



Leith Wheeler Balanced Fund

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE
June 30, 2011

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 obtain a free copy of the interim or annual financial statements at your request, 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 or SEDAR at www.sedar.com.

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

A NOTE ON FORWARD LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

We stress that the above-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements as a result of new information, future events or otherwise.

Investment Objective and Strategies

Fund Objective

To provide investors with a relatively stable, superior long-term rate of return, through a balanced portfolio of common shares and fixed income securities.

Investment Style

Although Leith Wheeler may change the investment mix between fixed income and equity securities as opportunities arise, a portion of the Fund will be maintained in each class. Generally, the Fund's investments in equity securities will range between 45% and 65% of its total investments. Not more than 35% of the Fund's investments will consist of foreign equity securities.

The fixed income securities will provide lower risk income while the common shares will provide an opportunity for capital gains. Investors will participate in a professionally managed portfolio in which specific security selection and asset mix decisions will be made by experienced portfolio managers.

Risk

The overall risks of investing in the Fund are as described in the Prospectus. Upon review of historical volatility of the fund and as there were no material changes to the Fund during the year that affected the overall level of risk, the risk level of the Fund was reduced to 'low-to-medium' from 'medium'.

Results of Operations

In the first half of 2011, the Fund's net assets increased by 3.9% to \$64.5 million from \$62.1 million at the end of 2010. Of this change, \$1.0 million was attributable to investment gain and \$1.4 million to net sales.

The asset mix of the Balanced Fund at June 30, 2011 was 1.8% cash and short term notes, 34.2% bonds, 33.9% Canadian equities, 16.4% U.S. Equities and 13.7% International Equities.

Units of the Leith Wheeler Balanced Fund increased by 1.7% after fees and expenses in the first six months of 2011. In comparison, the composite benchmark for the Fund increased by 1.6% in the same period.

The Balanced Fund's performance was helped by good performance from its fixed income holdings, in particular during the second quarter when bonds outperformed equities as investors sought relative safety of the Canadian bond market amidst concerns about European sovereign debt and softness of the U.S. economy. Corporate bonds added value to the portfolio in the first quarter of 2011,

resulting primarily from a strong compression of corporate bond yields over government bonds – particularly in Asset Back Securities (ABS) and Canadian Commercial Mortgage Backed Securities (CMBS) held in the Fund. We used this outperformance as an opportunity to improve the strength of the bond portfolio by moving into more senior corporate bond holdings and by buying provincial bonds.

Throughout 2011, the fixed income portion of the Balanced Fund has been positioned for an increase in interest rates. This benefitted the Fund in the early part of 2011, but had a slight negative impact on performance as long term rates declined later on in the first half of the year. Overall during the first half of 2011, this was outweighed by the outperformance of the corporate bonds in the portfolio. Going forward, we expect the Canadian economy to continue to expand, albeit at a slower pace owing to weakness in the U.S. We expect economic growth in the U.S. to be sluggish over the next few years.

Although equity markets began 2011 strongly, the second quarter proved to be more problematic for Canadian equity returns. Lingering concerns about the earthquake damage in Japan, the Greek fiscal situation and signs of economic softness in China and the United States, weighed heavily on equity prices in Canada. During the second quarter, the S&P/TSX Composite dropped 5.2%. At the end of June, the Canadian market was up slightly for the year-to-date by 0.2%.

The Canadian equity component of the Balanced Fund outperformed the S&P/TSX index in the first half of 2011. The majority of the Fund's outperformance was attributable to its significant underweight to the Materials sector, which declined 9.7% in the first six months of the year. This positive relative performance represents a reversal of the underperformance the Fund experienced in 2010, which was due in part to its Materials underweight and the sector's strong returns last year.

In the first six months of 2011, we added positions in some high quality companies in the Fund. We added a small position in West Fraser Timber, Canada's largest lumber company in the first quarter. In the second quarter, we initiated a position in Teck Resources, Canada's largest diversified resource company. We also added some stocks in the Energy and Financial sectors.

The U.S. Equity component of the Balanced Fund has lagged the benchmark S&P500 in the first six months of 2011. The Fund's underperformance was due primarily to the types of securities held in the Fund, specifically the Fund's large capitalization focus. Over the past two years,

we have been adding positions in very high quality, larger capitalization companies that have been historically too expensive to buy. Although these stocks have lagged the performance of smaller companies in the U.S. recently, we feel that over the long-term they are well positioned for future growth and are presently trading well below their intrinsic value

When we look at the U.S. market there are an abundance of world-class companies selling at incredible discounts given their exposure to a country which is clearly facing challenges. Many of these businesses have terrific long term track records, derive a significant portion of their revenues from other markets and have remained very profitable despite the problems their country is facing; however, their stock prices remain under pressure. We feel that many investors with a shorter time horizon are neglecting great investment opportunities in large part due to the fact that they are domiciled in the U.S. We feel strongly that patience will be rewarded, as investment results are ultimately driven by the success of the underlying business over the long term. The overall quality of the U.S. component of the Balanced Fund's holdings is high and we are optimistic about potential returns over the next several years.

The International equity component of the Balanced Fund is held through units in the Leith Wheeler International Equity Plus Fund. The Leith Wheeler International Equity Plus Fund lagged its benchmark in the first six months of 2011. This was due primarily to the Fund's overweight position in Japanese stocks and to some of its holdings in Precious Metals. We feel that these companies are undervalued and will appreciate to fair value over time.

Global equity markets started the year in positive territory, but attitudes towards equities and Japanese companies in particular turned negative later in the quarter. Oil stocks performed the best in the first three months of 2011, followed by Telecom stocks. Precious Metals and Consumer Staples stocks detracted from market performance. We added to high quality Japanese stocks such as Japan Steel Work, West Japan Rail, Daiichi Sankyo and Chuo Mitsui Trust. We eliminated our holdings in Magna, Impala Platinum, Home Retail, Sumimoto Trust and Alcatel Lucent.

The second quarter began with positive international equity returns in April, but markets headed negative again with the continuation of the turmoil in the Middle East and a return of the potential for a European default. We found value in Japanese stocks after the tsunami and increased our weights in companies that have been attractive but unaffordable historically. We added positions to Cameco, Takeda Pharmaceutical, Sumimoto

Mitsui and Polyus Gold. In the second quarter, Japanese companies related to infrastructure rebuilding performed well and were trimmed from the portfolio. We eliminated our holdings in Niko Resources, Chuo Mitsui and JS Group Corp.

As we start the second half of 2011, it is likely that the volatility seen in equity markets will continue for the foreseeable future. Global economic conditions continue to move in uncharted territory with major developed nations dealing with growing levels of public debt, lackluster private demand and potentially slowing economies.

With all the negative 'big picture' news, however, many opportunities have been created at the individual company level. We continue to find companies that fit what we look for – quality companies or survivors trading at a discount to their intrinsic value. We continue to believe equities will be a source of wealth preservation in these uncertain times.

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.

Leith Wheeler Balanced Fund owns 1,146,334 units of the Leith Wheeler International Equity Plus Fund, a fund under common management. This holding represents approximately 83.1% of the underlying Fund.

Recent Developments

Equity markets continued to be volatile in the early part of the second half of 2011 as fears of an impending global recession were fuelled by reports in the media. Rating agency Standard & Poor's (S&P) downgraded U.S. government long-term debt from AAA to AA+ in August. This led the markets to decline significantly as investors who were concerned about debt levels in Europe and recent disappointing global economic news now digested the impact of a downgrade in U.S. debt. Concern has increased that we may be entering another recession at a time when the government's ability to respond to a slowdown is limited.

What has not been widely reported is that while the stock markets have declined, bond markets have enjoyed a significant rally. The DEX Universe Bond Index has increased 3.8% since the end of June at the time of writing. The downgrade by S&P was widely expected and we do not expect it to push up yields in any meaningful

way. On a positive note, it has put the fiscal situation in the U.S. under more of a spotlight and should, hopefully, push the politicians into a more credible long term plan to deal with their debt and deficits.

On the economic front, the last month has seen a significant revision in global growth prospects. These revisions have led to corrections in major equity markets globally and declines in interest rates for most developed bond markets. These concerns around growth expectations are somewhat of a reaction to policy tightening in many regions of the world. Emerging market countries have been leading the global economy higher since the end of the last recession. Unfortunately, price increases in these markets have led to persistent inflation with wage increases becoming routine. To battle this inflation, we have seen a tightening in monetary policy over the past year. Though these increases have had only a modest impact on economic performance to date, the market is concerned that a more significant slowdown is underway. Although we expect to see some slowing of growth from the recent lofty levels in the emerging markets, we still expect these markets to be a key engine that keeps global GDP on an upward trend.

In Europe, the ECB has increased interest rates twice this year despite stresses within the periphery countries of Greece, Portugal, and Ireland. Recent stock market declines were precipitated by a lack of confidence in the Eurozone's ability to manage larger debtor countries such as Italy and Spain. Recent economic data has shown only a modest softening in the industrial heartland within core Europe. However, the stock market has started to discount much slower growth throughout the Eurozone due to continued concerns around peripheral debt levels and the potential impact from weakening emerging economy exports. In the U.S., most signs are pointing to an environment of continued slow economic growth, and the recent market volatility has increased the downside risk to these expectations. Our economy is closely linked to the U.S., as well as to the rest of the world, so our stock market has fallen in tandem. The market is concerned that we will see a recession and with the recent economic weakness, the risks of a recession have increased. However, our base case scenario is for the U.S. economy and Europe not to enter a recession but rather to see a low level of growth in their economies despite their fiscal situation and debt levels.

Financial Highlights

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.

The Fund's Net Assets per Unit

| | 2011 YTD | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|-------------|---------|---------|---------|---------|---------|
| Net assets, beginning of year⁽¹⁾ | \$19.83 | \$18.35 | \$16.54 | \$19.81 | \$21.83 | \$20.29 |
| Increase (decrease) from operations: | | | | | | |
| Total revenue | 0.31 | 0.59 | 0.60 | 0.68 | 0.69 | 0.66 |
| Total expenses | (0.12) | (0.22) | (0.19) | (0.23) | (0.27) | (0.25) |
| Realized gains (losses) for the period | 0.32 | 0.42 | (0.76) | (0.22) | 1.19 | 1.01 |
| Unrealized gains (losses) for the period | (0.19) | 1.06 | 2.46 | (3.04) | (2.12) | 1.15 |
| Total increase (decrease) from operations⁽²⁾ | 0.32 | 1.85 | 2.11 | (2.81) | (0.51) | 2.57 |
| Distributions: | | | | | | |
| From income (excluding dividends) | (0.03) | (0.10) | (0.12) | (0.14) | (0.24) | (0.23) |
| From dividends | (0.16) | (0.27) | (0.29) | (0.33) | (0.18) | (0.17) |
| From capital gains | - | - | - | - | (1.09) | (0.56) |
| Return of capital | - | - | - | - | - | - |
| Total Annual Distributions⁽³⁾ | (0.19) | (0.37) | (0.41) | (0.47) | (1.51) | (0.97) |
| Net assets, end of year⁽¹⁾ | \$19.97 | \$19.83 | \$18.35 | \$16.54 | \$19.81 | \$21.83 |

(1) This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements. The net assets per security presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the Note 4 of the financial statements.

(2) Net assets 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.

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

Ratios and Supplemental Data

| | 2011 YTD | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|-------------|--------|--------|--------|--------|--------|
| Total net asset value (\$)(000's) ⁽¹⁾ | 64,506 | 62,085 | 59,171 | 62,403 | 80,662 | 75,736 |
| Number of units outstanding (000's) ⁽¹⁾ | 3,227 | 3,129 | 3,221 | 3,767 | 4,029 | 3,470 |
| Management expense ratio(%) ⁽²⁾ | 1.23 | 1.19 | 1.16 | 1.16 | 1.17 | 1.18 |
| Management expense ratio before Waivers or absorptions (%) | 1.23 | 1.19 | 1.16 | 1.16 | 1.17 | 1.18 |
| Trading expense ratio (%) ⁽³⁾ | 0.02 | 0.04 | 0.06 | 0.05 | 0.06 | 0.06 |
| Portfolio turnover rate (%) ⁽⁴⁾ | 16.77 | 35.78 | 53.55 | 53.18 | 92.10 | 59.63 |

(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 for the stated period and is expressed as an annualized percentage of 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.

Management Fees

Leith Wheeler Investment Counsel Ltd. (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 units of the Fund

is 1.10%. Year to date, the Fund paid the Manager \$349,771(exclusive of 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.

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.

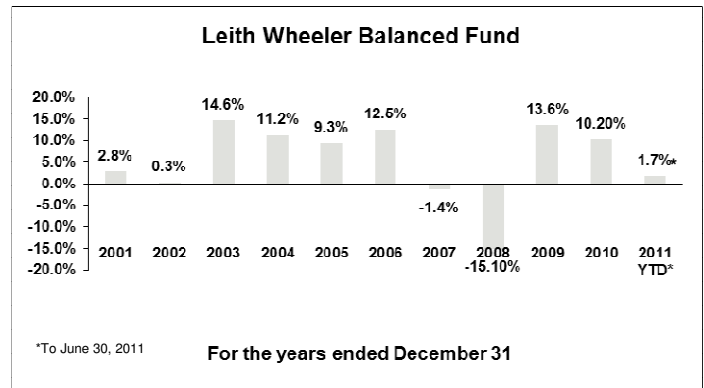
Past Performance

General

The Fund's performance assumes all distributions made by the Fund in the periods 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 chart shows the Fund's historical return, which changes each year and illustrates how the Fund's performance has changed for the six-month period ended June 30, 2011 and each financial period ended December 31. The 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 period.



Summary of Investment Portfolio*

As at June 30, 2011

Top 25 Holdings

| Issuer | % of Net Asset Value |
|---------------------------------------|----------------------|
| LW Int'l Equity Plus Series A | 15.5% |
| Canada Housing FRN 1.79% Mar 15, 2014 | 4.6% |
| Saputo Inc. | 2.2% |
| TD Bank | 2.0% |
| Canadian Natural Resources Ltd. | 1.8% |
| Scotiabank | 1.7% |
| Royal Bank of Canada | 1.6% |
| EnCana Corporation | 1.5% |
| Talisman Energy Inc. | 1.5% |
| Ontario 4.20% Jun 2, 2020 | 1.5% |
| CAE Inc. | 1.4% |
| Toromont Industries Ltd. | 1.4% |
| CN Rail | 1.2% |
| Shaw Comm. B | 1.0% |
| Markel Corp. | 0.9% |
| Canadian Imperial Bank of Commerce | 0.9% |
| Canada 4.00% Jun 1, 2041 | 0.9% |
| Johnson and Johnson | 0.9% |
| Finning International Inc. | 0.9% |
| 3M Co. | 0.9% |
| Quebec 4.50% Dec 1, 2019 | 0.9% |
| National Bank of Canada | 0.8% |
| Walgreen Co. | 0.8% |
| Canadian Tire A | 0.8% |
| TransCanada Corp. | 0.8% |

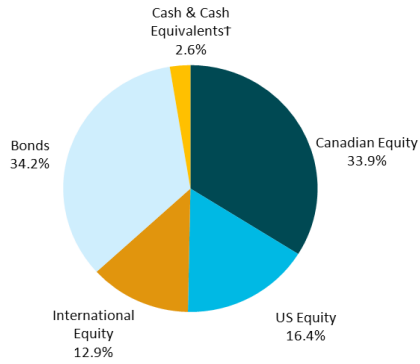
*The summary of investment portfolio may change due to ongoing portfolio transactions of the investment Fund. A quarterly update is available upon request.

Asset Mix

| Sector | % of Net Asset Value |
|---|----------------------|
| Cash⁽¹⁾ | 2.6% |
| Fixed Income | 34.2% |
| Corporate | 18.0% |
| Provincial | 9.8% |
| Federal | 6.4% |
| Canadian Equity⁽¹⁾ | 33.9% |
| Consumer Discretionary | 3.6% |
| Consumer Staples | 2.6% |
| Energy | 8.6% |
| Financials | 10.7% |
| Industrials | 5.6% |
| Information Technology | 0.8% |
| Materials | 1.3% |
| Telecom Services | 0.7% |
| US Equity⁽¹⁾ | 16.4% |
| Consumer Discretionary | 1.9% |
| Consumer Staples | 2.8% |
| Energy | 1.9% |
| Financials | 2.8% |
| Healthcare | 2.8% |
| Industrials | 1.8% |
| Information Technology | 1.3% |
| Materials | 0.5% |
| Telecom Services | 0.0% |
| Utilities | 0.6% |
| International Equity⁽¹⁾ | 12.9% |
| Consumer Discretionary | 1.5% |
| Consumer Staples | 1.5% |
| Energy | 0.7% |
| Financials | 1.0% |
| Healthcare | 1.4% |
| Industrials | 1.5% |
| Information Technology | 1.3% |
| Materials | 1.2% |
| Telecom Services | 2.1% |
| Utilities | 0.7% |

(1) The percentage of Net Asset Value/Portfolio Composition includes the Fund's relative allocation of the Leith Wheeler International Equity Plus Fund's (the underlying Fund) asset mix/portfolio composition. This allocation is based on the product of the Fund's holding of the underlying Fund, as a percentage, multiplied by the underlying Fund's asset mix/portfolio composition.

Portfolio Composition



**Cash and cash equivalents includes other assets and liabilities.*