

Interim Financial Statements (unaudited)

## **LEITH WHEELER BALANCED FUND**

Six months ended June 30, 2017 and 2016

### **Unaudited Interim Financial Statements for the Six-Month Period Ended June 30, 2017**

The accompanying unaudited interim financial statements 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 unaudited interim financial statements include statements of financial position, statements of comprehensive income, statements of changes in net assets, statements of cash flows, notes to financial statements and schedule of investment portfolio. These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

These unaudited interim financial statements do not contain the Interim Management Report of Fund Performance ("MRFP") of the investment fund. If you have not received a copy of the Interim MRFP, you may obtain a copy of the Interim MRFP at your request, and at no cost, by calling the toll-free number 1 888-292-1122, by writing to us at 1500 – 400 Burrard Street, Vancouver, BC V6C 3A6 or by visiting our website at [www.leithwheeler.com](http://www.leithwheeler.com) or by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com). Copies of the Annual Financial Statements or Annual MRFP may also be obtained, at no cost, using any of the methods outlined above.

Security holders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

### **Leith Wheeler Investment Counsel Ltd.**

"James F. Gilliland"  
President and Chief Executive Officer

"Cecilia Wong"  
Chief Financial Officer

August 29, 2017

# LEITH WHEELER BALANCED FUND

Statement of Financial Position (unaudited)  
(Expressed in thousands except for per unit amounts)

	Note	June 30, 2017	December 31, 2016
<b>Assets</b>			
Cash		\$ 172	\$ 322
Balances due from brokers		796	212
Interest and dividends receivable		258	263
Subscriptions receivable		-	19
Investments		108,475	101,973
		<u>109,701</u>	<u>102,789</u>
<b>Liabilities</b>			
Balances due to brokers		793	165
Management fees payable	1	196	183
Redemptions payable		53	147
		<u>1,042</u>	<u>495</u>
<b>Net assets</b> attributable to holders of redeemable units			
		\$ 108,659	\$ 102,294
Represented by:			
Series A		\$ 13,577	\$ 11,434
Series B		93,474	89,486
Series F		1,608	1,374
		<u>\$ 108,659</u>	<u>\$ 102,294</u>
Net assets attributable to holders of redeemable units per unit:			
Series A		\$ 24.85	\$ 24.34
Series B		25.37	24.84
Series F		24.30	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

Statement of Comprehensive Income (unaudited)

(Expressed in thousands except for per unit amounts)

Six months ended June 30, 2017 and 2016

	Note	2017	2016
<b>Revenue:</b>			
Interest for distribution purposes		\$ 534	\$ 474
Dividend income		871	1,060
Other income		-	(36)
<b>Changes in fair value of investments:</b>			
Net realized gain (loss)		1,163	3,353
Net change in unrealized appreciation (depreciation)		1,000	(2,689)
<b>Total revenue</b>		<b>3,568</b>	<b>2,162</b>
<b>Expenses:</b>			
Management fees	1	513	441
Withholding taxes	2	41	72
GST/HST		29	26
Commissions and transaction costs		15	19
<b>Total operating expenses</b>		<b>598</b>	<b>558</b>
<b>Management fee distributions</b>	<b>1</b>	<b>(155)</b>	<b>(137)</b>
<b>Net operating expenses</b>		<b>443</b>	<b>421</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions</b>		<b>3,125</b>	<b>1,741</b>
<b>Distributions to holders of redeemable units:</b>			
From net investment income		(790)	(994)
From net realized gains on investments		-	-
Management fee distributions	1	(155)	(137)
		(945)	(1,131)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ 2,810</b>	<b>\$ 610</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>			
Series A		\$ 209	\$ 67
Series B		1,938	524
Series F		33	19
		\$ 2,180	\$ 610
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (excluding distributions):</b>			
Series A		\$ 0.76	\$ 0.52
Series B		0.74	0.44
Series F		0.70	0.75

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

# LEITH WHEELER BALANCED FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited)  
(Expressed in thousands)

Six months ended June 30, 2017 and 2016

Series A	Note	2017	2016
Balance, beginning of period		\$ 11,434	\$ 9,557
Increase (decrease) in net assets attributable to holders of redeemable units		209	67
Redeemable unit transactions:			
Issue of redeemable units		2,897	737
Reinvestment of distributions		165	151
Redemption of redeemable units		(1,128)	(760)
Net increase (decrease) from redeemable unit transactions		1,934	128
Balance, end of period		\$ 13,577	\$ 9,752

Series B	Note	2017	2016
Balance, beginning of period		\$ 89,486	\$ 80,636
Increase (decrease) in net assets attributable to holders of redeemable units		1,938	524
Redeemable unit transactions:			
Issue of redeemable units		8,429	4,935
Reinvestment of distributions		611	826
Redemption of redeemable units		(6,990)	(4,402)
Net increase (decrease) from redeemable unit transactions		2,050	1,159
Balance, end of period		\$ 93,474	\$ 82,519

Series F	Note	2017	2016
Balance, beginning of period		\$ 1,374	\$ 690
Increase (decrease) in net assets attributable to holders of redeemable units		33	19
Redeemable unit transactions:			
Issue of redeemable units		270	513
Reinvestment of distributions		12	13
Redemption of redeemable units		(81)	(102)
Net increase (decrease) from redeemable unit transactions		201	424
Balance, end of period		\$ 1,608	\$ 1,133

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

# LEITH WHEELER BALANCED FUND

Statement of Cash Flows (unaudited)

(Expressed in thousands)

Six months ended June 30, 2017 and 2016

	Note	2017	2016
Cash provided by (used in):			
Operating activities:			
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 2,180	\$ 610
Adjustments for:			
Net realized (gain) loss from investments		(1,163)	(3,353)
Net change in unrealized (appreciation) depreciation from investments		(1,000)	2,689
Balances due from brokers		(584)	(789)
Interest for distribution purposes		(534)	(474)
Dividend income		(871)	(1,060)
Payable to brokers		628	741
Management fees payable		13	(2)
Redemptions payable		(94)	(4)
Subscriptions receivable		19	(17)
Proceeds from sale of investments		44,021	44,270
Purchases of investments		(48,359)	(46,061)
Interest received		533	487
Dividends received		876	1,048
		(4,335)	(1,915)
Financing activities:			
Proceeds from issue of redeemable units		11,596	6,185
Payments on redemption of redeemable units		(8,199)	(5,149)
Reinvestment of distributions		788	875
		4,185	1,911
Net increase (decrease) in cash		(150)	(4)
Cash, beginning of period		322	114
Cash, end of period		\$ 172	\$ 110

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

# LEITH WHEELER BALANCED FUND

Schedule of Investment Portfolio (unaudited)

(Expressed in thousands)

June 30, 2017

Security	Coupon Rate %	Maturity	Par Value	Cost	Fair Value	% of Net Assets
<b>BONDS AND GUARANTEES</b>						
<b>Corporate Bonds and Guarantees:</b>						
407 International Inc	5.960	03-Dec-35	\$ 84	\$ 119	\$ 116	
Aimco Realty Corp	2.266	26-Jun-24	45	45	44	
Alliance Pipeline Lp	7.181	30-Jun-23	45	54	51	
Allied Properties REIT	3.636	21-Apr-25	13	13	13	
Altalink Lp	3.717	03-Dec-46	50	50	52	
Altalink Lp	4.922	17-Sep-43	38	48	48	
American Express Canada	2.310	29-Mar-18	365	369	368	
Anheuser-Busch InBev Finance Inc	2.600	15-May-24	35	35	35	
Arrow Lakes Power Corp	5.516	05-Apr-41	60	60	72	
Bank Of Montreal	6.170	28-Mar-23	370	388	382	
Bank Of Montreal	1.610	28-Oct-21	102	100	100	
Bank Of Montreal	1.880	31-Mar-21	250	251	249	
Bank Of Montreal	2.100	06-Oct-20	44	44	44	
Bank Of Montreal	3.210	13-Sep-18	262	277	267	
Bank Of Nova Scotia	2.290	28-Jun-24	105	105	104	
Bank Of Nova Scotia	1.830	27-Apr-22	71	71	70	
Bank Of Nova Scotia	2.270	13-Jan-20	76	77	77	
Bank Of Nova Scotia	1.330	01-May-18	556	557	556	
Bell Canada	2.900	12-Aug-26	40	40	40	
Bell Canada	3.550	02-Mar-26	100	101	104	
Bell Canada	2.700	27-Feb-24	190	190	190	
Bell Canada	3.000	03-Oct-22	77	77	79	
Bell Canada	4.950	19-May-21	223	249	245	
Blackbird Infrastructure 407 GP	1.713	08-Oct-21	84	83	83	
Bmo Sub Notes Trust	5.750	26-Sep-22	337	342	340	
BMW Canada Auto Trust	1.373	20-Sep-18	41	41	41	
Bmw Canada Inc	1.880	11-Dec-20	45	45	45	
Bmw Canada Inc	1.780	19-Oct-20	91	91	90	
Bmw Canada Inc	2.330	23-May-18	64	65	64	
Brookfield Infrastructure Finance ULC	3.315	22-Feb-24	56	56	56	
Brookfield Infrastructure Finance ULC	3.538	30-Oct-20	155	155	160	
Brookfield Renewable Energy Partners ULC	5.250	05-Nov-18	100	108	105	
Bruce Power LP	2.844	23-Jun-21	334	338	340	
Canada-Govt Real Return	1.250	01-Dec-47	452	532	536	
Canadian Imperial Bank	2.040	21-Mar-22	108	108	108	
Canadian Imperial Bank	1.640	12-Jul-21	96	96	95	
Canadian Imperial Bank	1.900	26-Apr-21	110	110	110	
Canadian Imperial Bank	1.660	20-Jan-20	171	171	171	
Canadian Imperial Bank	1.700	09-Oct-18	518	520	519	
Canadian Real Estate Inv	2.951	18-Jan-23	5	5	5	
Canadian Utilities Ltd	9.920	01-Apr-22	213	310	283	
Capital Power Corp	5.276	16-Nov-20	63	68	67	
Choice Properties Lp	3.600	20-Apr-20	81	85	84	
CNH Capital Canada Receivables Trust	1.353	15-Oct-19	56	56	56	
CNH Capital Canada Receivables Trust	1.192	15-Jun-18	106	106	105	
CT Real Estate Inv Trust	2.852	09-Jun-22	105	108	106	
CU Inc	4.722	09-Sep-43	50	56	61	
CU Inc	5.896	20-Nov-34	139	174	186	
Daimler Canada Finance	1.780	19-Aug-19	94	95	94	
Daimler Canada Finance	1.780	08-Jul-19	159	159	160	
Dollarama Inc	2.203	10-Nov-22	74	74	73	
Dollarama Inc	2.337	22-Jul-21	158	158	158	
Dollarama Inc	1.520	16-Mar-20	136	136	136	
Dollarama Inc	3.095	05-Nov-18	66	68	67	
Enbridge Gas Distribution Inc	2.500	05-Aug-26	38	38	38	
Enbridge Inc	3.940	30-Jun-23	65	70	69	
Enbridge Inc	3.190	05-Dec-22	252	263	258	
Enbridge Inc	4.260	01-Feb-21	60	61	61	
Enbridge Inc	4.530	09-Mar-20	55	58	58	
Enbridge Pipelines Inc	4.130	09-Aug-46	75	76	78	
Enbridge Pipelines Inc	3.450	29-Sep-25	145	145	151	
Epcor Utilities	5.800	31-Jan-18	76	84	78	
Ford Credit Canada	3.700	02-Aug-18	16	16	16	
Fortisbc Energy Inc	3.375	13-Apr-45	101	101	100	

# LEITH WHEELER BALANCED FUND

Schedule of Investment Portfolio (continued) (unaudited)

(Expressed in thousands)

June 30, 2017

Security	Coupon Rate %	Maturity	Par Value	Cost	Fair Value	% of Net Assets
<b>BONDS AND GUARANTEES (continued)</b>						
<b>Corporate Bonds and Guarantees (continued):</b>						
FortisBC Energy Inc	5.800	13-May-38	\$ 88	\$ 109	\$ 120	
General Elec Cap Canada	4.600	26-Jan-22	200	232	225	
Greater Toronto Airports	7.050	12-Jun-30	161	226	233	
Great-West Lifeco Inc	6.740	24-Nov-31	56	72	76	
Great-West Lifeco Inc	4.650	13-Aug-20	75	82	82	
H&R Real Estate Investme	5.000	01-Dec-18	35	37	37	
Hospital for Sick Children/Canada	5.217	16-Dec-49	42	57	55	
Hydro One Inc	3.720	18-Nov-47	17	17	18	
Hydro One Inc	6.930	01-Jun-32	28	38	40	
Hydro One Inc	7.350	03-Jun-30	41	61	59	
Igm Financial Inc	3.440	26-Jan-27	62	62	64	
Institutional Mortgage Securities Canada Inc	2.340	12-Feb-25	122	122	121	
Intact Financial Corp	4.700	18-Aug-21	156	174	174	
Manulife Financial Corp	5.505	26-Jun-18	108	115	112	
Maritimes & Ne Pipeline	4.340	30-Nov-19	27	28	28	
Maritimes & Ne Pipeline	6.900	30-Nov-19	9	11	9	
Mbarc Credit Canada Inc	1.532	15-Sep-18	230	230	230	
National Bank Of Canada	2.794	09-Aug-18	850	873	871	
National Bank Of Canada	1.951	11-Dec-17	250	252	251	
North West Redwater Partnership / NWR Financing Co Ltd	4.250	01-Jun-29	85	95	93	
North West Redwater Partnership / NWR Financing Co Ltd	3.200	24-Apr-26	52	52	53	
North West Redwater Partnership / NWR Financing Co Ltd	3.200	22-Jul-24	54	57	56	
North West Redwater Partnership / NWR Financing Co Ltd	2.100	23-Feb-22	116	117	116	
Omers Realty Corp	2.858	23-Feb-24	78	78	81	
Omers Realty Corp	2.473	12-Nov-19	113	117	115	
OMERS Realty Corp	4.740	04-Jun-18	154	169	159	
Ontario School Boards Financing Corp	5.376	25-Jun-32	52	61	60	
Pembina Pipeline Corp	3.710	11-Aug-26	221	230	228	
Pembina Pipeline Corp	2.990	22-Jan-24	86	86	86	
Pepsico Inc	2.150	06-May-24	91	91	90	
Plenary Properties Ltap	6.288	31-Jan-44	67	71	92	
Riocan Real Estate Invst	2.830	03-Oct-22	168	168	169	
Royal Bank Of Canada	3.310	20-Jan-26	299	309	312	
Royal Bank Of Canada	2.000	21-Mar-22	108	108	108	
Royal Bank Of Canada	1.650	15-Jul-21	160	160	158	
Royal Bank Of Canada	2.980	07-May-19	350	362	360	
Royal Bank Of Canada	2.770	11-Dec-18	543	561	553	
Royal Bank Of Canada	3.770	30-Mar-18	141	147	145	
Saputo Inc	1.939	13-Jun-22	161	161	158	
Shaw Communications Inc	4.350	31-Jan-24	59	63	65	
Shaw Communications Inc	3.150	19-Feb-21	75	76	78	
Shaw Communications Inc	5.500	07-Dec-20	123	129	136	
Smart REIT	2.876	21-Mar-22	96	96	96	
SSL Finance Inc / SSL Financement Inc	4.099	31-Oct-45	28	28	30	
Sun Life Financial Inc	3.050	19-Sep-28	79	79	81	
Telus Corp	3.750	10-Mar-26	15	15	16	
Telus Corp	3.750	17-Jan-25	141	141	151	
Thomson Reuters Corp	3.369	23-May-19	25	25	26	
Toronto-Dominion Bank	5.828	09-Jul-23	54	57	58	
Toronto-Dominion Bank	1.680	08-Jun-21	519	518	515	
Toronto-Dominion Bank	1.693	02-Apr-20	200	199	200	
Trans-Canada Pipelines	9.450	20-Mar-18	120	154	130	
Union Gas Ltd	2.760	02-Jun-21	483	496	498	
Union Gas Ltd	8.650	19-Oct-18	149	165	164	
Union Gas Ltd	5.350	27-Apr-18	23	25	24	
United Parcel Service	2.125	21-May-24	151	151	149	
Univ Of Ont Inst Of Tech	6.351	15-Oct-34	116	116	142	
Veresen Inc	3.430	10-Nov-21	52	55	54	
Wells Fargo & Company	2.094	25-Apr-22	218	218	215	
Wells Fargo Canada Corp	2.780	15-Nov-18	341	356	348	
Westcoast Energy Inc	3.430	12-Sep-24	111	111	116	
Westcoast Energy Inc.	8.500	04-Sep-18	11	14	12	
				18,036	18,074	14.7
<b>Federal Bonds and Guarantees</b>						
Canadian Mortgage Pools	1.615	01-Mar-22	351	351	348	
Canadian Mortgage Pools	1.350	01-Jan-21	86	85	85	
Canadian Mortgage Pools	1.545	01-Apr-21	117	117	116	
Canadian Mortgage Pools	1.545	01-Jun-21	205	205	203	



# LEITH WHEELER BALANCED FUND

Schedule of Investment Portfolio (continued) (unaudited)  
(Expressed in thousands)

June 30, 2017

Security	Coupon Rate %	Maturity	Par Value	Cost	Fair Value	% of Net Assets
<b>BONDS AND GUARANTEES (continued)</b>						
<b>Federal Bonds and Guarantees (continued)</b>						
Canadian Mortgage Pools	1.366	01-Nov-21	\$ 271	\$ 267	268	
Canadian Mortgage Pools	1.416	01-Jun-22	433	432	427	
Canadian Mortgage Pools	5.438	01-Mar-28	347	420	405	
Canadian Mortgage Pools	3.425	01-Oct-19	202	211	210	
Canadian Mortgage Pools	2.041	01-Dec-22	246	254	245	
Canada Housing Trust	1.750	15-Jun-22	878	886	878	
Canada Housing Trust	2.400	15-Dec-22	233	246	240	
Canada Housing Trust	1.019	15-Sep-17	42	42	42	
Canadian Government	0.500	01-Mar-22	481	469	463	
Canadian Government	1.000	01-Jun-27	840	793	783	
Canadian Government	2.500	01-Jun-24	89	96	95	
Canadian Government	2.750	01-Dec-48	26	30	30	
Canadian Government	2.750	01-Dec-64	130	143	156	
Canadian Government	3.500	01-Dec-45	1,388	1,767	1,785	
Canadian Government	5.000	01-Jun-37	423	628	625	
				7,442	7,404	6.1
<b>Provincial/Municipal Bonds and Guarantees:</b>						
City Of Montreal	3.500	01-Sep-23	134	143	145	
City Of Montreal	3.500	01-Sep-24	185	195	200	
City Of Toronto	5.342	18-Jul-27	33	39	39	
City Of Vancouver	2.900	20-Nov-25	48	48	49	
First Nations Finance Authority	3.400	26-Jun-24	41	44	43	
Municipal Finance Authority of British Columbia	4.450	01-Jun-20	44	49	48	
Municipal Finance Authority of British Columbia	1.750	15-Oct-20	113	113	114	
Municipal Finance Authority of British Columbia	4.978	06-Apr-25	25	29	28	
Ontario Prov Gen Strip	0.000	02-Dec-28	378	259	273	
Prov Of New Brunswick	3.650	03-Jun-24	123	138	134	
Prov Of New Brunswick	4.550	26-Mar-37	91	90	112	
Province Of Alberta	2.200	01-Jun-26	656	650	643	
Province Of Alberta	3.500	01-Jun-31	177	178	191	
Province Of Alberta	3.300	01-Dec-46	606	610	633	
Province Of Alberta	3.050	01-Dec-48	45	45	45	
Province of Manitoba	2.600	02-Jun-27	477	476	481	
Province of Manitoba	6.300	05-Mar-31	262	326	370	
Province of Manitoba	5.700	05-Mar-37	138	193	196	
Province of Manitoba	2.850	05-Sep-46	322	287	310	
Province of Manitoba	2.550	02-Jun-26	108	109	109	
Province of New Brunswick Canada	2.600	14-Aug-26	13	13	13	
Province Of Newfoundland	1.950	02-Jun-22	1,250	1,249	1,247	
Province Of Newfoundland	3.000	02-Jun-26	83	83	86	
Province of Nova Scotia Canada	2.100	01-Jun-27	272	268	262	
Province of Nova Scotia Canada	4.500	01-Jun-37	12	15	15	
Province of Nova Scotia Canada	4.400	01-Jun-42	139	161	171	
Province of Ontario	5.600	02-Jun-35	533	726	742	
Province of Ontario	2.900	02-Dec-46	963	909	953	
Province Of Quebec	8.500	01-Apr-26	382	571	571	
Province Of Quebec	3.500	01-Dec-45	550	578	608	
Province Of Quebec	3.500	01-Dec-48	15	18	17	
Province Of Saskatchewan	2.650	02-Jun-27	275	281	279	
Province Of Saskatchewan	5.000	05-Mar-37	7	8	9	
				8,901	9,136	7.4
<b>Mutual Fund:</b>						
Leith Wheeler High Yield Bond Fund Series A (Cad Hedged)				2,657	2,683	2.2
				2,657	2,683	2.2
<b>TOTAL BONDS AND GUARANTEES</b>				<b>37,036</b>	<b>37,297</b>	<b>30.4</b>

# LEITH WHEELER BALANCED FUND

Schedule of Investment Portfolio (continued) (unaudited)

(Expressed in thousands)

June 30, 2017

Security	Number of Holdings	Cost	Fair Value	% of Net Assets
<b>CANADIAN EQUITY</b>				
<b>Consumer Discretionary:</b>				
Brp Inc/Ca- Sub Voting	16,600	\$ 469	\$ 631	
Canadian Tire Corp-Class A	6,500	526	958	
Stingray Digital-Subordinate	14,300	104	113	
		1,098	1,702	<b>1.4</b>
<b>Consumer Staple:</b>				
Saputo Inc	40,700	649	1,679	
		649	1,679	<b>1.4</b>
<b>Energy:</b>				
Baytex Energy Corp	38,900	383	123	
Cameco Corp	45,500	839	537	
Canadian Natural Resources	20,300	777	760	
Cardinal Energy Ltd	26,800	342	129	
Mullen Group Ltd	39,000	794	624	
Nuvista Energy Ltd	62,500	407	409	
Raging River Exploration Inc	61,100	543	494	
Seven Generations Energy - A	26,900	718	597	
Tourmaline Oil Corp	40,000	1,301	1,116	
Western Energy Services Corp	27,400	99	48	
		6,203	4,837	<b>3.9</b>
<b>Financials:</b>				
Bank Of Montreal	6,800	673	647	
Bank Of Nova Scotia	27,100	1,481	2,114	
Brookfield Asset Manage-CI A	24,400	1,092	1,242	
Can Imperial Bk Of Commerce	10,900	1,031	1,149	
CI Financial Corp	32,800	1,041	907	
Industrial Alliance Insuranc	4,700	232	264	
Manulife Financial Corp	55,300	1,035	1,344	
Onex Corporation	1,900	152	197	
Royal Bank Of Canada	25,300	1,422	2,382	
Sun Life Financial Inc	6,300	268	292	
Toronto-Dominion Bank	31,900	1,114	2,086	
Trisura Group Ltd-Wi	137	3	3	
		9,544	12,627	<b>10.4</b>
<b>Industrials:</b>				
Canadian Natl Railway Co	18,800	756	1,978	
Finning International Inc	33,900	732	862	
Stantec Inc	24,900	839	812	
Toromont Industries Ltd	39,029	279	1,864	
Waste Connections Inc	12,417	703	1,037	
		3,309	6,553	<b>5.3</b>
<b>Information Technology:</b>				
Constellation Software Inc	1,447	329	982	
Open Text Corp	31,260	900	1,279	
Redknee Solutions Inc	33,500	139	37	
		1,368	2,298	<b>1.9</b>
<b>Materials:</b>				
First Quantum Minerals Ltd	61,800	802	678	
Teck Resources Ltd-Cls B	7,900	264	178	
		1,066	856	<b>0.7</b>
<b>Real Estate:</b>				
Slate Retail Reit - U	16,238	216	222	
		216	222	<b>0.2</b>
<b>Utilities:</b>				
Brookfield Infrastructure Partners LP	37,263	967	1,976	
Hydro One Ltd	14,200	322	330	
		1,289	2,306	<b>1.9</b>
<b>TOTAL CANADIAN EQUITY</b>		<b>24,740</b>	<b>33,079</b>	<b>27.0</b>

# LEITH WHEELER BALANCED FUND

Schedule of Investment Portfolio (continued) (unaudited)  
(Expressed in thousands)

June 30, 2017

Security	Number of Holdings	Cost	Fair Value	% of Net Assets
<b>FOREIGN EQUITY</b>				
<b>Consumer Discretionary:</b>				
Carnival Corp	2,500	\$ 103	\$ 212	
Dollar General Corp	2,300	214	216	
Hanesbrands Inc	5,500	233	166	
Lowe'S Cos Inc	2,000	202	202	
Newell Brands Inc	3,100	201	217	
Norwegian Cruise Line Holding	3,700	225	261	
Nvr Inc	32	74	100	
Royal Caribbean Cruises Ltd	1,500	173	213	
Seaworld Entertainment Inc	5,100	136	108	
Twenty-First Century Fox-A	5,800	193	213	
		1,754	1,905	<b>1.6</b>
<b>Consumer Staple:</b>				
Altria Group Inc	2,000	167	193	
Coca-Cola European Partners	4,200	198	222	
Cvs Health Corp	2,100	235	219	
Philip Morris International	1,300	161	198	
		761	832	<b>0.7</b>
<b>Energy:</b>				
Bp Plc-Spons Adr	4,300	186	193	
Chevron Corp	1,500	178	204	
Conocophillips	3,600	174	206	
Fairmount Santrol Holdings Inc	7,600	32	38	
Hess Corp	3,200	209	182	
Kosmos Energy Ltd	13,400	110	111	
Occidental Petroleum Corp	2,200	199	171	
Phillips 66	1,700	184	182	
		1,272	1,287	<b>1.0</b>
<b>Financials:</b>				
American Express Co	2,250	184	246	
American International Group	2,600	205	211	
Bank Of America Corp	7,400	139	233	
Berkshire Hathaway Inc-CI B	900	165	198	
Capital One Financial Corp	1,100	96	118	
Citigroup Inc	4,100	235	356	
Discover Financial Services	2,100	143	169	
E*Trade Financial Corp	3,500	116	173	
Fnf Group	3,100	132	180	
JP Morgan Chase And Co	2,700	217	321	
Keycorp	5,900	109	143	
Navient Corp	7,800	104	169	
New York Community Bancorp	9,300	196	158	
Pnc Financial Services Group	1,200	143	194	
SLM Corp	16,100	140	240	
State Street Corp	2,000	153	233	
Wells Fargo And Co	3,600	114	259	
Willis Towers Watson Plc	1,100	186	208	
Xl Group Ltd	2,600	121	148	
		2,898	3,957	<b>3.2</b>
<b>Health Care:</b>				
Anthem Inc	1,100	213	269	
Cardinal Health Inc	2,100	229	212	
Cigna Corp	900	172	195	
Express Scripts Holding Co	2,200	199	182	
Johnson And Johnson	1,000	69	172	
Medtronic Plc	2,086	207	240	
Merck And Co. Inc.	2,500	142	208	
Pfizer Inc	4,900	136	214	
Sanofi-Adr	2,500	148	155	
Teva Pharmaceutical-Sp Adr	3,300	256	142	
Unitedhealth Group Inc	1,100	175	265	
		1,946	2,254	<b>1.8</b>

# LEITH WHEELER BALANCED FUND

Schedule of Investment Portfolio (continued) (unaudited)  
(Expressed in thousands)

June 30, 2017

Security	Number of Holdings	Cost	Fair Value	% of Net Assets
<b>FOREIGN EQUITY (continued)</b>				
<b>Industrials:</b>				
General Dynamics Corp	600	\$ 69	\$ 154	
Honeywell International Inc	800	110	138	
Johnson Controls Internation	3,921	241	221	
Nielsen Holdings Plc	3,300	202	166	
Owens Corning	2,700	171	235	
Spirit Aerosystems Hold-CI A	2,600	159	195	
Stanley Black And Decker Inc	1,200	160	219	
United Technologies Corp	1,550	159	246	
		<u>1,273</u>	<u>1,574</u>	<u>1.4</u>
<b>Information Technology:</b>				
Apple Inc	1,400	175	262	
Microchip Technology Inc	2,100	130	210	
Microsoft Corp	2,200	62	197	
Oracle Corp	3,600	180	234	
Qualcomm Inc	3,200	237	229	
Texas Instruments Inc	1,900	136	190	
		<u>920</u>	<u>1,322</u>	<u>1.2</u>
<b>International Fund:</b>				
Leith Wheeler US Small/Mid-Cap Equity Fund Series A	237,810	2,638	2,630	
Leith Wheeler International Equity Plus Fund Series A	1,466,262	13,803	16,826	
		<u>16,441</u>	<u>19,456</u>	<u>17.9</u>
<b>Materials:</b>				
Air Products And Chemicals Inc	1,200	204	223	
Celanese Corp-Series A	1,500	131	185	
Crh Plc-Sponsored Adr	2,450	89	113	
Du Pont (E.I.) De Nemours	2,100	204	220	
FMC Corp	800	39	76	
Lyondellbasell Indu-CI A	1,200	135	131	
Versum Materials Inc	3,440	123	145	
		<u>925</u>	<u>1,093</u>	<u>1.0</u>
<b>Utilities:</b>				
Verizon Communications Inc	2,400	163	139	
		<u>163</u>	<u>139</u>	<u>0.1</u>
<b>TOTAL FOREIGN EQUITY</b>		<b><u>28,353</u></b>	<b><u>33,818</u></b>	<b><u>31.2</u></b>
<b>MONEY MARKET SECURITIES</b>		<b><u>4,453</u></b>	<b><u>4,453</u></b>	<b><u>4.0</u></b>
<b>TRANSACTION COSTS</b>		<b><u>(8)</u></b>		
<b>TOTAL INVESTMENT PORTFOLIO</b>		<b><u>\$ 94,574</u></b>	<b><u>\$ 108,475</u></b>	<b><u>99.8</u></b>
<b>OTHER ASSETS LESS LIABILITIES</b>			<b><u>184</u></b>	<b><u>0.2</u></b>
<b>NET ASSETS</b>			<b><u>\$ 108,659</u></b>	<b><u>100.0</u></b>

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

# LEITH WHEELER BALANCED FUND

Notes to Financial Statements - Fund Specific Information (unaudited)

(Tabular amounts expressed in thousands)

Six months ended June 30, 2017 and 2016

The Leith Wheeler Balanced Fund (the "Fund") has one class of units outstanding with no series. Please read all references to series in these financial statements as class.

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 six months ended June 30, 2017 were approximately \$155,000 (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 period, the average withholding tax rate was 10% (2016 - 17%).

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 six months ended June 30, 2017 and 2016 are 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:					
2017	470	115	7	(46)	546
2016	413	31	7	(33)	418
Series B:					
2017	3,603	332	24	(275)	3,684
2016	3,418	211	35	(189)	3,475
Series F:					
2017	58	11	-	(3)	66
2016	30	24	1	(5)	50

# LEITH WHEELER BALANCED FUND

Notes to Financial Statements - Fund Specific Information (unaudited)

(Tabular amounts expressed in thousands)

Six months ended June 30, 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 June 30, 2017 and December 31, 2016, the Fund was invested in debt securities with the following credit quality:

	June 30, 2017	December 31, 2016
<b>Rating:</b>		
AAA	25.2%	26.4%
AA	23.8%	33.2%
A	32.0%	25.6%
BBB	11.8%	14.8%
B	7.2%	-
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

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:

	June 30, 2017	December 31, 2016
<b>Term to maturity</b>	<b>% of total debt securities</b>	<b>% of total debt securities</b>
Less than 1 year	7.4%	7.1%
1 - 5 years	39.2%	32.4%
5 - 10 years	26.6%	30.6%
> 10 years	26.8%	29.9%
<b>Total debt securities</b>	<b>100.0%</b>	<b>100.0%</b>

# LEITH WHEELER BALANCED FUND

Notes to Financial Statements - Fund Specific Information (unaudited)

(Tabular amounts expressed in thousands)

Six months ended June 30, 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 100 basis points is reasonably possible, considering the economic environment in which the Fund operates. As at June 30, 2017 and December 31, 2016, had interest rates increased or decreased by 100 basis points, with all other factors remaining constant, net assets attributable to redeemable units would have increased or decreased by approximately \$2,643,000 and \$2,086,000 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	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
US Dollar	\$ 20,351	\$ 15,754	18.7%	15.4%
Japanese Yen	4,017	4,997	3.7%	4.9%
Euro	3,809	3,432	3.5%	3.4%
British Pound	1,642	2,698	1.5%	2.6%
Swiss Franc	1,228	1,341	1.1%	1.3%
Hong Kong Dollar	1,187	1,564	1.1%	1.5%
Singapore Dollar	386	-	0.4%	-
Norway	276	-	0.3%	-
Thailand Baht	276	-	0.3%	-
Indonesian Rupiah	248	-	0.2%	-
<b>TOTAL</b>	<b>\$ 33,420</b>	<b>\$ 29,230</b>	<b>30.8%</b>	<b>32.0%</b>

As at June 30, 2017 and December 31, 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 \$334,000 and \$298,000 respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(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 June 30, 2017 and December 31, 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 \$3,345,000 and \$3,182,000 respectively. In practice, actual results may differ from this sensitivity analysis and these differences could be material.

# LEITH WHEELER BALANCED FUND

Notes to Financial Statements - Fund Specific Information (unaudited)

(Tabular amounts expressed in thousands)

Six months ended June 30, 2017 and 2016

## 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.

<b>June 30, 2017</b>	Level 1	Level 2	Level 3	Total
Short Term Notes	\$ -	\$ 4,453	\$ -	\$ 4,453
Bonds (including Mortgage Backed Securities)	-	34,442	-	34,442
Equities - Long	47,441	-	-	47,441
Investment Fund Units	19,456	2,683	-	22,139
	\$ 66,897	\$ 41,578	\$ -	\$ 108,475

<b>December 31, 2016</b>	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	-	-	15,564
	\$ 63,639	\$ 38,334	\$ -	\$ 101,973

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



# LEITH WHEELER BALANCED FUND

Notes to Financial Statements - Fund Specific Information (unaudited)

(Tabular amounts expressed in thousands)

Six months ended June 30, 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.

<b>June 30, 2017</b>				
	Number of investee funds held	Total net assets of investee funds	Carrying amount included in investments	
Investment fund holding	3	\$ 90,969	\$ 22,139	

Underlying Fund	Principal place of business	Country of domicile	Ownership interest	Carrying amount included in investments in statement of financial position
Leith Wheeler International Equity Plus Fund, Series A	Canada	Canada	70.0%	16,826
Leith Wheeler High Yield Bond Fund, Series A (CAD Hedged)	Canada	Canada	4.3%	2,683
Leith Wheeler US Small/Mid- Cap Equity Fund, Series A	Canada	Canada	62.2%	2,630

# LEITH WHEELER BALANCED FUND

Notes to Financial Statements - Fund Specific Information (unaudited)

(Tabular amounts expressed in thousands)

Six months ended June 30, 2017 and 2016

## 6. Involvement with structured entities (continued):

<b>December 31, 2016</b>				
		Number of investee funds held	Total net assets of investee funds	Carrying amount included in investments
Investment fund holding		1	\$ 22,503	\$ 15,964

  

Underlying Fund	Principal place of business	Country of domicile	Ownership interest	Carrying amount included in investments in statement of financial position
Leith Wheeler International Equity Plus Fund, Series A	Canada	Canada	85.2%	\$ 13,372

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.

## 7. Related party transactions:

At June 30, 2017, the Fund owned 1,466,262 Series A units (December 31, 2016 - 1,520,646 Series A units) of the Leith Wheeler International Equity Plus Fund, 268,291 Series A (CAD Hedged) (December 31, 2016 – nil) units of Leith Wheeler High Yield Bond Fund, and 237,810 Series A (December 31, 2016 – nil) units of Leith Wheeler US Small/Mid Cap Equity Fund which are funds under common management.

During the period, the Fund earned approximately \$379,000 in dividend income (2016 - \$205,000), \$13,000 in other income (2016 - \$2,000), and nil in capital gains (2016 – nil) on that investment. No additional management fees are paid by the Fund to the Manager in respect of holding units of this underlying investment funds.

# LEITH WHEELER BALANCED FUND

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

Six months ended June 30, 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, 2014
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 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 the Canadian Imperial Bank of Commerce.

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 Income Advantage Fund, Leith Wheeler International Equity Plus 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.

The information provided in these financial statements and notes thereto is for the six-month periods ended June 30, 2017 and 2016, or as at June 30, 2017 and December 31, 2016. In the year a Fund or series is established, “period” represents the period from inception to December 31 or June 30 of that fiscal year.

# LEITH WHEELER BALANCED FUND

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

Six months ended June 30, 2017 and 2016

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## 1. Reporting entity (continued):

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 Account Standards Board ("IASB"). These condensed interim financial statements of the Funds have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements. The financial statements were authorized for issue by the Manager on August 29, 2017.

### (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) Investment entities:

The Funds meet the definition of an investment entity as defined by IFRS 10 and are required to account for their investment in the underlying funds at fair value through profit and loss. The Funds meet the definition of an investment entity per IFRS 10 as the following conditions exist:

#### (i) Activities:

The Funds' only substantive activity is to invest in multiple investments for capital appreciation and/or investment income; they have made explicit commitments to investors that this is the purpose of their activities; and they report financial information about these activities to investors;

#### (ii) Investors:

The Funds issue units that represent an entitlement to a proportionate share of net assets; investors are pooled to gain access to professional investment management services; and there are investors that are unrelated to the Fund; and

#### (iii) Fair value management:

Substantially all investments of the Funds are managed, and their performance evaluated, on a fair value basis.

# LEITH WHEELER BALANCED FUND

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

(Tabular amounts expressed in thousands)

Six months ended June 30, 2017 and 2016

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(e) Use of estimates and judgment:

(i) Assumptions and estimation uncertainties:

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.

(ii) Involvement with unconsolidated structured entities:

Certain funds have concluded that the underlying funds in which they invest, but that they do not consolidate, meet the definition of a structured entity in accordance with IFRS 12.

### 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.

# LEITH WHEELER BALANCED FUND

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

Six months ended June 30, 2017 and 2016

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### 3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(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 in securities are designated as FVTPL.

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)

Six months ended June 30, 2017 and 2016

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### 3. Significant accounting policies (continued):

(b) Subsidiaries:

"Subsidiaries" are investees controlled by a Fund. The Fund controls an investee if it is exposed to, or has the rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. As described in note 2(d), the Funds are investment entities and measure investments in their subsidiaries at FVTPL.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

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### 3. Significant accounting policies (continued):

(g) 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.

(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 annual periods beginning on or after January 1, 2018. The Funds intend to adopt IFRS 9 in their financial statements for the annual period beginning on January 1, 2018. The Funds' Manager is currently in the process of evaluating the potential effect of this standard. The standard is not expected to have a significant impact on the financial statements since the Funds' financial assets are currently measured at fair value or amortized cost.



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## 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 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.

## 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 advisors' performance and compliance with the investment policies.

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## 6. Financial risk management (continued):

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, and from derivative financial assets, cash and cash equivalents, 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.

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 and cash equivalent 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.

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## 6. Financial risk management (continued):

### (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.

### (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 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.

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## 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 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 funds 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.

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 as 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.

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## 7. Fair value of financial instruments (continued):

### (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.