

# Leith Wheeler Corporate Advantage Fund

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE  
June 30, 2016



Quiet Money.

This interim management report of fund performance contains financial highlights, but does not contain either interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1-888-292-1122, by writing to us at 1500 – 400 Burrard Street, Vancouver, BC V6C 3A6 or by visiting our website at [www.leithwheeler.com](http://www.leithwheeler.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

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

## Management Discussion of Fund Performance

### Investment Objective and Strategies

To provide a relatively stable source of monthly income. The Fund will invest in fixed income securities (including corporate bonds, preferred shares, high-yield debt, loans, convertible debt and guaranteed mortgages). The Fund primarily invests in a range of Canadian securities and may also invest in foreign securities. The Fund will also invest in broad range of companies and is not restricted by capitalization or industry sector, although portfolio diversification is a consideration in the selection of securities of the Fund. Under normal circumstances, the Fund will keep its portfolio fully invested to the greatest extent possible.

This Fund invests in a mix of assets to provide a source of income. The asset mix includes investment-grade fixed-income securities, providing the lower risk portion of the portfolio, and preferred shares, high-yield debt, loans, convertible debt and guaranteed mortgages, which provide additional income with less liquidity and potentially more credit risk. The allocation of investments in the Fund's portfolio is determined by the Manager to optimize the income and balance the risk of the portfolio using the follow target ranges for the asset mix: investment grade fixed-income securities 25% - 100%; preferred shares 0% - 30%; high-yield debt 0% - 20%; loans 0% - 10%; convertible debt 0% - 20% and guaranteed mortgages 0% - 10%.

### Risk

The overall risks of investing in the Fund are as described in the Simplified Prospectus. There were no material changes to the Fund during the year that affected the overall level of risk.

### Results of Operations

The Fund's net assets increased by 7.0% in the first half of 2016, rising to \$40.0 million from \$37.4 million at the end of 2015. Of this change, \$1.1million was attributable to investment gains and \$1.5 million to net inflows.

Fixed income investments performed well in the first half of 2016 as federal government bonds rallied as investors searched for safety. Some corporate bonds declined at the start of the year as the interest rate differential between government and corporate bonds increased (known as credit spread widening). The Corporate Advantage Fund performed well during the first six months of 2016 as Series A units returned 2.2%. Series B units returned 2.7% and Series F units advanced by 2.8%, both after fees and expenses, during the half year.

The Corporate Advantage Fund invests primarily in investment grade corporate bonds, but also holds preferred shares and high yield bonds. The asset mix of the Fund at the end of the June was 0.2% cash, 10.0% preferred shares, 6.3% federal or municipal bonds, 9.0% High Yield bonds, and 74.5% investment grade corporate bonds. The primary change in asset mix over the first six months took place in June where we reduced our exposure to investment grade corporates, high yield and preferred shares and added to bonds classified as federal and municipal bonds.

Over the first quarter of 2016, we saw a recovery in risky assets as oil prices increased. Corporate bond spreads were attractive and preferred shares were trading at discounted values. We were seeing a healthy amount of new issues in the market. Within the Fund, we added to preferred shares and high yield bonds early in the year then trimmed High Yield after strong performance. We added to our weight in the financial sector, including participating in new issues of Manulife preferred shares and Bank of Nova Scotia bonds.

During the second quarter, we saw continued strong performance from preferred shares and high yield bonds as they were recovering from lower valuations earlier in the year. Credit spreads widened slightly, but this was more than offset by an overall reduction in interest rates caused by a reduced expectation for Federal Reserve interest rate hikes.

Within the investment grade bond component of the Fund, we reduced our exposure to financials and added to real estate, oil and gas and utilities by participating in new issues that came to market at attractive pricing. In June, we trimmed some investment grade corporates and bought some highly rated NHA bonds (considered federal bonds) and municipal bond which traded at attractive yields compared to corporate bonds. Preferred shares continued to recover from the lower levels earlier in the year and we trimmed our holdings in June. We also trimmed high yields bonds in June which had outperformed preferred shares.

## Management Discussion of Fund Performance (cont.)

Our outlook for the Canadian fixed income markets remains cautious as the level of uncertainty for markets increased during the second quarter. We believe the probability of further monetary policy easing from the Bank of Canada has risen due to ongoing weakness in exports, while the probability of rate hikes in the United States is significantly lower due to global economic and political concerns.

In this environment, we continue to focus on allocating assets to the best risk-adjusted investments in fixed income. We continue to look for opportunities to add high quality assets at attractive prices to the Corporate Advantage Fund.

### Recent Developments

There has been no change in the Bank of Canada rate since the end of June 2016.

### Related Party Transactions

Leith Wheeler Investment Counsel Ltd. (the “Manager”) is the manager and portfolio advisor of the Fund and is responsible for the Fund’s day-to-day operations. The Fund pays the Manager a management fee as compensation for managing the investment portfolio of the Fund. As at June 30, 2016, the Leith Wheeler Corporate Advantage Fund owns 371,622 units of the Leith Wheeler Series A (CAD Hedged) units of Leith Wheeler High Yield Bond Fund, a fund under common management. This holding represents approximately 8.9% of this Fund.

### Management Fees

The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The annualized management fee for the Series B and Series F units of the Fund are 0.75% and 0.50%, respectively. During the year, the Fund paid the Manager \$3,613 for Series B and \$14,574 for Series F (exclusive of GST/HST) of its net assets as management fees. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund. The Manager paid all operating expenses except brokerage charges and taxes. In respect of Series A units, the unitholder pays the Manager a negotiated management fee outside the Fund.

We do not, directly or indirectly pay fees, sales commissions or trailing commissions, nor do we provide any non-monetary benefits to registered dealers for distributions of units of the Fund. If a broker charges you a commission or fee, that is a matter between you and the dealer.

## Financial Highlights

### The Fund's Net Assets Attributable to Holders of Redeemable Units per Unit

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past six months and for the past five years or for the periods since inception. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements. The financial information for periods beginning on or after January 1, 2013 is derived from the financial statements prepared in compliance with International Financial Reporting Standards ("IFRS"). For all prior periods, the financial information is presented in accordance with Canadian generally accepted accounting principles "GAAP". The net assets attributable to holders of redeemable units and the net assets attributable to holders of redeemable units per unit may differ from the Net Assets and Net Assets per Unit due to the valuation methodology previously used in determining fair values. An explanation of these differences can be found in the notes to the financial statements.

<b>Series A (inception May 29, 2014)</b>	<b>2016 YTD</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net assets attributable to holders of redeemable units - per unit, beginning of period <sup>(1) (3)</sup>	\$10.00	\$10.04	\$10.00	n/a	n/a	n/a
Increase (decrease) from operations:						
Total revenue	0.17	0.30	0.19	n/a	n/a	n/a
Total expenses	-	-	-	n/a	n/a	n/a
Realized gains (losses) for the year	(0.03)	(0.09)	-	n/a	n/a	n/a
Unrealized gains (losses) for the year	0.16	(0.08)	0.10	n/a	n/a	n/a
Total increase (decrease) from operations <sup>(1)</sup>	0.30	0.13	0.29	n/a	n/a	n/a
Distributions:						
From income (excluding dividends)	(0.11)	(0.21)	(0.03)	n/a	n/a	n/a
From dividends	(0.06)	(0.07)	(0.01)	n/a	n/a	n/a
From capital gains	-	-	-	n/a	n/a	n/a
Return of capital	-	-	-	n/a	n/a	n/a
Total Annual Distributions <sup>(2)</sup>	(0.17)	(0.28)	(0.04)	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$10.14	\$10.00	\$10.04	n/a	n/a	n/a

<b>Series B (inception May 29, 2014)</b>	<b>2016 YTD</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net assets attributable to holders of redeemable units - per unit, beginning of period <sup>(1) (3)</sup>	\$9.84	\$10.08	\$10.00	n/a	n/a	n/a
Increase (decrease) from operations:						
Total revenue	0.18	0.92	0.18	n/a	n/a	n/a
Total expenses	(0.03)	(0.08)	(0.05)	n/a	n/a	n/a
Realized gains (losses) for the year	(0.03)	(0.28)	-	n/a	n/a	n/a
Unrealized gains (losses) for the year	0.19	(0.25)	0.09	n/a	n/a	n/a
Total increase (decrease) from operations <sup>(1)</sup>	0.31	0.31	0.22	n/a	n/a	n/a
Distributions:						
From income (excluding dividends)	(0.06)	(0.29)	(0.01)	n/a	n/a	n/a
From dividends	(0.05)	(0.11)	-	n/a	n/a	n/a
From capital gains	-	-	-	n/a	n/a	n/a
Return of capital	-	-	-	n/a	n/a	n/a
Total Annual Distributions <sup>(2)</sup>	(0.11)	(0.40)	(0.01)	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$9.98	\$9.84	\$10.08	n/a	n/a	n/a

## Financial Highlights (cont.)

### The Fund's Net Assets Attributable to Holders of Redeemable Units per Unit (cont.)

Series F (inception September 10, 2015)	2016 YTD	2015	2014	2013	2012	2011
Net assets attributable to holders of redeemable units - per unit, beginning of period <sup>(1) (4)</sup>	\$9.95	\$10.07	n/a	n/a	n/a	n/a
Increase (decrease) from operations:						
Total revenue	0.18	1.09	n/a	n/a	n/a	n/a
Total expenses	(0.03)	-	n/a	n/a	n/a	n/a
Realized gains (losses) for the year	(0.03)	(0.33)	n/a	n/a	n/a	n/a
Unrealized gains (losses) for the year	0.18	(0.29)	n/a	n/a	n/a	n/a
Total increase (decrease) from operations <sup>(1)</sup>	0.30	0.47	n/a	n/a	n/a	n/a
Distributions:						
From income (excluding dividends)	(0.09)	(0.39)	n/a	n/a	n/a	n/a
From dividends	(0.06)	(0.16)	n/a	n/a	n/a	n/a
From capital gains	-	-	n/a	n/a	n/a	n/a
Return of capital	-	-	n/a	n/a	n/a	n/a
Total Annual Distributions <sup>(2)</sup>	(0.15)	(0.55)	n/a	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$9.67	\$9.95	n/a	n/a	n/a	n/a

(1) Net assets attributable to holders of redeemable units and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(2) Distributions are reinvested in additional units of the Fund or paid in cash.

(3) From May 29, 2014, inception date of the Fund.

(4) From September 10, 2015, inception date of Series F units of the Fund. Series F initial net asset value per unit offering commenced at the closing net asset value per unit of Series B on September 10, 2015 of \$10.07.

## Financial Highlights (cont.)

### Ratios and Supplemental Data

<b>Series A (inception May 29, 2014)</b>	<b>June 30, 2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total net assets attributable to holders of redeemable units - (\$000s) <sup>(1)</sup>	32,210	31,425	15,924	n/a	n/a	n/a
Number of units outstanding (000s) <sup>(1)</sup>	3,178	3,143	1,586	n/a	n/a	n/a
Management expense ratio(%) <sup>(2)</sup>	-	-	-	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	0.09	0.08	0.23	n/a	n/a	n/a
Trading expense ratio (%) <sup>(3)</sup>	0.05	0.09	0.06	n/a	n/a	n/a
Portfolio turnover rate (%) <sup>(4)</sup>	132.97	152.78	127.91	n/a	n/a	n/a
Net assets attributable to holders of redeemable units per unit (\$)	10.14	10.00	10.04	n/a	n/a	n/a

<b>Series B (inception May 29, 2014)</b>	<b>June 30, 2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total net assets attributable to holders of redeemable units - (\$000s) <sup>(1)</sup>	996	1,402	314	n/a	n/a	n/a
Number of units outstanding (000s) <sup>(1)</sup>	100	143	31	n/a	n/a	n/a
Management expense ratio(%) <sup>(2)</sup>	0.79	0.79	0.79	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	0.87	0.87	1.02	n/a	n/a	n/a
Trading expense ratio (%) <sup>(3)</sup>	0.05	0.09	0.06	n/a	n/a	n/a
Portfolio turnover rate (%) <sup>(4)</sup>	132.97	152.78	127.91	n/a	n/a	n/a
Net assets attributable to holders of redeemable units per unit (\$)	9.98	9.84	10.08	n/a	n/a	n/a

<b>Series F (inception September 10, 2015)</b>	<b>June 30, 2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total net assets attributable to holders of redeemable units - (\$000s) <sup>(1)</sup>	6,839	4,609	n/a	n/a	n/a	n/a
Number of units outstanding (000s) <sup>(1)</sup>	707	482	n/a	n/a	n/a	n/a
Management expense ratio(%) <sup>(2)</sup>	0.53	0.53	n/a	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	0.61	0.61	n/a	n/a	n/a	n/a
Trading expense ratio (%) <sup>(3)</sup>	0.05	0.09	n/a	n/a	n/a	n/a
Portfolio turnover rate (%) <sup>(4)</sup>	132.97	152.78	n/a	n/a	n/a	n/a
Net assets attributable to holders of redeemable units per unit (\$)	9.67	9.95	n/a	n/a	n/a	n/a

(1) This information is provided as at December 31 of the year shown; unless noted otherwise.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of the daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

## Past Performance

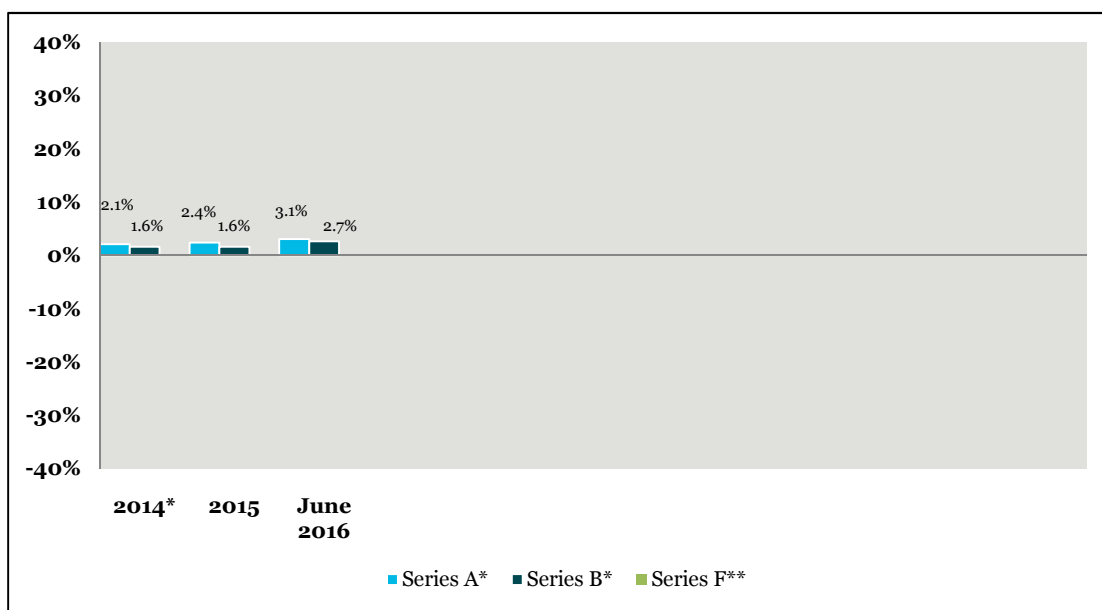
### General

The Fund's performance assumes all distributions made by the Fund in the years shown were reinvested in units of the Fund and is based on net asset value per unit. If you hold the Fund outside a Registered Plan, you will be taxed on these distributions.

The performance information does not take into account sales charges, other charges or taxes that, if applicable, would have reduced returns or performance; but includes management fees and other expenses borne directly by the Fund. Past performance does not necessarily indicate how the Fund may perform in the future.

### Year-by-Year Returns

The following bar chart shows the Fund's historical return, which changes each year and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each year.



\* Return from May 29, 2014 to December 31, 2014, not annualized. Series A and Series B units were created May 29, 2014.

\*\* Series F units were created on September 10, 2015. Investment Performance in respect of Series F will not be available until such units have been offered under a simplified prospectus for at least 12 consecutive months.

## Summary of Investment Portfolio

As at June 30, 2016

### Top 25 Positions

Issuer	% of Net Asset Value
Leith Wheeler High Yield Bond Fund (CAD Hedged), Series A	8.9%
Royal Bank of Canada 1.968% March 2, 2022	3.0%
Bank of Montreal 2.12% March 16, 2022	2.6%
Bank of Nova Scotia 2.873% June 4, 2021	2.2%
CAN 97506898 1.475% April 01, 2021	1.9%
Manulife Financial Corp 5.505% June 26, 2018	1.7%
City of Montreal 3.5% September 1, 2023	1.6%
TELUS Corp. 3.75% January 17, 2025	1.6%
Toronto Dominion Bank 2.621% December 22, 2021	1.6%
Bank of Nova Scotia 2.75% August 13, 2018	1.6%
Toronto Dominion Bank 1.693% April 2, 2020	1.5%
Canadian Imperial Bank of Commerce 1.7% October 09, 2018	1.5%
AltaLink LP 3.668% November 6, 2023	1.4%
Rogers Communications Inc. 4.00% June 6, 2022	1.4%
Toronto Dominion Bank 4.859% March 04, 2031	1.3%
Royal Bank of Canada 3.31% January 20, 2026	1.2%
Wells Fargo & Company 2.975% May 19, 2026	1.1%
HCN Canadian Holdings LP 3.35% November 25, 2020	1.1%
Enbridge Pipelines Inc. 3.45% September 29, 2025	1.1%
Royal Bank of Canada 2.35% December 9, 2019	1.0%
Bank Of Nova Scotia 2.13% June 15, 2020	1.0%
American Express Canada Credit Corp. 2.31% March 29, 2018	0.9%
Wells Fargo Canada Corp. 2.78% November 15, 2018	0.9%
Riocan Real Estate Invest 3.725% April 18, 2023	0.9%
The Goldman Sachs Group Inc. 3.375% February 1, 2018	0.8%

### Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Bonds	90.1%
Preferred Shares	9.9%

The Fund held no short positions as at June 30, 2016.

*The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at [www.leithwheeler.com](http://www.leithwheeler.com)*