

Leith Wheeler Balanced Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
December 31, 2017



This annual management report of fund performance contains financial highlights, but does not contain complete annual financial statements of the investment fund. You can get a copy of the 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 or SEDAR at www.sedar.com.

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

Management Discussion of Fund Performance

Investment Objective and Strategies

To provide investors with a relatively stable, superior long-term rate of return, through a balanced portfolio of common shares and fixed income securities. This Fund invests primarily in Canadian issuers and may invest in foreign securities. The Fund invests in a broad range of companies and is not restricted by capitalization or industry sectors although portfolio diversification is a consideration in the selection of securities for the Fund.

Although Leith Wheeler Investment Counsel Ltd. (the “Manager”) will change the investment mix between fixed income and equity securities as opportunities arise, a portion of the Fund will be maintained in each class. The allocation is determined by the Manager, as opportunities arise, although the Fund’s equity portion will range between 40% and 75% of its total assets. The maximum invested in foreign securities is not expected to exceed 40% of the net assets of the Fund at the time of investment. The fixed income securities provide lower risk income while the common shares provide an opportunity for capital gains. Investors 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 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 8.9% in 2017 to \$111.4 million from \$102.3 million at the end of 2016. Of this change, \$8.1 million was attributable to investment gains and \$1.0 million to net inflows.

The Leith Wheeler Balanced Fund ended 2017 in positive territory with Series A of the Fund returning 9.0%, Series B returning 7.7% after fees and expenses and Series F returning 8.0% after fees and expenses. The Balanced Fund’s asset mix at December 31, 2017 was 30.7% Canadian equities, 14.8% U.S. equities, 14.7% International equities, 32.4% bonds, 2.2% high yield bonds, 0.2% senior loans (through Leith Wheeler High Yield Bond Fund) and 5.0% cash & other net assets.

The rise in short-term bond yields in the fourth quarter of 2017 following earlier rate hikes from the Bank of Canada were more than offset by declining long-term bond yields, leading to positive fixed income returns. Meanwhile, both corporate and provincial credit spreads were marginally tighter during the fourth quarter – providing an additional tailwind to returns. Over the year the fixed income portion of the Fund outperformed the broader market.

Although the Canadian economy continues to grow strongly and employment growth has accelerated, the Bank of Canada remains concerned about labour market slack (particularly relating to youth unemployment). In addition, the Bank of Canada has yet to see a sustained improvement in export growth, with further challenges on the horizon relating to the potential renegotiation of NAFTA.

Despite this cautious stance from the Bank of Canada, we remain positioned for a very modest and gradual rise in bond yields over the coming year. Although the monetary spigots remain firmly open in Europe and Japan, we believe that this tide is slowly turning, led by the United States, where the unwinding of the Federal Reserve’s balance sheet has now begun. In addition, the synchronized global economic recovery increasingly looks on track to become self-sustaining, which should ultimately drive higher real returns globally. Furthermore, we consider the current level of inflation expectations embedded in inflation-linked bonds as too low and not representative of the long-term risk of rising inflation. We therefore remain overweight inflation-linked bonds in Canada.

By sector, we remain modestly overweight Financials, particularly through deposit notes issued by the major Canadian banks. We also continue to be overweight the Resources sector, adding to recent issuers such as North West Redwater, BHP Billiton Finance, and local issuers such as Toromont Industries as we saw further evidence of the sector recovering and oil prices stabilizing.

Provincial bonds continue to outperform, with spreads in several provinces reaching new multi-year lows and recent spread tightening being relatively indiscriminate between provinces. We reduced our overall exposure to provincial bonds over the year, given our view that valuations on the larger issuers appear expensive in absolute terms. However, we remain overweight the provincial bonds of Alberta and Manitoba, which we believe continue to offer good relative value compared to the larger issuers of Ontario, Quebec and British Columbia.

In other spread products, we have reduced our overweight to government agency bonds, including National Housing Act mortgage-backed securities (NHA MBS), but continue to be of the view that valuations are attractive relative to Canada Mortgage Bonds (CMB).

Management Discussion of Fund Performance (cont.)

Results of Operations (cont.)

On the equity side, after a stellar year of performance in 2016, the Canadian market delivered a solid result, finishing 2017 up 9.1%. Ten out of the 11 sectors posted positive results for the year, with the index being led by Health Care (+34.2%), Consumer Discretionary (+22.8%), and Industrials (+19.7%). Energy (-7.1%) was the only negatively performing sector and the weakest performer in 2017. Despite oil prices ending the year up over US\$60, the Energy sector was negatively affected by concerns over a potential border adjustment tax (BAT), NAFTA renegotiations, and pipeline availability.

The Canadian equity component of the Fund outperformed the S&P/TSX Composite Index in 2017 as Series A of the Fund increased by 10.1% and Series B of the Fund increased by 8.5% after fees and expenses. Among the top contributors to the Fund's Canadian equity performance in 2017 were BRP Inc. (+65.0%), Toromont Industries (+32.1%), and First Quantum (+32.0%). On the other hand, weak investor sentiment in the Energy sector hurt the Canadian Equity 2017 performance with Western Energy Services (-59.4%), Cardinal Energy Ltd. (-48.1%), and Seven Generations Energy (-43.2%) the worst performing names. There were two Canadian Equity names added to the portfolio in 2017 (Canadian Western Bank and Agrium) while there were several Canadian Equity holdings eliminated in 2017, including Equitable Group, ECN Capital, Element Fleet Management, Hudson's Bay, Sleep Country Canada, Home Capital, Redknee Solutions, Teck Resources, Bank of Montreal, and Sun Life.

The S&P 500 had a strong year, up 13.8%. The index was led by Information Technology (+29.7%), Materials (+15.7%), and Consumer Discretionary (+14.9%). The negatively performing sectors were Telecommunication Services (-7.7%) and Energy (-7.5%).

The U.S. equity component of the Fund underperformed the S&P 500 Index in 2017. Series A of the Fund increased 10.8%, Series B of the Fund increased 9.4% after fees and expenses and Series F of the Fund increased 9.7% after fees and expenses. Among the top contributors to the Fund's U.S. equity performance in 2017 were Owens Corning, Anthem, Inc., and Royal Caribbean Cruises. Conversely, Hess Corporation, Teva Pharmaceuticals and Newell Brands were the worst performing. In 2017, Lowe's, Newell Brands, Kosmos Energy, Dollar General, Hewlett Packard, General Electric, Comcast, Amerco, Vermilion Energy, Broadcom, and Black Knight Financial were added to the portfolio. Fifth Third Bancorp, Reynolds American, Ameriprise Financial, Deere & Co., Raytheon, NVR Inc., FMC Corp, Apple, Discover Financial, Honeywell International, and CRH were deleted from the portfolio.

A U.S. small/mid-cap equity component was added to the Balanced Fund in the first half of the year. The objective of the U.S. Small/Mid-Cap Equity Fund (U.S. SMID) is to provide income and long-term capital appreciation by primarily investing in equity securities of U.S. small and mid-cap companies.

The U.S. SMID Fund performed strongly during 2017 as Series A returned 12.3%, Series B returned 10.9% after fees and expenses and Series F returned by 11.2% after fees and expenses. The Fund outperformed the Russell 2500 Index over this same period, after adjusting for the impact of a strengthening Canadian dollar.

The MSCI EAFE – Net (C\$) had a strong year up 16.8%. The index was led by Information Technology (+30.5%), Materials (+25.6%), and Industrials (+21.9%). The only negatively performing sector was Telecommunication Services (-1.6%)

The international equity component of the Fund outperformed the MSCI EAFE – Net (C\$) during 2017, with Series A of the fund increasing 19.7%, Series B of the Fund increasing 17.8% after fees and expenses, and Series F of the Fund increasing 18.5% after fees and expenses. Emerging Markets were the standout performers, followed by Europe and Japan. Despite a weak start to the year, commodities performed well alongside Technology and Industrials, while the more defensive areas of Telecom and Utilities lagged. Energy was also an underperformer despite a strong final quarter.

Recent Developments

Our outlook for 2018 remains constructive, as fiscal stimulus combined with easy global monetary conditions continues to provide a tailwind to growth and investment returns. However, we are mindful of recent outsized investment returns and rising valuations in many asset classes, prompting us to adopt a more conservative view in portfolio allocations heading into the New Year.

In this environment, we continue to focus on allocating assets to the best risk-adjusted investments. We will continue to apply our value investment principles to security selection and remain focused on identifying companies with attractive valuations, good business models, and solid management teams.

The Bank of Canada raised its key interest rate to 1.25% in January. Canadian equity markets were down in the first two months of 2018, while U.S. and International equity markets were positive.

Management Discussion of Fund Performance (cont.)

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.

At December 31, 2017, the Fund owned 1,427,038 Series A units of the Leith Wheeler International Equity Plus Fund, 242,327 Series A units of the Leith Wheeler US Small/Mid-Cap Equity Fund and 301,454 Series A (CAD Hedged) units of the Leith Wheeler High Yield Bond Fund which are funds under common management.

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 1.10% and 0.85%, respectively. During the year, the Fund paid the Manager \$1,020,635 for Series B and \$13,314 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 commissions, transaction 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 five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements.

Series A (inception September 10, 2015)	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units - per unit, beginning of year ^{(1) (3)}	\$24.34	\$23.15	\$24.03	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.77	0.73	0.87	n/a	n/a
Total expenses	-	-	-	n/a	n/a
Realized gains (losses) for the year	0.48	1.21	0.70	n/a	n/a
Unrealized gains (losses) for the year	0.88	0.86	(0.75)	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	2.12	2.80	0.82	n/a	n/a
Distributions:					
From income (excluding dividends)	(0.49)	(0.24)	(0.27)	n/a	n/a
From dividends	(0.16)	(0.46)	(0.39)	n/a	n/a
From capital gains	(0.03)	(0.89)	(0.67)	n/a	n/a
Return of capital			-	n/a	n/a
Total Annual Distributions ⁽²⁾	(0.68)	(1.59)	(1.33)	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$25.81	\$24.34	\$23.15	n/a	n/a

Series B ⁽⁴⁾	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units - per unit, beginning of year ⁽¹⁾	\$24.84	\$23.59	\$24.09	\$23.10	\$20.14
Increase (decrease) from operations:					
Total revenue	0.79	0.74	0.73	0.67	0.60
Total expenses	(0.21)	(0.22)	(0.20)	(0.21)	(0.19)
Realized gains (losses) for the year	0.51	1.25	0.58	0.88	0.49
Unrealized gains (losses) for the year	0.90	0.88	(0.62)	0.60	2.60
Total increase (decrease) from operations ⁽¹⁾	1.98	2.65	0.49	1.94	3.50
Distributions:					
From income (excluding dividends)	(0.23)	-	(0.10)	(0.02)	-
From dividends	(0.17)	(0.40)	(0.22)	(0.34)	(0.32)
From capital gains	(0.03)	(0.91)	(0.68)	(0.52)	(0.09)
Return of capital	-	-	-	-	-
Total Annual Distributions ⁽²⁾	(0.43)	(1.31)	(1.00)	(0.88)	(0.41)
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$26.32	\$24.84	\$23.59	\$24.09	\$23.10

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

Series F (inception September 10, 2015)	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units - per unit, beginning of year ^{(1) (3)}	\$23.79	\$22.66	\$24.03	n/a	n/a
Increase (decrease) from operations:					
Total revenue	0.74	0.82	0.16	n/a	n/a
Total expenses	(0.17)	(0.21)	(0.04)	n/a	n/a
Realized gains (losses) for the year	0.45	1.36	0.13	n/a	n/a
Unrealized gains (losses) for the year	0.84	0.98	(0.14)	n/a	n/a
Total increase (decrease) from operations ⁽¹⁾	1.86	2.95	0.11	n/a	n/a
Distributions:					
From income (excluding dividends)	(0.26)	(0.03)	(0.42)	n/a	n/a
From dividends	(0.16)	(0.46)	(0.67)	n/a	n/a
From capital gains	(0.04)	(0.88)	(0.66)	n/a	n/a
Return of capital	-	-	-	n/a	n/a
Total Annual Distributions ⁽²⁾	(0.45)	(1.37)	(1.75)	n/a	n/a
Net assets attributable to holders of redeemable units - per unit, end of year ⁽¹⁾	\$25.22	\$23.79	\$22.66	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 September 10, 2015, inception date of Series A and Series F units of the Fund. Both Series A and 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 \$24.03.

(4) This Series of the Fund was renamed Series B as of August 28, 2015.

Financial Highlights (cont.)

Ratios and Supplemental Data

Series A (inception September 10, 2015)	2017	2016	2015	2014	2013
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	13,348	11,434	9,557	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	517	470	413	n/a	n/a
Management expense ratio (%) ⁽²⁾	-	-	-	n/a	n/a
Management expense ratio before waivers or absorptions (%)	-	-	-	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.02	0.04	0.03	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	68.15	75.62	39.65	n/a	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	25.81	24.34	23.15	n/a	n/a

Series B ⁽⁵⁾	2017	2016	2015	2014	2013
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾	96,402	89,486	80,636	84,799	74,711
Number of units outstanding (000s) ⁽¹⁾	3,663	3,603	3,418	3,521	3,234
Management expense ratio (%) ⁽²⁾	1.16	1.16	1.17	1.17	1.17
Management expense ratio before waivers or absorptions (%)	1.16	1.16	1.17	1.17	1.17
Trading expense ratio (%) ⁽³⁾	0.02	0.04	0.03	0.03	0.04
Portfolio turnover rate (%) ⁽⁴⁾	68.15	75.62	39.65	28.86	29.76
Net assets attributable to holders of redeemable units - per unit (\$)	26.32	24.84	23.59	24.09	23.10

Series F (inception September 10, 2015)	2017	2016	2015	2014	2013
Total net assets attributable to holders of redeemable units (\$000s) ⁽¹⁾⁽⁵⁾	1,621	1,374	690	n/a	n/a
Number of units outstanding (000s) ⁽¹⁾	64	58	30	n/a	n/a
Management expense ratio (%) ⁽²⁾	0.95	0.95	0.89	n/a	n/a
Management expense ratio before waivers or absorptions (%)	0.95	0.95	0.89	n/a	n/a
Trading expense ratio (%) ⁽³⁾	0.02	0.04	0.03	n/a	n/a
Portfolio turnover rate (%) ⁽⁴⁾	68.15	75.62	39.65	n/a	n/a
Net assets attributable to holders of redeemable units - per unit (\$)	25.22	23.79	22.66	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.

(5) This Series of the Fund was renamed Series B as of August 28, 2015.

Past Performance

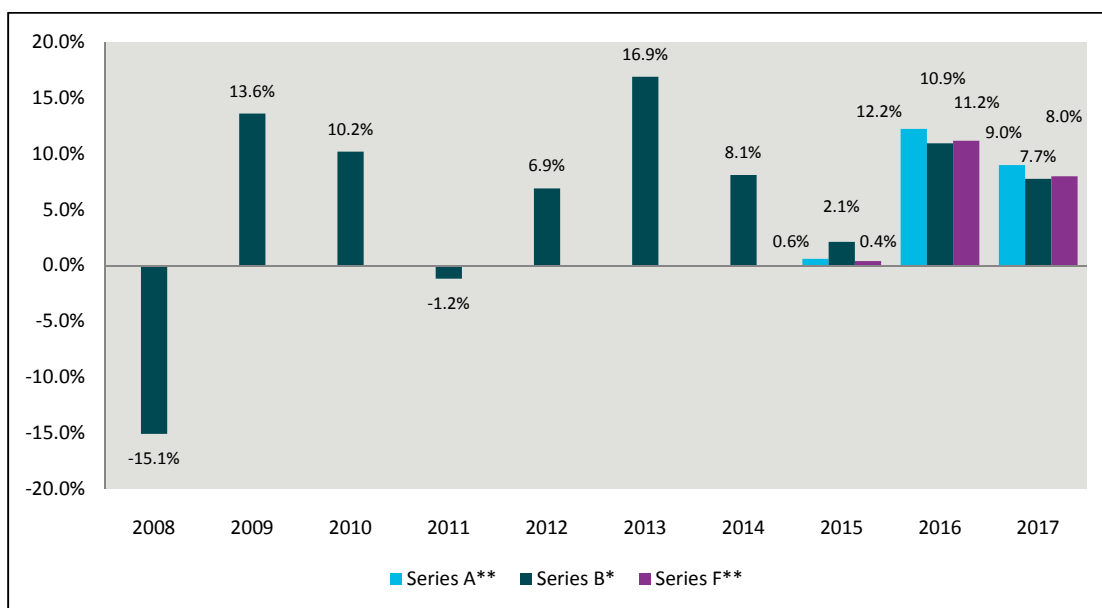
General

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.



* This Series of the Fund was renamed Series B as of August 28, 2015.

** Series A and Series F units were created on September 10, 2015. Return for Series A and Series F from September 10, 2015 to December 31, 2015, not annualized.

Past Performance (cont.)**Annual Compound Returns**

The following table compares the historical annual compound return of the Fund (before fees for Series A and after fees for Series B and F) with a blended benchmark return for the year ended December 31, 2017. At the end of December 2016, the benchmark was comprised of 35% FTSE TMX Canada Universe Bond Index, 30% S&P/TSX Composite Index, 15% S&P 500 Total Return Index, 15% MSCI EAFE Index and 5% FTSE TMX Canada 91 day T-Bill Index. Each of these indices is used as a proxy to measure returns for the associated asset classes. The FTSE TMX Canada Universe Bond Index measures the total return attributable to bonds, and includes representative bond issues by issuer, quality, and term. The S&P/TSX Composite Index is the headline index and the principal broad market measure for the Canadian equity markets. S&P 500 Total Return Index includes a representative sample of 500 of the top companies in leading industries of the U.S. economy. The MSCI EAFE Index is comprised of 21 MSCI country indices, representing the developed markets outside of North America (Europe, Australasia and the Far East). It aims to include 85% of the free float-adjusted market capitalization in each industry group, within each country. A discussion of the performance of the Fund as compared to the benchmark is found in the Results of Operations section of this document.

For the Years ended December 31	1 Year	3 Years	5 Years	10 Years
Fund – Series A **	9.0%	n/a	n/a	n/a
Benchmark	8.2%	n/a	n/a	n/a
Fund – Series B *	7.7%	6.9%	9.1%	5.6%
Benchmark	8.2%	6.8%	8.8%	5.7%
Fund – Series F **	8.0%	n/a	n/a	n/a
Benchmark	8.2%	n/a	n/a	n/a

* This Series of the Fund was renamed Series B as of August 28, 2015.

** Series A and Series F units were created on September 10, 2015.

Summary of Investment Portfolio

As at December 31, 2017

Top 25 Positions

Issuer	% of Net Asset Value
Leith Wheeler International Equity Plus Fund Series A	15.4%
Cash & Other Net Assets	5.0%
Leith Wheeler U.S. Small/Mid-Cap Equity Fund Series A	2.6%
Leith Wheeler High Yield Bond Fund Series A (CAD Hedged)	2.5%
Canada Housing Trust 2.40% December 15, 2022	2.2%
Royal Bank of Canada	2.1%
Toronto Dominion Bank	2.0%
Bank of Nova Scotia	1.9%
Toromont Industries Ltd	1.9%
Brookfield Infrastructure Partners LP	1.7%
Canadian National Railway Co	1.5%
Saputo Inc	1.5%
Manulife Financial Corp	1.3%
Open Text Corp	1.3%
Canadian Imperial Bank of Commerce	1.3%
Brookfield Asset Management Inc	1.2%
Canadian Government Bond 2.75% December 01, 2048	1.1%
Constellation Software Inc	1.0%
Canadian Natural Resources Ltd	1.0%
Tourmaline Oil Corp	0.9%
Finning International Inc	0.9%
CI Financial Corp	0.9%
Waste Connections Inc	0.9%
First Quantum Minerals Ltd	0.8%
Canadian Government 1.00% June 01, 2027	0.8%

Portfolio Allocation

Portfolio Breakdown	% of Net Asset Value
Bonds	34.6%
Canadian Equities	30.7%
U.S. Equities	14.8%
International Equities	14.7%
Cash & Other Net Assets	5.0%
Loans	0.2%

The Fund held no short positions as at December 31, 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