

Interim Financial Statements (unaudited)

## **LEITH WHEELER CORE BOND FUND**

Six months ended June 30, 2016 and 2015



# LEITH WHEELER CORE BOND FUND

Statements of Financial Position (unaudited)

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

	Note	June 30, 2016	December 31, 2015
<b>Assets</b>			
Cash		\$ 224	\$ 111
Interest and dividends receivable		1,107	1,177
Balance due from brokers		4,880	-
Investments		211,440	198,964
		<u>217,651</u>	<u>200,252</u>
<b>Liabilities</b>			
Balances due to broker	1	4,956	-
Management fees payable		78	80
Redemptions payable		330	334
		<u>5,364</u>	<u>414</u>
<b>Net assets</b> attributable to holders of redeemable units			
		\$ 212,287	\$ 199,838
Represented by:			
Series A		\$ 172,386	\$ 155,559
Series B		39,901	44,279
		<u>\$ 212,287</u>	<u>\$ 199,838</u>
Net assets attributable to holders of redeemable units per unit:			
Series A		\$ 11.29	\$ 11.00
Series B		11.36	11.05

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 CORE BOND FUND

Statements of Comprehensive Income (unaudited)

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

Six months ended June 30, 2016 and 2015

	Note	2016	2015
<b>Revenue:</b>			
Interest for distribution purposes		\$ 3,207	\$ 3,282
Dividend income		51	-
Other		23	-
<b>Changes in fair value of investments:</b>			
Net realized gain (loss)		2,190	3,586
Net change in unrealized appreciation (depreciation)		3,314	(1,850)
<b>Total revenue</b>		<b>8,785</b>	<b>5,018</b>
<b>Expenses:</b>			
Management fees	1	161	182
HST/GST		8	9
Commissions and transaction costs		5	5
<b>Total operating expenses</b>		<b>174</b>	<b>196</b>
Management fee distributions	1	(12)	(20)
<b>Net operating expenses</b>		<b>162</b>	<b>176</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions</b>			
		<b>8,623</b>	<b>4,842</b>
<b>Distributions to holders of redeemable units:</b>			
From net investment income		(3,072)	(3,100)
From net realized gains on investments		-	-
Management fee distributions	1	(12)	(20)
		<b>(3,084)</b>	<b>(3,120)</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>			
		<b>\$ 5,539</b>	<b>\$ 1,722</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>			
Series A		\$ 4,355	\$ 1,328
Series B		1,184	394
		<b>\$ 5,539</b>	<b>\$ 1,722</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (excluding distributions):</b>			
Series A		\$ 0.48	\$ 0.29
Series B		0.42	0.24

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

# LEITH WHEELER CORE BOND FUND

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

Six months ended June 30, 2016 and 2015

Series A	Note	2016	2015
Balance, beginning of period		\$ 155,559	\$ 164,835
Increase (decrease) in net assets attributable to holders of redeemable units		4,355	1,328
Redeemable unit transactions:			
Issue of redeemable units		21,663	12,275
Reinvestment of distributions		2,403	2,314
Redemption of redeemable units		(11,594)	(30,277)
Net increase (decrease) from redeemable unit transactions		12,472	(15,688)
Balance, end of period		\$ 172,386	\$ 150,475

Series B	Note	2016	2015
Balance, beginning of period		\$ 44,279	\$ 48,965
Increase (decrease) in net assets attributable to holders of redeemable units		1,184	394
Redeemable unit transactions:			
Issue of redeemable units		2,881	3,015
Reinvestment of distributions		437	599
Redemption of redeemable units		(8,880)	(5,223)
Net increase (decrease) from redeemable unit transactions		(5,562)	(1,609)
Balance, end of period		\$ 39,901	\$ 47,750

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

# LEITH WHEELER CORE BOND FUND

Statements of Cash Flows (unaudited)

(Expressed in thousands of dollars)

Six months ended June 30, 2016 and 2015

	Note	2016	2015
Cash provided by (used in):			
Operating activities:			
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 5,539	\$ 1,722
Adjustments for:			
Net realized loss (gain) from investments		(2,190)	(3,586)
Net change in unrealized depreciation (appreciation) from investments		(3,314)	1,850
Interest for distribution purposes		(3,207)	(3,282)
Redemptions payable		(4)	61
Dividend income		(51)	-
Balance due from brokers		(4,880)	(2,173)
Management fees payable		(2)	(1)
Payable to broker		4,956	2,799
Subscriptions receivable		-	(268)
Proceeds from sale of investments		163,606	131,671
Purchases of investments		(170,572)	(114,785)
Interest received		3,271	3,388
Dividends received		51	-
		(6,797)	17,396
Financing activities:			
Proceeds from issue of redeemable units		24,544	15,290
Reinvestment of distributions		2,840	2,913
Payments on redemption of redeemable units		(20,474)	(35,500)
		6,910	(17,297)
Net increase (decrease) in cash		113	99
Cash, beginning of period		111	14
Cash, end of period		\$ 224	\$ 113

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

# LEITH WHEELER CORE BOND FUND

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

June 30, 2016

Coupon Rate %	Maturity Security	Coupon Rate %	Maturity Par Value	Cost	Fair Value	% of Net Assets
<b>BONDS AND GUARANTEES</b>						
<b>Corporate Bonds and Guarantees:</b>						
5.960	3-Dec-35 407 International Inc.	5.960	3-Dec-35 \$ 582	\$ 823	\$ 809	
5.546	31-Dec-23 Alliance Pipeline Limited Partnership	5.546	31-Dec-23 466	517	488	
7.181	30-Jun-23 Alliance Pipeline Limited Partnership	7.181	30-Jun-23 228	283	260	
3.750	13-May-20 Allied Properties Reit	3.750	13-May-20 300	302	306	
3.399	6-Jun-24 AltaLink LP	3.399	6-Jun-24 1,063	1,066	1,155	
2.310	29-Mar-18 American Express Canada Credit Corp.	2.310	29-Mar-18 2,427	2,462	2,467	
5.516	5-Apr-41 Arrow Lakes Power	5.516	5-Apr-41 540	553	644	
1.880	31-Mar-21 Bank of Montreal	1.880	31-Mar-21 922	934	934	
2.100	6-Oct-20 Bank of Montreal	2.100	6-Oct-20 614	614	628	
2.240	11-Dec-17 Bank of Montreal	2.240	11-Dec-17 2,601	2,644	2,639	
3.210	13-Sep-18 Bank of Montreal	3.210	13-Sep-18 1,090	1,139	1,135	
2.130	15-Jul-20 Bank of Nova Scotia	2.130	15-Jul-20 951	951	971	
2.242	22-Mar-18 Bank of Nova Scotia	2.242	22-Mar-18 3,519	3,536	3,575	
2.250	13-Jan-20 Bank of Nova Scotia	2.250	13-Jan-20 1,578	1,597	1,617	
2.370	11-Jan-18 Bank of Nova Scotia	2.370	11-Jan-18 631	643	641	
2.750	13-Aug-18 Bank of Nova Scotia	2.750	13-Aug-18 1,277	1,316	1,314	
5.650	5-Jan-18 BCIMC Realty Corp.	5.650	5-Jan-18 650	718	691	
3.050	3-Oct-22 Bell Canada	3.050	3-Oct-22 511	509	532	
3.150	29-Sep-21 Bell Canada	3.150	29-Sep-21 894	921	938	
3.350	18-Jun-19 Bell Canada	3.350	18-Jun-19 692	698	723	
3.550	2-Mar-26 Bell Canada	3.550	2-Mar-26 245	244	258	
1.710	8-Jan-20 Blackbird Infrastructure 407 General Partnership	1.710	8-Jan-20 600	595	600	
1.521	20-Sep-17 BMW Canada Auto Trust	1.521	20-Sep-17 1,197	1,196	1,196	
1.690	24-Feb-17 BMW Canada Inc.	1.690	24-Feb-17 466	466	467	
3.455	10-Oct-17 Brookfield Asset Management Inc	3.455	10-Oct-17 100	102	102	
3.500	30-Oct-20 Brookfield Infrastructure Finance ULC	3.500	30-Oct-20 1,018	1,018	1,045	
3.752	2-Jun-25 BRP Finance ULC	3.752	2-Jun-25 491	495	509	
5.250	5-Nov-18 BRP Finance ULC	5.250	5-Nov-18 1,247	1,344	1,338	
4.050	27-Jul-20 Calloway Real Estate Investment Trust	4.050	27-Jul-20 1,250	1,331	1,337	
1.700	9-Oct-18 Canadian Imperial Bank of Commerce	1.700	9-Oct-18 3,050	3,062	3,076	
1.850	14-Jul-20 Canadian Imperial Bank of Commerce	1.850	14-Jul-20 654	653	663	
1.900	26-Apr-21 Canadian Imperial Bank of Commerce	1.900	26-Apr-21 801	801	812	
2.350	18-Oct-17 Canadian Imperial Bank of Commerce	2.350	18-Oct-17 2,610	2,631	2,648	
3.676	24-Jul-18 Canadian Real Estate Investment Trust	3.676	24-Jul-18 500	505	514	
3.049	18-Jan-17 Canadian Western Bank	3.049	18-Jan-17 1,850	1,885	1,861	
3.600	20-Sep-22 Choice Properties LP	3.600	20-Sep-22 2,165	2,306	2,306	
1.353	15-Mar-21 CNH Capital Canada Receivables Trust	1.353	15-Mar-21 774	774	776	
3.350	25-Nov-20 Cominar Real Estate Investment Trust	3.350	25-Nov-20 589	589	605	
4.941	27-Jul-20 Cominar Real Estate Investment Trust	4.941	27-Jul-20 577	612	611	
3.986	31-Oct-18 Crombie Real Estate Investment Trust	3.986	31-Oct-18 474	490	489	
4.722	9-Sep-43 Canadian Utilities Ltd.	4.722	9-Sep-43 277	319	336	
5.896	20-Nov-34 Canadian Utilities Ltd.	5.896	20-Nov-34 606	758	804	
9.920	1-Apr-22 CU Inc	9.920	1-Apr-22 1,499	2,178	2,120	
2.280	17-Feb-17 Daimler Canada Finance Inc.	2.280	17-Feb-17 647	652	651	
3.280	15-Sep-16 Daimler Canada Finance Inc.	3.280	15-Sep-16 977	998	981	
3.095	5-Nov-18 Dollarama Inc.	3.095	5-Nov-18 435	446	448	
3.940	30-Mar-23 Enbridge Inc.	3.940	30-Mar-23 357	376	377	
4.530	9-Mar-20 Enbridge Inc.	4.530	9-Mar-20 1,065	1,119	1,145	
2.930	30-Nov-22 Enbridge Pipelines Inc.	2.930	30-Nov-22 1,029	1,043	1,063	
3.500	30-Sep-25 Enbridge Pipelines Inc	3.500	30-Sep-25 999	997	1,046	
5.800	31-Jan-18 Epcor Utilities Inc.	5.800	31-Jan-18 554	611	592	
2.580	8-Apr-26 FortisBC Energy Inc	2.580	8-Apr-26 1,385	1,384	1,410	
3.389	13-Apr-45 Fortis BC Energy Inc	3.389	13-Apr-45 673	670	665	
5.800	13-May-38 FortisBC Energy Inc	5.800	13-May-38 415	516	562	

# LEITH WHEELER CORE BOND FUND

Schedule of Investment Portfolio (continued) (unaudited)

(Expressed in thousands of dollars)

June 30, 2016

Coupon Rate %	Maturity 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>							
10.300	30-Sep-16 FortisBC Energy Inc.	10.300	30-Sep-16	\$ 319	\$ 431	\$ 326	
10.450	31-Oct-16 Gaz Metro Inc.	10.450	31-Oct-16	490	556	504	
4.600	26-Jan-22 GE Capital Canada Funding Co.	4.600	26-Jan-22	743	842	859	
2.100	18-Jun-20 Glacier Credit Card Trust	2.100	18-Jun-20	1,022	1,022	1,045	
7.050	12-Jun-30 Greater Toronto Airports Authority	7.050	12-Jun-30	397	564	578	
4.650	13-Aug-20 Great-West Lifeco Inc.	4.650	13-Aug-20	187	188	208	
6.740	24-Nov-31 Great-West Lifeco Inc.	6.740	24-Nov-31	295	386	398	
5.000	1-Dec-18 H&R Real Estate Investment Trust	5.000	1-Dec-18	300	330	318	
1.840	24-Feb-21 Hydro One Inc.	1.840	24-Feb-21	1,183	1,193	1,197	
2.780	9-Oct-18 Hydro One Inc.	2.780	9-Oct-18	536	553	553	
4.400	1-Jun-20 Hydro One Inc.	4.400	1-Jun-20	701	778	777	
5.490	16-Jul-40 Hydro One Inc.	5.490	16-Jul-40	186	227	246	
2.614	3-Feb-25 Hydro Ottawa Holding Inc.	2.614	3-Feb-25	928	928	951	
2.153	12-Nov-17 Institutional Mortgage Securities Canada Inc. 13-3 A1	2.153	12-Nov-17	103	103	103	
5.505	26-Jun-18 Manulife Financial Corp.	5.505	26-Jun-18	500	537	536	
4.340	30-Nov-19 Maritimes & Northeast Pipeline LP	4.340	30-Nov-19	374	389	383	
6.900	30-Nov-19 Maritimes & Northeast Pipeline LP	6.900	30-Nov-19	110	137	120	
1.742	3-Mar-20 National Bank of Canada	1.742	3-Mar-20	302	304	304	
1.950	11-Dec-17 National Bank of Canada	1.950	11-Dec-17	445	449	449	
2.404	28-Oct-19 National Bank of Canada	2.404	28-Oct-19	180	184	185	
2.689	21-Aug-17 National Bank of Canada	2.689	21-Aug-17	777	790	790	
2.794	9-Aug-18 National Bank of Canada	2.794	9-Aug-18	422	426	434	
2.730	20-Sep-17 National Grid Electricity Transmission Plc	2.730	20-Sep-17	2,024	2,082	2,054	
4.958	31-Dec-32 North Battleford Power LP	4.958	31-Dec-32		498	573	
2.470	12-Nov-19 OMERS Realty Corp.	2.470	12-Nov-19	773	849	824	
2.858	23-Feb-24 OMERS Realty Corp.	2.858	23-Feb-24	514	514	541	
5.376	25-Jun-32 Ontario School Boards Financing Corp.	5.376	25-Jun-32	550	646	666	
3.540	3-Feb-25 Pembina Pipeline Corp.	3.540	3-Feb-25	675	664	675	
3.770	24-Oct-22 Pembina Pipeline Corp.	3.770	24-Oct-22	451	469	470	
6.288	31-Jan-44 Plenary Properties LTAP LP	6.288	31-Jan-44	461	500	621	
4.708	12-Sep-16 Real Estate Asset Liquidity Trust 06-2 B	4.708	12-Sep-16	686	681	688	
3.290	18-Apr-23 Riocan Real Estate Investment Trust	3.290	18-Apr-23	215	215	221	
2.260	12-Mar-18 Royal Bank of Canada	2.260	12-Mar-18	3,459	3,456	3,515	
2.350	9-Dec-19 Royal Bank of Canada	2.350	9-Dec-19	1,706	1,756	1,755	
2.770	11-Dec-18 Royal Bank of Canada	2.770	11-Dec-18	3,327	3,440	3,437	
3.310	20-Jan-26 Royal Bank of Canada	3.310	20-Jan-26	466	471	472	
2.196	23-Jun-21 Saputo Inc.	2.196	23-Jun-21	1,064	1,064	1,068	
5.500	7-Dec-20 Shaw Communications Inc.	5.500	7-Dec-20	860	915	969	
5.350	27-Apr-18 Spectra Energy Corp.	5.350	27-Apr-18	2,200	2,433	2,350	
4.099	31-Oct-45 SSL Finance Inc	4.099	31-Oct-45	203	203	212	
3.600	26-Jan-21 TELUS Corp.	3.600	26-Jan-21	1,047	1,051	1,115	
3.750	17-Jan-25 TELUS Corp.	3.750	17-Jan-25	633	637	677	
3.750	10-Mar-26 TELUS Corp.	3.750	10-Mar-26	350	347	371	
3.369	23-May-19 Thomson Reuters Corp.	3.369	23-May-19	1,018	1,035	1,056	
1.975	3-Oct-16 TMX Group Ltd.	1.975	3-Oct-16	718	718	718	
2.045	8-Mar-21 Toronto Dominion Bank	2.045	8-Mar-21	1,438	1,438	1,468	
2.171	2-Apr-18 The Toronto-Dominion Bank	2.171	2-Apr-18	550	557	559	
4.859	4-Mar-31 Toronto Dominion Bank	4.859	4-Mar-31	996	996	1,087	
3.690	19-Jul-23 TransCanada PipeLines Ltd.	3.690	19-Jul-23	780	829	843	
9.450	20-Mar-18 TransCanada PipeLines Ltd.	9.450	20-Mar-18	442	553	497	
3.000	20-Mar-17 Transpower New Zealand	3.000	20-Mar-17	906	928	916	
2.760	2-Jun-21 Union Gas Ltd.	2.760	2-Jun-21	1,064	1,067	1,113	
6.351	15-Oct-34 University of Ontario Institute of Technology	6.351	15-Oct-34	1,039	1,121	1,294	
3.300	1-Feb-22 Ventas Canada Finance Ltd.	3.300	1-Feb-22	500	524	516	



# LEITH WHEELER CORE BOND FUND

Schedule of Investment Portfolio (continued) (unaudited)

(Expressed in thousands of dollars)

June 30, 2016

Coupon Rate %	Maturity 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>							
2.780	15-Nov-18 Wells Fargo Canada Corp.	2.780	15-Nov-18	\$ 3,498	\$ 3,642	\$ 3,612	
2.222	15-Mar-21 Wells Fargo & Company	2.222	15-Mar-21	332	332	337	
2.975	19-May-26 Wells Fargo & Company	2.975	19-May-26	125	126	126	
3.430	12-Sep-24 Westcoast Energy Inc.	3.430	12-Sep-24	600	599	620	
8.500	4-Sep-18 Westcoast Energy Inc.	8.500	4-Sep-18	152	196	172	
					104,261	105,352	49.7
<b>Federal Bonds and Guarantees:</b>							
2.280	1-Oct-18 Canadian Mortgage Pools 97501915	2.280	1-Oct-18	494	509	504	
1.800	15-Dec-18 Canadian Mortgage Pools 97502444	1.800	15-Dec-18	1,147	1,134	1,162	
1.744	1-Aug-19 Canadian Mortgage Pools 97503417	1.744	1-Aug-19	1,504	1,526	1,523	
1.247	1-Dec-20 Canadian Mortgage Pools 97506320	1.247	1-Dec-20	1,431	1,424	1,425	
1.350	1-Jan-21 Canadian Mortgage Pools 97506633	1.350	1-Jan-21	651	644	648	
1.545	1-Apr-21 Canadian Mortgage Pools 97506823	1.545	1-Apr-21	1,343	1,336	1,346	
5.440	1-Mar-28 Canadian Mortgage Pools 99007726	5.440	1-Mar-28	2,715	3,281	3,315	
2.040	1-Dec-22 Canadian Mortgage Pools 99010498	2.040	1-Dec-22	1,480	1,531	1,513	
1.250	15-Jun-21 Canada Housing Trust	1.250	15-Jun-21	2,000	2,019	2,016	
1.900	15-Sep-26 Canada Housing Trust	1.900	15-Sep-26	1,552	1,548	1,588	
2.350	15-Sep-23 Canada Housing Trust	2.350	15-Sep-23	556	576	596	
2.400	15-Dec-22 Canada Housing Trust	2.400	15-Dec-22	974	1,036	1,046	
2.650	15-Mar-22 Canada Housing Trust	2.650	15-Mar-22	3,618	3,906	3,924	
0.750	1-Mar-21 Canadian Government Bond	0.750	1-Mar-21	2,748	2,765	2,770	
1.500	1-Jun-26 Canadian Government Bond	1.500	1-Jun-26	3,422	3,498	3,562	
2.250	1-Jun-25 Canadian Government Bond	2.250	1-Jun-25	218	242	242	
2.750	1-Dec-48 Canadian Government Bond	2.750	1-Dec-48	343	392	431	
2.750	1-Dec-64 Canadian Government Bond	2.750	1-Dec-64	1,225	1,335	1,653	
3.500	1-Dec-45 Canadian Government Bond	3.500	1-Dec-45	7,161	9,506	10,099	
4.000	1-Jun-41 Canadian Government Bond	4.000	1-Jun-41	884	1,098	1,287	
5.000	1-Jun-37 Canadian Government Bond	5.000	1-Jun-37	1,480	2,171	2,333	
1.250	1-Dec-47 Canadian Government Real Return Bond	1.250	1-Dec-47	955	1,209	1,221	
1.400	4-Jun-20 Canada Pension Plan Investment Board Capital Inc	1.400	4-Jun-20	636	635	641	
					43,321	44,845	21.1
<b>Provincial/Municipal Bonds and Guarantees:</b>							
3.500	1-Sep-23 City of Montreal Canada	3.500	1-Sep-23	958	1,019	1,053	
3.500	1-Sep-24 City of Montreal Canada	3.500	1-Sep-24	1,350	1,421	1,484	
5.342	18-Jul-27 City of Toronto Canada	5.342	18-Jul-27	382	444	453	
4.500	2-Dec-19 City of Toronto Canada	4.500	2-Dec-19	747	822	827	
2.900	6-Nov-25 City of Vancouver	2.900	6-Nov-25	317	316	336	
3.400	26-Jun-24 First Nations Finance Authority	3.400	26-Jun-24	276	293	303	
1.750	15-Oct-20 Municipal Finance Authority of British Columbia	1.750	15-Oct-20	676	675	687	
4.450	1-Jun-20 Municipal Finance Authority of British Columbia	4.450	1-Jun-20	453	503	507	
4.978	6-Apr-25 Municipal Finance Authority of British Columbia	4.978	6-Apr-25	280	321	321	
2.350	1-Jun-25 Province of Alberta	2.350	1-Jun-25	746	737	770	
3.300	1-Dec-46 Province of Alberta	3.300	1-Dec-46	1,897	1,917	2,047	
3.450	1-Dec-43 Province of Alberta	3.450	1-Dec-43	1,746	1,967	1,921	
3.500	1-Jun-31 Province of Alberta	3.500	1-Jun-31	718	723	789	
3.200	18-Jun-44 Province of British Columbia	3.200	18-Jun-44	1,693	1,681	1,866	
4.950	18-Jun-40 Province of British Columbia	4.950	18-Jun-40	1,421	1,706	1,987	
2.550	2-Jun-26 Province of Manitoba	2.550	2-Jun-26	2,856	2,883	2,969	
2.850	5-Sep-46 Province of Manitoba	2.850	5-Sep-46	920	822	904	
4.400	5-Mar-42 Province of Manitoba	4.400	5-Mar-42	35	42	44	
6.300	5-Mar-31 Province of Manitoba	6.300	5-Mar-31	1,466	1,809	2,108	
2.600	14-Aug-26 Province of New Brunswick	2.600	14-Aug-26	90	90	92	
4.550	26-Mar-37 Province of New Brunswick	4.550	26-Mar-37	1,515	1,520	1,852	

# LEITH WHEELER CORE BOND FUND

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

June 30, 2016

Coupon Rate %	Maturity	Security	Coupon Rate %	Maturity	Par Value	Cost	Fair Value	% of Net Assets
<b>BONDS AND GUARANTEES (continued)</b>								
<b>Provincial/Municipal Bonds and Guarantees (continued):</b>								
1.950	2-Jun-22	Province of Newfoundland	1.950	2-Jun-22	\$ 4,588	\$ 4,576	\$ 4,640	
3.000	2-Jun-26	Province of Newfoundland	3.000	2-Jun-26	1,289	1,287	1,348	
4.400	1-Jun-42	Province of Nova Scotia	4.400	1-Jun-42	947	1,118	1,187	
0.000	2-Dec-28	Province of Ontario	0.000	2-Dec-28	2,689	1,846	1,956	
2.850	2-Jun-23	Province of Ontario	2.850	2-Jun-23	1,074	1,139	1,166	
2.900	2-Dec-46	Province of Ontario	2.900	2-Dec-46	1,711	1,586	1,766	
3.450	2-Jun-45	Province of Ontario	3.450	2-Jun-45	300	324	342	
3.500	2-Jun-43	Province of Ontario	3.500	2-Jun-43	4,597	5,061	5,239	
4.200	2-Jun-20	Province of Ontario	4.200	2-Jun-20	3,587	3,989	4,009	
5.600	2-Jun-35	Province of Ontario	5.600	2-Jun-35	1,373	1,941	1,966	
6.200	2-Jun-31	Province of Ontario	6.200	2-Jun-31	1,478	1,999	2,156	
3.000	1-Sep-23	Province of Quebec	3.000	1-Sep-23	942	971	1,031	
3.500	1-Dec-45	Province of Quebec	3.500	1-Dec-45	2,357	2,491	2,685	
3.500	1-Dec-48	Province of Quebec	3.500	1-Dec-48	1,278	1,467	1,472	
4.250	1-Dec-21	Province of Quebec	4.250	1-Dec-21	1,042	1,165	1,201	
5.000	1-Dec-41	Province of Quebec	5.000	1-Dec-41	1,368	1,632	1,909	
8.500	1-Apr-26	Province of Quebec	8.500	1-Apr-26	822	1,260	1,287	
3.900	2-Jun-45	Province of Saskatchewan	3.900	2-Jun-45	312	345	371	
4.750	1-Jun-40	Province of Saskatchewan	4.750	1-Jun-40	309	403	405	
5.000	5-Mar-37	Province of Saskatchewan	5.000	5-Mar-37	994	1,105	1,318	
						57,416	60,774	28.7
<b>TOTAL BONDS AND GUARANTEES</b>						<b>204,998</b>	<b>210,971</b>	<b>99.5</b>
<b>MONEY MARKET SECURITIES</b>						\$ 469	\$ 469	0.2
<b>TOTAL INVESTMENT PORTFOLIO</b>						\$ 205,467	\$ 211,440	99.7
<b>OTHER ASSETS LESS LIABILITIES</b>							847	0.3
<b>NET ASSETS</b>							\$ 212,287	100.0

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

# LEITH WHEELER CORE BOND FUND

Notes to Financial Statements - Fund Specific Information (unaudited)

(Tabular amounts expressed in thousands of dollars)

Six months ended June 30, 2016 and 2015

The Fund Specific Information for the Leith Wheeler Core Bond Fund (the "Fund") 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 0.75% per annum, before GST/HST, of the daily Net Asset Value of Series B. Management fee distributions for the period ended June 30, 2016 were approximately \$12,000 (2015 - \$20,000). No management fees were paid with respect to Series A units.

## 2. Withholding tax and other income taxes:

During the period, the average withholding tax rate was nil (2015 - nil).

The Fund has capital losses of nil (2015 - nil) available for utilization against capital gains in future years. The Fund has non-capital losses of nil (2015 - 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 period ended June 30, 2016, and 2015 are as follows:

	Outstanding units at beginning of period	Purchased during the period	Reinvested distributions	Redeemed during the period	Outstanding units at end of period
Series A:					
2016	14,145	1,945	215	(1,039)	15,266
2015	14,726	1,070	203	(2,651)	13,348
Series B:					
2016	4,009	258	39	(793)	3,513
2015	4,368	261	52	(454)	4,227

## 4. Financial risk management:

The investment objective of the Fund is to provide a stable and attractive total return through investment in Canadian fixed income securities. The Fund will invest in government and high-grade corporate bonds, with a varying mix between short term, medium term and longer term maturities depending on the assessment of interest rate trends and prospective returns. The Fund is not exposed to significant currency risk or other price risk.

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".

# LEITH WHEELER CORE BOND FUND

Notes to Financial Statements - Fund Specific Information

(Tabular amounts expressed in thousands of dollars)

Six months ended June 30, 2016 and 2015

## 4. Financial risk management (continued):

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, 2016 and December 31, 2015, the Fund was invested in debt securities with the following credit quality:

	2016	2015
<b>Rating:</b>		
AAA	25.5%	24.3%
AA	33.0%	32.2%
A	27.5%	28.6%
BBB	14.0%	14.9%
<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:

	2016	2015
Term to maturity	% of total debt securities	% of total debt securities
Less than 1 year	3.4%	7.5%
1 - 5 years	41.5%	36.5%
5 - 10 years	23.3%	22.9%
> 10 years	31.8%	33.1%
<b>Total debt securities</b>	<b>100.0%</b>	<b>100.0%</b>

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, 2016 and 2015, 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 \$16,493,000 (December 31, 2015 - \$14,552,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

# LEITH WHEELER CORE BOND FUND

Notes to Financial Statements - Fund Specific Information

(Tabular amounts expressed in thousands of dollars)

Six months ended June 30, 2016 and 2015

## 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, 2016</b>	Level 1	Level 2	Level 3	Total
Short Term Notes	\$ -	\$ 469	\$ -	\$ 469
Bonds (including Mortgage Backed Securities)	-	210,971	-	210,971
	\$ -	\$ 211,440	\$ -	\$ 211,440

<b>December 31, 2015</b>	Level 1	Level 2	Level 3	Total
Short Term Notes	\$ -	\$ 1,498	\$ -	\$ 1,498
Bonds (including Mortgage Backed Securities)	-	197,466	-	197,466
	\$ -	\$ 198,964	\$ -	\$ 198,964

During the year, there were no transfers of financial instruments between the three levels (2015 - nil).

# LEITH WHEELER CORE BOND FUND

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

Six months ended June 30, 2016 and 2015

## 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 Corporate Advantage Fund (formerly Leith Wheeler Corporate Fixed Income Fund)	May 29, 2015
Leith Wheeler Core Bond Fund (formerly Leith Wheeler Fixed Income Fund)	April 27, 1994
Leith Wheeler High Yield Bond Fund	May 27, 2016
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. Equity Fund	April 27, 1994

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) and Series F and Series F (CAD Hedged).

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 and Series F (CAD Hedged) 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 Canadian Equity Fund, Leith Wheeler Core Bond Fund and Leith Wheeler Money Market Fund have Series A and Series B units outstanding. All other remaining Funds have Series A, Series B and Series F units outstanding.

The information provided in these financial statements and notes thereto is for the six-month periods ended June 30, 2016 and 2015, or as at June 30, 2016 and December 31, 2015. 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.

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.

# LEITH WHEELER CORE BOND FUND

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

Six months ended June 30, 2016 and 2015

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## 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, 2016.

(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:

These financial statements are presented in Canadian dollars, which are the Funds' functional currency.

(d) Use of estimates and judgment:

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

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

## 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.

# LEITH WHEELER CORE BOND FUND

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

Six months ended June 30, 2016 and 2015

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

(a) Financial instruments (continued):

(i) Recognition and measurement (continued):

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

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

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

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

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



# LEITH WHEELER CORE BOND FUND

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

Six months ended June 30, 2016 and 2015

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

(a) Financial instruments (continued):

(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.

(b) Redeemable units:

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

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

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

(d) Foreign exchange:

The financial statements of the Funds are denominated in Canadian 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.

# LEITH WHEELER CORE BOND FUND

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

Six months ended June 30, 2016 and 2015

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

(e) Income recognition:

Interest for distribution purposes shown on the statement of comprehensive income represents the coupon interest received by the Funds accounted for on an accrual basis. The Funds do not amortize premiums paid or discounts received on the purchase of fixed and variable income securities except for zero coupon bonds which are amortized on a straight-line 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. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds.

(f) Income taxes:

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

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

(g) 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, 2016, 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 and 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.

# LEITH WHEELER CORE BOND FUND

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

Six months ended June 30, 2016 and 2015

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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.

# LEITH WHEELER CORE BOND FUND

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

Six months ended June 30, 2016 and 2015

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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.

# LEITH WHEELER CORE BOND FUND

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

Six months ended June 30, 2016 and 2015

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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.

# LEITH WHEELER CORE BOND FUND

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

Six months ended June 30, 2016 and 2015

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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.

# LEITH WHEELER CORE BOND FUND

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

Six months ended June 30, 2016 and 2015

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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.