

# Leith Wheeler U.S. Dividend Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2023



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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](http://www.leithwheeler.com) or SEDAR at [www.sedar.com](http://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 common shares, convertible debentures and other equity related securities of U.S. issuers. The Fund will attempt to produce a total return (net of fees) from the combination of dividends, growth in dividends, and capital appreciation that is in excess of the return of the S&P 500 Index, and secondarily, the Russell 1000 Value Index over a full market cycle.

The strategy employs a value approach to the management of equities. The Fund will generally reflect the following value characteristics: price/earnings and price/book ratios at, or below the market (S&P 500 Index); a dividend yield at, or above the market; and the majority of common shares held by the Fund will have a 25-year history of paying cash dividends. The Fund is sub-advised by Barrow, Hanley, Mewhinney & Strauss, LLC (“Barrow Hanley”) of Dallas, Texas.

### 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 9.2% in 2023 to \$16.8 million (in US dollars) from \$18.5 million (in US dollars) at the end of 2022. Of this change, \$0.9 million was attributed to positive investment performance and \$2.6 million to net outflows from unitholders.

For the year ended December 31, 2023, the US Dividend Fund Series A (US\$) returned +6.0% before fees, and Series F returned +5.0%, after fees and expenses. The S&P 500 (US\$) increased +26.3% over the same period.

The US Dividend Fund seeks 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 common shares, convertible debentures, and other equity-related securities of US issuers.

The year started off on a positive note for markets but volatility returned with two significant events in early March. The first was crypto-focused bank Silvergate Capital announcing that it was shutting down its operations. The second was Silicon Valley Bank (“SVB”) coming to market to raise capital after it had been forced to sell a large portion of their available-for-sale securities at a loss. This triggered panic in the US financial system, which put other regional banks under pressure and ultimately led to the demise of SVB.

The second quarter of 2023 ended with most markets around the globe higher than where they started, with the US market propelled higher by the large technology companies that drove performance in the first quarter. It is remarkable that an index as large as the S&P 500 is now dominated by a handful of companies. In fact, Facebook (Meta), Apple, Amazon, Netflix, Google (Alphabet), Microsoft, NVIDIA, and Tesla accounted for over 80% of the index returns through June. Against this backdrop, our US portfolios have struggled to keep pace with the market.

In the third quarter, the Fund outperformed the S&P 500 index. By sector, outperformance for the quarter was primarily due to stock selection in the Financials sector and an overweight to Energy. The quarter was marked with a broad-based pull back over August and September as inflation measures remained elevated.

The US equity market rallied strongly in the fourth quarter with the S&P 500 (US\$) up +11.7%. The Fund underperformed the S&P 500 Index. By sector, underperformance for the quarter was primarily due to stock selection in Materials, an underweight in Information Technology, and an overweight in Industrials and Materials.

### Recent Developments

In January 2024, the S&P 500 (US\$) returned +1.7%.

**Management Discussion of Fund Performance (cont.)**

**Recent Developments**

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.

**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	*	1.25 %	0.95 %
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 <sup>(1)</sup>	\$12.07	\$11.95	\$9.60	\$10.42	\$9.41
Increase (decrease) from operations:					
Total revenue	0.36	0.30	0.25	0.07	0.54
Total expenses	(0.04)	-	-	-	-
Realized gains (losses) for the year	0.59	0.93	1.06	(0.32)	0.58
Unrealized gains (losses) for the year	(0.27)	(0.83)	1.37	0.05	1.16
Total increase (decrease) from operations <sup>(1)</sup>	0.64	0.40	2.68	(0.20)	2.28
Distributions:					
From income (excluding dividends) <sup>(4)</sup>	(0.31)	-	-	-	-
From dividends	(0.01)	(0.29)	(0.24)	(0.31)	(0.67)
From capital gains	(0.44)	-	-	-	(0.59)
Return of capital	-	-	-	-	-
Total Annual Distributions <sup>(2)</sup>	(0.76)	(0.29)	(0.24)	(0.31)	(1.26)
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$12.01	\$12.07	\$11.95	\$9.60	\$10.42

Series B <sup>(3)</sup>	2023	2022	2021	2020	2019
Net assets attributable to holders of redeemable units - per unit, beginning of year <sup>(1)</sup>	\$12.34	\$12.14	\$9.84	\$10.56	\$9.38
Increase (decrease) from operations:					
Total revenue	0.37	(0.91)	0.18	2.23	0.52
Total expenses	(0.14)	(0.16)	(0.15)	(0.08)	(0.10)
Realized gains (losses) for the year	0.60	(2.84)	0.75	(9.90)	0.56
Unrealized gains (losses) for the year	20.44	2.51	0.96	1.24	1.14
Total increase (decrease) from operations <sup>(1)</sup>	21.27	(1.40)	1.74	(6.51)	2.12
Distributions:					
From income (excluding dividends) <sup>(4)</sup>	(0.09)	-	-	-	-
From dividends	-	(0.06)	(0.19)	(0.11)	(0.36)
From capital gains	-	-	-	-	(0.59)
Return of capital	-	-	-	-	-
Total Annual Distributions <sup>(2)</sup>	(0.09)	(0.06)	(0.19)	(0.11)	(0.95)
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	-	\$12.34	\$12.14	\$9.84	\$10.56

**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 <sup>(1)</sup>	\$12.21	\$12.04	\$9.64	\$10.49	\$9.38
Increase (decrease) from operations:					
Total revenue	0.37	0.20	0.29	0.37	0.53
Total expenses	(0.16)	(0.12)	(0.11)	(0.01)	(0.10)
Realized gains (losses) for the year	0.59	0.63	1.20	(1.66)	0.57
Unrealized gains (losses) for the year	(0.27)	(0.55)	1.52	0.21	1.16
Total increase (decrease) from operations <sup>(1)</sup>	0.53	0.16	2.90	(1.09)	2.16
Distributions:					
From income (excluding dividends) <sup>(4)</sup>	(0.26)	-	-	-	-
From dividends	(0.01)	(0.12)	(0.09)	(0.25)	(0.47)
From capital gains	(0.44)	-	-	-	(0.59)
Return of capital	-	-	-	-	-
Total Annual Distributions <sup>(2)</sup>	(0.71)	(0.12)	(0.09)	(0.25)	(1.06)
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$12.08	\$12.21	\$12.04	\$9.64	\$10.49

(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 July 25, 2023, Series B has been discontinued as there are no unitholders.

(4) Effective 2023, distributions per unit for income derived from foreign countries, including foreign dividends, is included in "from income".

## Financial Highlights (cont.)

## Ratios and Supplemental Data

Series A	2023	2022	2021	2020	2019
Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup>	16,798	18,442	18,773	15,951	15,808
Number of units outstanding (000s) <sup>(1)</sup>	1,399	1,528	1,571	1,661	1,516
Management expense ratio (%) <sup>(2)</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions (%)	0.13	0.11	0.12	0.23	0.10
Trading expense ratio (%) <sup>(3)</sup>	0.03	0.03	0.05	0.10	0.11
Portfolio turnover rate (%) <sup>(4)</sup>	32.04	29.60	46.05	59.74	69.67
Net assets attributable to holders of redeemable units - per unit (\$)	12.01	12.07	11.95	9.60	10.42

Series B <sup>(5)</sup>	2023	2022	2021	2020	2019
Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup>	n/a	3	129	28	1,976
Number of units outstanding (000s) <sup>(1)</sup>	n/a	-	11	3	187
Management expense ratio (%) <sup>(2)</sup>	n/a	1.31	1.31	1.34	1.33
Management expense ratio before waivers or absorptions (%)	n/a	1.42	1.43	1.57	1.43
Trading expense ratio (%) <sup>(3)</sup>	n/a	0.03	0.05	0.10	0.11
Portfolio turnover rate (%) <sup>(4)</sup>	n/a	29.60	46.05	59.74	69.67
Net assets attributable to holders of redeemable units - per unit (\$)	n/a	12.34	12.14	9.84	10.56

Series F	2023	2022	2021	2020	2019
Total net assets attributable to holders of redeemable units (\$000s) <sup>(1)</sup>	31	42	58	78	120
Number of units outstanding (000s) <sup>(1)</sup>	3	4	5	8	11
Management expense ratio (%) <sup>(2)</sup>	1.02	1.00	1.00	1.00	1.00
Management expense ratio before waivers or absorptions (%)	1.15	1.11	1.12	1.23	1.10
Trading expense ratio (%) <sup>(3)</sup>	0.03	0.03	0.05	0.10	0.11
Portfolio turnover rate (%) <sup>(4)</sup>	32.04	29.60	46.05	59.74	69.67
Net assets attributable to holders of redeemable units - per unit (\$)	12.08	12.21	12.04	9.64	10.49

(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 July 25, 2023, Series B has been discontinued as there are no unitholders.

**Past Performance**

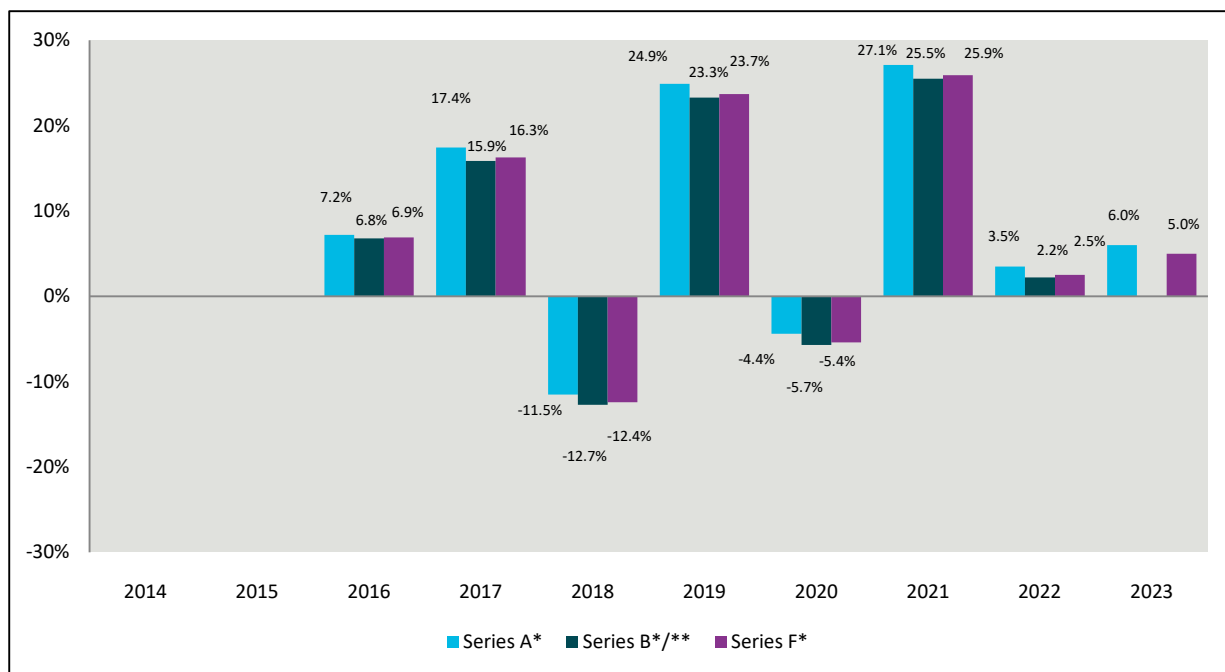
**General**

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 A, B and F units were created on September 26, 2016. Return from September 26, 2016 to December 31, 2016, not annualized.

\*\* Effective July 25, 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, F and FP1) with the S&P 500 Index, in each case for the year ended December 31, 2023. The S&P 500 Index includes a representative sample of 500 of the top companies in leading industries of the U.S. economy. It is a broad U.S. market-cap-weighted stock market index that focuses on the large-cap segment of the market and covers approximately 80% of available U.S. market capitalization. A discussion of the performance of the Fund as compared to this broad-based index is found in the Results of Operations section of this document.

<b>For the Years ended December 31</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
Fund – Series A*	6.0%	11.7%	10.8%	n/a
Benchmark	26.3%	10.0%	15.7%	n/a
Fund – Series B**/**	n/a	n/a	n/a	n/a
Benchmark	26.3%	10.0%	15.7%	n/a
Fund – Series F*	5.0%	10.6%	9.6%	n/a
Benchmark	26.3%	10.0%	15.7%	n/a

\* Series A, Series B and Series F units were created on September 26, 2016.

\*\* Effective July 25, 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
Philip Morris International Inc.	4.3%
CVS Health Corporation	4.3%
Phillips 66	3.8%
Merck & Company Inc.	3.8%
Wells Fargo & Company	3.5%
Coca-Cola Europacific Partners PLC	3.4%
Air Products and Chemicals Inc.	3.2%
Public Storage	3.2%
Fidelity National Information Services Inc.	3.1%
Comcast Corporation, Class A	3.1%
Chubb Limited	3.1%
Humana Inc.	3.1%
Hess Corporation	3.1%
Enbridge Inc.	3.1%
Medtronic PLC	3.1%
Entergy Corporation	3.1%
DuPont de Nemours Inc.	3.0%
Johnson & Johnson	3.0%
General Dynamics Corporation	2.9%
The Allstate Corporation	2.8%
JPMorgan Chase & Company	2.8%
The Cigna Group	2.5%
UnitedHealth Group Inc.	2.3%
Smith & Nephew PLC	2.2%
RTX Corporation	2.2%

**Portfolio Allocation**

Portfolio Breakdown	% of Net Asset Value
Health Care	24.2%
Financials	19.8%
Consumer Staple	13.5%
Energy	12.1%
Materials	8.1%
Industrials	7.0%
Utilities	4.9%
Real Estate	4.0%
Communication Services	3.1%
Information Technology	2.4%
Cash & Other Net Assets	0.9%

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](http://www.leithwheeler.com).*