

Leith Wheeler U.S. Small/Mid-Cap Equity 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 superior long-term investment returns and income by investing primarily in a broad range of small and mid-capitalization U.S. companies. The Fund is not restricted by industry sector or size, although portfolio diversification is a consideration in the selection of securities in the Fund. Under normal circumstances, the Fund will keep its portfolio fully invested, to the greatest extent possible, in equity securities.

Our strategy employs a value approach to the management of equities. The Fund aims to maximize the long-term rate of return while preserving investment capital by avoiding investment strategies that expose portfolio assets to excessive risk; to outperform the Russell 2500 Index over a full market cycle; and to achieve an above-average ranking relative to similar mandates over a full market cycle.

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 15.6% in 2018, rising to \$5.2 million from \$4.5 million at the end of 2017. Of this change, \$0.1 million was attributable to investment loss and \$0.8 million to net inflows.

The US Small/Mid-Cap Equity Fund was slightly negative during 2018 as Series A units declined by 0.8%. Series B units and Series F units were down 2.1% and 1.8%, respectively, after fees and expenses during the year. The Fund outperformed the Russell 2500 Index (the Index) over this same period, after adjusting for the impact of a weakening Canadian dollar.

2018 was a rough year for US small/mid-cap stocks, driven by a spike in stock market volatility during the fourth quarter from the confluence of concerns around rising rates, trade, and slowing global growth. For the second consecutive year, US small/mid-cap indices lagged large-cap ones.

The Index experienced its worst year since the 2008 financial crisis, down 10.0% in USD terms and down 2.1% in CAD terms. We note USD/CAD exchange rate volatility can impact returns in the short term. All cyclical sectors were down double digits in USD terms: Energy (-36.0%), Materials (-22.9%), Industrials (-16.5%), Consumer Discretionary (-12.6%) and Financials (-11.6%). In contrast, Utilities and Information Technology were the top performers, up 7.7% and 1.5%, respectively.

The outperformance in the year was primarily driven by stock selection and an overweighting in cash, despite the sector allocation. The Fund has maintained a cash weighting of 9% and no exposure to Energy, which offset the underweights in two of the top three sectors, Health Care and Information Technology. We have avoided the Health Care sector in the portfolio because most of the health care companies in the Index are unprofitable and have unreasonably high valuations.

Notable outperformers in 2018 included Keysight Technologies (+49.2%), Live Nation (+15.7%) and STORE Capital (+14.0%). Over the year, Information Technology holding Keysight Technologies reported better than expected organic revenue growth and margins driven by accelerating 5G and US defense spending. We expect a debt-free balance sheet within the next two years based on the company's strong profitability and free cash flow generation. Keysight remains one of our top holdings as we believe investors underestimate forthcoming margin and revenue upside potential.

STORE Capital, a Real Estate holding, was another top contributor over the year. STORE Capital is a well-run, long-term triple-net lease REIT with a focus on single-tenant standalone profit-center properties. They lend to niche middle market companies underserved by traditional financial institutions. The company reported strong quarterly results and raised the dividend by 6% during the quarter, resulting in an annual dividend yield of 4.5%.

Notable underperformers in 2018 include Maxar Technologies (-80.6%), Commscope (-48.3%) and Tri Pointe (-39.0%). 2018 was a challenging year for Maxar Technologies, as its share price declines were catalyzed by a short-selling report from US-based Spruce Point Capital, which made allegations regarding Maxar's competitive position and financial leverage sustainability—assertions with which we disagree based on our analysis. Nevertheless, Maxar shares underwent additional sell-offs in the fourth quarter as its earnings outlook fell 20% on disappointing short-term results in its non-core cyclical satellite construction business. We are disappointed and humbled by the magnitude of the price declines. Businesses with above-average leverage can face significant short-term share price volatility; in our view, Maxar's volatility has been extreme considering the multi-year free cash flow visibility from its recently-renewed 5-year, US government contracts. As such we view shares of Maxar as deeply undervalued—either as a standalone entity or as a breakup of its dominant satellite imagery/antenna/robotics franchises.

Management Discussion of Fund Performance (cont.)

Results of Operations (cont.)

There were five holdings added to the Fund in 2018: Winpak, Middleby Corporation, Hilton Grand Vacation, Cogent Communications, and Seaspan.

Cogent Communications is one of the world's largest internet service providers, with a large and diversified customer base of large corporate customers and online content companies (e.g., Netflix, YouTube). Cogent's attractiveness is underpinned by a combination of (i) a multi-year subscription model resulting in recurring revenues; (ii) exposure to organic growth from data consumption by corporations and consumers; and (iii) being managed by a founder/CEO who owns 9% of the company – worth US\$200 million. In addition, the company's strong free cash flow generation and dividend growth are expected to continue on further margin improvements. In December, we initiated a position in Seaspan Corporation's cumulative perpetual preferred shares after a particularly steep price drop. Seaspan is a levered containership lessor. A new management team and board, and equity and bond infusions from Fairfax Financial are considerably improving the financial and operational complexion of the company. As these changes flow through, the preferred shares should positively re-rate and result in a substantive equity-like return to us along the way.

There were five holdings deleted from the Fund in 2018: Sally Beauty, Tiffany, USG, Wyndham Destinations, and Commscope.

We sold our position in Wyndham Destinations, the timeshare business spun off from Wyndham. In its place we added to our position in Hilton's timeshare business, Hilton Grand Vacation, which we feel is better competitively positioned than Wyndham.

In contrast to the deleveraging thesis behind our original investment, Commscope - a global leader in fiber and antenna solutions for communications networks - announced an intention to acquire Arris International, a provider of entertainment and communications solutions. We subsequently exited our position due to loss in confidence in management's capital allocation discipline, as we view this debt-financed acquisition into the mature cable-centric business as both value destructive and financially risky.

As always, bottom-up, fundamental analysis is key to our investment decision-making process, and we continue to seek out companies with sustainable advantages and reasonable business valuations.

Recent Developments

US equity markets had a strong rebound in January, which was offset slightly by a strengthening Canadian dollar relative to the US dollar.

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 299,717 Series A units of the Fund, a fund under common management. This holding represents approximately 64.9% 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 1.25% and 0.95%, respectively. During the year, the Fund paid the Manager \$5,618 for Series B and \$4,983 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 (inception October 27, 2016)	2018	2017	2016	2015	2014
Net assets attributable to holders of redeemable units - per unit, beginning of year ^{(1) (3)}	\$11.77	\$10.73	\$10.00	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.67	0.12	0.02	n/a	n/a
Total expenses	-	-	-	n/a	n/a
Realized gains (losses) for the year	(0.07)	0.21	-	n/a	n/a
Unrealized gains (losses) for the year	(0.74)	0.82	0.40	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	(0.14)	1.15	0.41	n/a	n/a
Distributions:					
From income (excluding dividends)	(0.03)	-	-	n/a	n/a
From dividends	(0.38)	(0.11)	-	n/a	n/a
From capital gains	-	(0.17)	-	n/a	n/a
Return of capital	-	-	-	n/a	n/a
Total Annual Distributions ⁽²⁾	(0.41)	(0.28)	-	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$11.27	\$11.77	\$10.73	n/a	n/a

Series B (inception October 27, 2016)	2018	2017	2016	2015	2014
Net assets attributable to holders of redeemable units - per unit, beginning of year ^{(1) (3)}	\$11.74	\$10.70	\$10.00	n/a	n/a
Increase (decrease) from operations:					
Total revenue	(0.67)	0.15	0.03	n/a	n/a
Total expenses	(0.49)	(0.32)	(0.20)	n/a	n/a
Realized gains (losses) for the year	0.07	0.25	-	n/a	n/a
Unrealized gains (losses) for the year	0.74	1.00	0.78	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	(0.35)	1.08	0.61	n/a	n/a
Distributions:					
From income (excluding dividends)	-	-	-	n/a	n/a
From dividends	(0.25)	-	-	n/a	n/a
From capital gains	-	(0.13)	-	n/a	n/a
Return of capital	-	-	-	n/a	n/a
Total Annual Distributions ⁽²⁾	(0.25)	(0.13)	-	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$11.24	\$11.74	\$10.70	n/a	n/a

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

Series F (inception October 27, 2016)	2018	2017	2016	2015	2014
Net assets attributable to holders of redeemable units - per unit, beginning of year ^{(1) (3)}	\$11.78	\$10.71	\$10.00	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.85	0.11	0.02	n/a	n/a
Total expenses	(0.07)	(0.03)	(0.01)	n/a	n/a
Realized gains (losses) for the year	(0.09)	0.18	-	n/a	n/a
Unrealized gains (losses) for the year	(0.93)	0.73	0.53	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	(0.24)	1.00	0.54	n/a	n/a
Distributions:					
From income (excluding dividends)	-	-	-	n/a	n/a
From dividends	(0.25)	(0.01)	-	n/a	n/a
From capital gains	-	(0.13)	-	n/a	n/a
Return of capital	-	-	-	n/a	n/a
Total Annual Distributions ⁽²⁾	(0.25)	(0.13)	-	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$11.32	\$11.78	\$10.71	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 October 27, 2016, inception date of Series A, B and F units of the Fund.

Financial Highlights (cont.)

Ratios and Supplemental Data

Series A (inception October 27, 2016)	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	4,329	3,518	504	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	384	299	47	n/a	n/a
Management expense ratio (%) ⁽²⁾	-	-	-	n/a	n/a
Management expense ratio before waivers or absorptions (%)	0.41	0.57	2.88	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.08	0.11	0.33	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	27.14	19.69	-	n/a	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	11.27	11.77	10.73	n/a	n/a

Series B (inception October 27, 2016)	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	462	360	15	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	41	31	1	n/a	n/a
Management expense ratio (%) ⁽²⁾	1.31	1.31	1.33	n/a	n/a
Management expense ratio before waivers or absorptions (%)	1.72	1.88	4.20	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.08	0.11	0.33	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	27.14	19.69	-	n/a	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	11.24	11.74	10.70	n/a	n/a

Series F (inception October 27, 2016)	2018	2017	2016	2015	2014
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	418	607	364	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	37	51	34	n/a	n/a
Management expense ratio (%) ⁽²⁾	1.01	1.00	1.00	n/a	n/a
Management expense ratio before waivers or absorptions (%)	1.42	1.57	3.88	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.08	0.11	0.33	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	27.14	19.69	-	n/a	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	11.32	11.78	10.71	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

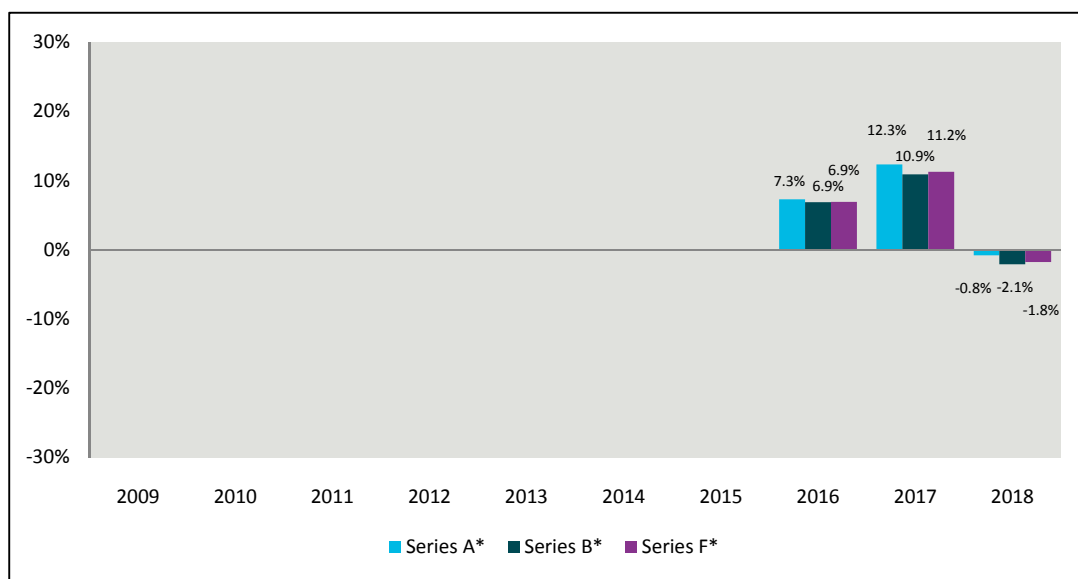
General

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 A, Series B and Series F units were created on October 27, 2016. Return from October 27, 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 Russell 2500 Index, in each case for the year ended December 31, 2018. The Russell 2500 Index is a broad index of 2,500 stocks that covers the small and mid-cap market capitalizations (up to the \$10 billion in market capitalization) of U.S. based listed equities. 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 *	-0.8%	n/a	n/a	n/a
Benchmark	-2.1%	n/a	n/a	n/a
Fund – Series B *	-2.1%	n/a	n/a	n/a
Benchmark	-2.1%	n/a	n/a	n/a
Fund – Series F *	-1.8%	n/a	n/a	n/a
Benchmark	-2.1%	n/a	n/a	n/a

* Series A, Series B and Series F units were created on October 27, 2016.

Summary of Investment Portfolio

As at December 31, 2018

Top 25 Positions

Issuer	% of Net Asset Value
Cash & Other Net Assets	14.1%
Keysight Technologies Inc	6.9%
Live Nation Entertainment Inc	6.1%
Starwood Property Trust Inc	5.4%
STORE Capital Corp	5.1%
CarMax Inc	5.1%
Cinemark Holdings Inc	5.1%
Carlisle Cos Inc	5.1%
MSC Industrial Direct Co Inc	4.6%
Tetra Tech Inc	4.3%
Winpak Ltd	4.3%
Torchmark Corp	3.8%
Lamar Advertising Co	3.6%
Brookfield Infrastructure Partners LP	3.1%
TRI Pointe Group Inc	3.1%
On Assignment Inc	3.0%
Hilton Grand Vacations Inc	2.9%
Air Lease Corp	2.7%
Middleby Corp	2.6%
Wyndham Hotels & Resorts Inc	2.6%
Cogent Communications Holdings Inc	2.3%
Axalta Coating Systems Ltd	1.9%
Maxar Technologies Ltd	1.0%
Seaspan Corp Preferred Shares, Series G	0.7%
Seaspan Corp Preferred Shares, Series D	0.6%

Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Industrials	23.4%
Cash & Other Net Assets	14.1%
Consumer Discretionary	13.7%
Communication Services	13.3%
Financials	9.2%
Real Estate	8.8%
Information Technology	6.9%
Materials	6.2%
Utilities	3.1%
Preferred Shares	1.3%

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.