

Leith Wheeler U.S. Small/Mid-Cap Equity Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
December 31, 2016



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

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

Risk

The overall risks of investing in the Fund are as described in the Simplified Prospectus. There were no material changes to the Fund during the year that affected the overall level of risk.

Results of Operations

The U.S. Small/Mid-Cap Equity Fund was launched on October 27, 2016. At the end of 2016, the Fund's net assets were \$0.9 million.

The objective of the Fund is to provide income and long-term capital appreciation by primarily investing in equity securities in U.S. small and mid-cap companies. As of the end of December, the Fund had 21 holdings and we expect to be fully invested at 25 to 30 names over the next few quarters as opportunities arise. While the Fund's sector exposure is broadly distributed, as of the end of December it has no exposure to the Energy, Consumer Staples, Health Care and Telecommunications sectors. The Fund is overweight in the Industrials and Consumer Discretionary sectors.

Since the two months of the Fund's inception to December 31, 2016, Series A units of the Fund returned 7.1%. Series B and Series F units both returned 6.9%, after fees and expenses.

MSC Industrial Direct, a leading U.S. industrial equipment distributor, and On Assignment, the leading temporary IT staffing company, were the top contributors to the Fund's performance during the two month period to the end of December. The catalyst for the outsized gains was the incoming Trump presidency, which drove expectations for significant near-term corporate tax reductions and increasing confidence. Both companies' revenue growth would accelerate with Trump-driven deregulation, reform and fiscal spending. With both MSC Industrial Direct and On Assignment having the majority of its revenues tied to the US, and paying full taxes, the shares benefitted disproportionately with rapid change in sentiment.

The weaker performers in the Fund over the two months were Starwood Property Trust, a leading diversified real estate finance company and Live Nation, a global live entertainment company. Both stocks did not benefit from the Trump cyclical tailwind. Live Nation's business model is driven by a secular shift in consumer spending towards experiences from durables. In contrast, Starwood Property Trust – which has an 8% dividend yield – underperformed as high-yielding securities largely underperformed due to a higher interest rate backdrop driven by expectations of a Trump-driven recovery. Fundamentally, both Starwood and Live Nation are sound businesses managed by strong operators and trading at attractive valuations.

Small and mid-cap stocks have rallied post-U.S. election, and we are cautious of uncertainties not priced into the markets moving forward. We are very mindful of balancing our exposures to both cyclical and secular-driven fundamentals to drive the likelihood of longer term outperformance for our unitholders. As always, bottom-up, fundamental analysis is key to our investment decision-making process, and we continue to seek out companies with sustainable advantages and reasonable business valuations.

Recent Developments

Equity markets were up globally in the first two months of 2017. The Fund has seen approximately \$3mm of inflows year to date and now has 22 names in the portfolio. In addition, the cash weight of 30% as at December 31, 2016, has been reduced to 20% as of February 28, 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.

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.

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 is 1.25% for the Series B units of the Fund and 0.95% for the Series F units of the Fund. During the year, the Fund paid the Manager \$ 26 for Series B and \$352 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 October 27, 2016)	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units - per unit, beginning of year ^{(1) (3)}	\$10.00	n/a	n/a	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.02	n/a	n/a	n/a	n/a
Total expenses	-	n/a	n/a	n/a	n/a
Realized gains (losses) for the year	-	n/a	n/a	n/a	n/a
Unrealized gains (losses) for the year	0.40	n/a	n/a	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	0.41	n/a	n/a	n/a	n/a
Distributions:					
From income (excluding dividends)	-	n/a	n/a	n/a	n/a
From dividends	-	n/a	n/a	n/a	n/a
From capital gains	-	n/a	n/a	n/a	n/a
Return of capital	-	n/a	n/a	n/a	n/a
Total Annual Distributions ⁽²⁾	-	n/a	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$10.73	n/a	n/a	n/a	n/a
Series B (inception October 27, 2016)	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units - per unit, beginning of year ^{(1) (3)}	\$10.00	n/a	n/a	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.03	n/a	n/a	n/a	n/a
Total expenses	(0.20)	n/a	n/a	n/a	n/a
Realized gains (losses) for the year	-	n/a	n/a	n/a	n/a
Unrealized gains (losses) for the year	0.78	n/a	n/a	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	0.61	n/a	n/a	n/a	n/a
Distributions:					
From income (excluding dividends)	-	n/a	n/a	n/a	n/a
From dividends	-	n/a	n/a	n/a	n/a
From capital gains	-	n/a	n/a	n/a	n/a
Return of capital	-	n/a	n/a	n/a	n/a
Total Annual Distributions ⁽²⁾	-	n/a	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$10.70	n/a	n/a	n/a	n/a

Financial Highlights (cont.)

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

Series F (inception October 27, 2016)	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$10.00	n/a	n/a	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.02	n/a	n/a	n/a	n/a
Total expenses	(0.01)	n/a	n/a	n/a	n/a
Realized gains (losses) for the year	-	n/a	n/a	n/a	n/a
Unrealized gains (losses) for the year	0.53	n/a	n/a	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	0.54	n/a	n/a	n/a	n/a
Distributions:					
From income (excluding dividends)	-	n/a	n/a	n/a	n/a
From dividends	-	n/a	n/a	n/a	n/a
From capital gains	-	n/a	n/a	n/a	n/a
Return of capital	-	n/a	n/a	n/a	n/a
Total Annual Distributions ⁽²⁾	-	n/a	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$10.71	n/a	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 October 27, 2016, inception date of Series A, B and F units of the Fund.

Financial Highlights (cont.)

Ratios and Supplemental Data

Series A	2016	2015	2014	2013	2012
Total net assets attributable to holders of redeemable units - (\$000s) ⁽¹⁾	504	n/a	n/a	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	47	n/a	n/a	n/a	n/a
Management expense ratio(%) ⁽²⁾	-	n/a	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	2.88	n/a	n/a	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.33	n/a	n/a	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	-	n/a	n/a	n/a	n/a
Net assets attributable to holders of redeemable units per unit (\$)	10.73	n/a	n/a	n/a	n/a

Series B	2016	2015	2014	2013	2012
Total net assets attributable to holders of redeemable units - (\$000s) ⁽¹⁾	15	n/a	n/a	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	1	n/a	n/a	n/a	n/a
Management expense ratio(%) ⁽²⁾	1.33	n/a	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	4.20	n/a	n/a	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.33	n/a	n/a	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	-	n/a	n/a	n/a	n/a
Net assets attributable to holders of redeemable units per unit (\$)	10.70	n/a	n/a	n/a	n/a

Series F	2016	2015	2014	2013	2012
Total net assets attributable to holders of redeemable units - (\$000s) ⁽¹⁾	364	n/a	n/a	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	34	n/a	n/a	n/a	n/a
Management expense ratio(%) ⁽²⁾	1.00	n/a	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	3.88	n/a	n/a	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.33	n/a	n/a	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	-	n/a	n/a	n/a	n/a
Net assets attributable to holders of redeemable units per unit (\$)	10.71	n/a	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

Past performance information will not be available until such units have been offered under a simplified prospectus for at least 12 consecutive months.

Summary of Investment Portfolio

As at December 31, 2016

Top 25 Positions

Issuer	% of Net Asset Value
Cash	29.7%
Carlisle Cos Inc	4.9%
Brookfield Infrastructure Partners LP	4.5%
Starwood Property Trust Inc	4.4%
Torchmark Corp	4.1%
Carmax Inc	3.7%
Axalta Coating Systems Ltd	3.6%
MSC Industrial Direct Co-A	3.6%
Wyndham Worldwide Corp	3.6%
Lamar Advertising Co-A	3.6%
Orbital Atk Inc	3.5%
On Assignment Inc	3.4%
Usg Corp	3.2%
Tri Pointe Group Inc	3.2%
Tetra Tech Inc	3.1%
Keysight Technologies In	3.0%
Sally Beauty Holdings Inc	2.9%
Live Nation Entertainment In	2.9%
Digitalglobe Inc	2.9%
Air Lease Corp	2.5%
Aercap Holdings Nv	1.9%
Tiffany & Co	1.8%

Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Cash & Other Net Assets	29.5%
Industrials	29.2%
Consumer Discretionary	18.1%
Financials	8.5%
Utilities	4.5%
Materials	3.6%
Real Estate	3.6%
Information Technology	3.0%

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.