

Interim Financial Statements of

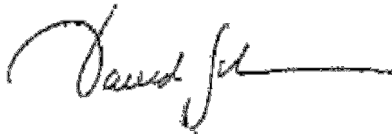
LEITH WHEELER FIXED INCOME FUND

For the six months ended June 30, 2011

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Leith Wheeler Fixed Income Fund (the “Fund”) have been prepared by the Manager, Leith Wheeler Investment Counsel Ltd. The Manager is responsible for the preparation and presentation of the Fund’s financial statements and the development of internal controls over the financial reporting process.

Leith Wheeler Investment Counsel Ltd.



David Schaffner
President and Chief Executive Officer



Cecilia Wong
Chief Financial Officer

August 29, 2011

UNAUDITED INTERIM FINANCIAL STATEMENTS

The accompanying interim financial statements have not been reviewed or audited by the external auditors of the Funds. The external auditors will be auditing the annual financial statements of the Funds in accordance with Canadian generally accepted auditing standards.

LEITH WHEELER FIXED INCOME FUND

Statement of Investment Portfolio (unaudited)

June 30, 2011

Face amount	Cost	Fair value	Percentage of net assets
Bonds and Guarantees			
Federal Government Bonds and Guarantees:			
\$ 2,107,000 Canada 3.50% June 01, 2013	\$ 2,177,152	\$ 2,183,091	
57,000 Canada 3.00% June 01, 2014	57,668	58,841	
380,000 Canada 2.50% June 01, 2015	380,342	385,675	
850,000 Canada 4.00% June 01, 2017	919,681	918,239	
3,019,000 Canada 3.50% June 01, 2020	3,161,497	3,131,095	
43,000 Canada 8.00% June 01, 2023	64,038	63,303	
1,024,000 Canada 5.75% June 01, 2029	1,354,587	1,334,945	
6,791,000 Canada 4.00% June 01, 2041	7,392,182	7,354,653	
26,786,000 Canada Housing Trust 0.00% March 15, 2014	27,172,160	27,187,789	
2,442,000 Canada Housing Trust 3.15% June 15, 2015	2,493,999	2,520,356	
	45,173,306	45,137,987	18.5%
Provincial Government Bonds and Guarantees:			
1,833,000 Alberta Capital Financial Authority 4.65% June 15, 2017	2,011,790	2,007,296	
965,000 Province of British Columbia 4.10% December 18, 2019	1,007,700	1,003,339	
3,803,000 Province of British Columbia 3.70% December 18, 2020	3,758,335	3,796,477	
841,000 Province of British Columbia 6.35% June 18, 2031	1,014,615	1,078,676	
3,650,000 Province of British Columbia 4.95% June 18, 2040	3,953,752	4,031,576	
2,686,000 Province of Manitoba 6.30% March 05, 2031	3,106,571	3,411,863	
2,136,000 Province of New Brunswick 4.55% March 26, 2037	2,054,085	2,169,866	
513,000 Province of Ontario 4.40% June 02, 2019	547,063	544,099	
6,749,000 Province of Ontario 4.20% June 02, 2020	6,742,281	6,996,706	
4,557,000 Province of Ontario 4.00% June 02, 2021	4,535,582	4,613,954	
6,747,000 Ontario Coupon 0.00% December 02, 2021	4,235,597	4,388,826	
2,097,000 Province of Ontario 8.00% June 02, 2026	2,819,685	2,995,110	
7,000 Province of Ontario 6.50% March 08, 2029`	8,281	8,969	
2,007,000 Province of Ontario 5.60% June 02, 2035	2,216,116	2,375,110	
552,000 Province of Ontario 4.70% June 02, 2037	558,366	580,397	
5,415,000 Province of Ontario 4.65% June 02, 2041	5,587,688	5,684,024	
2,288,000 Province of Quebec 4.50% December 01, 2016	2,393,792	2,474,223	
7,759,000 Province of Quebec 4.50% December 01, 2019	7,900,886	8,235,254	
2,703,000 Province of Quebec 4.50% December 01, 2020	2,814,228	2,846,289	
1,607,000 Province of Quebec 4.25% December 01, 2021	1,610,032	1,649,815	

LEITH WHEELER FIXED INCOME FUND

Statement of Investment Portfolio (unaudited) continued

June 30, 2011

Face amount	Cost	Fair value	Percentage of net assets
\$ 1,864,000 Province of Quebec 6.25% June 01, 2032	\$ 2,140,600	\$ 2,337,538	
1,525,000 Province of Quebec 5.00% December 01, 2041	1,661,416	1,671,779	
2,238,000 Province of Saskatchewan 5.00% March 05, 2037	2,333,970	2,496,577	
	65,012,431	67,397,763	27.7%
Corporate Bonds:			
1,446,000 Anheuser-Busch 3.65% January 15, 2016	1,445,859	1,467,189	
294,000 Algonquin Credit Card Trust 06-1 C 5.46% July 15, 2011	292,943	294,320	
1,784,000 Algonquin Credit Card Trust 07-1 B 4.79% July 15, 2012	1,780,953	1,808,124	
582,000 Algonquin Credit Card Trust 07-1 C 5.09% June 15, 2012	569,425	587,724	
35,360 Alliance Pipeline LP 7.18% June 30, 2023	42,383	40,985	
1,332,822 Alliance Pipeline LP 5.55% December 31, 2023	1,419,914	1,443,222	
559,903 Alliance Pipeline LP 7.22% December 31, 2025	636,768	664,009	
409,864 Alliance Pipeline LP 6.77% December 31, 2025	471,476	475,564	
951,000 American Express 3.60% June 03, 2016	950,743	945,830	
663,000 Arrow Lakes Power 5.52% April 05, 2041	663,000	685,795	
1,057,000 Bank of Montreal 4.96% July 14, 2011	1,076,026	1,058,069	
45,000 Bank of Montreal 3.93% April 27, 2015	46,373	46,854	
160,000 Bank of Montreal 3.49% June 10, 2016	160,000	162,296	
1,325,000 Bank of Montreal Ff 3.98% July 08, 2016	1,325,053	1,344,194	
793,000 Bank of Montreal 5.45% July 17, 2017	890,571	878,095	
60,000 Bank of Montreal 4.55% August 01, 2017	61,962	63,581	
1,223,000 Bank of Montreal Trust 6.17% March 28, 2018	1,381,854	1,385,831	
1,581,000 Bank of Nova Scotia Trust 4.94% April 15, 2014	1,637,685	1,673,319	
1,217,000 Bank of Nova Scotia 4.10% June 08, 2017	1,231,544	1,257,867	
2,369,000 Bank of Nova Scotia Bats5 7.80% June 30, 2019	2,647,185	2,825,876	
1,000,000 Bell Canada 6.90% December 15, 2011	1,065,550	1,023,364	
1,198,000 Bell Canada 4.95% May 19, 2021	1,193,615	1,198,049	
678,000 Bridgepoint 7.25% August 31, 2042	691,004	816,438	
2,344,000 Broad Credit Card Trust 08-2 A 5.45% June 17, 2013	2,473,370	2,475,679	
947,000 Brookfield Power Corp. 5.25% November 05, 2018	915,004	979,982	
1,246,000 Canadian Westn Bank Trust 4.39% November 30, 2015	1,246,000	1,254,681	
666,000 Canadian Credit Card Trust 05-2 B 4.86% April 24, 2012	660,316	678,322	
750,000 CI Financial 0.00% December 16, 2011	754,845	754,125	
140,000 CI Investments 3.94% December 14, 2015	140,062	141,760	
4,547,000 Canadian Imperial Bank of Commerce 5.00% September 10, 2012	4,766,581	4,720,169	
1,836,000 Canadian Imperial Bank of Commerce 4.75% December 22, 2014	1,947,869	1,963,654	

LEITH WHEELER FIXED INCOME FUND

Statement of Investment Portfolio (unaudited) continued

June 30, 2011

Face amount		Cost	Fair value	Percentage of net assets
\$ 2,201,000	Canadian Imperial Bank of Commerce 4.11% April 30, 2015	\$ 2,254,831	\$ 2,282,319	
1,631,000	Canadian Imperial Bank of Commerce 3.40% January 14, 2016	1,634,045	1,653,366	
209,000	Canadian Imperial Bank of Commerce Capital Trust 1 9.98% June 30, 2019	273,606	273,378	
837,000	Claregold 06-1 C 5.12% February 15, 2013	834,013	841,276	
1,009,000	Canada Mortgage Acceptance Corp. 06-C5 C 4.85% October 15, 2011	1,004,431	1,006,309	
906,000	Emera Inc. 4.10% October 20, 2014	913,288	939,753	
333,000	Enbridge Inc. 4.53% March 09, 2020	332,972	340,914	
551,000	Epcor Utilities 5.75% November 24, 2039	550,218	598,245	
408,000	Fortis BC Inc. 6.10% June 02, 2039	408,658	474,284	
249,000	Fortis Alberta Inc. 5.37% October 30, 2039	247,954	265,555	
185,000	Fortis BC Energy 10.30% September 30, 2016	256,815	245,887	
194,000	Fortis BC Energy 6.50% May 01, 2034	214,447	235,908	
750,000	GE Capital Canada 5.29% August 17, 2012	783,900	778,678	
35,000	GE Capital Canada 5.15% June 06, 2013	36,908	36,853	
948,000	GE Capital Canada 4.24% June 08, 2015	957,058	985,272	
650,000	GE Capital Canada 4.40% February 08, 2018	648,993	662,480	
1,465,000	Glacier Credit Card Trust 06-2 B 4.77% May 20, 2014	1,397,934	1,505,724	
2,028,000	Glacier Credit Card Trust 08-1 B 6.03% February 20, 2013	2,023,817	2,114,228	
211,000	Gloucester Credit Card Trust 04-1 A 5.38% May 15, 2014	224,931	225,892	
1,131,000	Great West Lifeco 6.14% March 21, 2018	1,172,430	1,278,923	
769,000	Great West Lifeco LPII 7.13% June 26, 2018	771,436	868,921	
1,427,000	Great West Lifeco 4.65% August 13, 2020	1,430,829	1,454,842	
35,000	Great West Lifeco 6.67% March 21, 2033	39,067	40,707	
1,226,000	Great West Lifeco 6.00% November 16, 2039	1,262,195	1,334,996	
2,071,000	Halifax Bank of Scotland PLC 5.11% June 21, 2012	2,068,616	1,677,510	
1,615,000	Hydro One 6.40% December 01, 2011	1,651,984	1,647,513	
289,000	Hydro One 5.00% November 12, 2013	306,629	307,204	
859,000	Hydro One 5.49% July 16, 2040	880,727	931,964	
175,000	Manulife Financial 6.65% November 30, 2011	185,558	178,455	
139,000	Manulife Financial 5.16% June 26, 2015	146,776	147,223	
2,111,000	Manulife Financial 5.51% June 26, 2018	2,244,471	2,254,730	
379,950	Maritime & Northeast Pipeline 6.90% November 30, 2019	435,808	425,297	
1,847,750	Maritime & Northeast Pipeline 4.34% November 30, 2019	1,879,097	1,906,787	
492,000	Metro Inc. 5.97% October 15, 2035	487,311	492,470	
1,452,000	Merrill Lynch 4.50% January 30, 2012	1,368,287	1,472,214	
150,252	Merrill Lynch Financial Asset 01-Can5 A2 6.79% November 15, 2011	157,989	150,195	
1,204,156	Merrill Lynch Financial Asset 01-Can6 A2 6.38% November 12, 2011	1,291,355	1,212,562	
3,649,239	Merrill Lynch Financial Asset 02-Can7 A2 6.14% May 12, 2012	3,788,596	3,731,949	
4,379,816	Merrill Lynch Financial Asset 02-Can8 A2 5.74% November 12, 2012	4,509,714	4,523,732	
541,000	Merrill Lynch Financial Asset 04-Can14 A2 5.28% October 12, 2014	574,001	576,718	
585,000	Merrill Lynch Financial Asset 04-Can14 B 5.48% March 12, 2015	586,082	611,922	

LEITH WHEELER FIXED INCOME FUND

Statement of Investment Portfolio (unaudited) continued

June 30, 2011

Face amount	Cost	Fair value	Percentage of net assets
\$ 29,000 Merrill Lynch Financial Asset 04-Can14 C 5.60% March 12, 2015	\$ 27,028	\$ 28,942	
585,700 Merrill Lynch Financial Asset 05-Can15 A1 4.17% January 12, 2014	595,714	601,078	
68,000 Merrill Lynch Financial Asset 05-Can15 A2 4.82% February 12, 2015	67,529	71,790	
716,000 Merrill Lynch Financial Asset 05-Can15 C 5.27% March 12, 2015	710,401	705,491	
146,000 Merrill Lynch Financial Asset 05-Can16 C 4.80% July 12, 2015	132,266	140,413	
1,221,000 Merrill Lynch Financial Asset 05-Can17 C 4.93% November 12, 2015	1,216,404	1,172,487	
1,164,000 Merrill Lynch Financial Asset 06-Can18 C 5.04% March 12, 2016	1,153,537	1,107,626	
1,631,000 National Bank of Canada Trust 5.55% November 15, 2013	1,712,104	1,742,704	
571,000 National Bank of Canada 3.58% April 26, 2016	571,000	580,785	
604,000 National Bank of Canada Asset Trust 7.24% June 30, 2018	654,452	696,585	
344,000 National Bank of Canada Asset Trust 7.45% June 30, 2020	396,643	403,147	
1,455,000 Plenary Health Hamilton LP 3.16% December 13, 2013	1,455,000	1,460,587	
666,000 Plenary Properties 3.80% August 18, 2014	675,271	681,343	
1,021,000 Plenary Properties 6.29% January 31, 2044	1,080,504	1,114,594	
3,054,000 Real Estate Asset Liquidity Trust 04-1 B 5.25% September 12, 2014	2,999,852	3,156,130	
230,000 Real Estate Asset Liquidity Trust 04-1 C 5.50% October 12, 2014	223,963	234,782	
1,153,000 Real Estate Asset Liquidity Trust 06-2 B 4.71% September 12, 2016	1,144,229	1,147,751	
1,160,000 Rogers Communication 5.34% March 22, 2021	1,159,466	1,159,536	
5,113,000 Royal Bank 3.27% November 10, 2014	5,170,545	5,236,413	
1,559,000 Royal Bank Trust 3.18% November 02, 2015	1,554,177	1,544,042	
3,738,000 Royal Bank 3.36% January 11, 2016	3,794,319	3,783,793	
1,950,000 Royal Bank 3.77% March 30, 2018	1,949,766	1,975,107	
489,532 Schooner Trust 04-Cf2 A1 4.64% January 12, 2014	502,482	502,419	
2,510,000 Schooner Trust 04-Cf2 A2 5.10% July 12, 2014	2,489,795	2,653,062	
483,000 Schooner Trust 04-Cf2 C 5.59% September 12, 2014	473,242	500,315	
859,000 Schooner Trust 05-4 C 4.57% September 12, 2015	801,018	845,570	
268,000 Schooner Trust 05-4 A2 4.36% September 12, 2015	269,007	277,773	
78,000 Schooner Trust 05-4 B 4.52% September 12, 2015	71,785	79,267	
473,000 Schooner Trust 06-5 C 4.85% February 12, 2016	447,496	466,988	
624,000 Shaw Communications 5.50% December 07, 2020	621,722	624,482	
454,000 Shaw Communications 6.75% November 09, 2039	441,996	440,101	

LEITH WHEELER FIXED INCOME FUND

Statement of Investment Portfolio (unaudited) continued

June 30, 2011

Face amount	Cost	Fair value	Percentage of net assets
\$ 555,000 Solar Trust 02-1 A2 5.83% August 12, 2012	\$ 569,893	\$ 570,523	
991,000 Solar Trust 03-Cc1 C 6.00% February 12, 2013	1,050,286	1,022,634	
1,118,000 Sun Life Fincial 5.70% July 02, 2019	1,161,106	1,214,202	
2,441,000 Toronto Dominion Bank 5.48% April 02, 2015	2,659,647	2,654,968	
1,703,000 Toronto Dominion Bank 3.37% November 02, 2015	1,706,704	1,699,420	
524,000 Toronto Dominion Bank 5.76% December 18, 2017	488,219	574,240	
805,000 Toronto Dominion Capital Trust 6 6.63% June 30, 2021	805,474	900,125	
1,059,000 Telus Corp. 5.05% July 23, 2020	1,058,426	1,075,964	
1,071,427 Toronto Airport 6.45% July 30, 2029	1,212,862	1,209,748	
200,000 Toronto Airport 6.98% October 15, 2032	244,860	250,454	
573,000 Toronto Airport 5.30% February 25, 2041	573,525	597,674	
907,434 University Of Ontario 6.35% October 15, 2034	906,791	1,007,244	
142,000 Westcoast Energy 8.50% September 04, 2018	182,697	181,481	
836,000 Westpac Bank Corp 3.75% December 01, 2014	844,944	850,396	
	124,851,855	126,752,298	52.1%
Total Bonds and Guarantees	235,037,592	239,288,048	98.3%
Money Market Securities	1,490,086	1,490,086	0.6%
Total Investment Portfolio	\$ 236,527,678	240,778,134	98.9%
Other Assets less Liabilities		2,736,314	1.1%
Net Assets		\$ 243,514,448	100.0%

See accompanying notes to financial statements.

LEITH WHEELER FIXED INCOME FUND

Statements of Net Assets (unaudited)

June 30, 2011 and December 31, 2010

	2011	2010
Assets		
Investment portfolio, at fair value	\$ 240,778,134	\$ 217,582,986
Cash	628,573	302,992
Subscriptions receivable	2,000,000	-
Receivable from brokers	4,120,669	-
Accrued income receivable	1,333,322	1,099,234
	<u>248,860,698</u>	<u>218,985,212</u>
Liabilities		
Redemptions payable	427,710	46,028
Payable to brokers	4,823,476	1,867,060
Management fees payable	95,064	97,438
	<u>5,346,250</u>	<u>2,010,526</u>
Net assets representing unitholders' equity	\$ 243,514,448	\$ 216,974,686
Unitholders' equity allocation by series:		
Series A	\$ 187,984,514	\$ 163,008,432
Series B	55,529,934	53,966,254
	<u>\$ 243,514,448</u>	<u>\$ 216,974,686</u>
Number of units outstanding (note 8):		
Series A	17,641,653	15,358,579
Series B	5,217,091	5,090,675
Net asset per unit (note 3):		
Series A	\$ 10.66	\$ 10.61
Series B	10.64	10.60

See accompanying notes to financial statements.

LEITH WHEELER FIXED INCOME FUND

Statements of Operations (unaudited)

For the six months ended June 30, 2011 and 2010

	2011	2010
Investment income:		
Interest	\$ 5,067,331	\$ 4,403,159
Expenses:		
Management fees (note 6)	203,581	192,793
Harmonized Sales Tax (note 7)	23,127	9,640
	<u>226,708</u>	<u>202,433</u>
Net investment income	4,840,623	4,200,726
Net gain (loss) from investing activities:		
Proceeds from sale of investments	113,657,604	68,755,057
Investment portfolio at cost, beginning of period	213,332,871	185,723,581
Cost of investments purchased	135,682,824	76,869,204
Investment portfolio at cost, end of period	<u>(236,527,678)</u>	<u>(194,153,985)</u>
Cost of investments sold	<u>112,488,017</u>	<u>68,438,800</u>
Net realized gain (loss) on sale of investments	1,169,587	316,257
Change in unrealized appreciation in value of investments	341	5,115,225
Transaction costs	<u>(3,341)</u>	<u>(2,092)</u>
Net gain from investing activities	1,166,587	5,429,390
Increase in net assets from operations	\$ 6,007,210	\$ 9,630,116
Increase in net assets from operations per series:		
Series A	\$ 4,836,066	\$ 7,169,830
Series B	1,171,144	2,460,286
	\$ 6,007,210	\$ 9,630,116
Increase in net assets from operations per unit:		
Series A	\$ 0.28	\$ 0.54
Series B	0.23	0.49

See accompanying notes to financial statements.

LEITH WHEELER FIXED INCOME FUND

Statements of Changes in Net Assets (unaudited)

For the six months ended June 30, 2011 and 2010

	2011	2010
Series A		
Increase in net assets from operations	\$ 4,836,066	\$ 7,169,830
Distributions to unitholders of taxable income:		
Out of net investment income	(3,902,729)	(3,215,863)
Unit transactions (note 8):		
Subscription of units	32,699,368	7,897,397
Reinvestment of distributions	3,902,729	3,215,863
Redemption of units	(12,559,352)	(3,337,366)
	24,042,745	7,775,894
Increase in net assets	24,976,082	11,729,861
Net assets, beginning of period	163,008,432	133,575,063
Net assets, end of period	\$ 187,984,514	\$ 145,304,924
Series B		
Increase in net assets from operations	\$ 1,171,144	\$ 2,460,286
Distributions to unitholders of taxable income:		
Out of net investment income	(937,874)	(984,850)
Unit transactions (note 8):		
Subscription of units	5,993,367	4,002,882
Reinvestment of distributions	936,731	982,086
Redemption of units	(5,599,688)	(4,931,927)
	1,330,410	53,041
Increase in net assets	1,563,680	1,528,477
Net assets, beginning of period	53,966,254	52,061,042
Net assets, end of period	\$ 55,529,934	\$ 53,589,519

See accompanying notes to financial statements.

LEITH WHEELER FIXED INCOME FUND

Notes to Interim Financial Statements (unaudited)

For the six months ended June 30, 2011 and 2010

1. Operations:

The Leith Wheeler Fixed Income Fund (the "Fund") was established under the laws of British Columbia pursuant to various trust indentures between Leith Wheeler Investment Counsel Ltd., as manager (the "Manager"), and Canada Trust Company, as trustee. Effective June 30, 1999, the Fund's trustee was changed to CIBC Mellon Trust Company and the Fund's custodian was changed to the Canadian Imperial Bank of Commerce.

The Fund commenced operations on April 27, 1994. Effective September 20, 2004, the trust indenture for the Fixed Income Fund was amended to allow for an unlimited number of series and an unlimited number of units of each series. Currently authorized series of units are as follows: Series A units do not carry any management fees and are available to investors that satisfy certain criteria related to the nature of the investors and certain other matters as established by the Manager; Series B units are available to all other investors. Units outstanding prior to September 20, 2004 were reclassified as Series B units. The Fixed Income Fund has Series A and Series B units outstanding.

2. Significant accounting policies:

(a) Valuation of investments:

Investments are deemed to be held for trading in accordance with Canadian Institute of Chartered Accountants (CICA) Section 3855, *Financial Instruments - Recognition and Measurement* ("Section 3855") and therefore are recorded at fair value in accordance with CICA Accounting Guideline 18, *Investment Companies*.

Financial instruments carried at fair value are categorized in accordance with CICA Section 3862, *Financial Instruments - Disclosures* ("Section 3862"). Section 3862 establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments.

The three levels of the fair value hierarchy are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The fair value of investments as at the financial reporting date is determined as follows:

The fair value of equity securities is generally the closing bid price for a security on the recognized exchange on which it is principally traded.

Bonds and other debt securities are recorded at fair value, usually established using the closing bid price on the over-the-counter market.

LEITH WHEELER FIXED INCOME FUND

Notes to Interim Financial Statements (unaudited)

For the six months ended June 30, 2011 and 2010

2. Significant accounting policies (continued):

(a) Valuation of investments (continued):

Money market securities are valued at amortized cost, which approximates their fair value.

Should the quoted value for a security, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value of the security is estimated by using appropriate valuation techniques. Fair value is determined by the Manager on the basis of the most recently reported information for the security, similar securities and the markets in which the security is active.

Investments in securities of another investment fund are valued on a business day at the net asset value per security calculated in accordance with the offering documents of such investment fund.

(b) Investment transactions:

Investment purchase and sale transactions are recorded as of the trade date. Realized gains and losses from investments transactions are calculated on an average cost basis. The period change in the difference between fair value and average cost of securities represents unrealized gains and losses. Brokers' commissions and other transaction charges are immediately charged to net income in the period incurred. Cost of securities presented in the Statement of Investments represents the amount paid for each security, including brokerage commissions and other trading costs, and is determined on an average cost basis.

(c) Income recognition:

Income from investments is recognized on an accrual basis, with dividends recorded as of the ex-dividend date. Other income includes income from income trusts. Distributions received from income trusts are recognized based on the nature of the underlying components such as income, capital gains, and return of capital.

(d) Foreign exchange:

Foreign currency amounts are translated into Canadian dollars on the following bases:

- (i) Fair value of portfolio investments, other assets and liabilities at the rate of exchange prevailing on each valuation day.
- (ii) Purchases and sales of portfolio investments, income and expenses at the rate of exchange prevailing on the respective dates of such transactions.

Realized and unrealized gains and losses from foreign exchange are included in realized gain (loss) on sale of investments and change in unrealized appreciation (depreciation) of investments, respectively.

LEITH WHEELER FIXED INCOME FUND

Notes to Interim Financial Statements (unaudited)

For the six months ended June 30, 2011 and 2010

2. Significant accounting policies (continued):

(e) Valuation of each series of units:

A different net asset value is calculated for each series of units of the Fund. The net asset value of a particular series of units is computed by calculating the value of that series' proportionate share of the assets less liabilities of the Fund common to all series less the liabilities of the Fund attributable only to that series. Expenses directly attributable to a series are charged to that series. Other expenses are allocated proportionately to each series based upon the relative net assets of each series. Expenses are accrued daily.

(f) Per unit value:

Per unit values for each series of the Fund are calculated as follows:

- (i) Net asset value per unit is calculated by dividing the net assets attributable to the series, determined in accordance with Generally Accepted Accounting Principles (GAAP), by the total number of units of the series outstanding at period end.
- (ii) Net increase (decrease) in net assets from operations per unit, represents the net increase (decrease) in net assets of the series from operations for the period divided by the daily weighted average units outstanding for the series during the period.

(g) Other assets and liabilities:

For the purpose of categorization in accordance with Section 3855, accrued interest and dividends, receivables for securities issued, amounts due from brokers, the Manager, and other net assets are designated as receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, accounts payable for securities redeemed, accrued expenses and other liabilities (including market fees payable) are designated as other financial liabilities and reported at cost or amortized cost. Cost or amortized cost approximates fair value for these assets and liabilities.

(h) Income taxes:

The Fund qualifies as an open-ended mutual fund trust under the *Income Tax Act (Canada)*. The Fund distributes to unitholders the following amounts which would otherwise attract tax in the Fund.

- Quarterly, net investment income;
- Annually, net realized gain on sale of investment, net of loss carryforwards and other applicable deductions allowed by the taxation authorities.

Accordingly, no provision for income taxes is reflected in the financial statements of the Fund.

LEITH WHEELER FIXED INCOME FUND

Notes to Interim Financial Statements (unaudited)

For the six months ended June 30, 2011 and 2010

2. Significant accounting policies (continued):

(i) Future accounting change:

The CICA will transition publicly accountable entities from Canadian generally accepted accounting principles (GAAP) to International Financial Reporting Standards (IFRS). The Fund's financial statements will be prepared in accordance with IFRS for the fiscal year commencing on January 1, 2013 and will include comparative information prepared on the same basis. The impact of adopting IFRS is expected to be mainly in presentation and additional disclosures in the Financial Statements of the Fund.

3. Reconciliation of Net Asset Value to Net Assets:

The calculation of net assets of an investment fund for financial reporting ("Net Assets") differs from the calculation of the net asset value ("Net Asset Value") of an investment fund because Section 3855 requires the fair values of marketable securities to be based on the closing bid quotations, while for trading purposes, these are generally determined at either the last sale price or the midpoint between the closing bid and asked quotations.

Section 14.2 of National Instrument 81-106 ("NI 81-106") issued by the Canadian Securities Administrators requires an investment fund to calculate its daily Net Asset Value for the purchase and redemption of units based on the fair value of the investment fund's assets and liabilities. The Fund has not changed the methodology in this respect. In accordance with NI 81-106, the Net Asset Value per unit compared to the Net Assets per unit and an explanation of the differences between such amounts, are required in the notes to the financial statements.

The impact of applying Section 3855 on the Net Asset Value of the Fund is as follows:

	As at June 30, 2011			Amounts per Unit as at June 30, 2011	
	Net Asset Value (Closing sale/ mid price)	Section 3855 adjustment	Net Assets (Closing bid price)	Net Asset Value (Closing sale/ mid price)	Net Assets (Closing bid price)
Series A	\$ 187,984,514	\$ -	\$ 187,984,514	\$ 10.66	\$ 10.66
Series B	\$ 55,529,934	\$ -	\$ 55,529,934	\$ 10.64	\$ 10.64

	As at December 31, 2010			Amounts per Unit as at December 31, 2010	
	Net Asset Value (Closing sale/ mid price)	Section 3855 adjustment	Net Assets (Closing bid price)	Net Asset Value (Closing sale/ mid price)	Net Assets (Closing bid price)
Series A	\$ 163,008,432	\$ -	\$ 163,008,432	\$ 10.61	\$ 10.61
Series B	\$ 53,966,254	\$ -	\$ 53,966,254	\$ 10.60	\$ 10.60

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4. Fair value of Financial Instruments:

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Fund's financial instruments are recorded at fair value or at amounts that approximates fair value in the financial statements.

The following table presents information regarding the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2011 and December 31, 2010:

	Assets at fair value as at June 30, 2011			
	Level 1	Level 2	Level 3	Total
Short Term Notes	\$ -	\$ 1,490,086	\$ -	\$ 1,490,086
Bonds (including Mortgage Backed Securities)	-	239,288,048	-	239,288,048
	\$ -	\$ 240,778,134	\$ -	\$ 240,778,134

	Assets at fair value as at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Short Term Notes	\$ -	\$ 4,151,943	\$ -	\$ 4,151,943
Bonds (including Mortgage Backed Securities)	-	213,431,043	-	213,431,043
	\$ -	\$ 217,582,986	\$ -	\$ 217,582,986

There were no transfers between the three levels from December 31, 2010 to June 30, 2011 (December 31, 2009 to December 31, 2010 – nil).

5. Financial instrument risk and risk management:

The investment objective of the Fund is to provide a stable and attractive total return through investment in Canadian fixed income securities. The Fund will invest in Government and high-grade corporate bonds, with a varying mix between short term, medium term and longer term maturities depending on the assessment of interest rate trends and prospective returns.

The Fund's investment activities expose it to a variety of financial risks. The Statement of Investments presents the securities held by the Fund as at June 30, 2011, and groups the securities by asset type, geographic region and/or market segment. Significant risks arising from the financial instruments held by the Fund are discussed below.

No changes affecting the overall level of risk of investing in the Fund were made during the period. The risks of the Fund will remain as discussed in the most recent Simplified Prospectus.

LEITH WHEELER FIXED INCOME FUND

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For the six months ended June 30, 2011 and 2010

5. Financial instrument risk and risk management (continued):

(a) Interest rate risk:

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

As at June 30, 2011 and December 31, 2010, the Fund's exposure to debt instruments by maturity is as follows:

	Less than 1 year	1 - 5 Years	5 – 10 Years	Greater than 10 years	Total
2011					
Fixed income securities	7.8%	41.1%	27.1%	24.0%	100.0%
2010					
Fixed income securities	5.4%	45.4%	25.4%	23.8%	100.0%

As at June 30, 2011, had prevailing interest rates raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the Fund's net assets would have decreased or increased, respectively, by approximately \$14,184,457 (December 31, 2010 - \$10,923,129). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, actual trading results may differ and the difference could be material.

(b) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The carrying amount of investments, as presented on the Statement of Investments, represents the maximum credit risk exposure.

As at June 30, 2011 and December 31, 2010, the Fund invested in debt instruments with the following credit ratings (credit ratings are obtained from Standard & Poor's, Moody's, Fitch and/or Dominion Bond Rating Services. Where one or more rating is obtained for a security, the most common rating has been used):

Debt instruments by Credit Rating	Percentage of Debt Instruments	
	2011	2010
AAA	35.3%	41.3%
AA	30.2%	24.8%
A	28.1%	27.0%
BBB	6.4%	6.9%

LEITH WHEELER FIXED INCOME FUND

Notes to Interim Financial Statements (unaudited)

For the six months ended June 30, 2011 and 2010

5. Financial instrument risk and risk management (continued):

(c) Liquidity risk:

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price.

The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of units. Therefore, the Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund retains sufficient cash and cash equivalent positions to maintain liquidity. The Fund is also subject to the requirements of NI 81-102, where the Fund shall not purchase an illiquid asset if, immediately after the purchase, more than 10 percent of the net assets of the fund, taken at market value at the time of purchase, would consist of illiquid assets.

6. Management fees and expenses:

In respect of Series A units, the unitholder pays the Manager a negotiated management fee outside the Fund. In respect of Series B units, the Manager is entitled to receive a management fee, calculated daily and paid quarterly, equal to 0.75% per annum applied to the Net Asset Value of the respective series.

Amounts payable to the Manager by a Series A unitholder, including Harmonized Sales Tax thereon (see note 7), in respect of management fees, are paid directly by unitholders and therefore not included as an expense of the Fund in the Statement of Operations.

The Manager is also entitled to reimbursement of reasonable expenses incurred on behalf of the Fund in connection with charges made for registry and transfer agency services, interest expense, and costs and expenses associated with holding unitholders' meetings.

The Manager has at times absorbed certain expenses incurred on behalf of the Fund, in which case such amounts are shown as a deduction from expenses in the statements of operations. The Manager is under no legal obligation to continue this arrangement, and may terminate it at any time.

Management fees and subscriptions for units include distributions that may be made to particular unitholders by the Manager in respect of fee reductions agreed between the respective unitholder and the Manager. Such management fee distributions for the period were \$45,102 (2010 - \$31,735).

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For the six months ended June 30, 2011 and 2010

7. Harmonized sales tax:

Effective July 1, 2010, certain provinces have harmonized their provincial sales tax (PST) with the federal goods and services tax (GST). This resulted in an increase in the management expense ratio of the Series B units of the Fund. "Harmonized sales tax" (HST) on the Statement of Operations represents the total HST (including GST up to June 30, 2010) calculated on all expenses.

Investment funds in Canada are required to calculate the HST rate using specific rules. The specific rules and guidance require HST to be calculated using the residency of unitholders and the current value of their interests, rather than the physical location of the fund manager. This results in a blended HST rate that is applied to the management fees and expenses of the Fund.

8. Unitholders' equity:

Pursuant to its trust indenture, the Fund has authorized an unlimited number of units, which are redeemable at the option of the unitholders. Issued units are summarized as follows:

	Outstanding units at beginning of period	Purchased during the period	Reinvested distributions	Redeemed during the period	Outstanding units at end of period
Series A					
2011	15,358,579	3,089,666	368,642	(1,175,234)	17,641,653
2010	13,036,305	759,873	307,880	(318,993)	13,785,065
Series B					
2011	5,090,675	565,626	88,587	(527,797)	5,217,091
2010	5,104,845	385,592	94,471	(447,827)	5,107,081

9. Income taxes:

As of June 30, 2011 and December 31, 2010, the Fund has non tax effected net realized capital losses of \$3,954,000 available for utilization against net realized capital gains in future years. Capital losses have no expiry. The Fund has no non-capital loss carryforwards.

10. Brokerage commissions:

The total brokerage commissions paid by the Fund for the period were nil (2010 – nil).

A statement of portfolio transactions for the six months ended June 30, 2011 will be provided for the Fund, without charge, on request to the Manager:

Leith Wheeler Investment Counsel Ltd.
400 Burrard Street, Suite #1500
Vancouver, BC V6C 3A6

Distributions of each Fund are automatically reinvested in units. Unitholders of the Fund are reminded that you can elect to receive your distributions in cash by giving us written notice at least 10 business days before a distribution date. There is no deferred (or contingent) sales or redemption fee payable on redemptions of units.

You can obtain a copy of the current simplified prospectus of the Fund by calling (604) 683-3391 or toll-free at 1 (888) 292-1122 and asking for the Investment Funds department, by e-mail at info@leithwheeler.com or by writing to the Investment Funds Department of Leith Wheeler Investment Counsel Ltd. at 1500 - 400 Burrard Street, Vancouver, BC V6C 3A6.

Our clients are entitled to obtain specific information about Leith Wheeler Investment Counsel Ltd. Our most recent Statement of Financial Condition, a list of our directors and senior officers, and any information about administration proceedings that may relate to the firm or our staff are available upon request.