

Interim Financial Statements (unaudited)

**LEITH WHEELER INCOME  
ADVANTAGE FUND**

Six months ended June 30, 2017 and 2016



# LEITH WHEELER INCOME ADVANTAGE FUND

Statement of Financial Position (unaudited)

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

	Note	June 30, 2017	December 31, 2016
<b>Assets</b>			
Cash		\$ 160	\$ 437
Balances due from brokers		-	35
Interest and dividends receivable		232	240
Subscriptions receivable		-	32
Investments		72,738	70,175
		<u>73,130</u>	<u>70,919</u>
<b>Liabilities</b>			
Balances due to brokers		-	304
Management fees payable	1	22	19
Redemptions payable		6	33
		<u>28</u>	<u>356</u>
<b>Net assets</b> attributable to holders of redeemable units			
		\$ 73,102	\$ 70,563
Represented by:			
Series A		\$ 39,936	\$ 41,468
Series B		29,280	27,533
Series F		3,886	1,562
		<u>\$ 73,102</u>	<u>\$ 70,563</u>
Net assets attributable to holders of redeemable units per unit:			
Series A		\$ 11.30	\$ 11.22
Series B		11.43	11.37
Series F		10.60	10.59

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 INCOME ADVANTAGE FUND

Statement of Comprehensive Income (unaudited)

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

Six months ended June 30, 2017 and 2016

	Note	2017	2016
<b>Revenue:</b>			
Interest income		\$ 547	\$ 426
Dividends income		555	667
Other income		2	-
<b>Changes in fair value of investments:</b>			
Net realized gain (loss)		740	(218)
Net change in unrealized appreciation (depreciation)		(339)	2,561
<b>Total revenue</b>		<b>1,505</b>	<b>3,436</b>
<b>Expenses:</b>			
Management fees	1	121	101
Filing fees		4	5
GST/HST		8	7
Commissions and transaction costs		11	20
Audit fees		3	8
Custodial fees		1	2
Independent review committee fees		1	1
<b>Total operating expenses</b>		<b>149</b>	<b>144</b>
Management fee distributions		(2)	(2)
Expenses waived or absorbed by Manager		(9)	(16)
<b>Net operating expenses</b>		<b>138</b>	<b>126</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions</b>		<b>1,367</b>	<b>3,310</b>
<b>Distributions to holders of redeemable units:</b>			
From net investment income		(971)	(986)
From net realized gains on investments		-	-
Management fee distributions	1	(2)	(2)
		(973)	(988)
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>\$ 394</b>	<b>\$ 2,322</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>			
Series A		\$ 280	\$ 1,341
Series B		145	955
Series F		(31)	26
		\$ 394	\$ 2,322
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (excluding distributions):</b>			
Series A		\$ 0.25	\$ 0.57
Series B		0.19	0.54
Series F		0.06	0.52

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

# LEITH WHEELER INCOME ADVANTAGE FUND

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

Six months ended June 30, 2017 and 2016

Series A	Note	2017	2016
Balance, beginning of period		\$ 41,469	\$ 35,954
Increase (decrease) in net assets attributable to holders of redeemable units		280	1,341
Redeemable unit transactions:			
Issue of redeemable units		2,646	2,656
Reinvestment of distributions		590	657
Redemption of redeemable units		(5,049)	(2,351)
Net increase (decrease) from redeemable unit transactions		(1,813)	962
Balance, end of period		\$ 39,936	\$ 38,257

Series B	Note	2017	2016
Balance, beginning of period		\$ 24,532	\$ 24,747
Increase (decrease) in net assets attributable to holders of redeemable units		145	955
Redeemable unit transactions:			
Issue of redeemable units		3,945	2,487
Reinvestment of distributions		315	312
Redemption of redeemable units		(2,657)	(3,754)
Net increase (decrease) from redeemable unit transactions		1,603	(955)
Balance, end of period		\$ 29,280	\$ 24,747

Series F	Note	2017	2016
Balance, beginning of period		\$ 1,562	\$ 661
Increase (decrease) in net assets attributable to holders of redeemable units		(31)	26
Redeemable unit transactions:			
Issue of redeemable units		2,365	47
Reinvestment of distributions		38	10
Redemption of redeemable units		(48)	(35)
Net increase (decrease) from redeemable unit transactions		2,355	22
Balance, end of period		\$ 3,886	\$ 709

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

# LEITH WHEELER INCOME ADVANTAGE FUND

Statement of Cash Flows (unaudited)

(Expressed in thousands of dollars)

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		\$ 394	\$ 2,322
Adjustments for:			
Net realized loss (gain) from investments		(740)	218
Net change in unrealized depreciation (appreciation) from investments		339	(2,561)
Balances due from brokers		35	(1,419)
Interest income		(547)	(426)
Dividends income		(555)	(667)
Balances due to broker		(304)	1,472
Management fees payable		3	-
Redemptions payable		(27)	9
Subscriptions receivable		32	-
Proceeds from sale of investments		30,909	31,452
Purchases of investments		(33,072)	(31,339)
Interest received		539	419
Dividends received		572	664
		(2,422)	144
Financing activities:			
Proceeds from issue of redeemable units		8,956	5,190
Reinvestment of distributions		943	979
Payments on redemption of redeemable units		(7,754)	(6,140)
		2,145	29
Net increase (decrease) in cash		(277)	173
Cash, beginning of period		437	62
Cash, end of period		\$ 160	\$ 235

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

# LEITH WHEELER INCOME ADVANTAGE FUND

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

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>						
AIMCO Realty Corp	2.266	26-Jun-24	\$ 37	\$ 37	\$ 36	
Allied Properties Real Estate Investment Trust	3.636	21-Apr-25	350	350	343	
AltaLink LP	3.399	6-Jun-24	100	106	106	
AltaLink LP	3.668	6-Nov-23	350	361	379	
Bank of Montreal	1.610	28-Oct-21	369	367	362	
Bank of Montreal	2.100	6-Oct-20	575	580	580	
Bank of Montreal	2.120	16-Mar-22	100	101	100	
Bank of Nova Scotia	1.830	27-Apr-22	175	175	172	
Bank of Nova Scotia	1.900	2-Dec-21	1,058	1,057	1,049	
Bank of Nova Scotia	2.130	15-Jun-20	136	136	137	
Bank of Nova Scotia	2.290	28-Jun-24	300	300	297	
Bank of Nova Scotia	2.620	2-Dec-26	150	149	149	
BC IMC Realty Corp	2.840	3-Jun-25	200	201	203	
Bell Canada	2.000	1-Oct-21	400	399	395	
Bell Canada	2.700	27-Feb-24	90	90	90	
Bell Canada	2.900	12-Aug-26	477	463	471	
Bell Canada	3.000	3-Oct-22	328	342	337	
Blackbird Infrastructure 407 General Partnership	1.713	8-Oct-21	105	104	104	
BMW Canada Inc	1.880	11-Dec-20	50	50	50	
BMW Canada Auto Trust	1.677	20-Sep-19	54	54	54	
BP LP	3.244	9-Jan-20	92	92	93	
Brookfield Asset Management Inc	3.950	9-Apr-19	465	485	481	
Brookfield Infrastructure Finance ULC	3.315	22-Feb-24	150	152	150	
Brookfield Infrastructure Finance ULC	3.538	30-Oct-20	154	154	159	
Brookfield Renewable Energy Partners ULC	3.630	15-Jan-27	300	303	302	
Brookfield Renewable Energy Partners ULC	3.752	2-Jun-25	250	257	258	
Bruce Power LP	2.844	23-Jun-21	443	451	451	
Caisse Centrale Desjardins du Quebec	1.748	2-Mar-20	350	347	350	
Calloway Real Estate Investment Trust	3.556	6-Feb-25	276	276	278	
Calloway Real Estate Investment Trust	3.749	11-Feb-21	150	153	156	
Canadian Imperial Bank of Commerce	1.640	12-Jul-21	300	300	296	
Canadian Imperial Bank of Commerce	1.660	20-Jan-20	349	349	348	
Canadian Imperial Bank of Commerce	1.700	9-Oct-18	300	302	301	
Canadian Imperial Bank of Commerce	1.850	14-Jul-20	170	170	170	
Canadian Natural Resources Ltd	2.890	14-Aug-20	220	226	223	
Canadian Natural Resources Ltd	3.050	19-Jun-19	225	230	229	
Canadian Natural Resources Ltd	3.310	11-Feb-22	225	231	229	
Canadian Real Estate Investment Trust	2.951	18-Jan-23	117	117	116	
Canadian Utilities Ltd	3.122	9-Nov-22	324	349	339	
Canadian Western Bank	3.077	14-Jan-19	177	181	180	
Capital Power Corp	5.276	16-Nov-20	57	61	61	
Cameco Corp	5.670	2-Sep-19	150	161	158	
Chartwell Retirement Residences	3.786	11-Dec-23	150	150	149	
CT Real Estate Investment Trust	2.852	9-Jun-22	490	498	493	
Choice Properties REIT	3.196	7-Mar-23	421	435	428	
CI Financial Corp	2.645	7-Dec-20	176	178	177	
CI Financial Corp	2.775	25-Nov-21	300	301	302	
CNH Capital Canada Receivables Trust	1.353	15-Oct-19	96	96	96	
HCN Canadian Holdings-1 LP	3.350	25-Nov-20	400	407	413	
Cominar Real Estate Investment Trust	4.941	27-Jul-20	172	182	175	
Daimler Canada Finance Inc	1.420	2-Oct-18	100	100	100	
Dollarama Inc	2.203	10-Nov-22	37	37	36	
Dollarama Inc	2.337	22-Jul-21	160	160	160	
Dollarama Inc	3.095	5-Nov-18	300	308	305	
Dollarama Inc	0.000	16-Mar-20	157	157	157	
EllisDon Infrastructure JBH Inc	2.018	28-Aug-18	175	177	176	

# LEITH WHEELER INCOME ADVANTAGE FUND

Schedule of Investment Portfolio (unaudited) (continued)

(Expressed in thousands of dollars)

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>						
Empire Life Insurance	3.383	16-Dec-26	\$ 200	\$ 201	\$ 201	
Enbridge Gas Distribution Inc	2.500	5-Aug-26	39	39	39	
Enbridge Inc	3.190	5-Dec-22	550	559	563	
Enbridge Income Fund Holdings Inc	3.940	13-Jan-23	250	265	265	
Enbridge Pipelines Inc	3.450	29-Sep-25	1,057	1,090	1,102	
First Capital Realty Inc	3.604	6-May-26	216	216	217	
Ford Auto Securitization Trust	1.423	15-Jan-21	69	69	69	
Ford Credit Canada Ltd	2.450	7-May-20	166	168	166	
Ford Credit Canada Ltd	2.710	23-Feb-22	75	75	75	
Fortis Inc	2.850	12-Dec-23	250	251	253	
FortisAlberta Inc	3.300	30-Sep-24	150	156	158	
FortisBC Energy Inc	2.580	8-Apr-26	198	198	198	
Gaz Metro Inc	1.520	25-May-20	303	303	301	
General Motors Financial of Canada Ltd	3.080	22-May-20	350	353	356	
H&R Real Estate Investment Trust	3.344	20-Jun-18	300	301	304	
Husky Energy Inc	3.600	10-Mar-27	140	144	139	
Hydro One Inc	2.770	24-Feb-26	150	157	153	
IGM Financial Inc	3.440	26-Jan-27	176	176	179	
Institutional Mortgage Securities Canada Inc	2.340	12-Feb-25	170	170	167	
Institutional Mortgage Securities Canada Inc	1.936	12-Sep-24	163	163	160	
Institutional Mortgage Securities Canada Inc	2.153	12-Nov-17	12	12	12	
Intact Financial Corp	2.850	7-Jun-27	300	300	293	
Magna International Inc	3.100	15-Dec-22	193	198	199	
Manulife Bank of Canada	1.915	1-Sep-21	160	160	158	
National Bank of Canada	1.809	26-Jul-21	203	203	201	
National Bank of Canada	1.957	30-Jun-22	180	180	178	
North West Redwater Partnership / NWR Financing Co Ltd	3.200	24-Apr-26	97	102	99	
North West Redwater Partnership / NWR Financing Co Ltd	3.200	22-Jul-24	500	522	516	
OMERS Realty Corp	2.858	23-Feb-24	275	277	282	
Pembina Pipeline Corp	2.990	22-Jan-24	331	335	330	
Pembina Pipeline Corp	3.710	11-Aug-26	296	308	302	
Pembina Pipeline Corp	3.770	24-Oct-22	150	154	157	
RioCan Real Estate Investment Trust	2.830	3-Oct-22	175	175	175	
RioCan Real Estate Investment Trust	3.725	18-Apr-23	155	161	161	
Royal Bank of Canada	1.583	13-Sep-21	314	313	308	
Royal Bank of Canada	1.650	15-Jul-21	235	234	232	
Royal Bank of Canada	1.968	2-Mar-22	900	896	893	
Royal Bank of Canada	2.000	21-Mar-22	350	350	348	
Royal Bank of Canada	2.350	9-Dec-19	250	257	254	
Royal Bank of Canada	3.310	20-Jan-26	1,102	1,128	1,133	
Saputo Inc	1.939	13-Jun-22	70	70	69	
Saputo Inc	2.196	23-Jun-21	234	234	234	
Shaw Communications Inc	3.800	1-Mar-27	270	274	278	
Shaw Communications Inc	4.350	31-Jan-24	100	110	108	
Sun Life Financial Inc	3.050	19-Sep-28	355	359	361	
Suncor Energy Inc	3.000	14-Sep-26	100	100	99	
TELUS Corp	3.350	1-Apr-24	200	211	206	
TELUS Corp	3.750	17-Jan-25	600	602	632	
TELUS Corp	3.750	10-Mar-26	105	106	110	
Toronto-Dominion Bank	1.909	18-Jul-23	279	274	273	
Toronto-Dominion Bank	1.994	23-Mar-22	830	836	826	
Toronto-Dominion Bank	2.621	22-Dec-21	900	919	921	
Toronto-Dominion Bank	4.859	4-Mar-31	100	101	112	
TransCanada PipeLines Ltd	3.690	19-Jul-23	212	225	226	
TransCanada PipeLines Ltd	0.000	0-Jan-00	150	150	150	
Union Gas Ltd	2.760	2-Jun-21	500	522	514	



# LEITH WHEELER INCOME ADVANTAGE FUND

Schedule of Investment Portfolio (unaudited) (continued)

(Expressed in thousands of dollars)

June 30, 2017

Security			Par Value	Cost	Fair Value	% of Net Assets
<b>BONDS AND GUARANTEES (continued)</b>						
<b>Corporate Bonds and Guarantees (continued):</b>						
Ventas Canada Finance Ltd	2.550	15-Mar-23	\$ 54	\$ 54	53	
Ventas Canada Finance Ltd	3.300	1-Feb-22	300	313	308	
Ventas Canada Finance Ltd	4.125	30-Sep-24	50	51	53	
Veresen Inc	3.060	13-Jun-19	300	304	305	
Veresen Inc	3.430	10-Nov-21	175	183	180	
Wells Fargo Canada Corp	2.780	15-Nov-18	250	255	254	
Westcoast Energy Inc	3.120	5-Dec-22	200	197	205	
Westcoast Energy Inc	3.430	12-Sep-24	200	203	208	
				31,927	31,890	43.6
<b>Maples</b>						
Anheuser-Busch InBev Finance Inc	2.600	15-May-24	96	96	95	
AT&T Inc	2.850	25-May-24	81	81	79	
AT&T Inc	3.825	25-Nov-20	389	412	406	
Goldman Sachs Group Inc	2.433	26-Apr-23	200	200	198	
HSBC Holdings PLC	3.196	5-Dec-23	300	301	305	
PepsiCo Inc	2.150	6-May-24	97	97	96	
United Parcel Service Inc	2.125	21-May-24	161	161	158	
Wells Fargo & Co	2.094	25-Apr-22	332	332	327	
Wells Fargo & Co	2.222	15-Mar-21	300	302	300	
Wells Fargo & Co	2.509	27-Oct-23	125	124	123	
				2,106	2,087	2.9
<b>Federal/Provincial/Municipal Bonds and Guarantees:</b>						
Canadian Mortgage Pools 97506898	1.475	1-Apr-21	676	677	670	
Canadian Mortgage Pools 97507953	1.366	1-Nov-21	328	323	323	
Canadian Mortgage Pools 97507953	1.346	1-Mar-22	268	266	262	
Canadian Mortgage Pools 99000161	2.091	1-Oct-25	273	273	271	
City of Montreal	3.500	1-Sep-23	364	370	389	
City of Vancouver	3.450	2-Dec-21	150	151	159	
First Nations Finance Authority	3.400	26-Jun-24	535	558	562	
				2,618	2,636	3.6
<b>Mutual Fund:</b>						
Leith Wheeler High Yield Bond Fund (CAD Hedged), Series A			384,250	3,764	3,843	
				3,764	3,843	5.3
<b>TOTAL BONDS AND GUARANTEES</b>				<b>40,415</b>	<b>40,456</b>	<b>55.3</b>
<b>CANADIAN EQUITY</b>						
<b>Mutual Fund:</b>						
Leith Wheeler Canadian Dividend Fund, Series A			2,061,665	23,260	25,623	
				23,260	25,623	35.1
<b>Step Up Preferred Stocks:</b>						
AltaGas Ltd Preferred Shares, Series A			2,400	41	48	
AltaGas Ltd Preferred Shares, Series G			1,800	41	42	
Bank of Montreal Preferred Shares, Series M			1,400	34	35	
Bank of Montreal Preferred Shares, Series C			3,100	78	80	
Bank of Montreal Preferred Shares, Series Q			7,187	152	152	
Bank of Nova Scotia Preferred Shares, Series P			6,100	151	152	
Bank of Nova Scotia Preferred Shares, Series Z			7,600	148	168	
BCE Inc Preferred Shares, Series M			21,150	353	391	
Brookfield Asset Management Inc Preferred Shares, Series Z			5,000	87	119	
Brookfield Office Properties Inc Preferred Shares, Series N			3,000	39	62	
Brookfield Office Properties Inc Preferred Shares, Series R			5,800	105	130	
Brookfield Renewable Power, Preferred Shares, Series A			13,700	267	277	
Canadian Imperial Bank of Commerce Preferred Shares, Series R			900	23	23	
Capital Power Corp Preferred Shares, Series C			1,700	29	34	
CU Inc Preferred Shares, Series C			5,000	60	80	

# LEITH WHEELER INCOME ADVANTAGE FUND

Schedule of Investment Portfolio (unaudited) (continued)

(Expressed in thousands of dollars)

June 30, 2017

Security	Holdings	Cost	Fair Value	% of Net Assets
<b>CANADIAN EQUITY (continued)</b>				
<b>Step Up Preferred Stocks (continued):</b>				
Emera Inc Preferred Shares, Series A	9,500	\$ 134	\$ 169	
Enbridge Inc Preferred Shares, Series B	24,900	449	472	
Enbridge Inc Preferred Shares, Series N	13,800	247	290	
Fortis Inc Preferred Shares, Series G	1,700	34	36	
Fortis Inc Preferred Shares, Series M	1,700	33	40	
Husky Energy Inc Preferred Shares, Series E	8,800	209	215	
Intact Financial Corp Preferred Shares, Series C	8,000	142	179	
Manulife Financial Corp Preferred Shares, Series I	9,400	218	224	
Manulife Financial Corp Preferred Shares, Series O	4,400	110	119	
Manulife Financial Corp Preferred Shares, Series R	3,600	90	93	
National Bank of Canada Preferred Shares, Series C	2,400	60	60	
National Bank of Canada Preferred Shares, Series X	2,400	60	65	
National Bank of Canada Preferred Shares, Series Q	2,400	57	60	
Pembina Pipeline Corp Preferred Shares, Series I	8,000	181	199	
Royal Bank of Canada Preferred Shares, Series R	4,000	101	108	
Sun Life Financial Inc Preferred Shares, Series H	23,500	433	476	
Toronto-Dominion Bank Preferred Shares, Series E	8,000	156	193	
Toronto-Dominion Bank Preferred Shares, Series G	2,400	60	65	
Toronto-Dominion Bank Preferred Shares, Series Y	2,900	72	73	
TransCanada Corp Preferred Shares, Series C	6,900	109	111	
TransCanada Corp Preferred Shares, Series D	10,500	219	233	
TransCanada Corp Preferred Shares, Series J	4,400	113	119	
TransCanada Corp Preferred Shares, Series K	3,200	80	84	
Veresen Inc Preferred Shares, Series E	2,800	70	70	
Veresen Inc Preferred Shares, Series A	3,000	46	64	
Westcoast Energy Inc Preferred Shares, Series M	4,300	109	113	
		5,200	5,723	7.8
<b>Straight Preferred Shares:</b>				
CU Inc Preferred Shares, Series A	10,100	226	230	
Great-West Lifeco Inc Preferred Shares, Series L	5,600	143	145	
Great-West Lifeco Inc preferred Shares, Series M	1,300	34	34	
Loblaw Cos Ltd Preferred Shares, Series B	2,000	51	51	
Sun Life Financial Inc Preferred Shares, Series B	2,000	47	48	
		501	508	0.7
<b>Floating Preferred Shares:</b>				
Bank of Nova Scotia Preferred Shares, Series F	1,100	24	24	
		24	24	-
<b>TOTAL CANADIAN EQUITY</b>		<b>28,985</b>	<b>31,878</b>	<b>43.6</b>
<b>Money Market Securities</b>		<b>404</b>	<b>404</b>	<b>0.6</b>
<b>TRANSACTION COSTS</b>		<b>(19)</b>		
<b>TOTAL INVESTMENT PORTFOLIO</b>		<b>\$ 69,785</b>	<b>\$ 72,738</b>	<b>99.5</b>
<b>OTHER ASSETS LESS LIABILITIES</b>			<b>364</b>	<b>0.5</b>
<b>NET ASSETS</b>			<b>\$ 73,102</b>	<b>100.0</b>

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

# LEITH WHEELER INCOME ADVANTAGE FUND

Notes to Financial Statements - Fund Specific Information (unaudited)

(Tabular amounts expressed in thousands of dollars)

Six months ended June 30, 2017 and 2016

The Fund Specific Information for the Leith Wheeler Income Advantage 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 1.00% per annum, before GST/HST, of the daily Net Asset Value of Series B. The fee will be reduced to 0.80% per annum, before GST/HST, as long as the annualized yield on the Fund at quarter end is less than 4.50%. As at June 30, 2017, the effective yield on the Fund is 3.15% (December 31, 2016 – 3.07%); therefore, the lower fee of 0.80% (December 31, 2016 - 0.80%) per annum is in effect. Management fees in respect of Series F are calculated at a maximum of 0.70% per annum, before GST/HST, of the daily Net Asset Value of Series F. Management fee distributions for the period ended June 30, 2017 were approximately \$2,000 (2016 - \$2,000). 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 may be subject to withholding tax imposed in the country of origin. During the period, the withholding tax rate was nil (2016 – nil).

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 periods ended June 30, 2017, and 2016 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:					
2017	3,695	233	52	(444)	3,536
2016	3,498	253	63	(228)	3,586
Series B:					
2017	2,421	344	27	(231)	2,561
2016	2,376	239	30	(358)	2,287
Series F:					
2017	148	219	4	(4)	367
2016	67	5	1	(4)	69

# LEITH WHEELER INCOME ADVANTAGE FUND

Notes to Financial Statements - Fund Specific Information (unaudited)

(Tabular amounts expressed in thousands of dollars)

Six months ended June 30, 2017 and 2016

## 4. Financial risk management:

The Fund is exposed to various types of financial risks that are associated with its investment strategies, financial instruments and market in which it invests. These include credit risk, liquidity risk and market risk which consists of interest rate risk, currency risk and other price risk. The Fund is not exposed to significant currency 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".

### (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	5.5%	7.9%
AA	18.3%	23.6%
A	27.8%	22.0%
BBB	38.9%	35.8%
BB	-	10.7%
B	9.5%	0.0%
<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 period 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
	% of total debt securities	% of total debt securities
Term to maturity		
Less than 1 year	0.8%	2.4%
1 - 5 years	50.3%	45.2%
5 - 10 years	48.9%	51.6%
> 10 years	-	0.8%
<b>Total debt securities</b>	<b>100.0%</b>	<b>100.0%</b>

# LEITH WHEELER INCOME ADVANTAGE FUND

Notes to Financial Statements - Fund Specific Information (unaudited)

(Tabular amounts expressed in thousands of dollars)

Six months ended June 30, 2017 and 2016

## 4. Financial risk management (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 \$1,805,000 and \$1,754,000, respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (c) Market risk (continued):

#### (ii) 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 \$1,786,000 and \$1,760,000, respectively. In practice, actual results may differ from this sensitivity analysis and these differences could be material.

## 5. Fair value of financial instruments:

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

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

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

All fair value measurements below are recurring.

<b>June 30, 2017</b>	Level 1	Level 2	Level 3	Total
Bonds (including Mortgage Backed Securities)	\$ -	\$ 36,613	\$ -	\$ 36,613
Equities - Long	6,255	-	-	6,255
Investment Fund Units	29,466	-	-	29,466
Short Term Notes	-	404	-	404
	\$ 35,721	\$ 37,017	\$ -	\$ 72,738

  

<b>December 31, 2016</b>	Level 1	Level 2	Level 3	Total
Bonds (including Mortgage Backed Securities)	\$ -	\$ 34,900	\$ -	\$ 34,900
Equities - Long	6,154	-	-	6,154
Investment Fund Units	29,061	-	-	29,061
Short Term Notes	-	60	-	60
	\$ 35,215	\$ 34,960	\$ -	\$ 70,175

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

# LEITH WHEELER INCOME ADVANTAGE FUND

Notes to Financial Statements - Fund Specific Information (unaudited)

(Tabular amounts expressed in thousands of dollars)

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		2	\$ 158,745	\$ 29,466

Underlying Fund	Principal place of business	Country of domicile	Ownership interest	Carrying amount included in investments in statement of financial position
Leith Wheeler Canadian Dividend Fund	Canada	Canada	26.7%	25,623
Leith Wheeler High Yield Bond Fund	Canada	Canada	6.1%	3,843

<b>December 31, 2016</b>				
		Number of investee funds held	Total net assets of investee funds	Carrying amount included in investments
Investment fund holding		2	\$ 124,638	\$ 29,061

Underlying Fund	Principal place of business	Country of domicile	Ownership interest	Carrying amount included in investments in statement of financial position
Leith Wheeler Canadian Dividend Fund	Canada	Canada	28.2%	24,864
Leith Wheeler High Yield Bond Fund	Canada	Canada	11.5%	4,197

# LEITH WHEELER INCOME ADVANTAGE FUND

Notes to Financial Statements - Fund Specific Information (unaudited)

(Tabular amounts expressed in thousands of dollars)

Six months ended June 30, 2017 and 2016

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

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 2,061,665 Series A units (December 31, 2016 – 1,976,574) of the Leith Wheeler Canadian Dividend Fund and 384,250 Series A (CAD Hedged) units (December 31, 2016 – 427,939) of the Leith Wheeler High Yield Bond fund, which are both under common management.

During the period, the Fund earned approximately \$341,000 in dividend income (2016 - \$355,000), \$106,000 in interest income (2016 - \$137,000) and \$25,000 in other income (2016 - \$29,000). No additional management fees are paid by the Fund to the Manager in respect of holding units of this underlying investment pool.

# LEITH WHEELER INCOME ADVANTAGE 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 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 INCOME ADVANTAGE 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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## 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 INCOME ADVANTAGE 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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(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 INCOME ADVANTAGE 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):

(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 INCOME ADVANTAGE 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):

(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.

# LEITH WHEELER INCOME ADVANTAGE 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):

(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.

# LEITH WHEELER INCOME ADVANTAGE 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 INCOME ADVANTAGE FUND

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

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