each of these indices is used as a proxy to measure returns for the associated asset classes. The FTSE TMX Canada Universe Bond Index measures the total return attributable to bonds, and includes representative bond issues by issuer, quality, and term. The S&P/TSX Composite Index is the headline index and the principal broad market measure for the Canadian equity markets. S&P 500 Total Return Index includes a representative sample of 500 of the top companies in leading industries of the U.S. economy. The MSCI EAFE Index is comprised of 21 MSCI country indices, representing the developed markets outside of North America (Europe, Australasia and the Far East). It aims to include 85% of the free float-adjusted market capitalization in each industry group, within each country. A discussion of the performance of the Fund as compared to the benchmark 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 **	-4.3%	5.4%	n/a	n/a
Benchmark	-2.4%	4.4%	n/a	n/a
Fund – Series B *	-5.4%	4.2%	4.5%	6.8%
Benchmark	-2.4%	4.4%	5.6%	7.3%
Fund – Series F **	-5.2%	4.4%	n/a	n/a
Benchmark	-2.4%	4.4%	n/a	n/a

* 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.

Summary of Investment Portfolio

As at December 31, 2018

Top 25 Positions

Issuer	% of Net Asset Value
Leith Wheeler International Equity Plus Fund Series A	14.7%
Cash & Other Net Assets	5.6%
Leith Wheeler U.S. Small/Mid-Cap Equity Fund Series A	3.1%
Leith Wheeler Multi Credit Fund Series A	2.8%
Toronto-Dominion Bank	2.0%
Royal Bank of Canada	2.0%
Bank of Nova Scotia	1.9%
Toromont Industries Ltd	1.9%
Canadian National Railway Co	1.7%
Brookfield Asset Management Inc	1.6%
Saputo Inc.	1.5%
Brookfield Infrastructure Partners LP	1.5%
Open Text Corp	1.5%
Canada Housing Trust No 1 2.55% December 15, 2023	1.3%
Constellation Software Inc	1.3%
Canadian Imperial Bank of Commerce	1.2%
Progressive Waste Solutions Ltd	1.2%
Tourmaline Oil Corp	1.1%
Canadian Natural Resources Ltd	1.1%
Manulife Financial Corp	1.0%
Canadian Government Bond 2% December 01, 2051	1.0%
Finning International Inc	0.9%
Canadian Tire Corp Ltd	0.8%
Province of Alberta 3.05% December 01, 2048	0.7%
Canadian Mortgage Pools 1.247% March 15, 2021	0.7%

Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Bonds	31.6%
Canadian Equities	31.3%
U.S. Equities	14.5%
International Equities	13.4%
Cash & Other Net Assets	7.3%
Loans	1.9%

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