

Leith Wheeler Income Advantage Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2024



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.sedarplus.ca.

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. The Fund primarily invests in a broad range of Canadian securities and may also invest in foreign securities. The Fund will also invest in a broad range of companies and is not restricted by capitalization or industry sector, 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.

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 6.3% in 2024 to \$53.4 million from \$57.0 million at the end of 2023. Of this change, \$6.0 million was attributable to positive investment performance and \$9.6 million to net outflows from unitholders.

For the year ended December 31, 2024, Series A of the Income Advantage Fund returned +12.6% before fees and expenses. After fees and expenses, Series F returned +11.6%.

The Bank of Canada maintained its rate cutting path, reducing the policy rate down to 3.25% with a series of consecutive interest rate cuts that began in June (including two back-to-back 0.50% cuts). Cooler economic growth and inflation were the reasons cited. In mid-December, the Bank of Canada indicated it may slow the pace of the easing cycle given the policy rate is now closer to a level consistent with slower economic growth and signs of a softer labour market.

Over the past year, we have reduced the Fund's exposure to corporate bonds. The risk premium of corporate bonds over government bonds, or "spread", has narrowed materially and is currently sitting at decade lows. Although we maintain an overweight position to corporate bonds, the Fund's combined position in all spread products (provincial, municipal and corporate bonds) is close to neutral.

Towards the end of the year credit spreads in the high yield market reached lows of 1.9% before finishing the year at 2.3%. Expected default rates for bank loans and high yield bonds are both below long-term averages. An overweight and security selection in the Metals & Mining and Utility sectors along with an underweight in Retail and Leisure contributed to the portfolio performance, while Media and Telecommunication detracted. The Fund continues to be positioned with a bias towards fixed-rate high yield bonds over bank loans.

The preferred share portfolio outperformed the S&P/TSX Preferred Share Index in 2024, increasing by +29.3% before fees while the preferred share index increased by +24.7%. We remain overweight Utility issuers and underweight Real Estate and Financial issuers.

Canadian equities provided a positive return in 2024, returning +15.1% for the year, but lagged the S&P/TSX Dividend Composite Index, which increased by +19.8%. Consumer Discretionary and Health Care contributed positively to the Fund while Information Technology and Industrials detracted from performance during the year.

Recent Developments

In January 2025, the Bank of Canada lowered its key interest rate to 3.0%. S&P/TSX Dividend Composite Index returned +3.1%, FTSE Canada Short Term Corporate Bond Index returned +0.9% and FTSE Canada Mid Term Corporate Bond Index returned +1.3% for the month.

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, 2024, the Fund owned 1,175,689 Series A units of the Leith Wheeler Canadian Dividend Fund, 188,495 Series A units of the Leith Wheeler Multi Credit Fund, and 541,222 Series A units of the Leith Wheeler Preferred Share Fund, which are funds under common management.

During the year ended December 31, 2024, the Fund received approximately \$856,000 in distributions from Leith Wheeler Canadian Dividend Fund, \$123,000 in distributions from Leith Wheeler Multi Credit Fund and \$231,000 in distributions from the Leith Wheeler Preferred Share Fund.

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. Prior to this date there were no administration fees. During 2023 and 2024 there were no changes to management fees.

Fee	Series A	Series F
Management Fees	*	0.70 %
Administration Fees	0.02 %	0.10 %

* Series A unitholders pay a negotiated management fee

Leith Wheeler Investment Counsel Ltd. (the “Manager”) does 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	2024	2023	2022	2021	2020
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$11.61	\$11.02	\$12.23	\$11.37	\$11.18
Increase (decrease) from operations:					
Total revenue	0.50	0.50	0.49	0.36	0.56
Total expenses	(0.01)	(0.02)	-	-	-
Realized gains (losses) for the year	0.27	(0.09)	(0.11)	0.22	(0.08)
Unrealized gains (losses) for the year	0.67	0.71	(1.08)	0.74	0.16
Total increase (decrease) from operations ⁽¹⁾	1.43	1.10	(0.70)	1.32	0.64
Distributions:					
From income (excluding dividends)	(0.26)	(0.28)	(0.26)	(0.19)	(0.20)
From dividends	(0.20)	(0.18)	(0.20)	(0.17)	(0.21)
From capital gains	-	-	-	(0.11)	-
Return of capital	-	(0.04)	-	-	-
Total Annual Distributions ⁽²⁾	(0.46)	(0.50)	(0.46)	(0.47)	(0.41)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$12.58	\$11.61	\$11.02	\$12.23	\$11.37

Series B ⁽³⁾	2024	2023	2022	2021	2020
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	n/a	\$11.50	\$12.52	\$11.62	\$11.35
Increase (decrease) from operations:					
Total revenue	n/a	0.53	0.75	0.38	0.09
Total expenses	n/a	(0.03)	(0.10)	(0.10)	(0.11)
Realized gains (losses) for the year	n/a	(0.09)	(0.18)	0.23	(0.01)
Unrealized gains (losses) for the year	n/a	(0.09)	(1.64)	0.78	0.02
Total increase (decrease) from operations ⁽¹⁾	n/a	0.32	(1.17)	1.29	(0.01)
Distributions:					
From income (excluding dividends)	n/a	(0.05)	(0.05)	(0.07)	(0.08)
From dividends	n/a	(0.06)	(0.10)	(0.16)	(0.17)
From capital gains	n/a	-	-	(0.11)	-
Return of capital	n/a	(0.01)	-	-	-
Total Annual Distributions ⁽²⁾	n/a	(0.12)	(0.15)	(0.34)	(0.25)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	n/a	-	\$11.50	\$12.52	\$11.62

Financial Highlights (cont.)

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

Series F	2024	2023	2022	2021	2020
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$10.77	\$10.25	\$11.35	\$10.58	\$10.38
Increase (decrease) from operations:					
Total revenue	0.47	0.46	0.49	0.33	0.30
Total expenses	(0.11)	(0.02)	(0.08)	(0.09)	(0.03)
Realized gains (losses) for the year	0.26	(0.08)	(0.11)	0.20	(0.04)
Unrealized gains (losses) for the year	0.60	0.56	(1.07)	0.68	0.08
Total increase (decrease) from operations ⁽¹⁾	1.22	0.92	(0.77)	1.12	0.31
Distributions:					
From income (excluding dividends)	(0.18)	(0.21)	(0.15)	(0.11)	(0.10)
From dividends	(0.15)	(0.14)	(0.17)	(0.17)	(0.18)
From capital gains	-	-	-	(0.10)	-
Return of capital	-	(0.04)	-	-	-
Total Annual Distributions ⁽²⁾	(0.33)	(0.39)	(0.32)	(0.38)	(0.28)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$11.67	\$10.77	\$10.25	\$11.35	\$10.58

(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 was discontinued as there are no unitholders.

Financial Highlights (cont.)

Ratios and Supplemental Data

Series A	2024	2023	2022	2021	2020
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	43,332	46,183	44,135	42,868	39,424
Number of units outstanding (000s) ⁽¹⁾	3,444	3,979	4,005	3,506	3,466
Management expense ratio (%) ⁽²⁾	0.02	-	-	-	-
Management expense ratio before waivers or absorptions (%)	0.02	0.06	0.05	0.04	0.04
Trading expense ratio (%) ⁽³⁾	-	0.02	0.01	0.01	0.01
Portfolio turnover rate (%) ⁽⁴⁾	64.49	63.73	81.11	56.79	99.60
Net assets attributable to holders of redeemable units - per unit (\$)	12.58	11.61	11.02	12.23	11.37

Series B ⁽⁵⁾	2024	2023	2022	2021	2020
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	n/a	n/a	7,097	16,866	18,433
Number of units outstanding (000s) ⁽¹⁾	n/a	n/a	617	1,347	1,586
Management expense ratio (%) ⁽²⁾	n/a	n/a	0.85	0.85	0.85
Management expense ratio before waivers or absorptions (%)	n/a	n/a	0.90	0.89	0.89
Trading expense ratio (%) ⁽³⁾	n/a	n/a	0.01	0.01	0.01
Portfolio turnover rate (%) ⁽⁴⁾	n/a	n/a	81.11	56.79	99.60
Net assets attributable to holders of redeemable units - per unit (\$)	n/a	n/a	11.50	12.52	11.62

Series F	2024	2023	2022	2021	2020
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	10,068	10,777	10,574	10,576	8,372
Number of units outstanding (000s) ⁽¹⁾	863	1,001	1,032	932	791
Management expense ratio (%) ⁽²⁾	0.91	0.78	0.76	0.76	0.75
Management expense ratio before waivers or absorptions (%)	0.91	0.84	0.81	0.80	0.79
Trading expense ratio (%) ⁽³⁾	-	0.02	0.01	0.01	0.01
Portfolio turnover rate (%) ⁽⁴⁾	64.49	63.73	81.11	56.79	99.60
Net assets attributable to holders of redeemable units - per unit (\$)	11.67	10.77	10.25	11.35	10.58

(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 was discontinued as there are no unitholders.

Past Performance

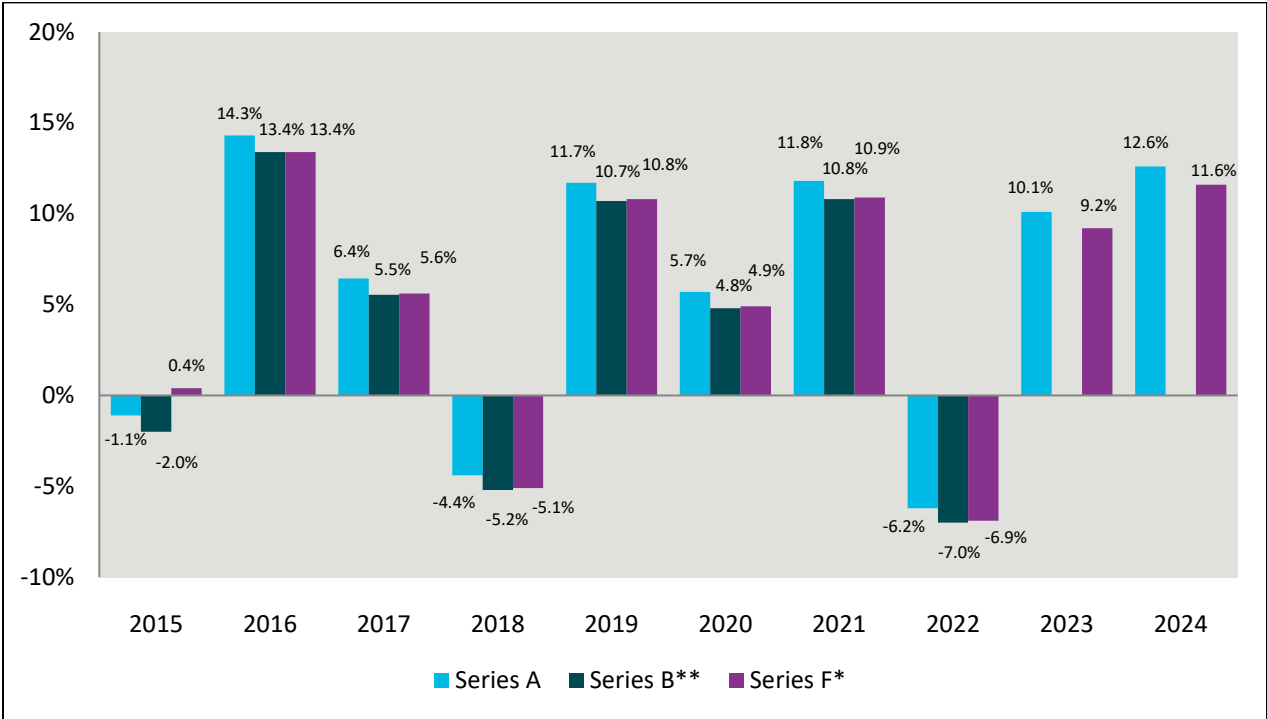
General

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 was 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, 2024. 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 *	12.6%	5.2%	6.6%	5.8%
Benchmark***	11.9%	5.0%	6.0%	5.3%
Fund – Series B */****	n/a	n/a	n/a	n/a
Benchmark***	11.9%	5.0%	6.0%	n/a
Fund – Series F **	11.6%	4.3%	5.7%	n/a
Benchmark***	11.9%	5.0%	6.0%	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 was discontinued as there are no unitholders.

Summary of Investment Portfolio

As at December 31, 2024

Top 25 Positions

Issuer	% of Net Asset Value
Leith Wheeler Canadian Dividend Fund, Series 'A'	34.9%
Leith Wheeler Preferred Share Fund, Series 'A'	10.1%
Leith Wheeler Multi Credit Fund, Series 'A'	3.1%
Manulife Financial Corporation, Variable, Callable, 4.06%, 06/12/2034	1.8%
The Bank of Nova Scotia, 1.85%, 02/11/2026	1.5%
TELUS Corporation, Callable, 2.85%, 13/11/2031	1.4%
Cash & Other Net Assets	1.4%
Canadian Imperial Bank of Commerce, Variable, Callable, 4.90%, 12/06/2034	1.0%
Choice Properties Real Estate Investment Trust, Series 'M', Callable, 3.53%, 11/06/2029	0.9%
Bell Canada, Callable, 2.50%, 14/05/2030	0.9%
Inter Pipeline Limited, Callable, 6.59%, 09/02/2034	0.8%
Dollarama Inc., Callable, 2.44%, 09/07/2029	0.8%
Royal Bank of Canada, 1.83%, 31/07/2028	0.8%
JPMorgan Chase & Company, Variable, Callable, 1.90%, 05/03/2028	0.7%
National Bank of Canada, Variable, Callable, 1.57%, 18/08/2026	0.7%
Hyundai Capital Canada Inc., Series 'A', Callable, 2.01%, 12/05/2026	0.6%
Allied Properties Real Estate Investment Trust, Series 'H', Callable, 1.73%, 12/02/2026	0.6%
North West Redwater Partnership/NWR Financing Company Limited, Series 'H', Callable, 4.15%, 01/06/2033	0.6%
Canadian Western Bank, 4.27%, 08/02/2027	0.6%
Loblaw Companies Limited, Callable, 2.28%, 07/05/2030	0.6%
Brookfield Infrastructure Finance ULC, Callable, 4.19%, 11/09/2028	0.6%
Federation des caisses Desjardins du Quebec, 3.80%, 24/09/2029	0.6%
Choice Properties Real Estate Investment Trust, Series 'P', Callable, 2.85%, 21/05/2027	0.6%
407 International Inc., Callable, 3.43%, 01/06/2033	0.5%
TransCanada PipeLines Limited, Callable, 2.97%, 09/06/2031	0.5%

Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Bonds	50.5%
Underlying Funds	48.1%
Cash & Other Net Assets	1.4%

The Fund held no short positions as at December 31, 2024.

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