

Financial Statements of

**LEITH WHEELER INTERNATIONAL  
EQUITY PLUS FUND**

Years ended December 31, 2010 and 2009

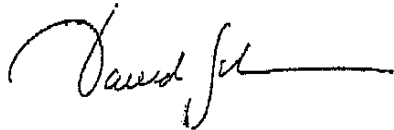
## MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Leith Wheeler International Equity Plus 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, and the external auditors can only be changed with the prior approval of the unitholders of the Fund. 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.



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David Schaffner  
President and Chief Executive Officer



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Cecilia Wong  
Chief Financial Officer

March 29, 2011



**KPMG LLP**  
**Chartered Accountants**  
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## INDEPENDENT AUDITORS' REPORT

To the Unitholders of Leith Wheeler International Equity Plus Fund

We have audited the accompanying financial statements of Leith Wheeler International Equity Plus Fund, which comprise the statement of investment portfolio as at December 31, 2010, the statements of net assets as at December 31, 2010 and December 31, 2009, the statements of operations and changes in net assets 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 Canadian generally accepted accounting principles, 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 statement of investment portfolio of Leith Wheeler International Equity Plus Fund as at December 31, 2010, its statements of net assets as at December 31, 2010 and December 31, 2009, and its statements of operations and changes in net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

March 29, 2011  
Vancouver, Canada

# LEITH WHEELER INTERNATIONAL EQUITY PLUS FUND

Statement of Investment Portfolio

December 31, 2010

Number of shares	Cost	Fair value	Percentage of net assets
<b>North American Equity</b>			
<b>Consumer Discretionary:</b>			
1,161 Magna International Inc. Class A	\$ 25,602	\$ 60,023	0.50%
<b>Energy:</b>			
14,241 Nexen Inc	309,261	324,075	
9,134 Suncor Energy Inc.	281,261	347,852	
	<b>590,522</b>	<b>671,927</b>	<b>5.54%</b>
<b>Materials:</b>			
7,427 Barrick Gold Corp.	301,521	392,909	
14,880 Kinross Gold Corp.	299,204	280,157	
	<b>600,725</b>	<b>673,066</b>	<b>5.55%</b>
<b>Total North American Equity</b>	<b>\$ 1,216,849</b>	<b>\$ 1,405,016</b>	<b>11.59%</b>
<b>International Equity</b>			
<b>Consumer Discretionary:</b>			
8,400 Panasonic Corp.	119,660	115,754	
3,300 Sankyo Co. Ltd.	177,728	185,500	
17,000 Sekisui House Ltd.	185,824	154,231	
2,445 Toyota Motor Corp.	178,819	191,309	
16,000 Wacoal Holdings Corp.	211,124	228,526	
8,226 Wolters Kluwer NV	166,322	179,682	
	<b>1,039,477</b>	<b>1,055,002</b>	<b>8.70%</b>
<b>Consumer Staple:</b>			
6,008 Carrefour SA	278,835	246,823	
18,100 Coca Cola West Company Limited	405,571	326,424	
4,400 Kao Corporation	102,090	117,976	
8,000 Seven And I Holdings Co. Ltd.	215,252	212,834	
9,500 Shiseido Co. Ltd.	205,708	206,501	
	<b>1,207,456</b>	<b>1,110,558</b>	<b>9.16%</b>
<b>Energy:</b>			
5,483 Gaz Prom Oao	122,240	137,480	
4,840 Royal Dutch Shell Plc	332,687	320,796	
5,000 Saras Spa	10,456	10,462	
5,650 Statoil Asa	120,934	133,673	
	<b>586,317</b>	<b>602,411</b>	<b>4.97%</b>
<b>Financials:</b>			
1,039 Allianz Se	114,277	123,051	
5,809 Axis Capital Holdings Ltd.	180,398	207,186	
9,800 Mitsvi Sumitomo Insurance Group Holding Inc.	298,263	244,381	
1,829 Société Générale	96,135	97,978	
27,000 Sumitomo Trust And Banking Co. Ltd.	172,080	169,482	
9,069 UBS AG	262,386	148,379	
	<b>1,123,539</b>	<b>990,457</b>	<b>8.17%</b>

# LEITH WHEELER INTERNATIONAL EQUITY PLUS FUND

Statement of Investment Portfolio (continued)

December 31, 2010

Number of shares	Cost	Fair value	Percentage of net assets
<b>International Equity</b>			
<b>Healthcare:</b>			
4,308 AstraZeneca Plc	\$ 206,918	\$ 195,244	
12,523 Glaxosmithkline Plc	259,383	240,894	
4,143 Sanofi-Aventis	326,789	264,039	
1,300 Takeda Pharmaceutical Company Ltd	56,847	63,433	
	<b>849,937</b>	<b>763,610</b>	<b>6.30%</b>
<b>Industrials:</b>			
2,560 Areva CI	197,464	124,453	
23,000 Dai Nippon Printing Co. Ltd.	331,240	311,870	
19,763 Embraer Sa	114,528	139,759	
7,900 JS Group Corp.	123,446	172,691	
2,202 Siemens AG	188,214	273,106	
6,094 Thales SA	311,307	212,533	
	<b>1,266,199</b>	<b>1,234,412</b>	<b>10.18%</b>
<b>Information Technologies:</b>			
34,873 Alcatel-Lucent	260,912	101,209	
6,300 Fuji Photo Film Co. Ltd.	253,410	226,539	
4,800 Mabuchi Motor Co. Ltd.	244,728	245,985	
700 Nintendo Co. Ltd.	192,244	204,166	
20,666 Nokia Corp.	293,032	212,121	
2,800 ROHM Co. Ltd.	176,110	181,938	
	<b>1,420,436</b>	<b>1,171,958</b>	<b>9.67%</b>
<b>Materials:</b>			
64,295 Alumina Ltd.	324,754	162,322	
5,796 Anglogold Ashanti Sponsored ADR	222,943	283,681	
16,717 Gold Fields Ltd.	233,587	304,427	
3,806 Impala Platinum Holdings Ltd.	80,534	133,631	
5,862 Newcrest Mining Ltd.	159,049	241,088	
	<b>1,020,867</b>	<b>1,125,149</b>	<b>9.28%</b>
<b>Telecom Services:</b>			
5,988 Belgacom SA	217,922	200,382	
15,530 Nippon Telegraph & Telephone ADR	357,292	354,489	
17,708 Sk Telecom Co. Ltd. ADR	341,533	327,590	
263,373 Telecom Italia	533,703	284,839	
84,262 Vodafone Group	197,154	216,727	
	<b>1,647,604</b>	<b>1,384,027</b>	<b>11.42%</b>

# LEITH WHEELER INTERNATIONAL EQUITY PLUS FUND

Statement of Investment Portfolio (continued)

December 31, 2010

<b>Number of shares</b>	<b>Cost</b>	<b>Fair value</b>	<b>Percentage of net assets</b>
<b><i>International Equity</i></b>			
<b>Utilities:</b>			
10,552 Centrais Elec Bras ADR	148,886	174,217	
4,059 Electricité De France	200,622	165,943	
14,307 Korea Electric Power Corp. ADR	245,255	192,386	
	<b>594,763</b>	<b>532,546</b>	<b>4.39%</b>
<b>Total International Equity</b>	<b>10,756,595</b>	<b>9,970,130</b>	<b>82.24%</b>
<b>Money Market Securities</b>	<b>548,377</b>	<b>548,377</b>	<b>4.52%</b>
<b>Total Investment Portfolio</b>	<b>\$ 12,521,821</b>	<b>11,923,523</b>	<b>98.36%</b>
<b>Other Assets less Liabilities</b>		<b>198,550</b>	<b>1.64%</b>
<b>Net Assets</b>		<b>\$ 12,122,073</b>	<b>100.00%</b>

See accompanying notes to financial statements.

# LEITH WHEELER INTERNATIONAL EQUITY PLUS FUND

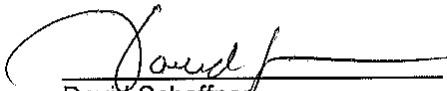
Statements of Net Assets

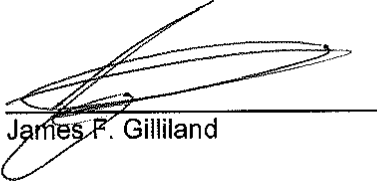
December 31, 2010 and 2009

	2010	2009
<b>Assets</b>		
Investment portfolio, at fair value	\$ 11,923,523	\$ 11,582,675
Cash	106,293	129,683
Subscriptions receivable	375	2,235
Receivable from brokers	59,926	-
Accrued income receivable	40,747	35,799
	<u>12,130,864</u>	<u>11,750,392</u>
<b>Liabilities</b>		
Redemptions payable	1,014	3,152
Distribution payable	819	-
Management fees payable	6,958	7,138
	<u>8,791</u>	<u>10,290</u>
<b>Net assets representing unitholders' equity</b>	<b>\$ 12,122,073</b>	<b>\$ 11,740,102</b>
<b>Unitholders' equity allocation by series:</b>		
Series A	\$ 10,463,563	\$ 9,581,797
Series B	1,658,510	2,158,305
	<u>\$ 12,122,073</u>	<u>\$ 11,740,102</u>
<b>Number of units outstanding (note 8):</b>		
Series A	1,136,438	1,116,106
Series B	181,724	253,210
<b>Net asset per unit (note 3):</b>		
Series A	\$ 9.21	\$ 8.59
Series B	9.13	8.52

See accompanying notes to financial statements.

On behalf of the Manager, Leith Wheeler Investment Counsel Ltd.:

  
\_\_\_\_\_  
David Schaffner Director

  
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James P. Gilliland Director

# LEITH WHEELER INTERNATIONAL EQUITY PLUS FUND

## Statements of Operations

Years ended December 31, 2010 and 2009

	2010	2009
Investment income:		
Dividends	\$ 276,812	\$ 299,407
Interest	3,149	2,044
	<u>279,961</u>	<u>301,451</u>
Expenses:		
Management fees (note 6)	24,141	24,550
Harmonized Sales Tax (note 7)	2,053	1,228
	<u>26,194</u>	<u>25,778</u>
Net investment income	253,767	275,673
Net gain (loss) from investing activities:		
Proceeds from sale of investments	8,754,804	10,205,495
Investment portfolio at cost, beginning of year	12,677,298	14,114,916
Cost of investments purchased	8,250,194	9,160,335
Investment portfolio at cost, end of year	<u>(12,521,821)</u>	<u>(12,677,298)</u>
Cost of investments sold	8,405,671	10,597,953
Net realized gain (loss) on sale of investments	349,133	(392,458)
Change in unrealized appreciation in value of investments	499,461	614,007
Transaction costs	<u>(8,797)</u>	<u>(11,138)</u>
Net earnings from investing activities	839,797	210,411
<b>Increase in net assets from operations</b>	<b>\$ 1,093,564</b>	<b>\$ 486,084</b>
<b>Increase in net assets from operations per series:</b>		
<b>Series A</b>	<b>\$ 958,913</b>	<b>\$ 442,069</b>
<b>Series B</b>	<b>134,651</b>	<b>44,015</b>
<b>Increase in net assets from operations per unit:</b>		
<b>Series A</b>	<b>\$ 0.86</b>	<b>\$ 0.38</b>
<b>Series B</b>	<b>0.73</b>	<b>0.23</b>

See accompanying notes to financial statements.

# LEITH WHEELER INTERNATIONAL EQUITY PLUS FUND

## Statements of Changes in Net Assets

Years ended December 31, 2010 and 2009

	2010	2009
<b>Series A</b>		
Increase in net assets from operations	\$ 958,913	\$ 442,069
Distributions to unitholders of taxable income:		
Out of net investment income	(238,600)	(245,942)
Unit transactions (note 8):		
Subscription of units	1,200,000	830,000
Reinvestment of distributions	231,744	232,551
Redemption of units	(1,270,291)	(2,552,315)
	161,453	(1,489,764)
Increase (decrease) in net assets	881,766	(1,293,637)
Net assets, beginning of year	9,581,797	10,875,434
<b>Net assets, end of year</b>	<b>\$ 10,463,563</b>	<b>\$ 9,581,797</b>
<b>Series B</b>		
Increase in net assets from operations	\$ 134,651	\$ 44,015
Distributions to unitholders of taxable income:		
Out of net investment income	(15,171)	(29,697)
Unit transactions (note 8):		
Subscription of units	329,376	1,336,655
Reinvestment of distributions	15,171	29,697
Redemption of units	(963,822)	(598,869)
	(619,275)	767,483
Increase (decrease) in net assets	(499,795)	781,801
Net assets, beginning of year	2,158,305	1,376,504
<b>Net assets, end of year</b>	<b>\$ 1,658,510</b>	<b>\$ 2,158,305</b>

See accompanying notes to financial statements.

# LEITH WHEELER INTERNATIONAL EQUITY PLUS FUND

Notes to Financial Statements

Years ended December 31, 2010 and 2009

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## 1. Operations:

The Leith Wheeler International Equity Plus Fund (the “Fund”) was established under the laws of British Columbia pursuant to a trust indenture between Leith Wheeler Investment Counsel Ltd., as manager (the “Manager”), and CIBC Mellon Trust Company, as trustee. The Fund’s custodian is the Canadian Imperial Bank of Commerce.

The Fund commenced operations on October 31, 2007. Currently authorized series of units are as follows: Series A units do not carry any management fees and are available to investors that satisfy certain criteria related to the nature of the investors and certain other matters as established by the Manager; Series B units are available to all other investors. The Fund has Series A and Series B units outstanding.

## 2. Significant accounting policies:

### (a) Valuation of investments:

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

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

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

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

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

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

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

# LEITH WHEELER INTERNATIONAL EQUITY PLUS FUND

Notes to Financial Statements

Years ended December 31, 2010 and 2009

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## 2. Significant accounting policies (continued):

### (a) Valuation of investments (continued):

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

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

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

### (b) Investment transactions:

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

### (c) Income recognition:

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

### (d) Foreign currency translation:

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

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

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

# LEITH WHEELER INTERNATIONAL EQUITY PLUS FUND

Notes to Financial Statements

Years ended December 31, 2010 and 2009

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## 2. Significant accounting policies (continued):

### (e) Valuation of each series of units:

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

### (f) Per unit value:

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

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

### (g) Other assets and liabilities:

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

### (h) Income taxes:

The Fund qualifies as a unit trust under the *Income Tax Act (Canada)*. The Fund distributes to unitholders the following amounts which would otherwise attract tax in the Fund.

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

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

# LEITH WHEELER INTERNATIONAL EQUITY PLUS FUND

Notes to Financial Statements

Years ended December 31, 2010 and 2009

## 2. Significant accounting policies (continued):

### (i) Future accounting change:

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

## 3. Reconciliation of Net Asset Value to Net Assets:

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

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

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

	As at December 31, 2010			Amounts per Unit as at December 31, 2010	
	Net Asset Value (Closing sale/ mid price)	Section 3855 adjustment	Net Assets (Closing bid price)	Net Asset Value (Closing sale/ mid price)	Net Assets (Closing bid price)
Series A	\$ 10,485,060	\$ (21,497)	\$ 10,463,563	\$ 9.22	\$ 9.21
Series B	1,661,917	(3,407)	1,658,510	9.15	9.13

	As at December 31, 2009			Amounts per Unit as at December 31, 2009	
	Net Asset Value (Closing sale/ mid price)	Section 3855 adjustment	Net Assets (Closing bid price)	Net Asset Value (Closing sale/ mid price)	Net Assets (Closing bid price)
Series A	\$ 9,629,519	\$ (47,722)	\$ 9,581,797	\$ 8.63	\$ 8.59
Series B	2,169,055	(10,750)	2,158,305	8.57	8.52

# LEITH WHEELER INTERNATIONAL EQUITY PLUS FUND

Notes to Financial Statements

Years ended December 31, 2010 and 2009

## 4. Fair value of Financial Instruments:

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

The following table presents information regarding the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2010 and 2009:

	Assets at fair value as at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Short Term Notes	\$ -	\$ 548,377	\$ -	\$ 548,377
Equities – Long	11,375,146	-	-	11,375,146
	\$ 11,375,146	\$ 548,377	\$ -	\$ 11,923,523

	Assets at fair value as at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Short Term Notes	\$ -	\$ 569,416	\$ -	\$ 569,416
Equities – Long	11,013,259	-	-	11,013,259
	\$ 11,013,259	\$ 569,416	\$ -	\$ 11,582,675

There were no transfers between the three levels from December 31, 2009 to December 31, 2010 (December 31, 2008 to December 31, 2009 – nil).

## 5. Financial instrument risk and risk management:

The investment objective of the Fund is to provide superior long-term investment returns by investing in equity securities trading on the major markets around the world. The Fund focuses on holdings in Europe, Australia, and the Far East.

The Fund's investment activities expose it to a variety of financial risks. The Statement of Investments presents the securities held by the Fund as at December 31, 2010, and groups the securities by asset type, geographic region and/or market segment. Significant risks arising from the financial instruments held by the Fund are discussed below.

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

# LEITH WHEELER INTERNATIONAL EQUITY PLUS FUND

Notes to Financial Statements

Years ended December 31, 2010 and 2009

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

### (a) Currency risk:

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

The Fund holds assets and liabilities, including cash and equities that are denominated in currencies other than the Canadian dollar, the functional currency. It is, therefore, exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates.

At December 31, the Canadian dollar equivalent currency exposures of the Fund were as follows:

	Currency exposure		Percentage of net assets	
	2010	2009	2010	2009
Japanese Yen	\$ 3,934,161	\$ 3,746,936	32.5%	31.9%
Euro	2,492,896	2,300,582	20.6%	19.6%
British Pound	973,875	1,150,055	8.0%	9.8%
South African Rand	722,281	634,443	6.0%	5.4%
South Korean Won	520,524	565,808	4.3%	4.8%
Australian Dollar	403,486	313,184	3.3%	2.7%
Brazilian Real	316,180	318,105	2.6%	2.7%
US Dollar	216,185	120,723	1.8%	1.0%
Swiss Franc	148,606	500,292	1.2%	4.3%
Russian Ruble	137,741	-	1.1%	-%
Norwegian Krone	133,521	-	1.1%	-%
Danish Krone	-	186,014	-%	1.6%
	\$ 9,999,456	9,836,142	82.5%	83.8%

If the exchange rate between the Canadian Dollar and the foreign currencies that the Fund is exposed to increased or decreased by 1% at December 31, 2010, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$99,995 (2009 - \$98,361). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (b) Other market risk:

Other market risk is the risk that the 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 caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital.

# LEITH WHEELER INTERNATIONAL EQUITY PLUS FUND

Notes to Financial Statements

Years ended December 31, 2010 and 2009

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

### (b) Other market risk (continued):

The Manager moderates this risk through a careful selection of securities and other financial instruments within the parameter of the investment strategy. The statement of investment groups securities by asset type, geographic region and or market segment.

For this Fund, the most significant exposure to other market risk arises from its investment in equity securities. As at December 31, 2010, had the prices on the respective stock exchanges for these securities raised or lowered by 10%, with all other variables held constant, net assets would have increased or decreased by approximately \$1,137,515 (2009 - \$980,843) respectively. In practice, the actual trading results may differ and the difference could be material.

### (c) Liquidity risk:

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

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

## 6. Management fees and expenses:

In respect of Series A units, the unitholder pays the Manager a negotiated management fee outside the Fund. In respect of Series B units, the Manager is entitled to receive a management fee, calculated daily and paid quarterly, equal to 1.50% per annum applied to the Net Asset Value of the respective series.

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

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

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

# LEITH WHEELER INTERNATIONAL EQUITY PLUS FUND

Notes to Financial Statements

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## 6. Management fees and expenses (continued):

Management fees and subscriptions for units include distributions that may be made to particular unitholders by the Manager in respect of fee reductions agreed between the respective unitholder and the Manager. Such management fee distributions for the year were nil (2009 - \$1,186).

## 7. Harmonized sales tax:

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

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

## 8. Unitholders' equity:

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

	Outstanding units at beginning of year	Purchased during the year	Reinvested distributions	Redeemed during the year	Outstanding units at end of year
Series A					
2010	1,116,106	135,304	27,027	(141,999)	1,136,438
2009	1,307,233	98,337	27,705	(317,169)	1,116,106
Series B					
2010	253,210	37,834	1,818	(111,138)	181,724
2009	165,277	160,432	3,458	(75,957)	253,210

## 9. Income taxes:

The Fund has non-tax effected, net realized capital losses available of \$246,000 (2009 - \$671,000) for utilization against net realized capital gains in future years. Capital losses have no expiry. The Fund has no non-capital loss carryforwards.

## 10. Brokerage commissions:

The total brokerage commissions paid by the Fund for the year were \$3,136 (2009 - \$4,432).

A statement of portfolio transactions for the year ended December 31, 2010 will be provided for the Fund, without charge, on request to the Manager:

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

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

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

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

