

Leith Wheeler Income Advantage Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2023



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 & other net assets 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 7.8% in 2023 to \$57 million from \$61.8 million at the end of 2022. Of this change, \$5.5 million was attributable to positive investment performance and \$10.3 million to net outflows from unitholders.

For the year ended December 31, 2023, Series A of the Income Advantage Fund returned +10.1% before fees and expenses. After fees and expenses, Series F returned +9.2%.

As of December 31, 2023, the Fund held 49.7% in investment grade bonds, 3.6% in high yield bonds and senior loans (through the Leith Wheeler Multi Credit Fund), 36.1% in Canadian equities, 9.7% in preferred shares, and 0.9% in 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, showed slight underperformance 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 is mainly due to overweight in rate reset preferreds and an underweight in perpetuals. We remain overweight utility issuers and underweight real estate and financial issuers, which also helped performance in Q4 and throughout 2023.

Your Canadian equity portfolio provided a strong positive return in 2023, returning +13.2% for the year compared to +11.8% for the S&P/TSX Composite Index. Relative results were impacted by weakness in your Consumer Staples and Material holdings. On the other hand, performance was helped by your exposure in Energy, as well as strength in Communication Services.

Recent Developments

In January 2024, the Bank of Canada kept its key interest rate at 5.0%. The S&P/TSX Composite Index returned +0.6% for the same period.

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 1,426,458 Series A units of the Leith Wheeler Canadian Dividend Fund, 233,754 Series A units of the Leith Wheeler Multi Credit Fund, and 681,112 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	*	1.00 %	0.70 %
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 ⁽¹⁾	\$11.02	\$12.23	\$11.37	\$11.18	\$10.37
Increase (decrease) from operations:					
Total revenue	0.50	0.49	0.36	0.56	0.38
Total expenses	(0.02)	-	-	-	-
Realized gains (losses) for the year	(0.09)	(0.11)	0.22	(0.08)	0.06
Unrealized gains (losses) for the year	0.71	(1.08)	0.74	0.16	0.76
Total increase (decrease) from operations ⁽¹⁾	1.10	(0.70)	1.32	0.64	1.20
Distributions:					
From income (excluding dividends)	(0.28)	(0.26)	(0.19)	(0.20)	(0.16)
From dividends	(0.18)	(0.20)	(0.17)	(0.21)	(0.20)
From capital gains	-	-	(0.11)	-	(0.03)
Return of capital	(0.04)	-	-	-	-
Total Annual Distributions ⁽²⁾	(0.50)	(0.46)	(0.47)	(0.41)	(0.39)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$11.61	\$11.02	\$12.23	\$11.37	\$11.18

Series B ⁽³⁾	2023	2022	2021	2020	2019
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$11.50	\$12.52	\$11.62	\$11.35	\$10.54
Increase (decrease) from operations:					
Total revenue	0.53	0.75	0.38	0.09	0.39
Total expenses	(0.03)	(0.10)	(0.10)	(0.11)	(0.11)
Realized gains (losses) for the year	(0.09)	(0.18)	0.23	(0.01)	0.07
Unrealized gains (losses) for the year	(0.09)	(1.64)	0.78	0.02	0.78
Total increase (decrease) from operations ⁽¹⁾	0.32	(1.17)	1.29	(0.01)	1.13
Distributions:					
From income (excluding dividends)	(0.05)	(0.05)	(0.07)	(0.08)	(0.08)
From dividends	(0.06)	(0.10)	(0.16)	(0.17)	(0.21)
From capital gains	-	-	(0.11)	-	(0.03)
Return of capital	(0.01)	-	-	-	-
Total Annual Distributions ⁽²⁾	(0.12)	(0.15)	(0.34)	(0.25)	(0.32)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	-	\$11.50	\$12.52	\$11.62	\$11.35

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 ⁽¹⁾	\$10.25	\$11.35	\$10.58	\$10.38	\$9.65
Increase (decrease) from operations:					
Total revenue	0.46	0.49	0.33	0.30	0.35
Total expenses	(0.02)	(0.08)	(0.09)	(0.03)	(0.04)
Realized gains (losses) for the year	(0.08)	(0.11)	0.20	(0.04)	0.06
Unrealized gains (losses) for the year	0.56	(1.07)	0.68	0.08	0.69
Total increase (decrease) from operations ⁽¹⁾	0.92	(0.77)	1.12	0.31	1.06
Distributions:					
From income (excluding dividends)	(0.21)	(0.15)	(0.11)	(0.10)	(0.09)
From dividends	(0.14)	(0.17)	(0.17)	(0.18)	(0.20)
From capital gains	-	-	(0.10)	-	(0.03)
Return of capital	(0.04)	-	-	-	-
Total Annual Distributions ⁽²⁾	(0.39)	(0.32)	(0.38)	(0.28)	(0.32)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$10.77	\$10.25	\$11.35	\$10.58	\$10.38

(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 October 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) ⁽¹⁾	46,183	44,135	42,868	39,424	39,573
Number of units outstanding (000s) ⁽¹⁾	3,979	4,005	3,506	3,466	3,540
Management expense ratio (%) ⁽²⁾	-	-	-	-	-
Management expense ratio before waivers or absorptions (%)	0.06	0.05	0.04	0.04	0.04
Trading expense ratio (%) ⁽³⁾	0.02	0.01	0.01	0.01	0.01
Portfolio turnover rate (%) ⁽⁴⁾	71.81	81.11	56.79	99.60	65.09
Net assets attributable to holders of redeemable units - per unit (\$)	11.61	11.02	12.23	11.37	11.18

Series B ⁽⁵⁾	2023	2022	2021	2020	2019
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	n/a	7,097	16,866	18,433	28,544
Number of units outstanding (000s) ⁽¹⁾	n/a	617	1,347	1,586	2,516
Management expense ratio (%) ⁽²⁾	n/a	0.85	0.85	0.85	0.85
Management expense ratio before waivers or absorptions (%)	n/a	0.90	0.89	0.89	0.89
Trading expense ratio (%) ⁽³⁾	n/a	0.01	0.01	0.01	0.01
Portfolio turnover rate (%) ⁽⁴⁾	n/a	81.11	56.79	99.60	65.09
Net assets attributable to holders of redeemable units - per unit (\$)	n/a	11.50	12.52	11.62	11.35

Series F	2023	2022	2021	2020	2019
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	10,777	10,574	10,576	8,372	9,800
Number of units outstanding (000s) ⁽¹⁾	1,001	1,032	932	791	945
Management expense ratio (%) ⁽²⁾	0.78	0.76	0.76	0.75	0.75
Management expense ratio before waivers or absorptions (%)	0.84	0.81	0.80	0.79	0.79
Trading expense ratio (%) ⁽³⁾	0.02	0.01	0.01	0.01	0.01
Portfolio turnover rate (%) ⁽⁴⁾	71.81	81.11	56.79	99.60	65.09
Net assets attributable to holders of redeemable units - per unit (\$)	10.77	10.25	11.35	10.58	10.38

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

Past Performance

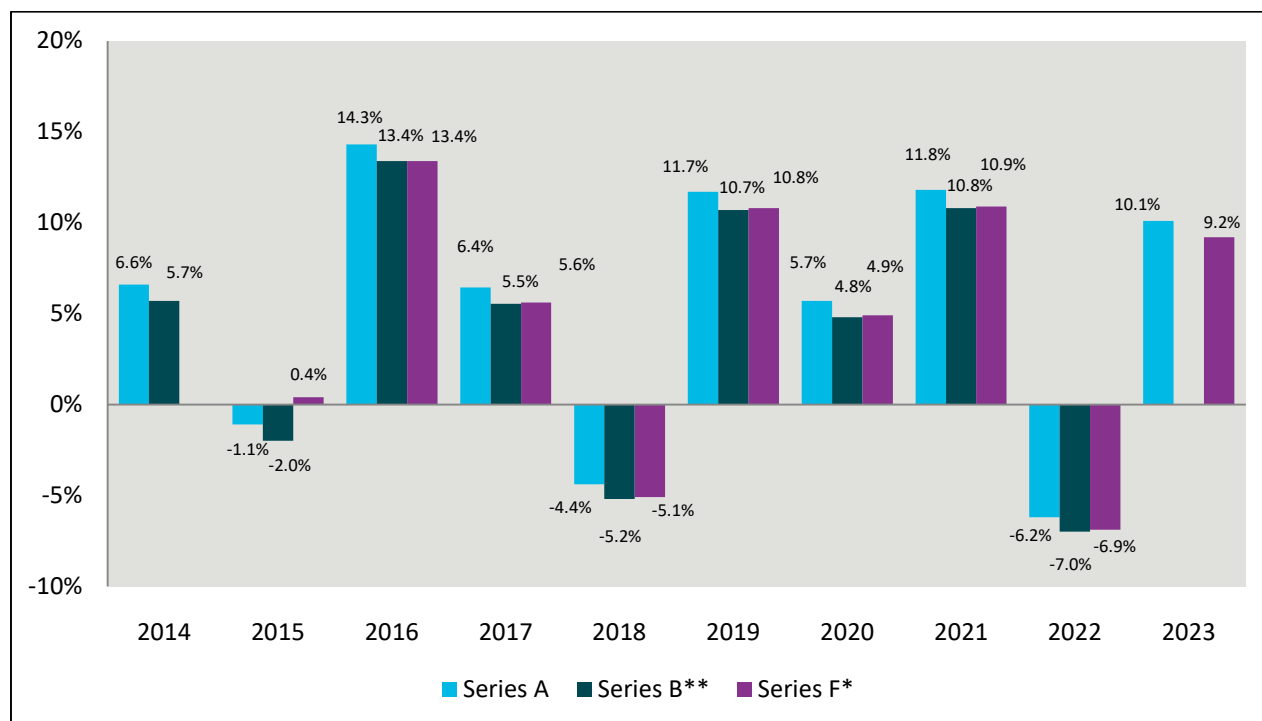
General

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

** Effective October 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 a blended benchmark return for the year ended December 31, 2023. The blended benchmark (the "Benchmark") is comprised of 32.5% FTSE Canada Short Term Corporate Bond Index, 32.5% FTSE Canada Mid Term Corporate Bond Index and 35% S&P/TSX Composite Dividend 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. The S&P/TSX Composite Dividend Index measures the total return of Canadian dividend-paying stocks in the S&P/TSX Composite with positive annual dividend yields. 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 *	10.1%	4.9%	6.4%	5.3%
Benchmark***	8.4%	3.9%	5.9%	4.9%
Fund – Series B */****	n/a	n/a	n/a	n/a
Benchmark***	8.4%	3.9%	5.9%	n/a
Fund – Series F **	9.2%	4.1%	5.6%	n/a
Benchmark***	8.4%	3.9%	5.9%	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

*** Effective April 1, 2021, the Fund formally adopted an investment performance benchmark, which you can use to assess the relative performance of your investments versus a blend of published indices. We have chosen a custom blended benchmark that has similar asset class(es) and risk and return characteristics to the Fund. However, the characteristics of the benchmark will not match that of the Fund due to our active management of the Fund. The benchmark will be presented retroactively to help you better assess the Fund's past performance.

**** Effective October 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
Leith Wheeler Canadian Dividend Fund, Series 'A'	36.1%
Leith Wheeler Preferred Share Fund, Series 'A'	9.7%
Leith Wheeler Multi Credit Fund, Series 'A'	3.6%
The Toronto-Dominion Bank, Variable, Callable, 3.11%, 22/04/2030	1.4%
Royal Bank of Canada, 1.83%, 31/07/2028	1.0%
Cash & Other Net Assets	0.9%
The Toronto-Dominion Bank, 4.34%, 27/01/2026	0.9%
Choice Properties Real Estate Investment Trust, Series 'M', Callable, 3.53%, 11/06/2029	0.8%
Royal Bank of Canada, 5.23%, 24/06/2030	0.8%
TransCanada PipeLines Limited, Callable, 3.00%, 18/09/2029	0.8%
Manulife Financial Corporation, Variable, Callable, 2.82%, 13/05/2035	0.8%
Rogers Communications Inc., Callable, 2.90%, 09/12/2030	0.7%
Choice Properties Real Estate Investment Trust, Series 'P', Callable, 2.85%, 21/05/2027	0.7%
AltaGas Limited, Variable, Callable, 8.90%, 10/11/2083	0.7%
Enbridge Gas Inc., Callable, 2.35%, 15/09/2031	0.7%
Sun Life Financial Inc., Variable, Callable, 4.78%, 10/08/2034	0.7%
Royal Bank of Canada, 1.59%, 04/05/2026	0.7%
TransCanada PipeLines Limited, Callable, 5.28%, 15/07/2030	0.6%
JPMorgan Chase & Company, Variable, Callable, 1.90%, 05/03/2028	0.6%
North West Redwater Partnership/NWR Financing Company Limited, Series 'F', Callable, 4.25%, 01/06/2029	0.6%
Bell Canada, Callable, 2.50%, 14/05/2030	0.6%
Pembina Pipeline Corporation, Callable, 3.62%, 03/04/2029	0.6%
Inter Pipeline Limited, Callable, 6.59%, 09/02/2034	0.6%
Hydro One Inc., Callable, 4.16%, 27/01/2033	0.5%
Ontario Power Generation Inc., Callable, 4.92%, 19/07/2032	0.5%

Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Corporate Bonds	53.0%
Canadian Equities	45.2%
Cash & Other Net Assets	1.3%
Senior Loans	0.5%

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