

Financial Statements of

LEITH WHEELER BALANCED FUND

Years ended December 31, 2017 and 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Leith Wheeler Balanced 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.

The Board of Directors of the Manager is responsible for reviewing and approving the financial statements and for overseeing the Manager's performance of its financial reporting responsibilities. The Board of Directors has approved the accompanying financial statements of the Fund.

KPMG LLP, the external auditors of the Fund, were appointed by the Manager. As explained in their auditors' report, KPMG LLP have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their auditors' report is included in this Annual Report.

Leith Wheeler Investment Counsel Ltd.

"James F. Gilliland"
President and Chief Executive Officer

"Cecilia Wong"
Chief Financial Officer

March 29, 2018



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INDEPENDENT AUDITORS' REPORT

To the Unitholders of the Leith Wheeler Balanced Fund

We have audited the accompanying financial statements of the Leith Wheeler Balanced Fund, which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

The Manager's Responsibility for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Leith Wheeler Balanced Fund as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years' then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
March 29, 2018

LEITH WHEELER BALANCED FUND

Statements of Financial Position

(Expressed in thousands of dollars except for per unit amounts)

December 31, 2017 and 2016

	Note	2017	2016
Assets			
Cash		\$ 155	\$ 322
Amounts due from brokers		121	212
Interest and dividends receivable		268	263
Subscriptions receivable		125	19
Investments		111,052	101,973
		111,721	102,789
Liabilities			
Amounts due to brokers		102	165
Management fees payable	1	202	183
Redemptions payable		46	147
		350	495
Net assets attributable to holders of redeemable units		\$ 111,371	\$ 102,294
Represented by:			
Series A		\$ 13,348	\$ 11,434
Series B		96,402	89,486
Series F		1,621	1,374
		\$ 111,371	\$ 102,294
Net assets attributable to holders of redeemable units per unit:			
Series A		\$ 25.82	\$ 24.34
Series B		26.32	24.84
Series F		25.33	23.79

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors of
Leith Wheeler Investment Counsel Ltd.,
in its capacity as Manager.

“James F. Gilliland” Director “Jonathon D. Palfrey” Director

LEITH WHEELER BALANCED FUND

Statements of Comprehensive Income

(Expressed in thousands of dollars except for per unit amounts)

Years ended December 31, 2017 and 2016

	Note	2017	2016
Revenue:			
Interest income		\$ 1,241	\$ 915
Dividend income		1,787	1,806
Other income		423	192
Changes in fair value of investments:			
Net realized gain (loss)		2,068	4,827
Net change in unrealized appreciation (depreciation)		3,841	3,497
Total revenue		9,360	11,237
Expenses:			
Management fees	1	1,034	921
Withholding taxes	2	98	69
GST/HST		59	55
Commissions and transaction costs		28	36
Total operating expenses		1,219	1,081
Management fee distributions	1	(312)	(284)
Net operating expenses		907	797
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		8,453	10,440
Distributions to holders of redeemable units:			
From net investment income		(1,814)	(1,686)
From net realized gains on investments		(138)	(3,606)
Management fee distributions	1	(312)	(284)
		(2,264)	(5,576)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 6,189	\$ 4,864
Increase (decrease) in net assets attributable to holders of redeemable units:			
Series A		\$ 734	\$ 489
Series B		5,365	4,307
Series F		90	68
		\$ 6,189	\$ 4,864
Increase (decrease) in net assets attributable to holders of redeemable units per unit (excluding distributions):			
Series A		\$ 2.12	\$ 2.80
Series B		1.99	2.65
Series F		1.85	2.95

The accompanying notes are an integral part of these financial statements.

LEITH WHEELER BALANCED FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units
(Expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

Series A	Note	2017	2016
Balance, beginning of year		\$ 11,434	\$ 9,557
Increase (decrease) in net assets attributable to holders of redeemable units		734	489
Redeemable unit transactions:			
Issue of redeemable units		3,814	1,987
Reinvestment of distributions		359	692
Redemption of redeemable units		(2,993)	(1,291)
Net increase (decrease) from redeemable unit transactions		1,180	1,388
Balance, end of year		\$ 13,348	\$ 11,434

Series B	Note	2017	2016
Balance, beginning of year		\$ 89,486	\$ 80,636
Increase (decrease) in net assets attributable to holders of redeemable units		5,365	4,307
Redeemable unit transactions:			
Issue of redeemable units		16,141	8,419
Reinvestment of distributions		1,560	4,510
Redemption of redeemable units		(16,150)	(8,386)
Net increase (decrease) from redeemable unit transactions		1,551	4,543
Balance, end of year		\$ 96,402	\$ 89,486

Series F	Note	2017	2016
Balance, beginning of year		\$ 1,374	\$ 690
Increase (decrease) in net assets attributable to holders of redeemable units		90	68
Redeemable unit transactions:			
Issue of redeemable units		329	675
Reinvestment of distributions		28	70
Redemption of redeemable units		(200)	(129)
Net increase (decrease) from redeemable unit transactions		157	616
Balance, end of year		\$ 1,621	\$ 1,374

The accompanying notes are an integral part of these financial statements.

LEITH WHEELER BALANCED FUND

Statements of Cash Flows

(Expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

	Note	2017	2016
Cash provided by (used in):			
Operating activities:			
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 6,189	\$ 4,864
Adjustments for:			
Net realized (gain) loss from investments		(2,068)	(4,827)
Net change in unrealized (appreciation) depreciation from investments		(3,841)	(3,497)
Amounts due from brokers		91	(159)
Interest income		(1,241)	(915)
Dividend income		(1,787)	(1,806)
Amounts due to brokers		(63)	84
Management fees payable		19	14
Redemptions payable		(101)	79
Subscriptions receivable		(106)	(8)
Proceeds from sale of investments		91,511	82,836
Purchases of investments		(94,681)	(85,708)
Interest received		1,242	910
Dividends received		1,781	1,794
		(3,055)	(6,339)
Financing activities:			
Proceeds from issue of redeemable units		20,284	11,081
Payments on redemption of redeemable units		(19,343)	(9,806)
Reinvestment of distributions		1,947	5,272
		2,888	6,547
Net increase (decrease) in cash		(167)	208
Cash, beginning of year		322	114
Cash, end of year		\$ 155	\$ 322

The accompanying notes are an integral part of these financial statements.

LEITH WHEELER BALANCED FUND

Schedule of Investment Portfolio
(Expressed in thousands of dollars)

December 31, 2017

Security	Coupon rate %	Maturity	Par value	Cost	Fair value	% of Net assets
BONDS AND GUARANTEES						
Corporate Bonds and Guarantees:						
407 International Inc.	5.960	03-Dec-35	\$ 84	\$ 119	\$ 114	
AIMCO Realty Corp	2.266	26-Jun-24	45	45	44	
Alliance Pipeline LP	7.181	30-Jun-23	45	54	50	
Allied Properties Real Estate Investment Trust	3.636	21-Apr-25	13	13	13	
AltaLink LP	4.922	17-Sep-43	86	108	107	
Arrow Lakes Power	5.516	05-Apr-41	59	59	70	
Bank of Montreal	1.610	28-Oct-21	225	221	218	
Bank of Montreal	1.880	31-Mar-21	250	251	246	
Bank of Montreal	3.210	13-Sep-18	262	277	265	
Bank of Nova Scotia	1.830	27-Apr-22	71	71	69	
Bank of Nova Scotia	1.900	02-Dec-21	93	91	91	
Bank of Nova Scotia	2.090	09-Sep-20	305	305	303	
Bank of Nova Scotia	2.270	13-Jan-20	76	77	76	
Bank of Nova Scotia	2.360	08-Nov-22	331	331	328	
Bell Canada	2.900	12-Aug-26	40	40	39	
Bell Canada	3.350	22-Mar-23	76	79	78	
Bell Canada	3.500	10-Sep-18	167	169	169	
Bell Canada	3.550	02-Mar-26	200	203	203	
Bell Canada	4.950	19-May-21	223	249	240	
Blackbird Infrastructure 407 General Partnership	1.713	08-Oct-21	84	83	83	
BMW Canada Inc	1.780	19-Oct-20	91	91	90	
BMW Canada Inc	1.880	11-Dec-20	45	45	44	
Brookfield Infrastructure Finance ULC	3.315	22-Feb-24	56	56	56	
Brookfield Infrastructure Finance ULC	3.538	30-Oct-20	155	155	159	
Brookfield Renewable Energy Partners ULC	5.250	05-Nov-18	160	170	164	
Bruce Power LP	2.844	23-Jun-21	334	338	336	
Canadian Imperial Bank of Commerce	1.640	12-Jul-21	196	194	191	
Canadian Imperial Bank of Commerce	1.660	20-Jan-20	171	171	169	
Canadian Imperial Bank of Commerce	1.700	09-Oct-18	518	520	518	
Canadian Imperial Bank of Commerce	0.000	08-Dec-20	255	255	255	
Canadian Real Estate Investment Trust	2.951	18-Jan-23	5	5	5	
Canadian Utilities Ltd	9.920	01-Apr-22	213	310	273	
Canadian Western Bank	3.077	14-Jan-19	136	138	137	
Capital Power Corp	5.276	16-Nov-20	63	68	67	
Centra Gas Ontario	8.650	19-Oct-18	149	165	157	
Choice Properties LP	3.600	20-Apr-20	81	85	83	
CNH Capital Canada Receivables Trust	1.353	15-Oct-19	37	37	37	
CNH Capital Canada Receivables Trust	1.192	15-Jun-18	36	36	36	
CT Real Estate Investment Trust	2.852	09-Jun-22	105	108	105	
CU Inc	4.722	09-Sep-43	50	56	60	
CU Inc	5.896	20-Nov-34	139	174	183	
Daimler Canada Finance Inc	1.780	19-Aug-19	94	95	93	
Dollarama Inc	2.203	10-Nov-22	74	74	72	
Dollarama Inc	2.337	22-Jul-21	158	158	157	
Dollarama Inc	3.095	05-Nov-18	188	191	190	
Dollarama Inc	0.000	16-Mar-20	136	136	137	
Enbridge Gas Distribution Inc	2.500	05-Aug-26	38	38	37	
Enbridge Inc	3.190	05-Dec-22	252	263	254	
Enbridge Inc	3.940	30-Jun-23	65	70	68	
Enbridge Inc	4.260	01-Feb-21	57	61	60	
Enbridge Inc	4.530	09-Mar-20	55	58	57	
Enbridge Pipelines Inc	3.450	29-Sep-25	145	145	149	
Enbridge Pipelines Inc	4.550	29-Sep-45	37	41	40	
Finning International Inc	2.840	29-Sep-21	111	111	111	
First Capital Realty Inc	4.950	30-Nov-18	23	24	24	
Ford Credit Canada Ltd	3.700	02-Aug-18	16	16	16	
Ford Floorplan Auto Securitization Trust	2.197	15-Jul-20	74	74	74	
FortisBC Energy Inc	3.375	13-Apr-45	101	101	98	
FortisBC Energy Inc	3.690	30-Oct-47	60	97	100	
FortisBC Energy Inc	5.800	13-May-38	88	109	117	
Greater Toronto Airports Authority	7.050	12-Jun-30	161	226	229	
Great-West Lifeco Inc	4.650	13-Aug-20	75	82	79	

LEITH WHEELER BALANCED FUND

Schedule of Investment Portfolio (continued)

(Expressed in thousands of dollars)

December 31, 2017

Security	Coupon rate %	Maturity	Par value	Cost	Fair value	% of Net assets
BONDS AND GUARANTEES (continued)						
Corporate Bonds and Guarantees (continued):						
Great-West Lifeco Inc	6.740	24-Nov-31	\$ 56	\$ 72	\$ 75	
H&R Real Estate Investment Trust	5.000	01-Dec-18	35	37	36	
Honda Canada Finance Inc	1.710	18-Dec-20	395	395	396	
Hospital for Sick Children/Canada	5.217	16-Dec-49	42	57	56	
HSBC Bank Canada	2.078	26-Nov-18	168	168	168	
Hydro One Inc	3.720	18-Nov-47	50	50	52	
Hydro One Inc	3.910	23-Feb-46	68	72	72	
Hydro One Inc	6.930	01-Jun-32	28	37	39	
Hydro One Inc	7.350	03-Jun-30	41	61	58	
Institutional Mortgage Securities Canada Inc	2.340	12-Feb-25	113	113	109	
Intact Financial Corp	4.700	18-Aug-21	156	174	167	
Intact Financial Corp	5.410	03-Sep-19	78	83	82	
Manitoba Telecom Services Inc	4.000	27-May-24	179	191	188	
Manulife Financial Corp	5.505	26-Jun-18	400	414	407	
Maritimes & Northeast Pipeline LP	4.340	30-Nov-19	14	15	14	
Maritimes & Northeast Pipeline LP	6.900	30-Nov-19	7	9	7	
Mbarc Credit Canada Inc	1.532	15-Sep-18	222	223	222	
National Bank of Canada	2.794	09-Aug-18	850	873	855	
North West Redwater Partnership / NWR Financing Co Ltd	2.100	23-Feb-22	116	117	114	
North West Redwater Partnership / NWR Financing Co Ltd	2.800	01-Jun-27	88	86	85	
North West Redwater Partnership / NWR Financing Co Ltd	3.200	24-Apr-26	52	52	52	
North West Redwater Partnership / NWR Financing Co Ltd	3.200	22-Jul-24	54	57	55	
North West Redwater Partnership / NWR Financing Co Ltd	3.650	01-Jun-35	81	82	82	
North West Redwater Partnership / NWR Financing Co Ltd	4.250	01-Jun-29	85	95	92	
OMERS Realty Corp	2.473	12-Nov-19	113	117	114	
OMERS Realty Corp	3.244	04-Oct-27	74	74	75	
Ontario School Boards Financing Corp	5.376	25-Jun-32	51	60	58	
Pembina Pipeline Corp	2.990	22-Jan-24	86	86	85	
Pembina Pipeline Corp	3.710	11-Aug-26	87	91	87	
Pembina Pipeline Corp	3.770	24-Oct-22	100	104	103	
Plenary Properties LTAP LP	6.288	31-Jan-44	66	70	88	
RioCan Real Estate Investment Trust	2.830	03-Oct-22	168	168	167	
Royal Bank of Canada	1.650	15-Jul-21	260	258	253	
Royal Bank of Canada	2.350	09-Dec-19	300	302	301	
Royal Bank of Canada	2.360	05-Dec-22	182	182	180	
Royal Bank of Canada	2.770	11-Dec-18	543	561	548	
Royal Bank of Canada	2.980	07-May-19	350	362	354	
Royal Bank of Canada	3.310	20-Jan-26	300	309	305	
Saputo Inc	1.939	13-Jun-22	211	210	204	
Shaw Communications Inc	3.150	19-Feb-21	75	76	76	
Shaw Communications Inc	4.350	31-Jan-24	59	63	63	
Shaw Communications Inc	5.500	07-Dec-20	123	129	133	
Smartcentres REIT	2.876	21-Mar-22	96	96	95	
SSL Finance Inc	4.099	31-Oct-45	28	28	29	
TELUS Corp	3.750	17-Jan-25	141	141	146	
TELUS Corp	5.150	26-Nov-43	7	8	8	
Thomson Reuters Corp	3.369	23-May-19	25	25	25	
Toromont Industries Ltd	3.842	27-Oct-27	166	166	169	
Toronto-Dominion Bank	1.680	08-Jun-21	649	647	636	
Toronto-Dominion Bank	1.693	02-Apr-20	200	199	198	
Toronto-Dominion Bank	3.224	25-Jul-29	154	154	154	
Toronto-Dominion Bank	5.828	09-Jul-23	54	57	55	
TransCanada PipeLines Ltd	4.330	16-Sep-47	39	39	42	
Union Gas Ltd	2.760	02-Jun-21	483	496	490	
University of Ontario Institute of Technology	6.351	15-Oct-34	114	114	135	
Veresen Inc	3.430	10-Nov-21	52	55	53	
Wells Fargo Canada Corp	2.780	15-Nov-18	341	356	344	

LEITH WHEELER BALANCED FUND

Schedule of Investment Portfolio (continued)

(Expressed in thousands of dollars)

December 31, 2017

Security	Coupon rate %	Maturity	Par value	Cost	Fair value	% of Net assets
BONDS AND GUARANTEES (continued)						
Corporate Bonds and Guarantees (continued):						
Westcoast Energy Inc	3.430	12-Sep-24	\$ 111	\$ 111	\$ 114	
Westcoast Energy Inc	8.500	04-Sep-18	11	14	11	
				17,653	17,474	15.7
Federal Bonds and Guarantees						
Canada Housing Trust	2.400	15-Dec-22	2,414	2,451	2,442	
Canada Housing Trust No 1	0.000	15-Mar-18	44	44	44	
Canadian Government Bond	1.000	01-Jun-27	1,001	912	912	
Canadian Government Bond	2.500	01-Jun-24	169	176	175	
Canadian Government Bond	2.750	01-Dec-48	1,066	1,192	1,180	
Canadian Government Bond	2.750	01-Dec-64	130	143	149	
Canadian Government Bond	3.500	01-Dec-45	351	438	439	
Canadian Government Bond	4.000	01-Jun-41	433	575	568	
Canadian Mortgage Pools	1.545	01-Jun-21	192	193	189	
Canadian Mortgage Pools	1.366	01-Nov-21	259	255	253	
Canadian Mortgage Pools	1.416	01-Jun-22	811	800	790	
Canadian Mortgage Pools	1.883	01-Sep-22	428	422	422	
Canadian Mortgage Pools	1.833	01-Dec-22	89	88	88	
Canadian Mortgage Pools	5.438	01-Mar-28	336	406	383	
Canadian Mortgage Pools	2.041	01-Dec-22	236	244	233	
				8,339	8,267	7.4
Provincial/Municipal Bonds and Guarantees:						
City of Montreal	3.500	01-Sep-23	134	143	140	
City of Montreal	3.500	01-Sep-24	185	195	194	
City of Toronto	5.342	18-Jul-27	32	37	35	
City of Vancouver	2.900	20-Nov-25	48	48	48	
First Nations Finance Authority	3.050	01-Jun-28	209	208	210	
First Nations Finance Authority	3.400	26-Jun-24	41	44	43	
Municipal Finance Authority of British Columbia	1.750	15-Oct-20	113	113	112	
Municipal Finance Authority of British Columbia	4.450	01-Jun-20	44	49	47	
Municipal Finance Authority of British Columbia	4.978	06-Apr-25	24	27	26	
Province of Alberta	2.200	01-Jun-26	750	740	727	
Province of Alberta	3.050	01-Dec-48	801	786	809	
Province of Alberta	3.500	01-Jun-31	177	178	190	
Province of Manitoba	2.550	02-Jun-26	200	200	199	
Province of Manitoba	2.600	02-Jun-27	477	476	474	
Province of Manitoba	3.400	05-Sep-48	365	380	391	
Province of Manitoba	5.700	05-Mar-37	138	193	192	
Province of Manitoba	6.300	05-Mar-31	395	508	542	
Province of New Brunswick	2.350	14-Aug-27	335	321	324	
Province of New Brunswick	3.100	14-Aug-48	28	28	28	
Province of New Brunswick	3.650	03-Jun-24	123	138	131	
Province of Newfoundland	2.850	02-Jun-28	240	239	239	
Province of Newfoundland	3.000	02-Jun-26	83	83	84	
Province of Nova Scotia	2.100	01-Jun-27	272	268	260	
Province of Nova Scotia	4.400	01-Jun-42	139	162	172	
Province of Nova Scotia	4.500	01-Jun-37	12	15	15	
Province of Nova Scotia	6.600	01-Dec-31	53	74	75	
Province of Ontario	0.000	02-Dec-28	378	259	275	
Province of Ontario	2.800	02-Jun-48	6	6	6	
Province of Ontario	2.900	02-Dec-46	598	567	592	
Province of Ontario	2.900	02-Jun-49	188	188	187	
Province of Ontario	5.600	02-Jun-35	533	726	732	
Province of Quebec	3.500	01-Dec-45	575	605	636	
Province of Quebec	3.500	01-Dec-48	15	18	17	
Province of Quebec	8.500	01-Apr-26	382	571	548	
Province of Saskatchewan	2.550	02-Jun-26	302	302	301	
Province of Saskatchewan	5.000	05-Mar-37	7	8	9	
				8,903	9,010	8.1

LEITH WHEELER BALANCED FUND

Schedule of Investment Portfolio (continued)

(Expressed in thousands of dollars)

December 31, 2017

Security	Coupon rate %	Maturity	Par value	Cost	Fair value	% of Net assets
Maples:						
Anheuser-Busch InBev Finance Inc	2.600	15-May-24	\$ 35	\$ 37	\$ 34	
Apple Inc	2.513	19-Aug-24	89	87	88	
United Parcel Service Inc	2.125	21-May-24	151	151	146	
Wells Fargo & Co	2.094	25-Apr-22	180	180	175	
				455	443	0.4
Real Return Bonds:						
Canadian Government Bond	1.25	1-Dec-47	278	327	330	
Canadian Government RRB	2.513	1-Dec-50	388	272	379	
				599	709	0.6
Mutual Fund:						
Leith Wheeler High Yield Fund Series A (CAD Hedged)				2,965	2,758	
				2,965	2,758	2.5
TOTAL BONDS AND GUARANTEES				38,914	38,661	34.7

LEITH WHEELER BALANCED FUND

Schedule of Investment Portfolio (continued)

(Expressed in thousands of dollars)

December 31, 2017

Security	Number of holdings	Cost	Fair value	% of Net assets
CANADIAN EQUITY				
Consumer Discretionary:				
BRP Inc	11,014	\$ 311	\$ 512	
Canadian Tire Corp Ltd	5,200	421	852	
Stingray Digital Group Inc	17,700	135	176	
		867	1,540	1.4
Consumer Staple:				
Saputo Inc.	37,200	593	1,681	
		593	1,681	1.5
Energy:				
Baytex Energy Corp.	3,100	31	12	
Cameco Corp	47,100	841	547	
Canadian Natural Resources Ltd	24,300	953	1,092	
Cardinal Energy Ltd	34,700	371	177	
Mullen Group Ltd	37,600	765	592	
NuVista Energy Ltd	63,400	414	508	
Raging River Exploration Inc	75,400	646	603	
Seven Generations Energy Ltd	29,700	759	527	
Tourmaline Oil Corp	45,900	1,413	1,046	
Western Energy Services Corp	24,500	89	31	
		6,282	5,135	4.6
Financials:				
Bank of Nova Scotia	26,100	1,426	2,117	
Brookfield Asset Management Inc	23,600	1,056	1,291	
Canadian Imperial Bank of Commerce	11,600	1,122	1,421	
Canadian Western Bank	15,600	503	612	
CI Financial Corp	33,500	1,059	997	
Industrial Alliance Insurance & Financial Services Inc	6,400	325	383	
Manulife Financial Corp	54,200	1,020	1,422	
Onex Corp	1,800	144	167	
Royal Bank of Canada	22,800	1,282	2,343	
Toronto-Dominion Bank	30,800	1,075	2,268	
		9,012	13,021	11.7
Industrials:				
Canadian National Railway Co.	16,500	663	1,710	
Finning International Inc	31,500	680	999	
Stantec Inc	22,300	752	784	
Toromont Industries Ltd	37,929	271	2,090	
Waste Connections Inc	10,797	611	962	
		2,977	6,545	5.8
Information Technology:				
Constellation Software Inc	1,447	329	1,102	
Open Text Corp	31,660	925	1,416	
		1,254	2,518	2.3
Materials:				
Agrium Inc	2,000	287	289	
First Quantum Minerals Ltd	52,300	679	920	
		966	1,209	1.1
Real Estate:				
Slate Retail REIT	15,538	204	202	
		204	202	0.2
Utilities:				
Brookfield Infrastructure Partners LP	34,563	847	1,948	
Hydro One Ltd	17,400	394	390	
		1,241	2,338	2.1
TOTAL CANADIAN EQUITY		23,396	34,189	30.7

LEITH WHEELER BALANCED FUND

Schedule of Investment Portfolio (continued)

(Expressed in thousands of dollars)

December 31, 2017

Security	Number of holdings	Cost	Fair value	% of Net assets
FOREIGN EQUITY				
Consumer Discretionary:				
Carnival Corp.	1,620	\$ 67	\$ 135	
Comcast Corp	3,800	175	191	
Dollar General Corp	2,200	205	257	
Hanesbrands Inc	4,900	207	129	
Lowe's Cos Inc	2,200	220	257	
Newell Rubbermaid Inc	1,900	123	74	
Norwegian Cruise Line Holdings Ltd	2,490	151	166	
Royal Caribbean Cruises Ltd	1,150	133	172	
SeaWorld Entertainment Inc	4,600	123	78	
Twenty-First Century Fox Inc	5,800	193	251	
		1,597	1,710	1.5
Consumer Staple:				
Altria Group Inc	1,900	159	170	
Coca-Cola European Partners PLC	3,900	184	195	
CVS Caremark Corp	1,600	178	146	
Philip Morris International Inc	1,200	149	159	
		670	670	0.6
Energy:				
BP PLC	4,000	173	211	
Chevron Corp	1,400	166	220	
ConocoPhillips	3,200	154	220	
Fairmount Santrol Holdings Inc	7,600	32	50	
Hess Corp	3,000	196	179	
Kosmos Energy Ltd	12,500	103	107	
Occidental Petroleum Corp	2,100	191	195	
Phillips 66	1,600	173	203	
Vermilion Energy Inc.	3,300	143	150	
		1,331	1,535	1.4
Financials:				
American Express Co	2,050	168	255	
American International Group Inc	1,600	126	120	
Bank of America Corp	6,700	126	248	
Berkshire Hathaway Inc	900	165	224	
Capital One Financial Corp	300	26	37	
Citigroup Inc	3,800	218	355	
E*TRADE Financial Corp	3,200	106	199	
FNF Group	2,800	119	138	
JPMorgan Chase & Co	2,500	201	335	
JP Morgan Chase And Co	5,900	109	149	
Navient Corp	7,400	98	124	
New York Community Bancorp Inc	8,800	185	144	
PNC Financial Services Group Inc	1,100	131	199	
SLM Corp	18,900	185	268	
State Street Corp	1,800	138	220	
Wells Fargo & Co	3,300	104	252	
Willis Towers Watson PLC	1,100	186	208	
XL Group Ltd	3,500	165	154	
		2,556	3,629	3.3

LEITH WHEELER BALANCED FUND

Schedule of Investment Portfolio (continued)

(Expressed in thousands of dollars)

December 31, 2017

Security	Number of holdings	Cost	Fair value	% of Net assets
FOREIGN EQUITY (continued)				
Health Care:				
Cardinal Health Inc	1,500	\$ 164	\$ 115	
Cigna Corp	900	172	229	
Express Scripts Holding Co	1,800	163	169	
Johnson & Johnson	950	66	167	
Medtronic PLC	1,986	197	201	
Merck & Co Inc	2,500	142	176	
Pfizer Inc	4,900	136	223	
Sanofi	1,800	106	97	
Teva Pharmaceutical Industries Ltd	3,300	256	79	
UnitedHealth Group Inc	930	148	257	
WellPoint Inc	900	174	254	
		1,724	1,967	1.8
Industrials:				
Amerco	390	189	185	
General Dynamics Corp	550	64	140	
General Electric Co	8,900	243	195	
Tyco International Plc	3,721	230	178	
Nielsen Holdings PLC	3,300	203	151	
Owens Corning	1,900	120	219	
Spirit AeroSystems Holdings Inc	2,290	140	251	
Stanley Black & Decker Inc	1,100	146	234	
United Technologies Corp	1,400	144	224	
		1,479	1,777	1.6
Information Technology:				
Black Knight Financial	858	45	48	
Broadcom Ltd	390	140	126	
Hewlett Packard Enterprise Co	9,700	183	175	
Micro Focus Int	3,325	138	140	
Microchip Technology Inc	2,000	124	220	
Microsoft Corp	2,100	59	225	
Oracle Corp	3,600	180	214	
Qualcomm Inc	3,050	227	245	
Texas Instruments Inc	1,800	128	235	
Versum Materials Inc	4,740	181	225	
		1,405	1,853	1.7
Mutual Funds:				
Leith Wheeler US Small/Mid-Cap Equity Fund Series A	242,327	2,691	2,852	
Leith Wheeler International Equity Fund Series A	1,427,038	13,541	17,115	
		16,232	19,967	17.8
Materials:				
Air Products & Chemicals Inc	1,000	169	206	
Celanese Corp	1,650	151	222	
Dowdupont Inc	2,492	190	222	
LyondellBasell Industries NV	1,300	146	180	
		656	830	0.7
Telecommunication Services:				
Verizon Communications Inc.	2800	184	185	
		184	185	0.2
TOTAL FOREIGN EQUITY		27,834	34,123	30.6
MONEY MARKET SECURITIES		4,079	4,079	3.7
TRANSACTION COSTS		(14)		
TOTAL INVESTMENT PORTFOLIO		\$ 94,209	\$ 111,052	99.7
OTHER ASSETS LESS LIABILITIES			319	0.3
NET ASSETS			\$ 111,371	100.0

The accompanying notes are an integral part of these financial statements.

LEITH WHEELER BALANCED FUND

Notes to Financial Statements - Fund Specific Information

(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

The Fund Specific Information contained herein should be read in conjunction with the "Notes to Financial Statements - General Information related to all Leith Wheeler Investment Funds" beginning after the "Notes to Financial Statements - Fund Specific Information".

1. Management fees and expenses:

Management fees in respect of Series B are calculated at a maximum of 1.10% per annum, before GST/HST, of the daily Net Asset Value of Series B. Management fees in respect of Series F are calculated at a maximum of 0.85% per annum, before GST/HST, of the daily Net Asset Value of Series F. Management fee distributions for the year ended December 31, 2017 were approximately \$312,000 (2016 - \$284,000). No management fees were paid with respect to Series A units.

2. Withholding tax and other income taxes:

Certain dividends and interest income received by the Fund are subject to withholding tax imposed in the country of origin. During the year, withholding tax rates were between 0% and 35.0% (2016 - between 0% and 35%).

The Fund has capital losses of nil (2016 - nil) available for utilization against capital gains in future years. The Fund has non-capital losses of nil (2016 - nil) available for utilization against net realized capital gains or non-capital gains in future years.

3. Redeemable units:

The redeemable unit transactions for the Fund during the years ended December 31, 2017 and 2016 are as follows:

	Outstanding units at beginning of year	Issued during the year	Issued on reinvestment of distributions	Redeemed during the year	Outstanding units at end of year
Series A:					
2017	470	151	14	(118)	517
2016	413	83	29	(55)	470
Series B:					
2017	3,603	632	60	(632)	3,663
2016	3,418	350	183	(348)	3,603
Series F:					
2017	58	13	1	(8)	64
2016	30	31	3	(6)	58

LEITH WHEELER BALANCED FUND

Notes to Financial Statements - Fund Specific Information

(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

4. Financial risk management:

The investment objective of the Fund is to provide investors with a relatively stable, superior long-term rate of return, through a balanced portfolio of common shares and fixed income securities.

For a comprehensive discussion of the risks applicable to the Fund refer to note 6 under the "General Information related to all Leith Wheeler Investment Funds". Financial risks applicable to the Fund are discussed in more detail below.

(a) Credit risk:

The majority of the credit risk to which the Fund is exposed is concentrated in debt securities. Credit risk arising from other financial instruments is not considered significant. At December 31, 2017 and 2016, the Fund was invested in debt securities with the following credit quality:

	2017	2016
Rating:		
AAA	26.6%	26.4%
AA	21.5%	33.2%
A	31.5%	25.6%
BBB	13.3%	14.8%
BB	7.1%	-
Total	100.0%	100.0%

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.

(b) Liquidity risk:

The Fund's redeemable units are due on demand. The Fund's remaining liabilities are due within twelve months of the year-end of the Fund.

(c) Market risk:

(i) Interest rate risk:

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

	2017	2016
Term to maturity	% of total debt securities	% of total debt securities
Less than 1 year	11.0%	7.1%
1 to 5 years	36.0%	32.4%
5 to 10 years	25.3%	30.6%
More than 10 years	27.8%	29.9%
Total debt securities	100.0%	100.0%

LEITH WHEELER BALANCED FUND

Notes to Financial Statements - Fund Specific Information

(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

4. Financial risk management (continued):

(c) Market risk: (continued)

(i) Interest rate risk (continued):

The Manager has determined that a fluctuation in interest rates of 1% is reasonably possible, considering the economic environment in which the Fund operates. As at December 31, 2017 and 2016, had interest rates increased or decreased by 1%, with all other factors remaining constant, net assets attributable to redeemable units would have increased or decreased by approximately \$2,833,000, and \$2,595,000, respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Currency risk:

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows:

	Currency exposure		Percentage of net assets	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
US Dollar	\$ 17,044	\$ 15,754	15.3%	15.4%
Japanese Yen	4,878	4,997	4.4%	4.9%
Euro	3,700	3,432	3.3%	3.4%
British Pound	2,711	2,698	2.4%	2.6%
Hong Kong Dollar	2,460	1,564	2.2%	1.5%
Swiss Franc	1,382	1,341	1.2%	1.3%
Indonesian Rupiah	415	-	0.4%	-
Thailand Baht	346	-	0.3%	-
Norwegian Krone	343	-	0.3%	-
Singapore Dollar	336	-	0.3%	-
Total	\$ 33,615	\$ 29,786	30.1%	29.1%

As at December 31, 2017 and 2016, had the Canadian dollar strengthened or weakened by 1% in relation to all foreign currencies, with all other factors remaining constant, net assets attributable to redeemable units would have increased or decreased by approximately \$336,00 and \$292,000, respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

LEITH WHEELER BALANCED FUND

Notes to Financial Statements - Fund Specific Information

(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

4. Financial risk management (continued):

(c) Market risk: (continued)

(iii) Other price risk:

For this Fund, the most significant exposure to other price risk arises from its investment in equity securities, both directly and indirectly through holdings in underlying investment funds. As at December 31, 2017 and 2016, had the relevant benchmark/broad-based indices increased or decreased by 5%, with all other variables held constant, the net assets attributable to holders of redeemable units would have increased or decreased by approximately \$3,553,000 and \$3,182,000, respectively. In practice, actual results may differ from this sensitivity analysis and these differences could be material.

5. Fair value of financial instruments:

For a general discussion of the Fund's fair value measurements, refer to note 7 under the "General Information related to all Leith Wheeler Investment Funds".

(a) Fair value hierarchy - financial instruments measured at fair value:

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

All fair value measurements below are recurring.

December 31, 2017	Level 1	Level 2	Level 3	Total
Short Term Notes	\$ -	\$ 4,079	\$ -	\$ 4,079
Bonds (including Mortgage Backed Securities)	-	35,903	-	35,903
Equities - Long	48,344	-	-	48,344
Investment Fund units	22,726	-	-	22,726
	\$ 71,070	\$ 39,982	\$ -	\$ 111,052

December 31, 2016	Level 1	Level 2	Level 3	Total
Short Term Notes	\$ -	\$ 4,129	\$ -	\$ 4,129
Bonds (including Mortgage Backed Securities)	-	34,205	-	34,205
Equities - Long	47,675	-	-	47,675
Investment Fund units	15,964	-	-	15,964
	\$ 63,639	\$ 38,334	\$ -	\$ 101,973

During the year, there were no transfers of financial instruments between the three levels (2016 - nil).

LEITH WHEELER BALANCED FUND

Notes to Financial Statements - Fund Specific Information

(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

6. Involvement with structured entities:

The table below describes the types of structured entities that in which the Fund holds an interest.

Entity	Nature and purpose	Interest held by the Fund
Investment Funds	To manage assets on behalf of third party investors and generate fees for the investment manager. These vehicles are financed through the issue of units to investors.	Investment in units issued by the underlying investment funds.

The table below sets out interests held by the Fund in structured entities. The maximum exposure to loss is the carrying amount of the investment in the underlying funds held.

December 31, 2017				
Underlying Fund	Principal place of business	Country of Domicile	Total net assets of investee funds	Carrying amount included in investments in statement of financial position
Leith Wheeler International Equity Plus Fund, Series A	Canada	Canada	\$ 25,565	\$ 17,116
Leith Wheeler US Small/Mid-Cap Equity Fund, Series A	Canada	Canada	4,485	2,852
Leith Wheeler High Yield Fund Series A (CAD Hedged)	Canada	Canada	48,461	2,758

December 31, 2016				
Underlying Fund	Principal place of business	Country of Domicile	Total net assets of investee funds	Carrying amount included in investments in statement of financial position
Leith Wheeler International Equity Plus Fund, Series A	Canada	Canada	\$ 22,503	\$ 15,964

During 2017 and 2016, the Fund did not provide financial support to this structured entity and has no intention of providing financial or other support. The Fund can redeem its units in the above investment fund at any time, subject to their being sufficient liquidity in the underlying fund.

LEITH WHEELER BALANCED FUND

Notes to Financial Statements - Fund Specific Information

(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

7. Related party transactions:

At December 31, 2017, the Fund owned 1,427,038 (2016 - 1,520,646) Leith Wheeler International Equity Plus Fund – Series A units, 242,327 (2016 - nil) Leith Wheeler U.S. Small/Mid-Cap Equity Fund - Series A units and 301,454 (2016 – nil) Leith Wheeler High Yield Bond Fund - Series A (CAD Hedged) units, which are funds under common management.

During the year, the Fund earned approximately \$539,000 in dividend income (2016 - \$340,000), 138,000 in interest income (2016 - nil), \$415,000 in capital gains (2016 - \$192,000) , and \$234,000 (2016- nil) in other income on those investments. No additional management fees are paid by the Fund to the Manager in respect of holding units of this underlying investment fund.

LEITH WHEELER BALANCED FUND

Notes to Financial Statements - General Information Related to All Leith Wheeler Investment Funds

(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

1. Reporting entity:

The Leith Wheeler Investment Funds (individually, a “Fund” and collectively, the “Funds”) consist of:

Fund	Inception
Leith Wheeler Balanced Fund	September 22, 1987
Leith Wheeler Canadian Dividend Fund	December 21, 2010
Leith Wheeler Canadian Equity Fund	April 27, 1994
Leith Wheeler Core Bond Fund	April 27, 1994
Leith Wheeler Corporate Advantage Fund	May 29, 2015
Leith Wheeler Emerging Markets Equity Fund	May 19, 2017
Leith Wheeler High Yield Bond Fund	May 27, 2015
Leith Wheeler Income Advantage Fund	December 21, 2010
Leith Wheeler International Equity Plus Fund	October 31, 2007
Leith Wheeler Money Market Fund	April 27, 1994
Leith Wheeler Multi Credit Fund	May 30, 2017
Leith Wheeler U.S. Dividend Fund	September 26, 2016
Leith Wheeler U.S. Equity Fund	April 27, 1994
Leith Wheeler U.S. Small/Mid-Cap Equity Fund	October 27, 2016

The Funds were 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. The Funds’ trustee is CIBC Mellon Trust Company and the Funds’ custodian is CIBC Mellon.

The trust indentures for all the above Funds 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 and Series A (CAD Hedged), Series B and Series B (CAD Hedged), Series F and Series F (CAD Hedged) and Series FP1.

Series A and Series A (CAD Hedged) units have no management fees. Unitholders of Series A and Series A (CAD Hedged) units pay a negotiated fee directly to the Manager 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 and Series B (CAD Hedged) units carry management fees and are available to all investors. Series F, Series F (CAD Hedged) and Series FP1 units carry reduced management fees and are available to investors who have accounts with dealers who have signed a fee-based agreement with the Manager.

The Leith Wheeler High Yield Bond Fund has Series A, Series A (CAD Hedged), Series B and Series B (CAD Hedged) and Series F and Series F (CAD Hedged) units outstanding. The Leith Wheeler U.S. Dividend Fund has Series A, Series B, Series F and Series FP1 units outstanding. The Leith Wheeler Balanced Fund, Leith Wheeler Canadian Dividend Fund, Leith Wheeler Corporate Advantage Fund, Leith Wheeler Emerging Markets Equity Fund, Leith Wheeler Income Advantage Fund, Leith Wheeler International Equity Plus Fund, Leith Wheeler Multi Credit Fund, Leith Wheeler U.S. Equity Fund and Leith Wheeler U.S. Small/Mid-Cap Equity Fund have Series A, Series B and Series F units outstanding. All other remaining Funds have Series A and Series B units outstanding.

LEITH WHEELER BALANCED FUND

Notes to Financial Statements - General Information Related to All Leith Wheeler Investment Funds
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

1. Reporting entity (continued):

The information provided in these financial statements and notes thereto is for the years ended December 31, 2017 and 2016. In the year a Fund or series is established, "period" represents the time period from inception to December 31 of that fiscal year.

The general information related to all Funds presented here should be read in conjunction with each respective Fund's "Notes to Financial Statements - Fund Specific Information".

The Funds are unit trusts domiciled in Canada. The address of the Funds' registered office is at 1500 - 400 Burrard Street, Vancouver B.C., V6C 3A6.

2. Basis of preparation:

(a) Statement of compliance:

The financial statements of the Funds have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements were authorized for issue by the Manager on March 29, 2018.

(b) Basis of measurement:

The financial statements have been prepared on a historical cost basis except for investments and derivatives, which are measured at fair value.

(c) Functional and presentation currency:

The Funds', with the exception of the Leith Wheeler U.S. Dividend Fund, have their subscriptions, redemptions, price and performance denominated in Canadian dollars, which is their functional and presentation currency. The Leith Wheeler U.S. Dividend Fund has its subscriptions, redemptions, price and performance denominated in U.S. dollars, which is the functional and presentation currency of that respective Fund.

(d) Use of estimates and judgment:

The preparation of financial statements in conformity with IFRS requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

LEITH WHEELER BALANCED FUND

Notes to Financial Statements - General Information Related to All Leith Wheeler Investment Funds

(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(i) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: held-for-trading, fair value through profit or loss ("FVTPL"), available-for-sale, loans and receivables, assets held-to-maturity, and other financial liabilities. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument.

Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as held-for-trading or fair value through profit or loss in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities held for trading or at fair value through profit or loss are recognized initially on the trade date, which is the date on which the Funds become a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. The Funds derecognize a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of net assets only when the Funds have a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Funds have not classified any financial instruments as available-for-sale or assets held to maturity.

(ii) Held-for-trading and fair value through profit and loss:

Financial instruments classified as held-for-trading or FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the period in which they occur. The Funds' derivative financial assets and derivative financial liabilities are classified as held-for-trading. The Funds' investments are designated as FVTPL.

LEITH WHEELER BALANCED FUND

Notes to Financial Statements - General Information Related to All Leith Wheeler Investment Funds
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(ii) Held-for-trading and fair value through profit and loss (continued):

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Funds' policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

(iii) Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of loans and receivables is at amortized cost, less any impairment losses. The Funds classify cash, subscriptions receivable, balances due from brokers, and interest and dividends receivable, as loans and receivables.

(iv) Other financial liabilities:

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost. The Fund's other financial liabilities are comprised of redemptions payable, balances due to brokers, management fees payable, due to manager, accounts payable and distributions payable.

LEITH WHEELER BALANCED FUND

Notes to Financial Statements - General Information Related to All Leith Wheeler Investment Funds
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

3. Significant accounting policies (continued):

(b) Redeemable units:

The Funds classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The redeemable units, which are classified as financial liabilities at FVTPL and measured at redemption amount, provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Funds' valuation policies at each redemption date. Distributions to holders of redeemable units are recognized in comprehensive income when they are authorized and no longer at the discretion of the Manager.

(c) Increase (decrease) in net assets attributable to holders of redeemable units per unit (excluding distributions):

The increase (decrease) in net assets attributable to holders of redeemable units per unit (excluding distributions) is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units, prior to the deduction of distributions recognized in comprehensive income, by the weighted average number of units outstanding during the year.

(d) Foreign exchange:

The financial statements of the Funds are denominated in Canadian dollars, with the exception of the Leith Wheeler US Dividend Fund, which is denominated in U.S. dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the statement of comprehensive income.

(e) Income recognition:

Interest income is recognized on an accrual basis. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Income and capital gains distributions from pooled fund investments are recorded at the distribution date and maintain the same classification. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments and unrealized appreciation/depreciation in investments are determined on the average cost basis of the respective investments.

LEITH WHEELER BALANCED FUND

Notes to Financial Statements - General Information Related to All Leith Wheeler Investment Funds
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2017 and 2016

3. Significant accounting policies (continued):

(f) Income taxes:

The Funds qualify as unit trusts under the Income Tax Act (Canada). All of the Funds' net income for tax purposes and net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Funds. As a result, the Funds do not record income taxes.

Net capital losses are available to be carried forward indefinitely and applied against future net realized capital gains. Non-capital losses may be carried forward up to 20 years to reduce future taxable income

(g) Standards and amendments to existing standards effective January 1, 2017:

IAS 7, *Statement of Cash Flows*, requires disclosures related to changes in liabilities arising from financing activities for annual periods beginning on or after January 1, 2017. Units issued by the Funds are classified as liabilities in accordance with IAS 32 and for the purposes of the IAS 7 disclosures. A reconciliation between the opening and closing balance of the units of each Fund is presented in the statements of changes in net assets attributable to holders of redeemable units for the years ended December 31, 2017 and 2016, including changes from cash flows and non-cash changes.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2017 that have a material effect on the financial statements of the Funds.

(h) New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for year ended December 31, 2017, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statement of the Funds, with the possible exception of IFRS 9, *Financial Instruments*.

IFRS 9 deals with recognition, derecognition, classification and measurement of financial statements and its requirements represent a significant change from the existing requirements in IAS 39, *Financial Instruments: Recognition and Measurement*, in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

The standard is effective for financial reporting periods beginning on January 1, 2018. The Funds will adopt IFRS 9 in their financial statements for the annual period beginning on January 1, 2018.

Based on the Manager's assessment, this standard is not expected to have a material impact on the classification of financial assets and financial liabilities of the Funds. This is because:

- the financial instruments classified as held-for-trading under IAS 39 (derivatives) will continue to be classified as such under IFRS 9;

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3. Significant accounting policies (continued):

(h) New standards and interpretations not yet adopted (continued):

- other financial instruments currently measured at FVTPL under IAS 39 that were designated into this category, because they are managed on a fair value basis in accordance with a documented investment strategy, will be mandatorily measured at FVTPL or designated at FVTPL under IFRS 9; and
- other financial instruments currently measured at amortised cost under IAS 39 will continue to be classified as such under IFRS 9.

4. Related party transactions:

(a) Management fees:

The Manager is paid a management fee by the Funds, calculated daily and paid quarterly, as compensation for its services. No management fees are paid by the Funds with respect to Series A and Series A (CAD Hedged) units. Series A and Series A (CAD Hedged) unitholders pay a negotiated fee directly to the Manager outside of the Fund for investment management services.

(b) Operating expenses:

The Manager is also entitled to reimbursement of reasonable operating expenses incurred on behalf of the Fund in connection with charges made for registry and transfer agency services, dividend and distribution crediting services, services required in connection with the provision of information and reports to unitholders and holding unitholders' meetings, interest expense, accounting, audit, recordkeeping and legal fees, and custodian and safekeeping charges. The Funds pay brokerage commissions, transaction costs and taxes.

The Manager has at times absorbed certain expenses incurred on behalf of the Funds, in which case such amounts are shown as a deduction from expenses in the respective Fund's statement of comprehensive income. The Manager is under no legal obligation to continue these arrangements, and may terminate them at any time.

5. Capital management:

The redeemable units issued by the Funds represent the capital of the Funds. The Funds are not subject to any internally or externally imposed restrictions on its capital. The Funds' objectives in managing the redeemable units are to ensure a stable base to maximize returns to all investors and to manage liquidity risk arising from redemptions.

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6. Financial risk management:

The following is a general discussion of the financial risks to which the Funds are exposed. Refer to the discussion on financial risk management (note 4) in the Fund Specific Information following each Fund's financial statements for information specific to the respective Fund.

Risk management framework:

The Funds use financial instruments in order to achieve their respective investment objectives. The Funds' investments are presented in each Fund's respective schedule of investment portfolio, which groups securities by asset type, geographic region and/or market segment.

The use of financial instruments subjects the Funds to a variety of financial instrument risks. The Funds' risk management practices include setting investment policies to limit exposures to financial instrument risks and employing experienced and professional investment advisors to invest the Funds' capital in securities within the constraints of investment policies. The Manager regularly monitors the Funds' performance and compliance with the investment policies.

The significant financial instrument risks, to which the Funds are exposed, along with the specific risk management practices related to those risks, are discussed below.

(a) 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, resulting in a financial loss to the Fund. It arises principally from debt securities held, derivative financial assets, cash, and other receivables due to the Fund. The carrying value of these financial instruments as recorded in the statements of financial position reflects the Fund's maximum exposure to credit risk.

The risk management strategy for the Funds is to invest primarily in debt obligations of high credit quality issuers and to limit the amount of credit exposure with respect to any one corporate issuer.

Credit risk is mitigated by investing primarily in rated instruments. The Funds receive daily rating updates, which are reviewed accordingly. Credit risk is monitored on a daily basis by the Manager in accordance with the Funds' investment policies. If the credit risk is not in accordance with the investment policy or guidelines of the Fund, then the Manager is obliged to rebalance the portfolio as soon as practicable.

The Funds' activities may give rise to settlement risk. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities, or other assets as contractually agreed. For the majority of transactions, the Funds mitigate this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

(b) Liquidity risk:

Liquidity risk is the risk that the Funds will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset.

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6. Financial risk management (continued):

(b) Liquidity risk (continued):

The Funds' policy and the Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, including estimated redemptions of units, without incurring unacceptable losses or risking damage to the Funds' reputation.

The Funds' prospectus provides for the daily cash redemptions of redeemable units and the Funds are therefore exposed to the liquidity risk of meeting unitholder redemptions at any time.

Liquidity risk is managed by investing the majority of a Funds' assets in investments that are traded in an active market and can be readily disposed. In addition, the Funds retain sufficient cash positions to maintain liquidity. The Funds are also subject to the requirements of NI 81-102, where each respective Fund shall not purchase an illiquid asset if, immediately after the purchase, more than 10 percent of the net assets of that particular Fund, taken at market value at the time of purchase, would consist of illiquid assets

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Funds' income or the fair value of their holdings of financial instruments.

The Funds' market risk is managed on a daily basis by the Manager in accordance with the policies and procedures in place.

(i) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of interest-bearing financial instruments will fluctuate as a result of changes in market interest rates. In general, as interest rates rise, the fair value of interest bearing financial instruments will fall. Financial instruments with a longer term to maturity will generally have a higher interest rate risk.

Interest rate risk management practices include setting target durations based on the appropriate benchmark indices and monitoring the Funds' durations relative to the benchmarks. If interest rates are anticipated to rise, the Funds' durations can be shortened to limit potential losses. Conversely, if interest rates are anticipated to fall, the durations can be lengthened to increase potential gains.

(ii) Currency risk:

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of a Fund, will fluctuate due to changes in foreign exchange rates. Equities in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to a Fund's functional currency in determining fair value.

Currency risk may be moderated by the Manager through the use of foreign currency contracts to hedge foreign currency exposures.

(iii) Other price risk:

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether

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6. Financial risk management (continued):

(c) Market risk (continued):

(iii) Other price risk (continued):

caused by factors specific to an individual investment or its issuer, or factors affecting all instruments traded in the market.

Other price risk is moderated by the Manager through a careful selection of securities within specified limits and the Funds' price risk is managed through diversification of the respective Fund. The Manager monitors the Funds' overall market positions on a daily basis and positions are maintained within established ranges.

7. Fair value of financial instruments:

(a) Valuation models:

The Funds measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs that are unobservable.

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. Observable prices and model inputs are usually available in the market for listed debt and equity securities, and exchange-traded derivatives, such as futures. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with the determination of fair values. Where observable market prices and model inputs are not available, the Funds determine fair values using other valuation techniques. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Funds equity and futures positions are classified as Level 1 when the security is actively traded and a reliable quoted market price is observable.

Investments in securities of another investment fund are classified as Level 1 when the investment fund is actively traded and a reliable price is observable.

Bonds and other debt securities are valued based on a matrix pricing process using multiple dealer quotations or alternative pricing sources supported by observable inputs and are classified within Level 2.

Forward foreign currency contracts are valued using present value techniques and market observable input data and accordingly are classified as Level 2.

Short-term investments and money market securities are classified as Level 2 as these instruments are valued at amortized cost, which approximates their fair value.

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7. Fair value of financial instruments (continued):

(a) Valuation models (continued):

The Funds' net assets attributable to holders of redeemable units are classified as Level 2 since the carrying amount approximates fair value as the units are measured at the redemption amount.

Refer to the fair value of financial instruments (note 5) in the Fund Specific Information following each Fund's respective financial statements for further discussion of the respective Fund's fair value measurements.

(b) Financial instruments not measured at fair value:

The carrying value of cash, subscriptions receivable, balances due from brokers, interest and dividends receivable, redemptions payable, balances due to brokers, management fees payable, due to Manager, accounts payable, and distributions payable, approximates their fair value given their short-term nature. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments.