

Leith Wheeler Canadian Dividend 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 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 source of monthly income with the potential for long term growth through capital appreciation and growth in dividends by investing primarily in a portfolio of common shares, convertible debentures and other equity related securities of Canadian issuers. The Fund is not restricted by capitalization or industry sector although portfolio diversification is a consideration in the selection of securities for the Fund. Under normal circumstances, the Fund will keep its portfolio fully invested, to the greatest extent possible, in Canadian equity and equity related securities.

Our approach to stock picking is based on fundamental research with a strong “value” bias. Our test for value is viewing any investment we make as if we were “buying the whole business”. Therefore, the critical question becomes “what would be the price of the whole business that would make the purchase a profitable one?” Our experience has been that the price of a company in the stock market does not always reflect its real value. This discrepancy between price and value creates excellent investment opportunities.

As value investors, we tend to include companies in the portfolio when they are “out of favour” by the market and have declined in price. Companies can become undervalued when there is a lack of investor awareness; when an entire industry is out of favour with investors; or when a company experiences a short-term difficulty which, following careful analysis, we believe can be overcome. By purchasing these companies after a price decline, we find we are able to control risk in the portfolio as these investments often have less downside risk while offering a decent potential return.

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 3% in 2018 to \$108.5 million from \$111.9 million at the end of 2017. Of this change, \$13.8 million was attributable to investment loss and \$10.4 million to net inflows.

The S&P/TSX Composite Index (the Index) had been modestly positive for the year up to the end of September, but fourth quarter weakness led to a disappointing result for the year with the TSX declining -8.9%. 8 of the 11 sectors delivered negative returns with Energy (-18.3%), Consumer Discretionary (-16.0%), and Health Care (-15.9%) bringing in the most disappointing results. On the positive side, Information Technology (+13.0%), Real Estate (+2.0%) and Consumer Staples (+2.0%) led index returns.

The Canadian Dividend Fund underperformed the S&P/TSX Composite Index during 2018. Series A of the fund decreased -12.1%, Series B of the Fund decreased -13.4% after fees and expenses, and Series F of the Fund decreased -13.0% after fees and expenses.

Among the top contributors to the Fund’s performance in 2018 were Rogers Communications (+24.9%), Constellation Software (+15.3%) and A&W Revenue Royalties (+6.5%). Rogers Communications has been a top performer in the portfolio since we initiated our position in the second quarter. The company has reported solid results over the last few quarters, beating earnings expectations on better results in its wireless business. Constellation Software, a developer and distributor of software solutions, reported solid results entering 2018. Strong performance has been enhanced by better-than-expected organic growth and acquisition activity that continues to be robust. A&W Revenue Royalties has been reporting strong same store sales growth and increased income distributions. A&W is appealing to the growing demand for quality ingredients, and growth has recovered from 2017 levels when it was negatively impacted by slowdowns in some provinces. In contrast, Cardinal Energy (-52.3%), CI Financial (-38.9%), and Canadian Western Bank (-31.5%) detracted from performance. Cardinal Energy announced in the fourth quarter that it would be reducing its dividend to allow for greater financial flexibility in the uncertain pricing environment. The company will use excess cash flow to pay down debt. With most of its oil production exposed to Canadian pricing, the market is anticipating a more challenging 2019 than we expect. We remain comfortable with our current position size. CI Financial reported higher-than-expected redemptions in its asset management business in early 2018. In the third quarter the company announced that they would be cutting their dividend by 50%, and looking to change the balance of shareholder returns from dividends to buybacks. Shares continue to trade at an attractive valuation for a company that has a very strong balance sheet and generates a high return on equity. Canadian Western Bank reported net interest margins over the first quarter that were below expectations. This should be transitory as the shortfall was largely the result of holding an elevated level of cash and securities to pay for its \$850 million acquisition of a leasing portfolio that closed on January 31st. On the positive side, the company’s loan losses continue to be low and its pipeline for loan growth looks strong. We have added to our position.

Management Discussion of Fund Performance (cont.)

Results of Operations (cont.)

There was one name added to the Fund in 2018. We added Rogers Communications to the portfolio after some short-term weakness created an opportunity to buy the stock at an attractive valuation. In the last several years, we have avoided companies in the Telecom sector due to their expensive valuations, high leverage, and high levels of capital spending. Rogers' valuation has come down to 14 times earnings from 18 times in 2016 and 2017, as the market overreacted to softer 2017 fourth quarter earnings. Reduced capex combined with improving margins in its wireless business translate into rising free cash flow, which we believe the market doesn't fully appreciate.

There were four holdings eliminated from the Fund in 2018: Bank of Montreal, Stantec, Sun Life, and Superior Plus. Bank of Montreal was eliminated from the Fund in the first half of 2018. The forward-looking return had narrowed for the bank and proceeds were used to fund more attractive opportunities. We exited our position in Stantec over the fourth quarter. The company has reported several weak quarters this year due in large part to its construction services division. As problems with this division persisted, Stantec put it under strategic review and eventually sold it to a private equity firm in the fourth quarter. The stock reacted positively to the sale and we took the opportunity to exit the name. We exited Sun Life and Superior Plus in the fourth quarter as well in favour of higher return opportunities elsewhere in the portfolio.

Looking forward, we remain focused on investing in solid businesses trading at attractive valuations that we expect to be profitable over the long term. The market sell-off that ended 2018 has created more opportunities than alarm bells and allowed us to add to great companies in the fund at attractive valuations.

Recent Developments

The Canadian Equity market rebounded from a majority of its fourth quarter losses in January 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.

As at December 31, 2018, the Leith Wheeler Income Advantage Fund owned 2,470,723 Series A units of the Fund. This holding represents 24.0% 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 1.40% and 0.95%, respectively. During the year, the Fund paid the Manager \$108,991 for Series B and \$40,403 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	2018	2017	2016	2015	2014
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$12.89	\$12.58	\$10.33	\$11.61	\$12.29
Increase (decrease) from operations:					
Total revenue	0.44	0.41	0.39	0.42	0.43
Total expenses	-	-	-	-	-
Realized gains (losses) for the year	0.33	0.66	0.56	(0.22)	1.24
Unrealized gains (losses) for the year	(2.29)	0.25	2.28	(0.97)	(0.83)
Total increase (decrease) from operations ⁽¹⁾	(1.52)	1.32	3.23	(0.77)	0.84
Distributions:					
From income (excluding dividends)	(0.01)	(0.05)	(0.01)	(0.01)	(0.01)
From dividends	(0.41)	(0.32)	(0.37)	(0.41)	(0.42)
From capital gains	(0.39)	(0.61)	(0.56)	(0.04)	(1.10)
Return of capital	-	-	-	-	-
Total Annual Distributions ⁽²⁾	(0.81)	(0.98)	(0.95)	(0.46)	(1.53)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$10.56	\$12.89	\$12.58	\$10.33	\$11.61

Series B	2018	2017	2016	2015	2014
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$12.79	\$12.56	\$10.32	\$11.62	\$12.34
Increase (decrease) from operations:					
Total revenue	0.39	0.43	0.38	0.39	0.30
Total expenses	(0.23)	(0.22)	(0.17)	(0.14)	(0.16)
Realized gains (losses) for the year	0.30	0.69	0.56	(0.21)	0.83
Unrealized gains (losses) for the year	(2.04)	0.26	2.24	(0.89)	(0.56)
Total increase (decrease) from operations ⁽¹⁾	(1.58)	1.16	3.01	(0.85)	0.41
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.21)	(0.27)	(0.22)	(0.27)	(0.29)
From capital gains	(0.39)	(0.60)	(0.56)	(0.04)	(1.11)
Return of capital	-	-	-	-	-
Total Annual Distributions ⁽²⁾	(0.60)	(0.87)	(0.78)	(0.31)	(1.40)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$10.50	\$12.79	\$12.56	\$10.32	\$11.62

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)}	\$12.17	\$11.95	\$9.97	\$10.41	n/a
Increase (decrease) from operations:					
Total revenue	0.59	0.39	0.40	0.01	n/a
Total expenses	(0.02)	(0.01)	(0.01)	(0.01)	n/a
Realized gains (losses) for the year	0.44	0.62	0.58	-	n/a
Unrealized gains (losses) for the year	(3.09)	0.24	2.36	(0.02)	n/a
Total increase (decrease) from operations ⁽¹⁾	(2.08)	1.24	3.34	(0.02)	n/a
Distributions:					
From income (excluding dividends)	-	-	-	-	n/a
From dividends	(0.44)	(0.31)	(0.44)	(0.49)	n/a
From capital gains	(0.37)	(0.57)	(0.53)	(0.04)	n/a
Return of capital	-	-	-	-	n/a
Total Annual Distributions ⁽²⁾	(0.81)	(0.88)	(0.97)	(0.53)	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$9.82	\$12.17	\$11.95	\$9.97	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 F units of the Fund. 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 \$10.41.

Financial Highlights (cont.)

Ratios and Supplemental Data

Series A	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	95,953	100,905	83,520	64,368	63,377
Number of units outstanding (000s) ⁽¹⁾	9,088	7,826	6,639	6,231	5,458
Management expense ratio (%) ⁽²⁾	-	-	-	-	-
Management expense ratio before waivers or absorptions (%)	0.02	0.03	0.03	0.03	0.04
Trading expense ratio (%) ⁽³⁾	0.06	0.06	0.11	0.13	0.10
Portfolio turnover rate (%) ⁽⁴⁾	28.11	29.52	78.59	83.29	73.62
Net assets attributable to holders of redeemable units - per unit (\$)	10.56	12.89	12.58	10.33	11.61

Series B	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	6,684	7,964	3,495	2,706	2,604
Number of units outstanding (000s) ⁽¹⁾	637	623	278	262	224
Management expense ratio (%) ⁽²⁾	1.51	1.50	1.50	1.49	1.47
Management expense ratio before waivers or absorptions (%)	1.53	1.53	1.53	1.53	1.51
Trading expense ratio (%) ⁽³⁾	0.06	0.06	0.11	0.13	0.10
Portfolio turnover rate (%) ⁽⁴⁾	28.11	29.52	78.59	83.29	73.62
Net assets attributable to holders of redeemable units - per unit (\$)	10.50	12.79	12.56	10.32	11.62

Series F (inception September 10, 2015)	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	5,877	3,079	1,214	382	n/a
Number of units outstanding (000s) ⁽¹⁾	598	253	102	38	n/a
Management expense ratio (%) ⁽²⁾	1.02	1.03	1.03	1.00	n/a
Management expense ratio before waivers or absorptions (%)	1.04	1.06	1.05	1.03	n/a
Trading expense ratio (%) ⁽³⁾	0.06	0.06	0.11	0.13	n/a
Portfolio turnover rate (%) ⁽⁴⁾	28.11	29.52	78.59	83.29	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	9.82	12.17	11.95	9.97	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

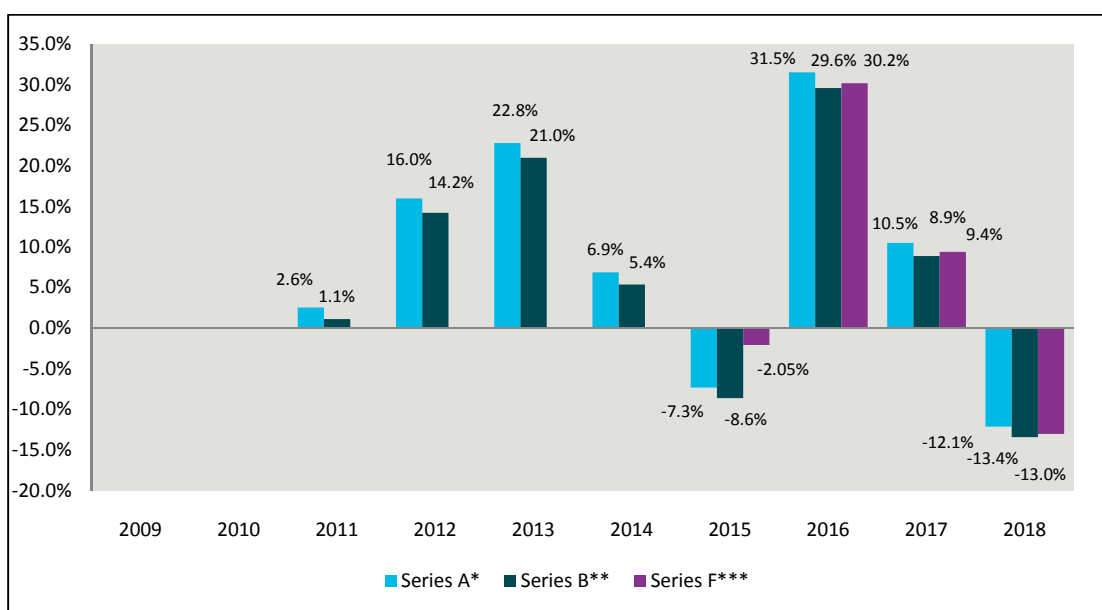
General

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 units were created December 21, 2010. Return from inception on December 21, 2010 to December 31, 2010, not annualized.

** Series B units were created on December 23, 2010. Return from inception on December 23, 2010 to December 31, 2010, not annualized.

*** Series F units were created on September 10, 2015. Return 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 the S&P/TSX Composite Index, in each case for the year ended December 31, 2018. The S&P/TSX Composite Index is the headline index and the principal broad market measure for the Canadian equity markets. A discussion of the performance of the Fund as compared to the 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 *	-12.1%	8.5%	4.8%	n/a
S&P/TSX Composite Index	-8.9%	6.4%	4.1%	n/a
Fund – Series B *	-13.4%	6.9%	3.3%	n/a
S&P/TSX Composite Index	-8.9%	6.4%	4.1%	n/a
Fund – Series F **	-13.0%	7.4%	n/a	n/a
S&P/TSX Composite Index	-8.9%	6.4%	n/a	n/a

* Series A units were created December 21, 2010, Series B units were created on December 23, 2010.

** 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
Bank of Nova Scotia	5.9%
Toronto-Dominion Bank	5.8%
Saputo Inc	4.9%
Canadian Natural Resources Ltd	4.9%
Great-West Lifeco Inc	4.8%
Canadian National Railway Co	4.7%
Canadian Imperial Bank of Commerce	4.7%
Open Text Corp	4.6%
Royal Bank of Canada	4.6%
CI Financial Corp	4.3%
Manulife Financial Corp	3.9%
Brookfield Asset Management Inc	3.7%
Brookfield Infrastructure Partners LP	3.5%
Canadian Western Bank	3.3%
First Capital Realty Inc	3.1%
Finning International Inc	3.1%
Mullen Group Ltd	3.1%
Toromont Industries Ltd	2.8%
Constellation Software Inc	2.7%
Canadian Tire Corp Ltd	2.6%
Hydro One Ltd	2.5%
Russel Metals Inc	2.4%
A&W Revenue Royalties Income Fund	2.4%
Slate Retail REIT	2.2%
Nutrien Ltd	2.1%

Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Financials	40.9%
Industrials	14.4%
Energy	9.6%
Information Technology	7.3%
Real Estate	6.6%
Utilities	6.1%
Consumer Discretionary	4.9%
Consumer Staple	4.9%
Communication Services	2.4%
Materials	2.1%
Cash & Other Net Assets	0.8%

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.