Leith Wheeler Balanced Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
December 31, 2016

Leith Wheeler INVESTMENT COUNSEL LTD. | 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.sedar.com.

Securityholders 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.

Management Discussion of Fund Performance

Investment Objective and Strategies

To provide investors with a relatively stable, superior long-term rate of return, through a balanced portfolio of common shares and fixed income securities. This Fund invests primarily in Canadian issuers and may invest in foreign securities. The Fund invests in a broad range of companies and is not restricted by capitalization or industry sectors although portfolio diversification is a consideration in the selection of securities for the Fund.

Although Leith Wheeler Investment Counsel Ltd. (the "Manager") will change the investment mix between fixed income and equity securities as opportunities arise, a portion of the Fund will be maintained in each class. The allocation is determined by the Manager, as opportunities arise, although the Fund's equity portion will range between 40% and 75% of its total assets. The maximum invested in foreign securities is not expected to exceed 40% of the net assets of the Fund at the time of investment. The fixed income securities provide lower risk income while the common shares provide an opportunity for capital gains. Investors 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 increased by 12.5% in 2016 to $102.3 million from $90.9 million at the end of 2015. Of this change, $10.2 million was attributable to investment gains and $1.2 million to net inflows. The Balanced Fund ended 2016 strongly with Series A units returning 12.2%. Series B units rose by 10.9% and Series F units advanced by 11.2%, both after fees and expenses. The asset mix of the Balanced Fund as of December 31, 2016 was 4.4% cash and equivalents, 33.5% bonds, 31.2% Canadian equities, 15.3% U.S. equities, and 15.6% International equities.

We changed the subadvisors of the foreign equity components of the Balanced Fund in the first half of 2016. Barrow Hanley Mewhinney and Strauss of Dallas took over the management of the U.S. equity component of the Fund on February 1st and Edinburgh Partners of Edinburgh, Scotland took over the management of the international equity component of the Balanced Fund on April 1st.

Our Canadian investment grade fixed income generated moderately positive returns in the first nine months of the year, helped by a tactical duration positioning and an overweight position in higher yielding corporate bonds compared to the benchmark. However, increasing interest rates led to sharply negative returns in the fourth quarter. The increase in government bond yields was partly offset by a modest compression in provincial and corporate credit spreads. Despite this recent pullback, the Fund still generated positive results for the year and outperformed the broader market.

Over the year we added to peripheral provincial bonds, most notably Newfoundland, Alberta, Manitoba, and Nova Scotia. We are now overweight several of the oil-producing provinces such as Alberta, Saskatchewan and Newfoundland. These smaller provinces outperformed during the fourth quarter as energy prices recovered, contributing to portfolio returns through both higher yields and also through a narrowing in credit spreads relative the larger provincial issuers. We reduced portfolio exposure to British Columbia bonds and are now modestly underweight. This reflects our ongoing concerns with regard to the state of the Canadian housing market, the Canadian economy's reliance on job growth in the real estate and construction sectors, and the fact that these macroeconomic risks are not currently priced into the province's credit spreads.

We trimmed some the Fund's broader corporate overweight in 2016. We added to some high quality utility issuers such as FortisBC and Alta Link. Financials continue to be the largest overweight, but we trimmed overall exposure over the year. In particular, we have rotated out of non-index bank non-viable contingent capital debt into equivalent subordinate insurance debt due to shifting valuations. We modestly added corporate credit exposure to both oil and gas sector names (Canadian Natural Resources) as we saw further evidence of the sector recovering and oil prices stabilizing.

In the second half of the year, we increased our exposure to National Housing Act mortgage-backed securities (NHA MBS) where valuations had become more attractive following a significant increase in issuance during 2016. The increase in NHA MBS issuance was partly due to a demand for larger, more liquid NHA MBS bond issues, as well as the Canadian Mortgage and Housing Corporation's efforts to encourage banks to issue NHA MBS directly into the market.

On the equity side, 2016 was a remarkable year for Canadian stock markets, where sentiment shifted quite significantly over the year. Canada had finished 2015 as one of the worst performing developed markets amid concerns around global growth, weakness in commodities and a gloomy outlook for the Canadian economy. Despite numerous global concerns including "Brexit", Trump and European bank issues, market sentiment improved over the course of the year and the TSX climbed the "wall of worry" to end 2016 as the best performing developed market.

Management Discussion of Fund Performance (cont.)

The Canadian Equity component of the Balanced Fund significantly outperformed the S&P/TSX Composite Index in 2016. Among the top contributors to the Canadian Equity performance in 2016 were Teck Resources (+405.8%), First Quantum (+158.2%), and Sleep Country (+70.9%). In contrast the Canadian Equity performance in 2016 was hurt by Calfrac (-50.2%), Redknee Solutions (-47.5%), and Hudson's Bay (-26.2%). We added two Canadian Equity names in the first half of 2016: Boardwalk REIT and Onex Corporation. In the third quarter of 2016, we initiated a position in Seven Generations Energy and in the fourth quarter of 2016, we initiated positions in Equitable Group and Bank of Montreal. We eliminated a few of the holdings during the first half of the year including Enbridge, CGI Group, Calfrac Well Services, and Bank of Montreal. In the third quarter of 2016 we eliminated our positions in Encana and Boardwalk REIT and in the fourth quarter of 2016 we sold positions in First Capital, National Bank, Superior Plus, and Capstone Mining.

In 2016, the S&P 500's positive performance was broadly based with nine of the eleven industry sectors posting positive returns for the year. The index was led by Energy (23.0%), Telecommunications Services (19.3%), and Financials (17.4%) sectors. There were two negatively performing sectors in 2016, Health Care (-5.8%) and Real Estate (-0.2%). The Health Care sector faced a cloud over price hikes and possible intervention on government program pricing while the Real Estate sector was hurt as the expectation for interest rate increases rose.

The U.S. Equity component of the fund outperformed the S&P 500 Index in 2016. Among the top contributors to the U.S performance in 2016 were SLM Corp, Fairmount Santrol Holdings, and Navient Corp. In contrast the U.S. performance in 2016 was hurt by Teva Pharmaceutical Industries Limited ADR, Hanesbrands Inc, and Norwegian Cruise Line Holdings Ltd. Because we transitioned the portfolio in January, we added a number of new U.S. Equity names in the first half of 2016. Some of the more noteworthy names included Express Scripts Holdings Company, LyondellBasell Industries, Apple, Fidelity National Financial and Marathon Petroleum Corp. In the third quarter of 2016, we added Coca-Cola European Partners Plc, Hess Corporation, and CVS Health. In the fourth quarter of 2016 we added XL Group, Twenty-First Century Fox, Celanese, E.I. du Pont de Nemours, and Dow Chemical. Some of the stocks we eliminated during the first half of the year included Delphi Automotive and Target. In the third quarter of 2016, we eliminated our positions in Intel and Vodafone Group Plc (ADR). In the fourth quarter we eliminated Marathon Petroleum, KBR, and Eaton.

The International Equity component of the Balanced Fund performed better than the overall market in 2016. Despite a slow start to the year, most equity markets around the globe continued to move higher during the final quarter of2016. The MSCI EAFE Index rose 7.1% in local currency terms; however, the stronger loonie negatively impacted returns for Canadian investors. When translated into Canadian dollars the index return was 1.6% for the quarter. The banking sector recovered strongly in the fourth quarter helped by improving inflation and interest rate expectations. Defensive sectors or "bond proxies" which have performed strongly for several years have begun to lose ground as economies and the financial system display signs of recovery. Consumer Staples, Telecoms, Utilities, and Health Care lagged the market. The fourth quarter saw cyclical sectors such as Energy and Financials recover.

Our economic outlook for Canada is relatively subdued. Household consumption, which has been the main engine for growth, is likely to experience headwinds from a slowdown in population growth. Other contributing factors include weakness in labour market income, record levels of indebtedness, and concerns over the domestic housing market. Growth will have to come from other sources, such as fiscal spending or net trade, but so far their contribution to net growth has been limited, in the case of fiscal spending, or a net drag on growth, in the case of net trade. Our view is that the Bank of Canada is acutely aware of these risks to growth, and with limited signs of price pressures and the output gap remaining large, they will not follow the US in raising interest rates.

Arguably the main driver of capital markets in Canada, and globally, over the coming year will be the US policy agenda. So far, capital markets have given the Trump administration the "benefit of the doubt". There is no doubt that Canada will benefit from a stronger US economy; however, we expect the path to implementation to be rocky with potential upside as well as downside risks.

Ultimately, we remain focused on the long term fundamentals of the businesses we own. We believe our equity portfolios still offer attractive returns going forward, and maintain an overweight in equities relative to fixed income. We will continue to use our bottom-up, value approach to uncover opportunities in our portfolio.

Recent Developments

There has been no change in the Bank of Canada rate since the end of December 2016. Equity markets were up globally in the first two months of 2017.

On June 23, 2016, Michael Ryan retired from the Independent Review Committee ("IRC"). Also, on June 23, 2016, the members appointed Eric Watt as a member of the IRC. On the same day, Michael Scott was appointed Chair of the IRC.

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, 2016, the Leith Wheeler Balanced Fund owns 1,520,646 units of the Leith Wheeler International Equity Plus Fund Series A, a fund under common management.

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 1.10% and 0.85%, respectively. During the year, the Fund paid the Manager $911,788 for Series B and $9,482 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 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. The financial information for periods beginning on or after January 1, 2013 is derived from the financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For all prior periods, the financial information is presented in accordance with Canadian generally accepted accounting principles "GAAP". The net assets attributable to holders of redeemable units and the net assets attributable to holders of redeemable units per unit may differ from the Net Assets and Net Assets per Unit due to the valuation methodology previously used in determining fair values. An explanation of these differences can be found in the notes to the financial statements.

Series A *(inception September 10, 2015)*	**2016**	**2015**	**2014**	**2013**	**2012**
Net assets attributable to holders of redeemable units - per unit, beginning of year (1) (3)	$23.15	$24.03	n/a	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.73	0.87	n/a	n/a	n/a
Total expenses	-	-	n/a	n/a	n/a
Realized gains (losses) for the year	1.21	0.70	n/a	n/a	n/a
Unrealized gains (losses) for the year	0.86	(0.75)	n/a	n/a	n/a
Total increase (decrease) from operations(1)	2.80	0.82	n/a	n/a	n/a
Distributions:					
From income (excluding dividends)	(0.24)	(0.27)	n/a	n/a	n/a
From dividends	(0.46)	(0.39)	n/a	n/a	n/a
From capital gains	(0.89)	(0.67)	n/a	n/a	n/a
Return of capital		-	n/a	n/a	n/a
Total Annual Distributions(2)	(1.59)	(1.33)	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year (1)	$24.34	$23.15	n/a	n/a	n/a

Series B	**2016**	**2015**	**2014**	**2013**	**2012**
Net assets attributable to holders of redeemable units - per unit, beginning of year (1) (4)	$23.59	$24.09	$23.10	$20.14	$19.21
Increase (decrease) from operations:					
Total revenue	0.74	0.73	0.67	0.60	0.58
Total expenses	(0.22)	(0.20)	(0.21)	(0.19)	(0.24)
Realized gains (losses) for the year	1.25	0.58	0.88	0.49	0.45
Unrealized gains (losses) for the year	0.88	(0.62)	0.60	2.60	0.46
Total increase (decrease) from operations(1)	2.65	0.49	1.94	3.50	1.25
Distributions:					
From income (excluding dividends)	-	(0.10)	(0.02)	-	-
From dividends	(0.40)	(0.22)	(0.34)	(0.32)	(0.35)
From capital gains	(0.91)	(0.68)	(0.52)	(0.09)	(0.05)
Return of capital	-	-	-	-	-
Total Annual Distributions(2)	(1.31)	(1.00)	(0.88)	(0.41)	(0.40)
Net assets attributable to holders of redeemable units - per unit, end of year (1)	$24.84	$23.59	$24.09	$23.10	$20.12

Financial Highlights (cont.)

Series F *(inception September 10, 2015)*	**2016**	**2015**	**2014**	**2013**	**2012**
Net assets attributable to holders of redeemable units - per unit, beginning of year [(1) (3)]	$22.66	$24.03	n/a	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.82	0.16	n/a	n/a	n/a
Total expenses	(0.21)	(0.04)	n/a	n/a	n/a
Realized gains (losses) for the year	1.36	0.13	n/a	n/a	n/a
Unrealized gains (losses) for the year	0.98	(0.14)	n/a	n/a	n/a
Total increase (decrease) from operations[(1)]	2.95	0.11	n/a	n/a	n/a
Distributions:					
From income (excluding dividends)	(0.03)	(0.42)	n/a	n/a	n/a
From dividends	(0.46)	(0.67)	n/a	n/a	n/a
From capital gains	(0.88)	(0.66)	n/a	n/a	n/a
Return of capital	-	-	n/a	n/a	n/a
Total Annual Distributions[(2)]	(1.37)	(1.75)	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year [(1)]	$23.79	$22.66	n/a	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 September 10, 2015, inception date of Series A and Series F units of the Fund. Both Series A and Series F initial net asset value per unit offering commenced at the closing net asset value per unit of Series B on September 10, 2015 of $24.03.*

(4) *This Series of the Fund was renamed Series B as of August 28, 2015.*

Financial Highlights (cont.)

Ratios and Supplemental Data

Series A *(inception September 10, 2015)*	2016	2015	2014	2013	2012
Total net assets attributable to holders of redeemable units - ($000s) (1)	11,434	9,557	n/a	n/a	n/a
Number of units outstanding (000s) (1)	470	413	n/a	n/a	n/a
Management expense ratio(%)(2)	-	-	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	-	-	n/a	n/a	n/a
Trading expense ratio (%)(3)	0.04	0.03	n/a	n/a	n/a
Portfolio turnover rate (%)(4)	75.62	39.65	n/a	n/a	n/a
Net assets attributable to holders of redeemable units per unit ($)	24.34	23.15	n/a	n/a	n/a

Series B	2016	2015	2014	2013	2012
Total net assets attributable to holders of redeemable units - ($000s) (1)	89,486	80,636	84,799	74,711	57,547
Number of units outstanding (000s) (1)	3,603	3,418	3,521	3,234	2,858
Management expense ratio(%)(2)	1.16	1.17	1.17	1.17	1.23
Management expense ratio before waivers or absorptions (%)	1.16	1.17	1.17	1.17	1.23
Trading expense ratio (%)(3)	0.04	0.03	0.03	0.04	0.04
Portfolio turnover rate (%)(4)	75.62	39.65	28.86	29.76	51.64
Net assets attributable to holders of redeemable units per unit ($)	24.84	23.59	24.09	23.10	20.14

Series F *(inception September 10, 2015)*	2016	2015	2014	2013	2012
Total net assets attributable to holders of redeemable units - ($000s) (1) (5)	1,374	690	n/a	n/a	n/a
Number of units outstanding (000s) (1)	58	30	n/a	n/a	n/a
Management expense ratio(%)(2)	0.95	0.89	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	0.95	0.89	n/a	n/a	n/a
Trading expense ratio (%)(3)	0.04	0.03	n/a	n/a	n/a
Portfolio turnover rate (%)(4)	75.62	39.65	n/a	n/a	n/a
Net assets attributable to holders of redeemable units per unit ($)	23.79	22.66	n/a	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

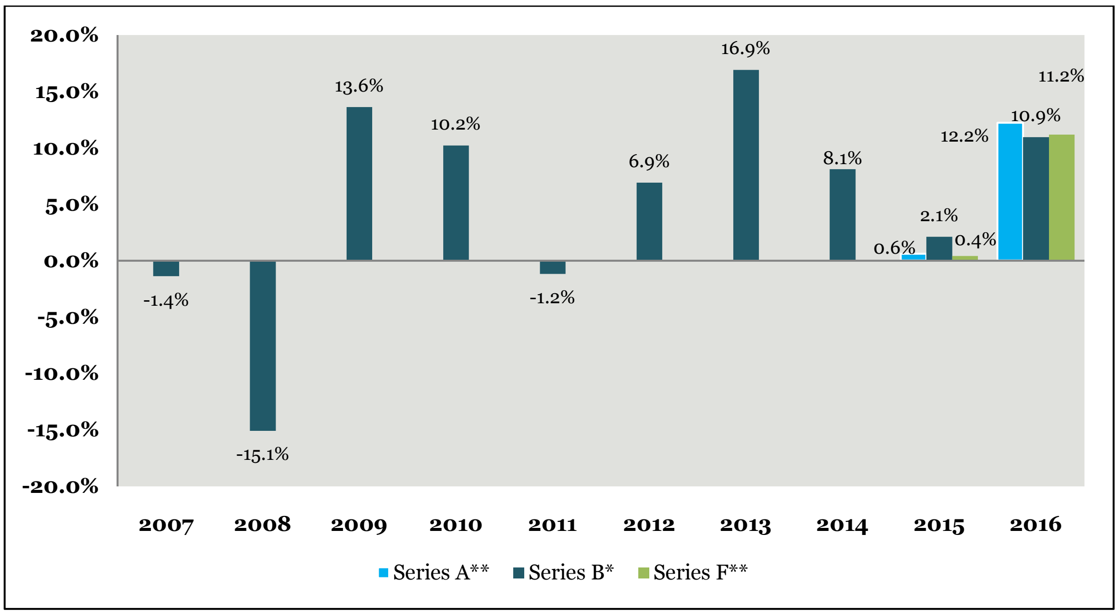
General

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.



* *This Series of the Fund was renamed Series B as of August 28, 2015.*

** *Series A and Series F units were created on September 10, 2015. Return for Series A and Series F from September 10, 2015 to December 31, 2015, 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 a blended return of the benchmark for the year ended December 31, 2016. At the end of December 2015, the benchmark was comprised of 35% FTSE TMX Canada Universe Bond Index, 30% S&P/TSX Composite Index, 15% S&P 500 Total Return Index, 15% MSCI EAFE Index and 5% FTSE TMX Canada 91 day T-Bill Index. Each of these indices is used as a proxy to measure returns for the associated asset classes. The FTSE TMX Canada Universe Bond Index measures the total return attributable to bonds, and includes representative bond issues by issuer, quality, and term. The S&P/TSX Composite Index is the headline index and the principal broad market measure for the Canadian equity markets. S&P 500 Total Return Index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The MSCI EAFE Index is comprised of 21 MSCI country indices, representing the developed markets outside of North America (Europe, Australasia and the Far East). It aims to include 85% of the free float-adjusted market capitalization in each industry group, within each country. 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 **	12.21%	n/a	n/a	n/a*
Benchmark	7.75%	n/a	n/a	n/a*
Fund – Series B *	10.94%	6.98%	8.87%	4.69%
Benchmark	7.75%	7.47%	8.74%	5.10%
Fund – Series F **	11.17%	n/a	n/a	n/a*
Benchmark	7.75%	n/a	n/a	n/a*

** This Series of the Fund was renamed Series B as of August 28, 2015.*

*** Series A and Series F units were created on September 10, 2015.*

Summary of Investment Portfolio

As at December 31, 2016

Top 25 Positions

Issuer	% of Net Asset Value
Leith Wheeler International Equity Plus, Series A	15.6%
Royal Bank of Canada	2.2%
Toronto Dominion Bank	1.9%
Bank of Nova Scotia	1.9%
Saputo Inc.	1.7%
Canadian National Railway Co.	1.7%
Toromont Industries Ltd.	1.6%
Brookfield Infrastructure Partners LP	1.5%
Province of Ontario 2.9% December 02, 2046	1.4%
Manulife Financial Corp.	1.3%
Tourmaline Oil Corp.	1.3%
Province of Newfoundland 1.95% June 02, 2022	1.2%
Open Text Corp.	1.2%
Canadian Imperial Bank of Commerce	1.1%
Canada Treasury Bills 0.50% March 23, 2017	1.1%
Canada Housing Trust 2.65% March 15, 2022	1.0%
Finning International Inc.	1.0%
Brookfield Asset Management Inc	1.0%
Canadian Tire Corp. Ltd. Class A	1.0%
Province of Alberta 2.2% June 01, 2026	0.9%
Stantec Inc.	0.8%
Waste Connections Inc	0.8%
Canada Housing Trust 1.1% March 15, 2017	0.8%
Constellation Software Inc.	0.8%
First Quantum Minerals Ltd.	0.8%

Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Bonds	33.6%
Canadian Equities	31.2%
U.S. Equities	15.4%
International Equities	15.0%
Cash & Other Net Assets	4.8%

The Fund held no short positions as at December 31, 2016.

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