

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2018

CWB Onyx Diversified Income Fund



DISCLOSURE

This annual management report of fund performance contains financial highlights but does not contain the 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 1-855-292-9655, by writing to us at Suite 3000, 10303 Jasper Avenue, Edmonton, AB T5J 3X6, by visiting our website at www.cwbwealth.com, or by visiting SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the investment fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Caution Regarding Forward Looking Information

Certain portions of this report, including, but not limited to, “Results of Operations” and “Recent Developments”, may contain forward-looking statements including, but not limited to, statements about the Fund, its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “may”, or future or conditional verbs such as “will”, “should”, “would” and “could”, and similar forward-looking expressions or negative versions thereof. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement.

Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general economic and business environment, in each case assuming no material changes to applicable tax or other laws, government regulations, or policies.

By their very nature, forward-looking statements involve numerous assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that the Fund’s predictions, forecasts, projections, expectations and conclusions will not prove to be accurate, and that its assumptions may not be correct.

Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Fund. A variety of factors, many of which are beyond the Fund’s control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, general economic, political and relevant market factors in North America and internationally, interest and foreign exchange rates, equity and capital markets, business competition, technological change, changes in government relations, unexpected judicial or regulatory proceedings and catastrophic events, and other risks described in the Fund’s current simplified prospectus. The above-mentioned list of important factors is not exhaustive.

Before making any investment decisions, investors and others relying on forward-looking statements should carefully consider the foregoing factors and the uncertainties and risks they contain. We caution readers not to place undue reliance on these forward-looking statements.

Forward-looking statements are issued in good faith and may be modified without notice. We assume no obligation to update forward-looking statements in the light of new information, future events or other circumstances unless applicable legislation so requires.

MANAGEMENT DISCUSSION OF THE PERFORMANCE OF CWB ONYX DIVERSIFIED INCOME FUND

Investment Objectives and Strategies

The investment objectives of the CWB Onyx Diversified Income Fund (the “Fund”) are to provide unit holders with steady income and some principal growth, while preserving principal and reducing volatility, by investing in a diversified portfolio of fixed income securities and preferred shares.

The Fund will invest fixed income securities issued or guaranteed by governments and corporations globally. Convertible debentures, non-investment grade corporate debt, emerging market bonds and preferred shares are fixed income categories that may be utilized within the overall asset mix of the Fund to enhance yield and manage risk. The Fund can invest up to 30% of the Fund’s assets in foreign securities of which the currency exposure denominated in foreign currencies may be actively managed.

Risks

No changes to the Fund affecting the Fund’s overall level of risk were made during the 12-month period ended December 31, 2018 (the “Period”). The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Fund’s most recent simplified prospectus or any amendments or fund facts.

Results of Operations

Over the Period, the Fund’s net assets increased by \$47,003,352 to \$102,586,466, reflecting an increase of \$205,341 from positive investment performance, distributions to unitholders of \$2,523,039, net contributions of \$27,448,271, and an increase of \$21,874,101 attributable to the merger of the CWB Core Fixed Income Fund into the Fund. Refer to the following section on Recent Developments or Note 2 of the audited annual financial statements for more information.

Series A of the Fund returned -1.02% over the Period versus the Fund’s internal benchmark, a combination of the FTSE/TMX Universe Bond Index¹ and S&P/TSX Preferred Share TR Index², which returned 0.38% over the Period. Unlike the benchmark, the Fund’s return is calculated after the deduction of fees and expenses. Returns for Series O of the Fund may vary, largely due to differences in fees and expenses.

The Fund’s shorter duration contributed positively to performance during the first three quarters of the year. However, as yields fell in the fourth quarter, this resulted in some relative under-performance. An overweight position in non-sovereign bonds benefitted the fund for the first three quarters. During the fourth quarter spreads widened noticeably, offsetting some of this gain. Preferred shares performed well during the first three quarters, however widening spreads detracted from performance in the fourth quarter.

Despite the increased volatility in fixed income markets during the Period, the Fund performed mostly in-line with its benchmark.

We have further shortened the Fund’s duration anticipating strength in North America, and a rise in interest rates. We continue to emphasize provincial and corporate debt within the Fund’s holdings, anticipating a fair return for the extra risk taken on.

¹ The FTSE/TMX Universe Overall Bond Index is designed to be a broad measure of the Canadian investment-grade fixed income market.

² The S&P/TSX Preferred Share Index is an index representing the Canadian preferred share market that is traded on the Toronto Stock Exchange.

Recent Developments

Market Developments

In 2018 the Bank of Canada raised the overnight lending rate three times (75 basis points in aggregate) and the U.S. Federal Reserve raised their overnight lending rate four times (100 basis points in aggregate). While short duration Canadian and U.S. instrument yields largely increased in line with rate hikes by the respective central banks, longer duration instruments saw a much more muted response. In fact, Government of Canada 10-year bonds actually fell over the year. Overall, yield curves in both Canada and U.S. became much flatter.

Within the Canadian Bond market, yield movements on bonds were not smooth through the year. The Canadian 10-year rate rose as high as 2.60% and fell as low as 1.95%. Credit spreads spent most of the year within a narrow band. However, December reflected a change in sentiment with spreads becoming higher. Markets have struggled to come to a consensus on how various economic events seen throughout the year will affect earnings and growth going forward.

The market has become much more cautious and does not expect any further rate hikes from the Bank of Canada in 2019. This was a dramatic change that was seen over the course of the last quarter of 2018, and reflects an anticipation of global economic weakness. The U.S. economy continues to show generally good strength, while the bond market is reflecting a weaker economic outlook. This disconnect suggests that volatility may be more prevalent in 2019. This volatility will likely be seen in both yield levels and credit spreads.

Merger of Funds Effective September 7, 2018

On June 11, 2018, the manager of the Fund, CWB Wealth Management Ltd. (“CWB WM”), and the Fund’s Independent Review Committee approved the merger of the CWB Core Fixed Income Fund (the Terminating Fund) into the Fund, as the Fund and the Terminating Fund had substantially similar investment objectives, valuation procedures and fee structures.

The merger was effective September 7, 2018 and has been accounted for as an acquisition of the Terminating Fund. The Terminating Fund was wound up on September 8, 2018 after completion of the merger. Net assets of the Terminating Fund with a fair value of \$21,874,101 were transferred in exchange for 2,178,370 Series A units of the Fund which were allocated to Unitholders of the Terminating Fund.

The merger occurred on a tax-deferred basis under the Income Tax Act (Canada). As a result of the merger, capital losses of approximately \$1.2 million for the Fund and \$0.7 million for the Terminating Fund expired on September 7, 2018.

Related Party Transactions

CWB Wealth Management Ltd. (“CWB WM”) serves as trustee, manager, portfolio advisor, and principal distributor of the Fund. The Fund pays CWB WM a management fee as compensation for its services. Refer to the section titled ‘Management Fees’ for a summary of fees paid to CWB WM.

CWB McLean & Partners Wealth Management Ltd. (“CWB M&P”) acts as a sub-advisor to the Fund. CWB M&P is a subsidiary of CWB WM. As a sub-advisor, CWB M&P is paid a fee for their services. This fee is paid by the Manager directly and does not increase the management fees paid by the Fund.

The CWB Onyx Managed Solution Funds, comprised of the CWB Onyx Conservative Solution, the CWB Onyx Balanced Solution and the CWB Onyx Growth Solution, invests in series O units of the Fund. As at December 31, 2018, 8.39% of the Series O units of the Fund are held by the CWB Onyx Conservative

Solution. 19.54% of the Series O units of the Fund are held by the CWB Onyx Balanced Solution. 6.71% of the Series O units of the Fund are held by the CWB Onyx Growth Solution.

CWB WM is party to a participating dealer agreement (the “Dealer Agreement”) with Canadian Western Financial Ltd. (“CWF”), a subsidiary of CWB WM. Pursuant to the Dealer Agreement, CWB WM pays CWF a monthly trailing commission equal to 1/12th of 0.50% of the net asset value attributable to units of the Fund held by CWF clients. This trailing commission is paid directly by CWB WM and does not increase the management fee paid to CWB WM by the Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund’s performance for the past three years.

CWB Onyx Diversified Income Fund’s Net Assets per Unit¹

	Series A 2018	Series O 2018	Series A 2017	Series O 2017	Series A 2016*	Series O 2016*
Net Assets, beginning of period	\$10.17	\$10.26	\$10.15	\$10.18	\$10.00 [†]	\$10.00 [†]
Increase (decrease) from operations:						
Total revenue	\$0.59	\$0.30	\$0.30	\$0.31	\$0.10	\$0.30
Total expenses	(\$0.11)	-	(\$0.13)	-	(\$0.11)	-
Realized gains (losses) for the period	(\$0.16)	(\$0.08)	(\$0.04)	(\$0.04)	(\$0.01)	(\$0.03)
Unrealized gains (losses) for the period	(\$0.52)	(\$0.16)	(\$0.12)	(\$0.03)	\$1.38	-
Total increase (decrease) from operations²	(\$0.20)	\$0.06	\$0.01	\$0.24	\$1.36	\$0.27
Distributions:						
From income (excluding dividends)	\$0.21	\$0.31	\$0.21	\$0.28	\$0.19	\$0.25
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total Annual Distributions³	\$0.21	\$0.31	\$0.21	\$0.28	\$0.19	\$0.25
Net Assets as at December 31 of year shown	\$9.86	\$9.98	\$10.17	\$10.26	\$10.15	\$10.18

1 This information is derived from the Fund’s audited annual financial statements. All figures presented are prepared in accordance with IFRS, which requires the Fund to measure the fair value of its investments based on closing market prices, where the closing market price falls between the bid-ask spread, which is consistent with the method used in measuring the net asset value for transactions with unitholders.

2 Net assets 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.

3 Distributions were paid in cash, reinvested in additional units of the fund or both.

* Data reported represents results from the commencement of operations to December 31, 2016.

[†] Initial offering price.

Ratios and Supplemental Data

(Inception February 2, 2016)	Series A 2018	Series O 2018	Series A 2017	Series O 2017	Series A 2016	Series O 2016
Total net asset value (000’s) ¹	\$22,120	\$80,466	\$2,664	\$52,919	\$3	\$15,874

Number of units outstanding ¹	2,243,349	8,060,697	262,007	5,157,662	300	1,559,043
Management expense ratio ²	1.20%	-	1.25%	-	1.25%	-
Management expense ratio before waivers or absorptions	1.20%	-	1.41%	-	2.02%	-
Trading expense ratio ³	0.00%	0.00%	0.01%	0.01%	0.02%	0.02%
Portfolio turnover rate ⁴	50.39%	50.39%	43.53%	43.53%	40.08%	40.08%
Net asset value per unit	\$9.86	\$9.98	\$10.17	\$10.26	\$10.15	\$10.18

1 This information is provided as at December 31 of the year shown.

2 Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of 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.

Management Fees

The management fee for each applicable series is calculated and accrued daily as a percentage of its NAV. For the period ended December 31, 2018, a breakdown of the services received in consideration of the management fees as a percentage of the management fees is as follows:

Fund	Management Fee (% of NAV)	Distribution Costs (% of Management Fee)	Others* (% of Management Fee)
Onyx Diversified Income Fund – Series A	1.00	10.18	89.82
Onyx Diversified Income Fund – Series O	N/A	N/A	N/A

* Includes investment advisory fees, administration fees, and other operating fees

The Fund's management fees were used by CWB WM to pay for the cost of managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sales of investment portfolio, providing other services, and compensating CWB WM for acting as the trustee of the Fund. CWB WM also used the management fee to fund trailing commissions and any other compensation to CWF whose clients invest in the Fund.

Series O management fee is negotiated and paid directly by each investor. Series O management fee is not to exceed the Series A management and advisory fee of the Fund.

PAST PERFORMANCE

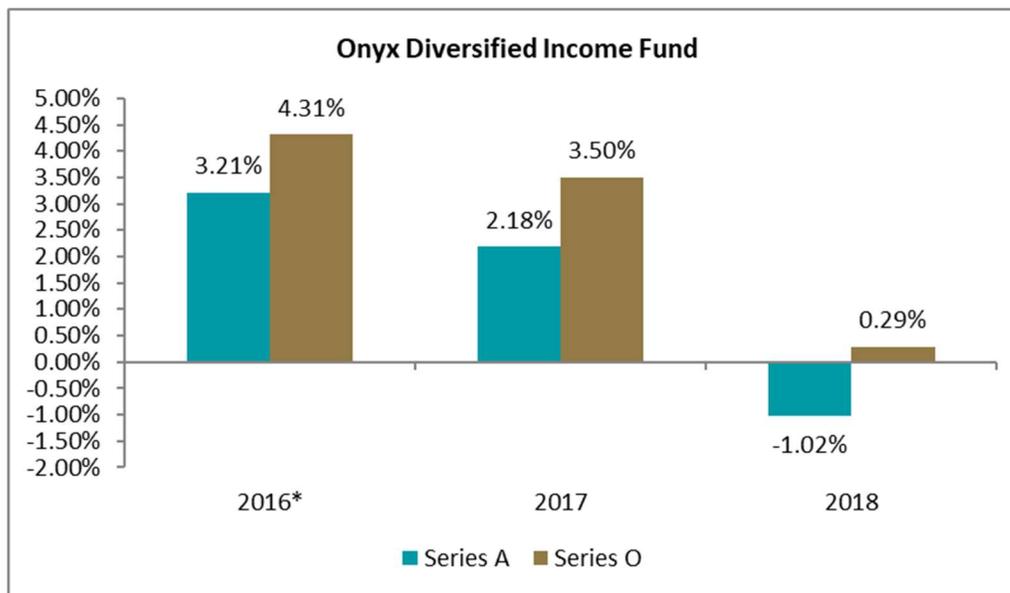
The past performance of the Fund is set out in the following charts. The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance

Mutual fund returns are not guaranteed. Please note that past performance is not indicative of future performance.

Year-by-Year Returns

The following bar chart shows the Fund's annual performance in each of the past three years, and illustrates how the Fund's performance has changed from year to year. The chart shows, in percentage

terms, how an investment made on January 1 would have increased or decreased by December 31 of the same year.



*Return from February 10, 2016 (commencement of operations) to December 31, 2016, not annualized.

Annual Compound Returns

The following table displays the historical annual compounded total return of the Fund for the periods shown ending on December 31, 2018. The annual compound total return is also compared to the Onyx Diversified Income Benchmark, which is a composite of the FTSE TMX Universe Bond index (90% weighting) and the S&P TSX Preferred Share index(10% weighting), calculated on the same compound basis. Two general market indices, the FTSE/TMX Universe Bond Index and the S&P TSX Preferred Share Index, have also been added for comparison. All index returns are calculated in Canadian dollars on a total return basis, meaning that all distributions are reinvested.

	Series A Units	Series O Units	Diversified Income Benchmark	FTSE/TMX Universe Bond Index	S&P TSX Preferred Share Index
One Year	-1.02%	0.29%	0.4%	1.41%	-7.93%
Three Year	N/A	N/A	N/A	N/A	N/A
Five Year	N/A	N/A	N/A	N/A	N/A
Ten Year	N/A	N/A	N/A	N/A	N/A
Since Inception	1.50%	2.79%	2.08%	1.35%	8.62%

SUMMARY OF INVESTMENT PORTFOLIO

The following table summarizes how the Fund assets were distributed across various sectors as at December 31, 2018.

Portfolio Breakdown	Percentage of Net Asset Value
Cash & Short-term Investments	4.9%
Other Net Assets	0.5%
Domestic Bonds and Debentures	
Corporate	46.7%

Federal	19.0%
Provincial	12.4%
Foreign Bonds and Debentures	7.7%
Preferred Shares	8.8%
Total	100.0%

Top 25 Holdings

The following table lists the twenty-five largest holdings of the Fund (based on percentage of net asset values of the Fund) as at December 31, 2018.

Canada Housing Trust 2.239% Mar 15/24	5.7%	Cdn. Natural Resources 3.420% Dec 01/26	2.0%
Cash and Short-term investments	4.9%	Omers Realty Corp. 3.244% Oct 04/27	1.9%
Province of Saskatchewan 2.550% Jun 02/26	3.5%	Province of New Brunswick 5.650% Dec 27/28	1.6%
Canadian National Railway 3.200% Jul 31/28	3.3%	Shaw Communications Inc. 3.800% Mar 01/27	1.2%
Canada Housing Trust 1.150% Dec 15/21	3.1%	Alimentation Couche-Tard 3.600% Jun 02/25	1.1%
Government of Canada 3.500% Jun 01/20	3.0%	Metro Inc. 3.390% Dec 06/27	1.1%
407 International Inc. 2.430% May 04/27	2.9%	Telus Corp. 3.625% Mar 01/28	1.1%
Government of Canada 3.250% Jun 01/21	2.8%	Government of Canada 0.500% Dec 01/50	1.1%
Province of Quebec 2.750% Sep 01/25	2.7%	Nova Scotia Power Inc. 5.610% Jun 15/40	1.1%
Prov. of British Columbia 3.300% Dec 18/23	2.6%	Rogers Communications Inc. 6.560% Mar 22/41	1.0%
Bank of Nova Scotia 2.620% Dec 02/26	2.6%	Toronto Dominion Bank 3.005% May 31/23	1.0%
Greater Toronto Airports 7.100% Jun 04/31	2.1%	Pembina Pipeline Corp. 4.810% Mar 25/44	1.0%
Bank of Montreal 3.190% Mar 01/28	2.0%		

The investments and percentages may have changed by the time you purchase units of the Fund due to portfolio transactions of the Fund. The top 25 holdings are made available quarterly and may be obtained by contacting CWB WM at 1-855-292-9655 or by writing to: CWB Wealth Management Ltd., Suite 3000, 10303 Jasper Avenue, Edmonton, AB T5J 3X6.