

Leith Wheeler Income Advantage Fund Series F

Summary of Investment Portfolio as of July 31, 2017

Fund Objective:

To provide investors with a relatively stable source of tax efficient monthly income, with some potential for long term growth through capital appreciation and growth in dividends. The Fund derives its income from allocating its investments primarily among fixed income securities, preferred shares, and dividend paying equities.

Investment Style:

We take a conservative, disciplined approach to managing our Income Advantage Fund. We will adjust the investment mix between fixed income and equity securities as opportunities arise. A portion of the Fund will be maintained in each asset class.

Fixed income securities are chosen to provide safety of capital, liquidity, and strong cash flows. To manage risk, we set targets for duration, sector and credit quality factors which align with our interest rate outlook, industry sector and credit views. We aim to add value by generating yield using a relative valuation approach and investing in investment grade corporate bonds, high yield bonds, preferred shares, and other fixed income securities. Within the dividend paying equity component, we utilize a value investment philosophy, applying bottom-up, fundamental analysis to all investment decisions. Our investment goal has always been to protect our client's capital while offering superior investment growth, regardless of economic conditions. We approach this challenge by seeking out companies with stable earnings and reasonable business valuations and never investing unless we have a high level of comfort in the long term business model and management team.

Fund Details:

Asset Class	Balanced	Minimum Investment	\$5,000; \$1,000 for additional purchases
Fund Size	\$73.0 million	RRSP/RRIF Eligible	Yes
Fund Inception Date	December 21, 2010	Distribution Frequency	Monthly
Series Inception Date	September 11, 2015	MER	0.70% + taxes
Effective Yield	3.24% (before fees)	Fund Code	LWF030
Number of Holdings	189		

Performance History of F Series (Annualized over 1 Year):

	1 Month	3 Months	YTD	1 Year	Since Inception (Sept. 11, 2015)
Income Advantage Fund	-0.5%	-1.7%	1.3%	6.9%	11.1%

Distribution History of F Series:

	Dist./Unit	Per \$10,000		Dist./Unit	Per \$10,000
Feb-17	\$0.0220	\$20.47	May-17	\$0.0363	\$34.01
Mar-17	\$0.0371	\$34.42	Jun-17	\$0.0254	\$23.97
Apr-17	\$0.3355	\$310.76	Jul-17	\$0.0249	\$23.63

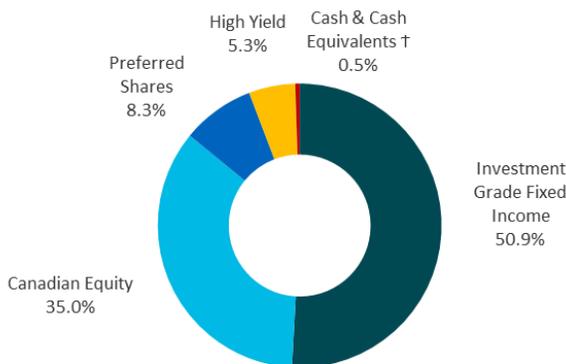
Top 10 Holdings (% of Net Asset Value):

LW Canadian Dividend Fund Series A	35.0%
LW High Yield Bond Fund Series A (CAD Hedged)	5.3%
Royal Bank of Canada FF 3.31% January 20, 2026	1.5%
Enbridge Pipelines Inc 3.45% September 29, 2025	1.5%
Bank of Nova Scotia 1.90% December 2, 2021	1.4%
Royal Bank of Canada 1.97% March 2, 2022	1.2%
TD Bank 2.04% March 23, 2022	1.1%
Enbridge Inc Preferred B	1.1%
TD Bank 2.62% December 22, 2021	1.0%
CAN 97506898 1.48% April 1, 2021	0.9%

Equity Sector Mix (% of Net Asset Value):

Energy	10.1%
Industrials	14.8%
Consumer Discretionary	4.2%
Consumer Staples	4.1%
Financials	45.5%
Information Technology	4.9%
Utilities	8.5%
Real Estate	7.9%

Portfolio Composition (% of Net Asset Value):



Monthly Commentary:

The Leith Wheeler Income Advantage Fund was down 0.5% in July, after fees and expenses. Over the month preferred shares in the Fund rose by 1.7%, high yield bonds by 0.9%, while investment grade bonds and Canadian equities fell by 0.8% and 0.6%, respectively. We reallocated some of the gains from preferred shares into investment grade fixed income over the month.

In July, the Bank of Canada hiked its benchmark interest rate from 0.50% to 0.75%, the first increase in seven years. As a result of the hike, the investment grade bonds in the Fund declined, although by less than half of the broad universe index due to its shorter duration and concentration in high quality corporate bonds. A rising interest rate environment typically signals a strengthening economy, which would benefit a Fund overweight in corporate bonds as the movement in credit spreads can offset some of the rate impact. We remain focused on holding high quality companies trading at relatively attractive valuations.

We maintain our tactical overweight position in preferred shares as we still find them to be attractive on a spread basis. The majority of the preferred shares we own are ‘rate resets’, which act as a hedge in a rising rate environment.

The high yield market realized positive returns, primarily benefiting from the higher coupon income associated with the asset class. Within high yield, metal and mining names were among the top performers in July, with **Teck Resources** and **First Quantum** leading the pack. Some of the detractors from performance included **Diebold Nixdorf** and **Seagate**

Technology. **Diebold Nixdorf** reported weak second quarter results and reduced their FY2017 guidance, although we understand this is a transitional year as the company integrates its acquisitions. We tactically added to our position on this weakness. **Seagate Technology** reported weak quarterly results with lower than expected revenue and margins. The current industry climate is still strong and we continue to view their bonds as favourably mispriced. The company has investment grade level metrics and the bonds remain cheap relative to comparable BB technology names.

The Fund invests in equities through holding units of the Leith Wheeler Canadian Dividend Fund (-0.6%), which slightly underperformed the TSX Composite (-0.1%). The top detractor from performance was an underweight position and stock selection in Energy. **Cardinal Energy**, a non-index name, has performed poorly in 2017 due to weaker financial results in the first quarter and completing an acquisition prior to oil prices weakening in the second quarter. The company's shares are trading at a discount to its energy peers while it has a better balance sheet and lower sustaining capital requirements. We believe the shares are undervalued as it continues to grow its asset base and is generating free cash flow at \$50 oil. An overweight position and stock selection in Utilities was another detractor from performance, as **Brookfield Infrastructure** and **Hydro One** both declined. Having no exposure to the Materials sector also detracted from performance.

The top contributor to performance was the Fund's only Consumer Staples name, **Saputo**. The dairy producer's shares rallied 5% on no company-specific news, as a result of analysts raising their outlook on the company to "outperform". Our stock selection in the Financials sector (**Sun Life Financial**, **CIBC**) as well as the Real Estate sector (**First Capital Realty**, **Slate Retail REIT**) also contributed positively to performance.

We are maintaining our cautious outlook, while we still have room to add risk to the portfolio, currently we see no short term catalysts which will adjust prices to more favourable levels and are patiently waiting for opportunities.

† Cash and cash equivalents includes other assets and liabilities

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The forward looking information contained in this summary is based on our current expectations about future events. Forward-looking statements are not guarantees of future performance, the assumptions upon which they are based may not prove to be accurate. Actual results could differ materially from those expressed. Do not place undue reliance on forward-looking statements.

Additional information about the Leith Wheeler Funds is available in the Funds' Annual Information Form, Fund Facts, Management Report of Fund Performance and financial statements. You can get a copy of the Simplified Prospectus, and the other documents, at no cost by calling 1-866-292-1122, on our website at www.leithwheeler.com or by contacting your dealer. These documents and other information about the Funds, such as information circulars and material contracts, are available at www.sedar.com.

This summary is not intended to provide advice, recommendations or offers to buy or sell any product or service. The information provided is compiled from our own research that we believe to be reasonable and accurate at the time of writing, but is subject to change without notice.

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