Leith Wheeler Income Advantage Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
December 31, 2018

Leith Wheeler INVESTMENT COUNSEL LTD. | Quiet Money®

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 investors with a relatively stable source of tax efficient monthly income, with some potential for long term growth through capital appreciation and growth in dividends. The Fund derives its income from allocating its investments primarily among fixed income securities, preferred shares, and dividend paying equities.

Of the total Fund, the investment in fixed income securities will range between 30% to 70%, Canadian equities from 15% to 50%, foreign equities between 0% to 25%, preferred shares between 0% to 25%, mortgages from 0% to 10%, and cash and cash equivalents between 0% to 5%. The fixed income securities and preferred shares will provide lower risk income and the common shares will provide an opportunity for dividends and capital gains. Investors will 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 14.5% in 2018 to $74.6 million from $87.3 million at the end of 2017. Of this change, $4.1 million was attributable to investment loss and $8.6 million to net outflows.

The Leith Wheeler Income Advantage Fund had a negative return in 2018 with Series A units declining by -4.4%. Series B and Series F units fell -5.2% and -5.1%, respectively, both after fees and expenses. The Fund's asset mix at the end of December was 46.3% investment-grade bonds, 3.0% high yield bonds and 6.3% senior loans (through the Leith Wheeler Multi Credit Fund), 34.7% Canadian equities (through the Leith Wheeler Canadian Dividend Fund), 8.6% preferred shares (through the Leith Wheeler Preferred Share Fund) and 1.1% cash & other net assets.

After a relatively benign first three quarters of the year, investment-grade corporate credit spreads widened sharply during the fourth quarter over concerns about higher debt servicing costs and weaker economic growth. Relative to the recent sell-off in global equity markets, however, the correction in corporate credit markets was relatively modest.

The investment-grade corporate bonds in the Fund are predominantly comprised of issues with short to mid-term maturities. The corporate bonds selected for inclusion are biased toward higher-quality issuers, or senior issues within the capital structure, making the portfolio even more resilient to a widening in credit spreads. Being underweight Enbridge and overweight TransCanada Corporation issues at the beginning of the fourth quarter detracted from performance. We had the reverse trade on at the beginning of the year and captured some of Enbridge's upside, as their bonds rallied due to a corporate simplification (they collapsed their subsidiaries back into the parent and sold non-core assets to pay down debt, both credit-positive events which benefited bondholders). We reversed the trade slightly early, however, as Enbridge continued to outperform TransCanada as the momentum stayed with them.

Within investment-grade bonds, over the year we increased our exposure to the Resource sector, predominantly through Oil & Gas issuer North West Redwater Partnership, and reduced our position in the Real Estate sector, through REIT issuers CT REIT and Choice Properties REIT.

The Multi Credit Fund had strong performance over the first nine months of the year. Positive returns were partially offset by the high yield bond issued by Diebold Nixdorf, a company that specializes in the sale, manufacture, installation and service of point-of-sale terminals. We were discouraged to hear that the promising new CEO, Gerrard Schmid, reduced full year earnings and revenue guidance further than we expected, which will result in higher net leverage and increase the likelihood of the company breaching its debt covenants in 2019. Recognizing the breakdown of our original thesis resulting in a higher risk profile, we exited the position in August.

The broad high yield bond market saw credit spreads widen 200 basis points during the fourth quarter to just over 500 basis points. However, the magnitude of the sell-off in credit markets was modest relative to those corrections seen during the European financial crisis in 2011 and the collapse in oil prices in 2015-16, where broad high yield market spreads rose to near 900 basis points in anticipation of higher default rates. Fortunately, the portfolio's focus on higher-quality credit helped the portfolio to outperform during the fourth quarter. Lower rated CCC-rated bonds sold off over 10% during the quarter, significantly underperforming higher quality debt. In addition, the portfolio was invested in senior loans, which outperformed high yield bonds during this down-market due to their seniority in the capital structure and because they are typically secured by real assets.

Leading up to the third quarter of 2018, the Canadian preferred share market was in good shape, with the preferred shares in the portfolio rising 3.6% year-to-date through September. Equity sentiment was positive and investors in fixed rate-reset preferreds were seeing their income increase, as dividends were re-setting at higher rates. Preferred share spreads continued to grind in tighter, driven by rising interest

Management Discussion of Fund Performance (cont.)

Results of Operation (cont.)

rates and an increasing appetite for risk. Volatility picked up in the fourth quarter, however, with the preferred shares portfolio declining 12.8% in the quarter alone. Several factors drove negative performance: bearish equity market sentiment, a decline in 5-year Bank of Canada yields, wider corporate spreads, lower liquidity (versus the broad S&P/TSX Composite Index) and volatile ETF redemptions.

From a sector positioning standpoint, the Preferred Share Fund is overweight Utilities and underweight Financials. Our view is that bank preferred shares are expensive in comparison to bond equivalent spreads, and we expect Canadian banks to issue in 2019 and reprice the sector to more attractive levels. We have found better relative valuations within Utility issuers, although this sector was impacted more as the smaller sectors were penalized in an environment of lower liquidity (the three largest ETFs saw significant liquidations before Christmas). Structurally, having a substantial overweight in fixed rate-reset preferred shares at 93% of the portfolio detracted from performance, as the drop in 5-year yields negatively impacted rate reset preferreds, which "reset" at regular intervals and tend to outperform in rising rate environments. Straight perpetual preferred shares, which we are underweight in the portfolio, outperformed in the fourth quarter as perpetual issues fare better when yields fall.

Given the broad weakness in US credit and the recent sell off in the Canadian preferred share market, we used this opportunity to tactically increase allocations of the Multi Credit Fund and the Preferred Share Fund at the end of November.

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 Index declining 8.9%. Among the top contributors to the Canadian Dividend 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 distributer of software solutions, reported solid results. 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.

There was only one holding added to the Canadian Dividend Fund in 2018: Rogers Communications. There were four holdings eliminated from the Fund in 2018: Bank of Montreal, Stantec, Sun Life, and Superior Plus.

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 Bank of Canada held its key interest rate steady at 1.75% in January. The Canadian equity market had a strong rebound in January, while the Canadian preferred share market was slightly negative.

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.

As at December 31, 2018, the Fund owned 2,470,723 Series A units of the Leith Wheeler Canadian Dividend Fund, 727,565 Series A units of the Leith Wheeler Multi Credit Fund, and 747,880 Series A units of the Leith Wheeler Preferred Share 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 units of the Fund is 1.00%. The fee will be reduced to 0.80% per annum as long as the annualized yield on the Fund at quarter end is less than 4.50%. The annualized management fee for the Series F units of the Fund is 0.70%. During the year, the Fund paid the Manager $228,743 for Series B and $56,220 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)	$11.37	$11.22	$10.28	$10.90	$10.88
Increase (decrease) from operations:					
Total revenue	0.49	0.56	0.55	0.40	0.77
Total expenses	-	-	-	-	-
Realized gains (losses) for the year	-	0.16	0.05	0.09	0.04
Unrealized gains (losses) for the year	(1.00)	0.02	0.79	(0.62)	(0.12)
Total increase (decrease) from operations(1)	(0.51)	0.74	1.39	(0.13)	0.69
Distributions:					
From income (excluding dividends)	(0.16)	(0.19)	(0.21)	(0.16)	(0.19)
From dividends	(0.19)	(0.15)	(0.16)	(0.20)	(0.21)
From capital gains	(0.16)	(0.23)	(0.13)	(0.14)	(0.29)
Return of capital	-	-	-	-	-
Total Annual Distributions(2)	(0.51)	(0.56)	(0.50)	(0.50)	(0.69)
Net assets attributable to holders of redeemable units - per unit, end of year (1)	$10.37	$11.37	$11.22	$10.28	$10.90

Series B	2018	2017	2016	2015	2014
Net assets attributable to holders of redeemable units - per unit, beginning of year (1)	$11.54	$11.37	$10.41	$11.00	$10.98
Increase (decrease) from operations:					
Total revenue	0.45	0.56	0.59	0.36	0.76
Total expenses	(0.11)	(0.10)	(0.09)	(0.09)	(0.09)
Realized gains (losses) for the year	-	0.16	0.06	0.09	0.04
Unrealized gains (losses) for the year	(0.92)	0.02	0.86	(0.57)	(0.12)
Total increase (decrease) from operations(1)	(0.58)	0.63	1.42	(0.21)	0.59
Distributions:					
From income (excluding dividends)	(0.06)	(0.10)	(0.15)	(0.06)	(0.10)
From dividends	(0.19)	(0.12)	(0.13)	(0.18)	(0.21)
From capital gains	(0.16)	(0.23)	(0.13)	(0.14)	(0.29)
Return of capital	-	-	-	-	-
Total Annual Distributions(2)	(0.41)	(0.45)	(0.42)	(0.38)	(0.60)
Net assets attributable to holders of redeemable units - per unit, end of year (1)	$10.54	$11.54	$11.37	$10.41	$11.00

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)	$10.61	$10.59	$9.83	$10.57	n/a
Increase (decrease) from operations:					
Total revenue	0.50	0.48	0.87	0.44	n/a
Total expenses	(0.04)	(0.04)	(0.06)	(0.05)	n/a
Realized gains (losses) for the year	-	0.14	0.08	0.10	n/a
Unrealized gains (losses) for the year	(1.03)	0.01	1.25	(0.68)	n/a
Total increase (decrease) from operations(1)	(0.57)	0.60	2.15	(0.19)	n/a
Distributions:					
From income (excluding dividends)	(0.08)	(0.19)	(0.24)	(0.15)	n/a
From dividends	(0.19)	(0.17)	(0.19)	(0.38)	n/a
From capital gains	(0.15)	(0.21)	(0.12)	(0.13)	n/a
Return of capital	-	-	-	-	n/a
Total Annual Distributions(2)	(0.42)	(0.56)	(0.54)	(0.66)	n/a
Net assets attributable to holders of redeemable units - per unit, end of year (1)	$9.65	$10.61	$10.59	$9.83	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 $10.57.

Financial Highlights (cont.)

Ratios and Supplemental Data

Series A	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units ($000s) [1]	40,718	49,919	41,469	35,954	39,385
Number of units outstanding (000s) [1]	3,927	4,390	3,695	3,498	3,615
Management expense ratio (%)[2]	-	-	-	-	-
Management expense ratio before waivers or absorptions (%)	0.03	0.03	0.03	0.04	0.03
Trading expense ratio (%)[3]	0.01	0.03	0.04	0.04	0.02
Portfolio turnover rate (%)[4]	70.71	74.22	77.40	115.65	53.07
Net assets attributable to holders of redeemable units - per unit ($)	10.37	11.37	11.22	10.28	10.90

Series B	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units ($000s) [1]	25,847	30,852	27,532	24,747	28,182
Number of units outstanding (000s)[1]	2,453	2,673	2,421	2,376	2,562
Management expense ratio (%)[2]	0.85	0.85	0.85	0.85	0.85
Management expense ratio before waivers or absorptions (%)	0.88	0.89	0.89	0.89	0.89
Trading expense ratio (%)[3]	0.01	0.03	0.04	0.04	0.02
Portfolio turnover rate (%)[4]	70.71	74.22	77.40	115.65	53.07
Net assets attributable to holders of redeemable units - per unit ($)	10.54	11.54	11.37	10.41	11.00

Series F *(inception September 10, 2015)*	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units ($000s) [1]	7,990	6,486	1,562	661	n/a
Number of units outstanding (000s)[1]	828	612	148	67	n/a
Management expense ratio (%)[2]	0.75	0.77	0.79	0.74	n/a
Management expense ratio before waivers or absorptions (%)	0.78	0.81	0.82	0.77	n/a
Trading expense ratio (%)[3]	0.01	0.03	0.04	0.04	n/a
Portfolio turnover rate (%)[4]	70.71	74.22	77.40	115.65	n/a
Net assets attributable to holders of redeemable units - per unit ($)	9.65	10.61	10.59	9.83	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

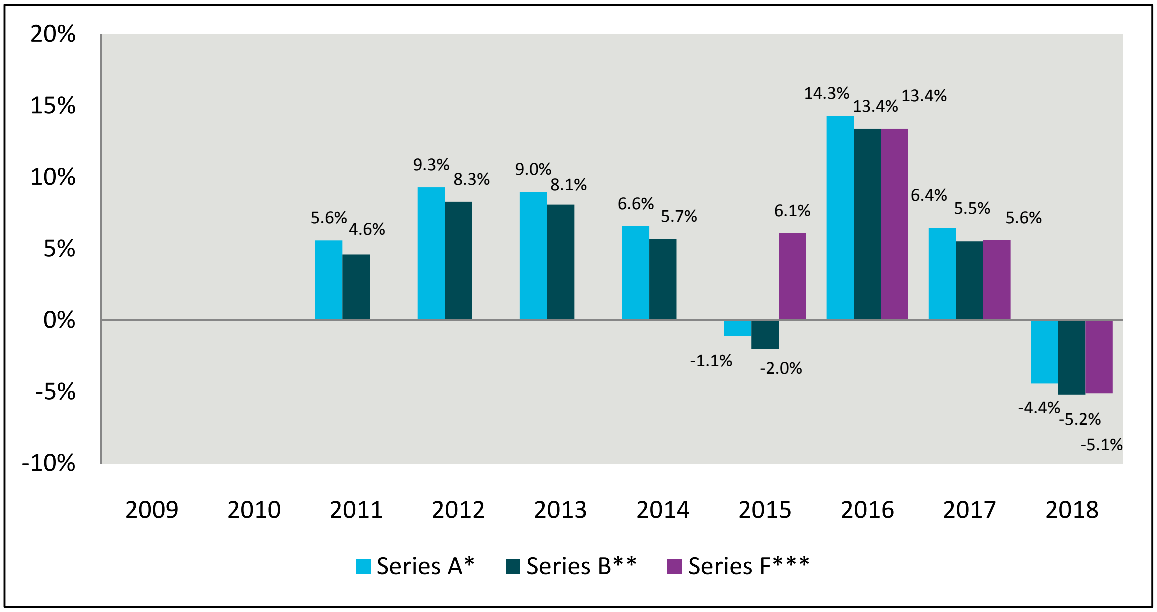
General

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 December 21, 2010 to December 31, 2010, not annualized.*

***Series B units were created on December 23, 2010. Return from 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) compared with the FTSE TMX Canada Universe Bond Index and the S&P/ TSX Composite Index, in each case for the year ended December 31, 2018. 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. A discussion of the performance of the Fund as compared to these broad-based indices 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 *	-4.4%	5.2%	4.2%	n/a
FTSE TMX Canada Universe Bond Index	1.4%	1.9%	3.5%	n/a
S&P/TSX Composite Index	-8.9%	6.4%	4.1%	n/a
Fund – Series B *	-5.2%	4.3%	3.3%	n/a
FTSE TMX Canada Universe Bond Index	1.4%	1.9%	3.5%	n/a
S&P/TSX Composite Index	-8.9%	6.4%	4.1%	n/a
Fund – Series F **	-5.1%	4.4%	n/a	n/a
FTSE TMX Canada Universe Bond Index	1.4%	1.9%	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
Leith Wheeler Canadian Dividend Fund Series A	35.0%
Leith Wheeler Multi Credit Fund Series A	9.3%
Leith Wheeler Preferred Share Fund Series A	8.7%
Toronto-Dominion Bank 2.98% September 30, 2025	1.7%
Bank of Montreal 2.27% July 11, 2022	1.6%
Royal Bank of Canada 3.30% September 26, 2023	1.0%
Bank of Nova Scotia 1.90% December 02, 2021	1.0%
Bank of Nova Scotia 2.29% June 28, 2024	1.0%
North West Redwater Partnership / NWR Financing Co Ltd 3.20% April 24, 2026	0.8%
Toronto-Dominion Bank 3.00% May 30, 2023	0.8%
Enbridge Pipelines Inc 3.45% September 29, 2025	0.8%
Bank of Nova Scotia 2.36% November 08, 2022	0.8%
TransCanada PipeLines Ltd 4.65% May 18, 2077	0.8%
Bank of Montreal 3.19% March 01, 2028	0.8%
Bell Canada 2.90% August 12, 2026	0.8%
Canadian Imperial Bank of Commerce 3.30% May 26, 2025	0.8%
Cash & Other Net Assets	0.7%
Inter Pipeline Ltd 2.61% September 13, 2023	0.7%
Bank of Montreal 2.89% June 20, 2023	0.7%
North West Redwater Partnership / NWR Financing Co Ltd 3.20% July 22, 2024	0.7%
Toronto-Dominion Bank 2.62% December 22, 2021	0.6%
AltaGas Ltd 3.84% January 15, 2025	0.6%
Royal Bank of Canada 3.31% January 20, 2026	0.5%
Canadian Natural Resources Ltd 2.89% August 14, 2020	0.5%
Pembina Pipeline Corp 4.02% March 27, 2028	0.5%

Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Bonds	49.3%
Canadian Equities	34.7%
Preferred Shares	8.6%
Loans	6.3%
Cash & Other Net Assets	1.1%

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