

Financial Statements of

LEITH WHEELER CORE BOND FUND

Years ended December 31, 2018 and 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Leith Wheeler Core Bond Fund (the "Fund") have been prepared by the Manager, Leith Wheeler Investment Counsel Ltd. The Manager is responsible for the preparation and presentation of the Fund's financial statements and the development of internal controls over the financial reporting process.

The Board of Directors of the Manager is responsible for reviewing and approving the financial statements and for overseeing the Manager's performance of its financial reporting responsibilities. The Board of Directors has approved the accompanying financial statements of the Fund.

KPMG LLP, the external auditors of the Fund, were appointed by the Manager. As explained in their auditors' report, KPMG LLP have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements.

Leith Wheeler Investment Counsel Ltd.

 "James F. Gilliland"
President and Chief Executive Officer

 "Cecilia Wong"
Chief Financial Officer

March 29, 2019



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INDEPENDENT AUDITORS' REPORT

To the Unitholders of the Leith Wheeler Core Bond Fund

Opinion

We have audited the financial statements of the Leith Wheeler Core Bond Fund (the "Fund"), which comprise:

- the statements of financial position as at December 31, 2018 and December 31, 2017
- the statements of comprehensive income for the years then ended
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended
- the statements of cash flows for the years then ended,
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2018 and December 31, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

The Manager is responsible for the other information. Other information comprises:

- the Annual Management Report of Fund Performance filed with the relevant Canadian securities commissions

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Annual Management Report of Fund Performance filed with the relevant Canadian securities commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of the Manager and Those Charged with Governance for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
March 29, 2019

LEITH WHEELER CORE BOND FUND

Statements of Financial Position

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

December 31, 2018 and 2017

	Note	2018	2017
Assets			
Cash		\$ 369	\$ 166
Amounts due from brokers		958	-
Interest receivable		1,030	1,035
Subscriptions receivable		-	30
Investments		194,659	192,159
		197,016	193,390
Liabilities			
Amounts due to brokers		1,175	-
Management fees payable	1	51	66
Redemptions payable		26	-
		1,252	66
Net assets , attributable to holders of redeemable units		\$ 195,764	\$ 193,324
Represented by:			
Series A		\$ 172,793	\$ 161,816
Series B		22,971	31,508
		\$ 195,764	\$ 193,324
Net assets, attributable to holders of redeemable units per unit:			
Series A		\$ 10.52	\$ 10.68
Series B		10.71	10.79

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

Approved on behalf of the Board of Directors of
Leith Wheeler Investment Counsel Ltd.,
in its capacity as Manager.

“James F. Gilliland” Director “Jonathon D. Palfrey” Director

LEITH WHEELER CORE BOND FUND

Statements of Comprehensive Income

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

Years ended December 31, 2018 and 2017

	Note	2018	2017
Revenue:			
Interest income		\$ 5,809	\$ 5,948
Changes in fair value of investments:			
Net realized loss		(2,131)	(2,312)
Net change in unrealized appreciation (depreciation)		(619)	1,942
Total revenue		3,059	5,578
Expenses:			
Management fees	1	218	262
GST/HST		11	14
Commissions and transaction cost		7	9
Total operating expenses		236	285
Management fee distributions	1	(3)	(3)
Net operating expenses		233	282
Increase in net assets attributable to holders of redeemable units from operations excluding distributions			
		2,826	5,296
Distributions to holders of redeemable units:			
From net investment income		(5,545)	(5,455)
From net realized gains on investments		-	-
Management fee distributions	1	(3)	(3)
		(5,548)	(5,458)
Decrease in net assets attributable to holders of redeemable units			
		\$ (2,722)	\$ (162)
Decrease in net assets attributable to holders of redeemable units:			
Series A		\$ (2,405)	\$ (160)
Series B		(317)	(2)
		\$ (2,722)	\$ (162)
Decrease in net assets attributable to holders of redeemable units per unit (excluding distributions):			
Series A		\$ 0.17	\$ 0.30
Series B		0.05	0.21

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

LEITH WHEELER CORE BOND FUND

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

Years ended December 31, 2018 and 2017

Series A	2018	2017
Balance, beginning of year	\$ 161,816	\$ 174,933
Decrease in net assets attributable to holders of redeemable units	(2,405)	(160)
Redeemable unit transactions:		
Issue of redeemable units	35,754	29,285
Reinvestment of distributions	4,461	4,192
Redemption of redeemable units	(26,833)	(46,434)
Net increase (decrease) from redeemable unit transactions	13,382	(12,957)
Balance, end of year	\$ 172,793	\$ 161,816

Series B	2018	2017
Balance, beginning of year	\$ 31,508	\$ 36,034
Decrease in net assets attributable to holders of redeemable units	(317)	(2)
Redeemable unit transactions:		
Issue of redeemable units	3,069	4,109
Reinvestment of distributions	454	667
Redemption of redeemable units	(11,743)	(9,300)
Net decrease from redeemable unit transactions	(8,220)	(4,524)
Balance, end of year	\$ 22,971	\$ 31,508

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

LEITH WHEELER CORE BOND FUND

Statements of Cash Flows

(Expressed in thousands of dollars)

Years ended December 31, 2018 and 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Decrease in net assets attributable to holders of redeemable units	\$ (2,722)	\$ (162)
Adjustments for:		
Net realized loss from investments	2,131	2,312
Net change in unrealized depreciation (appreciation) from investments	619	(1,942)
Amounts due from brokers	(958)	-
Interest income	(5,809)	(5,948)
Amounts due to brokers	1,175	-
Management fees payable	(15)	(5)
Redemptions payable	26	(517)
Subscriptions receivable	30	(30)
Proceeds from sale of investments	344,534	351,370
Purchases of investments	(349,784)	(333,701)
Interest received	5,814	6,132
	(4,959)	17,509
Financing activities:		
Proceeds from issue of redeemable units	38,823	33,394
Reinvestment of distributions	4,915	4,859
Payments on redemption of redeemable units	(38,576)	(55,734)
	5,162	(17,481)
Net increase in cash	203	28
Cash, beginning of year	166	138
Cash, end of year	\$ 369	\$ 166

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

LEITH WHEELER CORE BOND FUND

Schedule of Investment Portfolio
(Expressed in thousands of dollars)

December 31, 2018

Security	Coupon rate %	Maturity	Par value	Cost	Fair value	% of Net assets
BONDS AND GUARANTEES						
Corporate Bonds and Guarantees:						
407 International Inc.	3.720	11-May-48	\$ 494	\$ 494	\$ 486	
407 International Inc	5.960	3-Dec-35	150	212	194	
AlMco Realty Investors	2.270	26-Jun-24	271	271	261	
Alectra Inc	3.960	30-Jul-42	367	382	377	
Alliance Pipeline LP	7.180	30-Jun-23	171	212	189	
Allied Properties Real Estate Investment Trust	3.640	21-Apr-25	134	134	129	
AltaGas Canada Inc.	4.260	5-Dec-28	530	530	538	
AltaGas Ltd	3.570	12-Jun-23	1,572	1,540	1,550	
AltaGas Ltd	3.980	4-Oct-27	500	479	481	
Arrow Lakes Power	5.520	5-Apr-41	513	525	606	
Bank of Montreal	1.610	28-Oct-21	907	891	879	
Bank of Montreal	1.880	31-Mar-21	1,500	1,518	1,473	
Bank of Montreal	2.100	6-Oct-20	1,908	1,896	1,891	
Bank of Montreal	2.840	4-Jun-20	2,800	2,816	2,811	
Bank of Montreal	2.890	20-Jun-23	941	941	940	
Bank of Nova Scotia	1.830	27-Apr-22	1,400	1,399	1,355	
Bank of Nova Scotia	1.900	2-Dec-21	2,046	1,996	1,994	
Bank of Nova Scotia	2.360	8-Nov-22	1,318	1,292	1,292	
BCE Inc	4.000	27-May-24	747	798	764	
Bell Canada	2.900	12-Aug-26	231	229	218	
Bell Canada	3.350	22-Mar-23	257	267	257	
Bell Canada	3.550	2-Mar-26	245	244	243	
Bell Canada	3.600	29-Sep-27	293	294	288	
Blackbird Infrastructure 407 GP	1.710	8-Oct-21	600	595	594	
BMW Canada Auto Trust	1.680	20-Sep-19	196	195	195	
BMW Canada Inc	1.780	19-Oct-20	1,893	1,864	1,860	
BMW Canada Inc	1.880	11-Dec-20	466	463	458	
Brookfield Infrastructure Finance ULC	3.450	11-Mar-22	746	752	745	
Brookfield Infrastructure Finance ULC	3.540	30-Oct-20	1,018	1,018	1,028	
Brookfield Infrastructure Finance ULC	4.190	11-Sep-28	650	650	641	
Bruce Power LP	2.840	23-Jun-21	2,500	2,538	2,489	
Canadian Credit Card Trust II	1.830	24-Mar-20	2,000	1,978	1,983	
Canadian Imperial Bank of Commerce	1.640	12-Jul-21	2,234	2,163	2,173	
Canadian Imperial Bank of Commerce	1.660	20-Jan-20	2,500	2,478	2,480	
Canadian Imperial Bank of Commerce	2.300	11-Jul-22	654	654	642	
Canadian Imperial Bank of Commerce	2.900	14-Sep-21	1,224	1,224	1,228	
Canadian Imperial Bank of Commerce	3.420	26-Jan-26	802	803	806	
Canadian National Railway Co	2.750	18-Feb-21	311	311	312	
Canadian National Railway Co	3.200	31-Jul-28	417	415	420	
Canadian Natural Resources Ltd	2.050	1-Jun-20	2,400	2,369	2,366	
Canadian Real Estate Investment Trust	2.950	18-Jan-23	483	476	472	
CU Inc	4.720	9-Sep-43	100	115	114	
CU Inc	5.900	20-Nov-34	606	758	756	
Canadian Utilities Ltd	9.920	1-Apr-22	1,299	1,887	1,578	
Canadian Western Bank	2.380	23-Jan-20	3,908	3,896	3,890	
Capital Power Corp	5.280	16-Nov-20	304	329	314	
Choice Properties REIT	3.010	21-Mar-22	1,449	1,449	1,432	
CNH Capital Canada Receivables Trust	1.710	15-Jan-22	985	976	975	
CT Real Estate Investment Trust	2.850	9-Jun-22	720	738	708	

LEITH WHEELER CORE BOND FUND

Schedule of Investment Portfolio (continued)

(Expressed in thousands of dollars)

December 31, 2018

Security	Coupon rate %	Maturity	Par value	Cost	Fair value	% of Net assets
BONDS AND GUARANTEES (continued)						
Corporate Bonds and Guarantees (continued):						
Daimler Canada Finance Inc	1.800	16-Dec-19	\$ 1,300	\$ 1,290	\$ 1,288	
Dollarama Inc	2.200	10-Nov-22	192	185	183	
Dollarama Inc	2.340	22-Jul-21	1,427	1,430	1,395	
Enbridge Gas Distribution Inc	2.500	5-Aug-26	253	254	241	
Enbridge Gas Distribution Inc	4.000	22-Aug-44	212	222	215	
Enbridge Inc	4.530	9-Mar-20	865	909	882	
Enbridge Pipelines Inc	3.450	29-Sep-25	750	767	750	
Fair Hydro Trust	3.360	15-May-33	1,164	1,162	1,177	
Fair Hydro Trust	3.520	15-May-38	281	281	286	
Ford Auto Securitization Trust	2.320	15-Oct-20	785	785	783	
Ford Auto Securitization Trust	2.530	15-Feb-21	1,802	1,802	1,798	
Ford Floorplan Auto Securitization Trust	2.200	15-Jul-20	1,357	1,356	1,346	
FortisBC Energy Inc	3.380	13-Apr-45	600	597	560	
FortisBC Energy Inc	5.800	13-May-38	315	392	401	
GMF Canada Leasing Trust	3.030	20-Jul-20	1,000	1,000	1,004	
Greater Toronto Airports	7.050	12-Jun-30	676	955	917	
Great-West Lifeco Inc	4.650	13-Aug-20	581	623	599	
Great-West Lifeco Inc	6.740	24-Nov-31	295	386	384	
HCN Canadian Holdings-1 LP	3.350	25-Nov-20	589	589	592	
Hospital for Sick Children	5.220	16-Dec-49	300	407	386	
HSBC Bank Canada	2.940	14-Jan-20	835	845	838	
Hydro One Inc	3.630	25-Jun-49	558	524	528	
Hydro One Inc	7.350	3-Jun-30	382	534	518	
Institutional Mortgage Securities Canada Inc	2.340	12-Feb-25	734	734	711	
Intact Financial Corp	4.700	18-Aug-21	923	1,031	966	
Inter Pipeline Ltd	2.610	13-Sep-23	212	205	203	
Inter Pipeline Ltd	3.480	16-Dec-26	98	95	94	
Keyera Corp	3.930	21-Jun-28	356	357	350	
Maritimes & Northeast Pipeline LP	4.340	30-Nov-19	33	34	33	
Maritimes & Northeast Pipeline LP	6.900	30-Nov-19	31	39	32	
Mbarc Credit Canada Inc	2.610	15-May-20	512	512	512	
National Bank of Canada	1.740	3-Mar-20	1,245	1,229	1,234	
National Bank of Canada	1.810	26-Jul-21	305	305	298	
North West Redwater Partnership / NWR Financing Co Ltd	2.800	1-Jun-27	158	154	149	
North West Redwater Partnership / NWR Financing Co Ltd	3.200	24-Apr-26	684	683	673	
North West Redwater Partnership / NWR Financing Co Ltd	3.200	22-Jul-24	625	662	622	
North West Redwater Partnership / NWR Financing Co Ltd	3.650	1-Jun-35	320	325	306	
North West Redwater Partnership / NWR Financing Co Ltd	4.250	1-Jun-29	650	712	677	
OMERS Realty Corp	3.240	4-Oct-27	415	415	416	
Ontario School Boards Financing Corp	5.380	25-Jun-32	492	576	555	
Pembina Pipeline Corp	3.430	10-Nov-21	301	316	302	
Pembina Pipeline Corp	3.770	24-Oct-22	800	837	809	
Pembina Pipeline Corp	4.750	26-Mar-48	150	149	143	
Plenary Properties LTAP LP	6.290	31-Jan-44	443	481	568	
Royal Bank of Canada	1.580	13-Sep-21	2,676	2,609	2,595	
Royal Bank of Canada	2.030	15-Mar-21	1,819	1,790	1,793	
Royal Bank of Canada	2.360	5-Dec-22	1,250	1,248	1,226	
Royal Bank of Canada	3.300	26-Sep-23	1,954	1,951	1,962	
Shaw Communications Inc	3.800	1-Mar-27	778	791	761	
Shaw Communications Inc	4.350	31-Jan-24	204	219	210	

LEITH WHEELER CORE BOND FUND

Schedule of Investment Portfolio (continued)

(Expressed in thousands of dollars)

December 31, 2018

Security	Coupon rate %	Maturity	Par value	Cost	Fair value	% of Net assets
BONDS AND GUARANTEES (continued)						
Corporate Bonds and Guarantees (continued):						
Silver Arrow Canada LP	2.840	15-Nov-20	\$ 1,000	\$ 1,000	\$ 1,004	
SmartCentres Real Estate Invest	2.880	21-Mar-22	634	638	622	
SSL Finance Inc / SSL Financement Inc	4.100	31-Oct-45	203	203	211	
TELUS Corp	3.750	17-Jan-25	333	335	336	
TELUS Corp	5.150	26-Nov-43	416	459	431	
Toromont Industries Ltd	3.840	27-Oct-27	879	879	882	
Toronto-Dominion Bank	2.040	8-Mar-21	3,048	3,000	3,008	
Toronto-Dominion Bank	2.620	22-Dec-21	1,964	1,956	1,956	
Toronto-Dominion Bank	2.980	30-Sep-25	600	604	600	
TransCanada PipeLines Ltd	4.180	3-Jul-48	162	155	149	
TransCanada PipeLines Ltd	4.330	16-Sep-47	89	83	84	
TransCanada PipeLines Ltd	4.350	6-Jun-46	98	97	93	
Union Gas Ltd	2.760	2-Jun-21	2,891	2,983	2,892	
University of Ontario Institute of Technology	6.350	15-Oct-34	959	1,031	1,135	
Ventas Canada Finance Ltd	3.300	1-Feb-22	500	524	500	
Westcoast Energy Inc	3.880	28-Oct-21	1,064	1,108	1,089	
				101,263	100,138	51.2
Maples:						
Anheuser-Busch InBev Finance Inc	2.600	15-May-24	504	500	478	
Apple Inc	2.510	19-Aug-24	422	422	410	
BHP Billiton Finance Ltd	3.230	15-May-23	1,000	1,023	1,002	
United Parcel Service Inc	2.120	21-May-24	938	933	893	
Wells Fargo & Co	2.090	25-Apr-22	932	925	901	
				3,803	3,684	1.9
Federal Bonds and Guarantees:						
Canada Housing Trust No 1	2.250	15-Dec-23	5,300	5,327	5,359	
Canada Housing Trust No 1	2.250	15-Mar-19	39	39	39	
Canadian Government Bond	2.000	1-Dec-51	6,139	5,647	5,872	
Canadian Government Bond	2.750	1-Dec-48	952	1,069	1,070	
Canadian Government Bond	2.750	1-Dec-64	1,065	1,221	1,250	
Canadian Government Bond	5.000	1-Jun-37	2,900	4,164	4,152	
Canadian Government Bond	5.750	1-Jun-33	594	859	865	
Canadian Mortgage Pools	1.250	15-Mar-21	3,565	3,489	3,505	
Canadian Mortgage Pools	1.370	1-Nov-21	1,588	1,569	1,554	
Canadian Mortgage Pools	1.400	1-May-21	2,250	2,203	2,213	
Canadian Mortgage Pools	1.420	1-Jun-22	1,683	1,672	1,640	
Canadian Mortgage Pools	1.880	1-Sep-22	4,259	4,200	4,198	
Canadian Mortgage Pools	2.040	1-Dec-22	1,213	1,254	1,198	
Canadian Mortgage Pools	5.440	1-Mar-28	2,285	2,762	2,577	
				35,475	35,492	18.1
Provincial/Municipal Bonds and Guarantees:						
City of Montreal	3.000	1-Sep-27	591	584	590	
City of Montreal	3.500	1-Sep-24	1,350	1,421	1,401	
City of Toronto	5.340	18-Jul-27	318	366	349	
City of Vancouver	2.900	20-Nov-25	317	316	319	
First Nations Finance Authority	3.050	1-Jun-28	2,448	2,419	2,444	
First Nations Finance Authority	3.400	26-Jun-24	276	293	285	
Hydro Quebec	4.000	15-Feb-55	2,035	2,425	2,419	
Province of Ontario	0.000	2-Dec-28	2,689	1,846	1,996	
Province of Alberta	2.900	1-Dec-28	3,150	3,124	3,145	
Province of Alberta	3.050	1-Dec-48	5,176	5,069	4,945	

LEITH WHEELER CORE BOND FUND

Schedule of Investment Portfolio (continued)

(Expressed in thousands of dollars)

December 31, 2018

Security	Coupon rate %	Maturity	Par value	Cost	Fair value	% of Net assets
Provincial/Municipal Bonds and Guarantees (continued):						
Province of Alberta	3.100	1-Jun-50	\$ 295	\$ 285	\$ 285	
Province of Manitoba	3.200	5-Mar-50	1,115	1,090	1,086	
Province of Manitoba	3.400	5-Sep-48	2,580	2,600	2,605	
Province of Manitoba	5.700	5-Mar-37	900	1,252	1,194	
Province of Manitoba	6.300	5-Mar-31	2,896	3,817	3,839	
Province of New Brunswick	2.350	14-Aug-27	1,628	1,562	1,559	
Province of New Brunswick	3.100	14-Aug-28	513	511	519	
Province of New Brunswick	3.650	3-Jun-24	655	737	689	
Province of Newfoundland	2.850	2-Jun-28	2,008	1,992	1,986	
Province of Newfoundland	3.000	2-Jun-26	1,241	1,235	1,253	
Province of Nova Scotia	2.100	1-Jun-27	1,279	1,260	1,213	
Province of Nova Scotia	4.400	1-Jun-42	797	940	949	
Province of Nova Scotia	4.500	1-Jun-37	263	316	311	
Province of Nova Scotia	6.600	1-Dec-31	308	432	426	
Province of Ontario	2.900	2-Dec-46	1,928	1,836	1,818	
Province of Ontario	2.900	2-Jun-28	600	599	604	
Province of Ontario	2.900	2-Jun-49	3,565	3,442	3,374	
Province of Ontario	5.600	2-Jun-35	3,638	4,921	4,788	
Province of Quebec	3.500	1-Dec-48	500	561	535	
Province of Quebec	8.500	1-Apr-26	2,284	3,391	3,145	
Province of Saskatchewan	3.100	2-Jun-50	567	556	551	
Province of Saskatchewan	3.300	2-Jun-48	438	440	441	
Province of Saskatchewan	4.750	1-Jun-40	122	151	150	
Province of Saskatchewan	5.000	5-Mar-37	390	457	485	
				<u>52,246</u>	<u>51,698</u>	<u>26.4</u>
Real Return Bonds:						
Canadian Government RRB	0.500	1-Dec-50	3,312	3,123	3,060	
				<u>3,123</u>	<u>3,060</u>	<u>1.5</u>
TOTAL BONDS AND GUARANTEES				\$ 195,910	\$ 194,072	99.1
MONEY MARKET SECURITIES				\$ 587	\$ 587	0.3
TOTAL INVESTMENT PORTFOLIO				\$ 196,497	\$ 194,659	99.4
OTHER ASSETS LESS LIABILITIES					1,105	0.6
NET ASSETS					\$ 195,764	100.0

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

LEITH WHEELER CORE BOND FUND

Notes to Financial Statements - Fund Specific Information

(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2018 and 2017

The Fund Specific Information for the Leith Wheeler Core Bond Fund (the "Fund") contained herein should be read in conjunction with the "Notes to Financial Statements - General Information related to all Leith Wheeler Investment Funds" beginning after the "Notes to Financial Statements - Fund Specific Information".

1. Management fees and expenses:

Management fees in respect of Series B are calculated at a maximum of 0.75% per annum, before GST/HST, of the daily Net Asset Value of Series B. Management fee distributions for the year ended December 31, 2018 were approximately \$3,000 (2017 - \$3,000). 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 are subject to withholding tax imposed in the country of origin. During the year, withholding tax rates were between 0% and 35% (2017 - between 0% and 35%).

The Fund has capital losses of \$3,694,000 (2017 - \$1,611,000) available for utilization against capital gains in future years. The Fund has non-capital losses of nil (2017 - 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 years ended December 31, 2018 and 2017, are as follows:

	Outstanding units at beginning of year	Issued during the year	Issued on reinvestment of distributions	Redeemed during the year	Outstanding units at end of year
Series A:					
2018	15,158	3,391	423	(2,554)	16,418
2017	16,339	2,713	392	(4,286)	15,158
Series B:					
2018	2,920	287	42	(1,104)	2,145
2017	3,338	377	62	(857)	2,920

4. Financial risk management:

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

For a comprehensive discussion of the risks applicable to the Fund refer to note 6 under the "General Information related to all Leith Wheeler Investment Funds". Financial risks applicable to the Fund are discussed in more detail below.

LEITH WHEELER CORE BOND FUND

Notes to Financial Statements - Fund Specific Information

(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2018 and 2017

4. Financial risk management (continued):

(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 December 31, 2018 and 2017, the Fund was invested in debt securities with the following credit quality:

	2018	2017
Rating:		
AAA	25.3%	31.3%
AA	33.4%	22.3%
A	26.3%	32.0%
BBB	15.0%	14.4%
Total	100.0%	100.0%

Credit ratings are obtained from Standard & Poor's, Moody's, Fitch and/or Dominion Bond Rating Services. Where one or more rating is obtained for a security, the most common rating has been used.

(b) Liquidity risk:

The Fund's redeemable units are due on demand. The Fund's remaining liabilities are due within twelve months of the year-end of the Fund.

(c) Market risk:

(i) Interest rate risk:

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

	2018	2017
Term to maturity	% of total debt securities	% of total debt securities
Less than 1 year	0.8%	7.8%
1 to 5 years	50.3%	41.5%
5 to 10 years	18.6%	19.9%
More than 10 years	30.3%	30.8%
Total debt securities	100.0%	100.0%

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 December 31, 2018 and 2017, 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 \$14,599,000 and \$14,672,000, respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

LEITH WHEELER CORE BOND FUND

Notes to Financial Statements - Fund Specific Information

(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2018 and 2017

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.

December 31, 2018	Level 1	Level 2	Level 3	Total
Short Term Notes	\$ -	\$ 587	\$ -	\$ 587
Bonds (including Mortgage Backed Securities)	-	194,072	-	194,072
	\$ -	\$ 194,659	\$ -	\$ 194,659

December 31, 2017	Level 1	Level 2	Level 3	Total
Short Term Notes	\$ -	\$ 389	\$ -	\$ 389
Bonds (including Mortgage Backed Securities)	-	191,770	-	191,770
	\$ -	\$ 192,159	\$ -	\$ 192,159

During the year, there were no transfers of financial instruments between the three levels (2017 - nil).

LEITH WHEELER CORE BOND FUND

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

Years ended December 31, 2018 and 2017

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 Carbon Constrained Canadian Equity Fund	September 27, 2017
Leith Wheeler Core Bond Fund	April 27, 1994
Leith Wheeler Corporate Advantage Fund	May 29, 2015
Leith Wheeler Emerging Markets Equity Fund	May 19, 2017
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 Multi Credit Fund	May 30, 2017
Leith Wheeler Preferred Share Fund	May 22, 2018
Leith Wheeler Short Term Income Fund	December 15, 2016
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’ current trustee is CIBC Mellon Trust Company and the Funds’ custodian is CIBC Mellon.

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), Series FP1 and Series I1.

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), Series FP1 and Series I1 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 Short Term Income Fund has Series A, Series B, Series F and Series I1 units outstanding. The Leith Wheeler Balanced Fund, Leith Wheeler Canadian Dividend Fund, Leith Wheeler Carbon Constrained Canadian Equity Fund, Leith Wheeler Corporate Advantage Fund, Leith Wheeler Emerging Markets Equity Fund, Leith Wheeler Income Advantage Fund, Leith Wheeler International Equity Plus Fund, Leith Wheeler Multi Credit Fund, Leith Wheeler Preferred Share Fund, Leith Wheeler U.S. Equity Fund and Leith Wheeler U.S.

LEITH WHEELER CORE BOND FUND

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

Years ended December 31, 2018 and 2017

1. Reporting entity:

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 years ended December 31, 2018 and 2017. In the year a Fund or series is established, "period" represents the time period from inception to December 31 of that fiscal year

The general information related to all Funds presented here should be read in conjunction with each respective Fund's "Notes to Financial Statements - Fund Specific Information".

The Funds are unit trusts domiciled in Canada. The address of the Funds' registered office is at 1500 - 400 Burrard Street, Vancouver B.C., V6C 3A6.

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"). The financial statements were authorized for issue by the Manager on March 29, 2019.

(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) Use of estimates and judgment:

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

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

LEITH WHEELER CORE BOND FUND

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

Years ended December 31, 2018 and 2017

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: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). 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 FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. The Fund derecognizes 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 financial position only when the Fund has 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.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Fund may irrevocably elect to measure financial assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

Financial assets are not reclassified subsequent to their initial recognition, unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

LEITH WHEELER CORE BOND FUND

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

Years ended December 31, 2018 and 2017

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(i) Recognition and measurement (continued):

The Fund has not classified any of its financial assets as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities. The Fund may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

(ii) Fair value through profit and loss:

Financial instruments classified as 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 Fund's derivative financial assets and derivative financial liabilities and investments in securities and investments sold short are classified 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 Fund uses 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 Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

LEITH WHEELER CORE BOND FUND

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

Years ended December 31, 2018 and 2017

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(iii) Amortized Cost:

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Fund classifies cash, dividends receivable, interest receivable, subscriptions receivable, balances due from brokers, daily variation margins, other receivables, bank indebtedness, management fees payable, performance fees payable, redemptions payable, balances due to brokers and other accrued liabilities as amortized cost.

(b) Redeemable units:

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

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

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

(d) Foreign exchange:

The financial statements of the Funds are denominated in Canadian dollars, with the exception of the Leith Wheeler U.S. Dividend Fund, which is denominated in U.S. dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into functional currency using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the statement of comprehensive income.

LEITH WHEELER CORE BOND FUND

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

Years ended December 31, 2018 and 2017

3. Significant accounting policies (continued):

(e) 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.

(f) Income taxes:

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

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

(g) New standards and interpretations not yet adopted:

The Manager has determined there are no material implications to the Funds' financial statements arising from IFRS issued but not yet effective.

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, transaction costs 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.

LEITH WHEELER CORE BOND FUND

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

Years ended December 31, 2018 and 2017

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' performance and compliance with the investment policies.

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, derivative financial assets, cash, 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.

LEITH WHEELER CORE BOND FUND

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

Years ended December 31, 2018 and 2017

6. Financial risk management (continued):

(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 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.

(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.

LEITH WHEELER CORE BOND FUND

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

Years ended December 31, 2018 and 2017

6. Financial risk management (continued):

(c) Market risk (continued):

(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.

Currency risk may be moderated by the Manager through the use of foreign currency contacts to hedge foreign currency exposures.

(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.

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.

LEITH WHEELER CORE BOND FUND

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

Years ended December 31, 2018 and 2017

7. Fair value of financial instruments (continued):

(a) Valuation models (continued):

The Funds equity and futures 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 fund 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 at 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.

(b) Financial instruments not measured at fair value:

The carrying value of cash, subscriptions receivable, amounts due from brokers, interest and dividends receivable, redemptions payable, amounts due to or from 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.

8. Change in accounting policy:

The Funds adopted IFRS 9 *Financial Instruments* ("IFRS 9") with a date of initial application of January 1, 2018. The requirements of IFRS 9 represent a significant change from IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 specifies the accounting for financial instruments, including: classification and measurement, impairment and hedge accounting. The adoption of IFRS 9 have been applied retrospectively. The nature and effects of the key changes to the Fund's accounting policy are summarized below.

LEITH WHEELER CORE BOND FUND

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

Years ended December 31, 2018 and 2017

8. Change in accounting policy (continued):

(i) Classification and measurement of financial assets and liabilities:

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Funds may also, at initial recognition, irrevocably designate a financial asset as measured at FVTPL when doing so results in more relevant information. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities. The Funds may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

The adoption of IFRS 9 did not result in any measurement differences in the Funds' financial assets and liabilities as at the transition date. The following table shows the original classification and measurement categories under IAS 39 and the new classification and measurement categories under IFRS 9 for each class of the Funds' financial assets and financial liabilities as at January 1, 2018.

	Original Classification under IAS 39	New Classification under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Amounts due from brokers	Loans and receivables	Amortized cost
Subscriptions receivable	Loans and receivables	Amortized cost
Daily variation margin	Loans and receivables	Amortized cost
Interest and dividends receivable	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Derivative assets	Held-for-trading	FVTPL
Investments	FVTPL	FVTPL
Financial liabilities		
Bank indebtedness	Other financial liabilities	Amortized cost
Amounts due to brokers	Other financial liabilities	Amortized cost
Redemptions payable	Other financial liabilities	Amortized cost
Management fees payable	Other financial liabilities	Amortized cost
Other accrued liabilities	Other financial liabilities	Amortized cost
Derivative liabilities	Held-for-trading	FVTPL
Investments sold short	FVTPL	FVTPL

LEITH WHEELER CORE BOND FUND

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

Years ended December 31, 2018 and 2017

8. Change in accounting policy (continued):

(ii) Impairment of financial assets:

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. As the Funds measure their financial assets at FVTPL or holds only short-term financial assets at amortized cost, the impairment requirements under the new standard do not impact these financial statements.

(iii) Hedge accounting:

As permitted by IFRS 9, an election is available to continue to apply the hedge accounting requirements of IAS 39. However, the Funds have not applied hedge accounting under either standard. Therefore, the hedge accounting requirements under the new standard do not impact these financial statements.