

# Leith Wheeler Corporate Advantage Fund

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE  
June 30, 2017



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 103.5% in the first half of 2017, rising to \$103.8 million from \$51.0 million at the end of 2016. Of this change, \$1.9 million was attributable to investment gains and \$50.9 million of net inflows from purchases.

The Leith Wheeler Corporate Advantage Fund performed well in the first half of 2017 with Series A units advancing by 2.8%. Series B units returned 2.4% and Series F units advanced by 2.5%, both after fees and expenses.

The Corporate Advantage Fund is invested in a core portfolio of investment grade bonds with a concentration in high quality corporate issuers, and has an allocation to preferred shares and high yield bonds. The asset mix of the Fund at the end of June 2017 was 77.1% investment grade corporate bonds, 3.9% government bonds, 11.2% preferred shares, 7.0% high yield bonds, and 0.8% cash and equivalents. Since the end of 2016, we have increased our holdings of investment grade corporate bonds, government bonds and preferred shares and reduced our exposure to high yield bonds.

Due to the strengthening in global growth, the outlook for global fixed income markets has shifted. This normalization has already commenced in the United States, but other central banks around the world, including Canada, indicated they might also increase interest rates in the near term. The Bank of Canada, in particular, signaled an imminent intention to move away from ultra-low interest rates, surprising markets and triggering a significant repricing of Canadian short-term rates.

Our Canadian investment grade fixed income holdings generated moderately positive returns in the first six months of 2017. The portfolio benefited from a declining interest rate environment January through May, but gave back most of the gains in June when the expectation of rising interest rates was priced into the market. The investment grade fixed income was helped by the Fund's concentration in corporate credit which generated a yield advantage, while corporate credit spreads remained broadly unchanged.

Within the investment grade corporate bond component of the Fund, we added to holdings of issuers in the Consumer sector, notably high quality names in Manufacturing (Anheuser-Busch InBev Finance Inc) and Communications (Shaw). Weighting to Infrastructure issuers (407 International Inc) was trimmed as we found attractive risk-adjusted returns in other areas of the portfolio.

We are still finding preferred shares to be attractive on a spread basis and maintain our tactical overweight position, which has been a positive contributor to performance as preferred shares have rallied in the first six months of the year. The majority of the preferred shares we own are rate resets, which act as a hedge in a rising rate environment.

The high yield bond market realized positive returns in the first half of the year, primarily benefiting from the higher coupon income associated with the asset class. Lower-rated, high yield bonds outperformed year to date. We remain positive on high yield debt over the longer term, although valuations based on spreads are increasingly expensive relative to historical data, so we remain tactically underweight. We have mitigated some of the duration risk so that returns are more reliant on coupon carry and idiosyncratic factors rather than shifts in interest rates.

## Management Discussion of Fund Performance (cont.)

### Results of Operations (cont.)

High yield companies from the technology and services sectors in the Fund were the biggest contributors to performance in the first six months of 2017. Seagate Technology, a data storage company, performed well in the second quarter, despite having modest growth during the first three months of the year. Diebold Nixdorf, an ATM and point of sale service provider, is expected to generate positive free cash flow as the contracts won early in the year are billed in the latter half of the year. The poorest performer in high yield component of the Fund was Frontier Communications, a provider of internet and cable services in the U.S. Frontier's results have been under pressure due to its debt level and competitive environment. While the capital structure is covered by assets, including towers and fiber cables, the market has been concerned about the ability of the company's earnings to support higher debt levels over the long term. As bondholders, we are better protected (versus equity holders) by being higher in the capital structure and closer to the assets. Furthermore, we do not foresee any near-term negative catalysts and view these bonds' higher coupons as attractive over the short to medium term.

The first senior secured loan was added to the Fund in March with the purchase of a Dell first lien loan. Senior secured loans offer floating rate coupons, a benefit to investors in a rising interest rate environment. They are also more resilient in economic downturns than bonds and would receive higher recoveries in the event of default. At the end of June, there were three loans held in the high yield bond component of the Corporate Advantage Fund.

The positive momentum in U.S. economic indicators is supportive for balance sheet strength of high yield issuers. Default rates remain very low, especially outside of the energy and mining sectors, and corporate leverage is stable. Furthermore, high yield bonds have historically performed well in a rising interest rate environment due to their shorter duration and higher coupons. In this environment, we continue to focus on allocating assets to the best risk-adjusted investments. We continue to look for opportunities to add high quality assets at attractive prices to the Corporate Advantage Fund.

### Recent Developments

The Bank of Canada raised their key interest rate to 0.75% in July 2017.

### 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, 2017, the Leith Wheeler Corporate Advantage Fund owns 729,161 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 7.0% 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 \$11,211 for Series B and \$33,865 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>2017 YTD</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Net assets attributable to holders of redeemable units - per unit, beginning of year <sup>(1)(3)</sup>	\$10.18	\$10.00	\$10.04	\$10.00	n/a	n/a
Increase (decrease) from operations:						
Total revenue	0.16	0.38	0.30	0.19	n/a	n/a
Total expenses	-	-	-	-	n/a	n/a
Realized gains (losses) for the year	0.09	-	(0.09)	-	n/a	n/a
Unrealized gains (losses) for the year	-	0.12	(0.08)	0.10	n/a	n/a
Total increase (decrease) from operations <sup>(1)</sup>	0.25	0.50	0.13	0.29	n/a	n/a
Distributions:						
From income (excluding dividends)	(0.10)	(0.28)	(0.21)	(0.03)	n/a	n/a
From dividends	(0.04)	(0.06)	(0.07)	(0.01)	n/a	n/a
From capital gains	-	-	-	-	n/a	n/a
Return of capital	-	-	-	-	n/a	n/a
Total Annual Distributions <sup>(2)</sup>	(0.14)	(0.34)	(0.28)	(0.04)	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$10.33	\$10.18	\$10.00	\$10.04	n/a	n/a

<b>Series B (inception May 29, 2014)</b>	<b>2017 YTD</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Net assets attributable to holders of redeemable units - per unit, beginning of year <sup>(1)(3)</sup>	\$10.02	\$9.84	\$10.08	\$10.00	n/a	n/a
Increase (decrease) from operations:						
Total revenue	0.11	0.55	0.92	0.18	n/a	n/a
Total expenses	(0.02)	(0.07)	(0.08)	(0.05)	n/a	n/a
Realized gains (losses) for the year	0.06	0.01	(0.28)	-	n/a	n/a
Unrealized gains (losses) for the year	-	0.18	(0.25)	0.09	n/a	n/a
Total increase (decrease) from operations <sup>(1)</sup>	0.15	0.66	0.31	0.22	n/a	n/a
Distributions:						
From income (excluding dividends)	(0.07)	(0.18)	(0.29)	(0.01)	n/a	n/a
From dividends	(0.05)	(0.05)	(0.11)	-	n/a	n/a
From capital gains	-	-	-	-	n/a	n/a
Return of capital	-	-	-	-	n/a	n/a
Total Annual Distributions <sup>(2)</sup>	(0.12)	(0.22)	(0.40)	(0.01)	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$10.14	\$10.02	\$9.84	\$10.08	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)	2017 YTD	2016	2015	2014	2013	2012
Net assets attributable to holders of redeemable units - per unit, beginning of year <sup>(1) (3)</sup>	\$9.69	\$9.55	\$10.07	n/a	n/a	n/a
Increase (decrease) from operations:						
Total revenue	0.12	0.35	1.09	n/a	n/a	n/a
Total expenses	(0.02)	(0.05)	-	n/a	n/a	n/a
Realized gains (losses) for the year	0.06	-	(0.33)	n/a	n/a	n/a
Unrealized gains (losses) for the year	-	0.11	(0.29)	n/a	n/a	n/a
Total increase (decrease) from operations <sup>(1)</sup>	0.15	0.41	0.47	n/a	n/a	n/a
Distributions:						
From income (excluding dividends)	(0.10)	(0.25)	(0.39)	n/a	n/a	n/a
From dividends	(0.05)	(0.06)	(0.16)	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>	(0.15)	(0.31)	(0.55)	n/a	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year <sup>(1)</sup>	\$9.78	\$9.69	\$9.95	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, 2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Total net assets attributable to holders of redeemable units - (\$000s) <sup>(1)</sup>	75,096	39,959	31,425	15,924	n/a	n/a
Number of units outstanding (000s) <sup>(1)</sup>	7,272	3,926	3,143	1,586	n/a	n/a
Management expense ratio(%) <sup>(2)</sup>	-	-	-	-	n/a	n/a
Management expense ratio before waivers or absorptions (%)	0.01	0.05	0.08	0.23	n/a	n/a
Trading expense ratio (%) <sup>(3)</sup>	0.02	0.06	0.09	0.06	n/a	n/a
Portfolio turnover rate (%) <sup>(4)</sup>	87.95	101.94	152.78	127.91	n/a	n/a
Net assets attributable to holders of redeemable units per unit (\$)	10.33	10.18	10.00	10.04	n/a	n/a

<b>Series B (inception May 29, 2014)</b>	<b>June 30, 2017</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>	4,195	1,230	1,402	314	n/a	n/a
Number of units outstanding (000s) <sup>(1)</sup>	414	123	143	31	n/a	n/a
Management expense ratio(%) <sup>(2)</sup>	0.79	0.79	0.79	0.79	n/a	n/a
Management expense ratio before waivers or absorptions (%)	0.80	0.84	0.87	1.02	n/a	n/a
Trading expense ratio (%) <sup>(3)</sup>	0.02	0.06	0.09	0.06	n/a	n/a
Portfolio turnover rate (%) <sup>(4)</sup>	87.95	101.94	152.78	127.91	n/a	n/a
Net assets attributable to holders of redeemable units per unit (\$)	10.14	10.02	9.84	10.08	n/a	n/a

<b>Series F (inception September 10, 2015)</b>	<b>June 30, 2017</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>	24,487	9,838	4,609	n/a	n/a	n/a
Number of units outstanding (000s) <sup>(1)</sup>	2,503	1,015	482	n/a	n/a	n/a
Management expense ratio(%) <sup>(2)</sup>	0.53	0.53	0.53	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	0.54	0.57	0.61	n/a	n/a	n/a
Trading expense ratio (%) <sup>(3)</sup>	0.02	0.06	0.09	n/a	n/a	n/a
Portfolio turnover rate (%) <sup>(4)</sup>	87.95	101.94	152.78	n/a	n/a	n/a
Net assets attributable to holders of redeemable units per unit (\$)	9.78	9.69	9.95	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

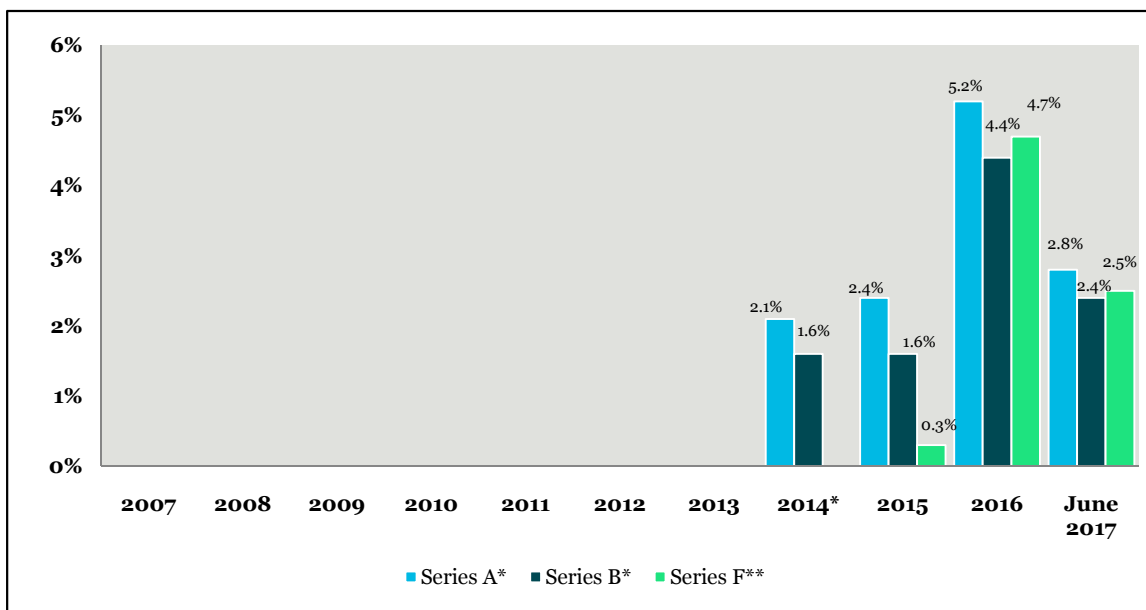
### General

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.



\* Series A and Series B return from inception on May 29, 2014 to December 31, 2010, not annualized.

\*\*Series F return from inception on September 10, 2015 to December 31, 2015, not annualized.

## Summary of Investment Portfolio

As at June 30, 2017

### Top 25 Positions

Issuer	% of Net Asset Value
Leith Wheeler High Yield Bond Fund (CAD Hedged), Series A	7.0%
Royal Bank of Canada 3.31% January 20, 2026	2.5%
Enbridge Pipelines Inc. 3.45% September 29, 2025	2.1%
Bank of Montreal 1.88% March 31, 2021	2.0%
Toronto-Dominion Bank 1.99% March 23, 2022	1.8%
Royal Bank of Canada 1.968% March 2, 2022	1.5%
Bank of Nova Scotia 1.9% December 02, 2021	1.5%
First Nations Finance Authority 3.4% June 26, 2024	1.3%
Bank of Montreal 1.61% October 28, 2021	1.3%
Enbridge Inc 3.19% December 05, 2022	1.3%
Toronto-Dominion Bank 1.68% June 08, 2021	1.2%
TELUS Corp. 3.75% January 17, 2025	1.2%
Bell Canada 2.9% August 12, 2026	1.2%
Wells Fargo & Company 2.222% March 15, 2021	1.1%
Canadian Imperial Bank of Commerce 1.7% October 09, 2018	1.1%
North West Redwater Port 3.2% July 22, 2024	1.0%
Shaw Communications Inc 3.8% March 01, 2027	1.0%
Bank of Nova Scotia 2.40% October 28, 2019	1.0%
Pembina Pipeline Corp 2.99% January 22, 2024	1.0%
Enbridge Inc. Cumulative Redeemable Preference Shares Series B	1.0%
CT Real Estate Investment Trust 2.85% June 9, 2022	0.8%
AT&T Inc 3.825% November 25, 2020	0.8%
Brookfield Asset Man Inc 3.95% April 09, 2019	0.8%
Brookfield Renewable Energy Partners ULC 3.752% June 02, 2025	0.8%
Union Gas Ltd 2.76% June 02, 2021	0.8%

### Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Bonds	87.8%
Preferred Shares	11.2%
Cash & Other Net Assets	1.0%

The Fund held no short positions as at June 30, 2017.

*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)*