

Leith Wheeler International Equity Plus Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2018



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 superior long-term investment returns by investing in equity securities trading on the major markets around the world. The Fund will focus on holdings in the EAFE (Europe, Australasia & Far East) markets but may also have some exposure to North American and Emerging Markets. The Fund primarily invests in a broad range of international companies and 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 equity and equity related securities.

Our strategy employs a value approach to the management of equities. It emphasizes long-term investment and it focuses on the selection of individual securities using a bottom-up, research driven approach. Sector exposure is a residual of this stock selection process. Fund holdings must meet our standards of investment quality, including a history of above average financial performance, a secure financial position, reputable management and a growth opportunity in terms of sales, earnings, and share price.

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 increased by 38.7% in 2018 to \$35.5 million from \$25.6 million at the end of 2017. Of this change, \$1.8 million was attributable to investment loss and \$11.7 million to net inflows.

The MSCI EAFE 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 MSCI EAFE Index declining -6.3%. Eight of the 11 sectors delivered negative returns with Financials (-12.9%), Materials (-10.1%) and Consumer Discretionary (-8.6%) bringing in the most disappointing results. On the positive side, Utilities (+10.2%), Health Care (+4.3%) and Energy (+1.2%) led Index returns.

The International Equity Plus Fund underperformed the MSCI EAFE – Net (C\$) during 2018, with Series A of the fund decreasing -6.7%, Series B of the Fund decreasing -8.2% after fees and expenses, and Series F of the Fund decreasing -7.7% after fees and expenses.

Absolute returns in global equity markets were slightly positive during the first quarter, although this masks an initial strong period followed by volatility and falls in the markets. The volatility largely stemmed from a change in perception toward a more inflationary future and eventually this will also bring with it a change in perspective of future interest rates. Investors should not underestimate the importance of a change in the interest rate environment since it has been the zero-cost of money which has allowed the distortion in market valuations to be created and sustained. On a regional basis, the biggest geographic contribution to portfolio performance in the first quarter came from Asia. On a sector basis, we saw the strongest returns in Travel and Leisure. Health Care was not a positive contributor to return, but as valuations adjust its resilience will become more apparent.

Global equity market returns were slightly positive during the second quarter as concerns over trade sanctions and their impact on the global economy combined with the results of the Italian election to cast a shadow over non-US equity markets. As a consequence, we saw weakness in both financial and emerging market shares. It is possible that either Italy or President Trump will pursue policies which hinder global economic growth. However, we believe that it is more likely to be rhetoric than substance. We therefore expect strong recovery in the shares that have been hit recently; for example, some banks that have been trading at significant discounts to tangible book value.

The third quarter of 2018 saw returns muted as concerns continued over trade sanctions and the potential impact on global growth. The Italian political situation cast a shadow over European markets with the pending approval of a new budget continuing to unsettle markets. Brexit remains a key concern and UK equities were weighed down by fears over a no-deal Brexit and the possibility that opposition parties could derail the process by forcing a general election. Trade tensions had a meaningful impact in emerging markets which resulted in increased volatility throughout the quarter. Oil and Gas stocks held up well over the third quarter, with higher oil prices being supported by tight supply conditions. Over the quarter, Health Care sector returns were mixed, with strong contributions from Astrazeneca, Novartis and Roche being offset by more specific issues in Shanghai Fosun and Bayer. Fosun was impacted by a decision to move to a more centralized procurement and reimbursement of drugs, while Bayer fell on an unfavourable court ruling. Technology performed well as a result of recovery in Lenovo following improving results. Underperformers over the quarter included Panasonic, which was held back on Tesla-related business and Galaxy due to concerns about Macau spending.

The fourth quarter saw declines as stock markets fretted over a slowdown in global economic growth. This was accompanied by a significant rise in volatility and market movements being more pronounced as trading volumes and market liquidity fell. The oil price also fell as supply and demand considerations weighted heavily. Telecom was the key sector contributing to performance over the quarter given its defensive characteristics and lower sensitivity to interest rate movements. The emerging markets exposure was resilient, with Bank Negara Indonesia

Management Discussion of Fund Performance (cont.)

Results of Operations (cont.)

being the notable outperformer. Similarly, Health Care stocks including Roche and Novartis held up well, although litigation risks at Bayer and price competition at Shanghai Fosun remained a headwind. The most significant detractors to performance were Banks and Industrials given their sensitivity to the economic growth outlook.

There were 6 names added to the Fund in 2018: Singapore Telecom, Ahold Delhaize, ING Groep Certs, China Mobile, Samsung SDI, and Vodafone.

Singapore Telecom is the largest telecom company in Singapore, number two in Australia, and has sizeable equity stakes in various leading ASEAN and South Asia telcos. Low capital intensity, low balance sheet leverage and leading mobile networks mean free cash flow can be fully returned to shareholders. We believe that the shares offer above-market returns with lower-than-average risk.

Ahold is the number one food retailer in the Netherlands, with a large US business. The 10 billion Euro acquisition of Delhaize cements the leadership position in Benelux and strengthens the US East Coast business. The extraction of synergies from this deal, combined with sensible capital allocation of cash flows, creates a solid investment case and we have purchased the shares.

Despite subdued volumes in their domestic mortgage markets, ING should be able to grow their business ahead of European peers, aided by a strong digital offering in “Challenger” markets. The focus on a “direct digital banking” model with first-mover advantage offers a competitive cost structure. A capital buffer has been built which provides a degree of protection from Basel 4 requirements where ING is probably more exposed than average. A progressive dividend provides additional appeal.

China Mobile is the dominant national mobile carrier, with a rapidly growing fixed-line business. It has a stable, robust business with good cash flow supporting the attractive dividend yield. Capital expenditure is under control with a focus on “densification” of the existing network rather than a very rapid and significant roll-out of 5G.

Samsung SDI is one of the top three producers of lithium ion batteries globally. It has continued to make gains in the rechargeable battery market and appears poised to see strong revenue growth and profitability over coming years. While we wait for this, the shares are underpinned by holdings in Samsung Display.

Vodafone’s strategy based on mobile network differentiation and high-speed broadband penetration should offer resilient cash flows to support consistent dividends. After the acquisition of Liberty Global’s complementary German and CEE assets, the company will be in a good position to continue this strategy and deleverage.

There were seven holdings eliminated from the Fund in 2018: Baidu.com, Gemalto, NTT, E.ON, RBS, Takashimaya and Ahold Delhaize.

Baidu continues to capitalize on its dominant position in internet search in China and share price strength has taken the long-term valuation to levels that suggest little further upside.

The portfolio’s position in Gemalto was sold in response to a cash offer for the company from Thales.

NTT has done a good job in improving margins by wholesaling its fibre and cost cutting. However, it is facing potential new competition from ecommerce specialist Rakuten. As the company has reached our value target, this additional risk has prompted us to sell the shares.

E.ON is now focused on distribution which is safe and more predictable, but has missed out on the power price recovery. Nuclear shutdowns in 2022 will lead to earnings headwinds alongside regulatory reviews. An increase in exposure to retail will be hampered by political interference, potential price caps and increasing competitiveness. As a result, the shares have been sold.

RBS shares have been sold due to increased uncertainty over the eventual Brexit outcome and consequences for political stability. We have also had long-lasting concerns about RBS underinvesting in technology.

Takashimaya remains optimistic about the prospects for sales growth from inbound tourism and a strengthening domestic economy. However, the department store format continues to face structural challenges which will pressurize margins even when overall sales are growing. In this environment the valuation is not sufficiently attractive and we have sold the holding.

Ahold’s recent merger with Delhaize has gone smoothly and the synergies have supported margins, especially in the US. The market has rewarded Ahold Delhaize’s good performance, but in the longer-term US margin pressures are likely to resume. With a full valuation we decided to sell the position.

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.

Management Discussion of Fund Performance (cont.)

Recent Developments

The International Equity market was slightly positive 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 Balanced Fund owned 1,556,944 Series A units of the Fund, a fund under common management. This holding represents approximately 45.8% 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 1.50% and 0.95%, respectively. During the year, the Fund paid the Manager \$78,600 for Series B and \$2,895 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⁾	\$11.99	\$10.50	\$10.59	\$9.44	\$9.36
Increase (decrease) from operations:					
Total revenue	0.43	0.28	0.26	0.24	0.20
Total expenses	-	-	-	-	-
Realized gains (losses) for the year	0.49	0.57	0.24	1.33	0.53
Unrealized gains (losses) for the year	(1.66)	1.19	(0.13)	0.16	(0.45)
Total increase (decrease) from operations ⁽¹⁾	(0.74)	2.04	0.37	1.73	0.28
Distributions:					
From income (excluding dividends)	-	-	-	-	(0.01)
From dividends	(0.36)	(0.28)	(0.23)	(0.20)	(0.19)
From capital gains	(0.40)	(0.27)	(0.13)	(0.34)	-
Return of capital	-	-	-	-	-
Total Annual Distributions ⁽²⁾	(0.76)	(0.55)	(0.36)	(0.54)	(0.20)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$10.44	\$11.99	\$10.50	\$10.59	\$9.44

Series B	2018	2017	2016	2015	2014
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$11.78	\$10.36	\$10.41	\$9.33	\$9.24
Increase (decrease) from operations:					
Total revenue	0.31	0.31	0.37	0.27	0.32
Total expenses	(0.44)	(0.19)	(0.42)	(0.41)	(0.31)
Realized gains (losses) for the year	0.35	0.59	0.33	1.44	0.81
Unrealized gains (losses) for the year	(1.20)	1.24	(0.18)	0.17	(0.69)
Total increase (decrease) from operations ⁽¹⁾	(0.98)	1.94	0.10	1.47	0.13
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.17)	(0.15)	(0.08)	(0.09)	(0.04)
From capital gains	(0.39)	(0.26)	(0.08)	(0.33)	-
Return of capital	-	-	-	-	-
Total Annual Distributions ⁽²⁾	(0.56)	(0.41)	(0.16)	(0.42)	(0.04)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$10.25	\$11.78	\$10.36	\$10.41	\$9.33

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

Series F (inception May 25, 2016)	2018	2017	2016	2015	2014
Net assets attributable to holders of redeemable units - per unit, beginning of year ^{(1) (3)}	\$11.69	\$10.29	\$9.58	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.66	0.29	0.81	n/a	n/a
Total expenses	(0.15)	(0.03)	(0.20)	n/a	n/a
Realized gains (losses) for the year	0.76	0.58	0.76	n/a	n/a
Unrealized gains (losses) for the year	(2.55)	1.23	(0.40)	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	(1.28)	2.07	0.97	n/a	n/a
Distributions:					
From income (excluding dividends)	-	-	-	n/a	n/a
From dividends	(0.30)	(0.22)	(0.16)	n/a	n/a
From capital gains	(0.39)	(0.26)	(0.10)	n/a	n/a
Return of capital	-	-	-	n/a	n/a
Total Annual Distributions ⁽²⁾	(0.69)	(0.49)	(0.26)	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$10.12	\$11.69	\$10.29	n/a	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 May 25, 2016, 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 May 25, 2016 of \$9.58.

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⁾	30,268	20,659	19,181	15,598	13,579
Number of units outstanding (000s) ⁽¹⁾	2,898	1,722	1,827	1,472	1,438
Management expense ratio (%) ⁽²⁾	-	-	-	-	-
Management expense ratio before waivers or absorptions (%)	0.12	0.13	0.14	0.12	0.12
Trading expense ratio (%) ⁽³⁾	0.08	0.08	0.04	0.04	0.01
Portfolio turnover rate (%) ⁽⁴⁾	21.66	17.85	119.28	142.99	79.40
Net assets attributable to holders of redeemable units - per unit (\$)	10.44	11.99	10.50	10.59	9.44

Series B	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	4,934	4,865	3,310	3,321	2,114
Number of units outstanding (000s) ⁽¹⁾	481	413	320	319	227
Management expense ratio (%) ⁽²⁾	1.59	1.59	1.59	1.60	1.59
Management expense ratio before waivers or absorptions (%)	1.71	1.71	1.73	1.72	1.71
Trading expense ratio (%) ⁽³⁾	0.08	0.08	0.04	0.04	0.01
Portfolio turnover rate (%) ⁽⁴⁾	21.66	17.85	119.28	142.99	79.40
Net assets attributable to holders of redeemable units - per unit (\$)	10.25	11.78	10.36	10.41	9.33

Series F (inception May 25, 2016)	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	321	41	11	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	32	4	1	n/a	n/a
Management expense ratio (%) ⁽²⁾	1.00	1.00	1.00	n/a	n/a
Management expense ratio before waivers or absorptions (%)	1.12	1.13	1.14	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.08	0.08	0.04	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	21.66	17.85	119.28	n/a	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	10.12	11.69	10.29	n/a	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

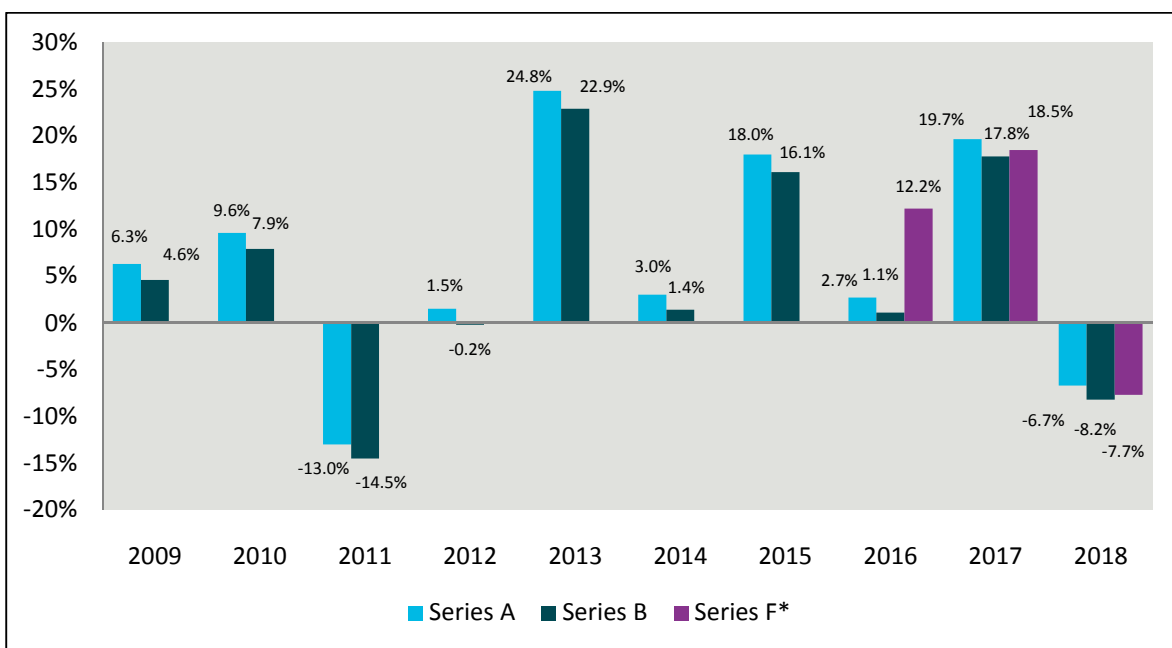
General

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 F units were created on May 25, 2016. Return from May 25, 2016 to December 31, 2016, 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 MSCI EAFE Index (measured in Canadian dollars), in each case for the year ended December 31, 2018. The MSCI EAFE Index includes 1,000 companies representing the stock markets of Europe, Australia, New Zealand, and the Far East. 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	-6.7%	4.7%	6.9%	6.0%
Benchmark	-6.3%	2.4%	5.7%	7.5%
Fund – Series B	-8.2%	3.0%	5.2%	4.3%
Benchmark	-6.3%	2.4%	5.7%	7.5%
Fund – Series F *	-7.7%	n/a	n/a	n/a
Benchmark	-6.3%	n/a	n/a	n/a

* Series F units were created on May 25, 2016.

Summary of Investment Portfolio

As at December 31, 2018

Top 25 Positions

Issuer	% of Net Asset Value
Cash & Other Net Assets	9.1%
Roche Holding AG	4.0%
AstraZeneca PLC	3.5%
Novartis AG	3.1%
Lenovo Group Ltd	2.9%
Sanofi	2.9%
BP PLC	2.8%
Tesco PLC	2.8%
Royal Dutch Shell PLC	2.8%
China Mobile Ltd	2.7%
Vodafone Group PLC	2.7%
Total SA	2.6%
Sumitomo Mitsui Trust Holdings Inc	2.5%
Telefonica SA	2.5%
Sumitomo Mitsui Financial Group Inc	2.4%
ENI SpA	2.4%
Panasonic Corp	2.3%
Swire Pacific Ltd	2.2%
East Japan Railway Co	2.2%
CK Hutchison Holdings Ltd	2.2%
Singapore Telecommunications	2.1%
Commerzbank AG	2.1%
Nokia OYJ	2.1%
Galaxy Entertainment Group Ltd	2.1%
ING Groep NV	2.0%

Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Europe - Ex. U.K.	32.1%
Japan	19.8%
U.K.	16.3%
Pacific - Ex. Japan	16.1%
Cash & Other Net Assets	9.1%
Emerging Markets	6.6%

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.