Leith Wheeler INVESTMENT FUNDS LTD.

Quiet Money.

Leith Wheeler Investment Funds
Quarterly Review – June 30, 2016

	MER %	3 Mo. %	1 Yr %	3 Yrs %	5 Yrs %	10 Yrs %
LW Canadian Equity Fund	1.49	4.0	-2.2	6.8	5.1	5.2
LW Canadian Dividend Fund	1.49	4.0	3.6	7.5	6.6	n/a
LW U.S. Equity Fund (C$)	1.33	1.3	0.5	12.6	13.7	5.4
LW International Equity Plus Fund (C$)	1.60	-2.0	-8.2	6.8	2.8	n/a
LW Balanced Fund	1.17	2.1	0.3	7.5	6.4	4.9
LW Income Advantage Fund	0.85	2.8	2.9	5.2	5.2	n/a
LW Unrestricted Diversified Fund*	1.17	2.4	0.1	7.2	6.6	5.0
LW Core Bond Fund***	0.79	2.6	4.8	5.1	4.7	4.6
LW Corporate Advantage Fund***	0.79	2.0	2.4	n/a	n/a	n/a
LW High Yield Bond Fund	0.84	3.5	n/a	n/a	n/a	n/a
LW High Yield Bond Fund (C$ Hedged)	0.84	3.2	0.9	n/a	n/a	n/a
LW Money Market Fund	0.64	0.1	0.2	0.3	0.3	1.1
Peer Comparison**	**Median MER %**	**3 Mo. %**	**1 Yr %**	**3 Yrs %**	**5 Yrs %**	**10 Yrs %**
Median Canadian Equity Fund	2.32	2.7	-1.0	7.5	4.0	4.2
Median Dividend & Income Equity Fund	2.13	2.7	1.2	7.4	5.4	4.5
Median US Equity Fund (C$)	2.22	1.3	0.6	14.7	13.3	5.3
Median International Equity Fund (C$)	2.37	-1.0	-8.1	6.9	5.2	1.0
Median Global Equity Balanced Fund	2.42	1.5	-1.0	7.8	5.9	3.8
Median Cdn Fixed Income Balanced Fund	2.13	1.9	1.7	4.9	4.2	3.7
Median Fixed Income Fund	1.57	2.2	3.1	3.6	3.2	3.7
Median High Yield Fixed Income	1.48	3.8	-0.1	3.4	3.9	4.4
Median Money Market Fund	0.77	0.0	0.1	0.1	0.1	0.8

Note: Returns reflect changes in unit value and distributions reinvested. Fund performance numbers are after Management Expense Ratios (MERs). They do not take into account, however, charges or commissions that an external broker may charge for purchasing/redeeming the mutual funds which would have reduced returns. Past returns do not necessarily indicate future performance. Returns are Compound Annual Returns for the periods ending June 30, 2016 with the exception of the 3 Month return.
** The Unrestricted Diversified Fund is available to discretionary clients only in non-registered accounts. MER is unaudited as it is a non-prospectus fund ** Source: Fund Data *** LW Core Bond Fund formerly named LW Fixed Income Fund; LW Corporate Advantage Fund formerly named LW Corporate Fixed Income Fund*

Aside from recent market volatility following the surprise “Brexit” outcome, global capital markets were otherwise relatively stable throughout the quarter. Canadian equity markets outperformed most other global equity markets due to the ongoing normalization in energy markets and a strong rebound in gold stocks. Canadian bonds also broadly outperformed most global equity markets, primarily due to the ongoing decline in global government bond yields. This decrease was driven by further downward revisions in US monetary policy expectations.

Following strong monthly gains in global industrial production in April, reports from the manufacturing sector have been mixed. In the US, we have seen weakness in manufacturing output combined with deteriorating new orders to inventory ratios; on the other hand, global auto sales are recovering well following a very weak start to the year. Global consumer spending is now growing at its strongest pace since late 2014. However, global capital expenditure, having meaningfully contracted in the first quarter, continues to be weak.

Against the mixed economic backdrop, we acknowledge that the outlook for the global economy has become more uncertain following the UK referendum. The trajectory for global growth is now expected to be moderately lower. In addition, the probability of various tail-risk scenarios has risen, including the scenario of political and economic contagion to Scotland, Ireland and other EU member states that could potentially have a more significant, adverse impact on global growth. We view these scenarios as very difficult to forecast with any certainty. We will continue to closely monitor political and economic developments for signs of any impact on global financial conditions and growth.

Equity markets have been highly volatile in both directions following the “Brexit” decision. During events like this, it is important to maintain perspective and look at the implications for the various companies owned on a stock by stock basis. For many of the companies we hold, the long term implications are not significant. For example, Saputo will continue to sell milk and cheese so the impact of “Brexit” on this company is minimal. We feel the equities in our funds are well positioned to weather this news and continue to offer attractive returns over the next three years.

On the other hand, with the heightened uncertainty in capital markets, our view is that further interest rate hikes from the US Federal Reserve are now unlikely in 2016. We also think the likelihood of further monetary easing from the Bank of Canada has risen, as a result of ongoing weakness in exports combined with recent strengthening in the Canadian dollar. On balance, our view is that bond yields in both the US and Canada are unlikely to deviate significantly from current levels over the near term.

Canadian Equity Fund

The TSX Composite Index continued its strong performance into the second quarter, increasing 5.1%. Over the quarter, we saw demand for safe haven and yield-oriented sectors increase amid the uncertainty of “Brexit” and bond yields that continued to fall. In this environment, Gold (+40.1%), Silver (+51.6%), REITS (+9.6%), and Utilities (+7.0%) all outperformed. Year to date, the TSX Composite Index is among the top performing developed markets. Although the Canadian Equity Fund trailed the market over the quarter returning 4.0% after fees and expenses, it has outperformed so far this year.

The main reason for the Fund’s underperformance in the second quarter was due to an underweight in Materials, and in particular, having no exposure to gold stocks. Gold stocks have had an impressive run so far this year, increasing 94.3% as investors have sought out safety amid market uncertainty. If you exclude the impact of gold stocks from the Index, it would have returned 3.0% over the quarter, and 6.2% so far this year. We do not own any gold companies in the Fund because they trade at expensive valuations, and have not proven to be good long-term businesses.

While not owning gold companies hurt relative performance in the quarter, our holdings in Materials performed well. Teck Resources was the top performer in the Fund, rising 73.3%. Our other holdings in Materials, Capstone Mining and First Quantum, also performed well on improving sentiment for the mining sector, increasing 63.5% and 32.8%, respectively.

Some of the financial stocks detracted from Fund performance in the quarter. Home Capital Group was down 8.0% after reporting weak first quarter results.

Some of the other bright spots over the quarter included the outperformance of the Fund's holdings in the Energy, Information Technology, and Consumer Discretionary sectors.

The Energy sector was up 9.5% over the second quarter, as several oil supply disruptions around the world (from forest fires in Fort McMurray to militant actions in Nigeria) led to tighter conditions, and provided support to oil prices. As profitability improved with higher oil and natural gas prices, the majority of the energy companies you hold experienced double-digit returns, including Baytex Energy (+46.2%), Encana (+27.1%), and Tourmaline (+23.7%). On the other hand, uranium producer, Cameco declined by 14.3% during the quarter. The company remains under a cloud as uranium prices have declined and Japan has been far slower than expected in restarting reactors.

Our holdings in Information Technology outperformed the TSX sector, due to the strong performance of Open Text. Open Text, one of the larger weights in the Fund, was up 14.0%. However, one of the smaller holdings in the Fund, Redknee Solutions, fell 28.5% as the company warned that it would not meet investors' expectations for the current quarter's earnings.

Finally, Consumer Discretionary stocks held in the Fund have generally performed well, despite a weaker environment for consumer demand. Sleep Country increased 22.8% as the company reported strong same store sales growth) and improving margins. Canadian Tire was up 4.6% after reporting strong first quarter results, while BRP increased 6.4% after the company raised its profit guidance for the year. On the other hand, Hudson's Bay (HBC) was among the weakest performers in the quarter, down 18.5%.

Canadian Dividend Fund

Similar to the Canadian Equity Fund, the Canadian Dividend Fund performed well in absolute terms, returning 4.0% after fees and expenses during the quarter, but lagged the S&P/TSX Index. The main reason for the Fund's underperformance during the quarter was due to an underweight in Materials, and in particular, having no exposure to gold stocks.

U.S. Equity Fund

Despite remaining at historically low levels, US interest rates are still at a premium to the rest of the world, so demand for US securities remains very high. In the face of low, or even negative, yields around the world, investors are searching for the highest yields, sometimes at the expense of rich valuations. Investors have bid up those stocks perceived as "bond proxies", such as those in the Telecom, Utilities, and REITS sectors. This has caused the valuations of these stocks to be at historically high levels, which in our view impairs their forward looking return potential and is why we have limited exposure to these areas.

Against this backdrop, Energy was the top performing sector in the U.S. market in the second quarter, increasing 12.0%, as oil prices continued to recover. The U.S. Equity Fund's Energy holdings performed well in this environment, led by BP and Fairmont Santrol. Telecom (+7.4%) and Utilities (+7.1%) were among the strongest sectors in the S&P 500 during the second quarter. Being underweight these sectors detracted from the Fund's relative performance for the period.

The U.S. Equity Fund advanced by 1.3% after fees and expenses during the second quarter of 2016, lagging the S&P500 Index which returned 2.8%. The main reason for the Fund's underperformance over the quarter was due to stock selection within the Consumer Discretionary and Financials sectors. Consumer

Discretionary was among the worst performing sectors in the Index, down 1.0% in the quarter. The Fund's performance was impacted by the weak performance of the three cruise line stocks it holds.

In Financials, the strength and significant de-risking of our companies' balance sheets, as well as the ability to weather a severe economic downturn, helped capital returns to continue to trend upward. This is evidenced by recent Comprehensive Capital Analysis and Review stress tests and total payout (dividends and share buybacks) figures returning to levels not seen since before the Financial Crisis.

At quarter end, the U.S. Equity Fund remains well positioned and holds better priced securities, with higher yields, than the market. In addition, we remain confident that future earnings growth prospects for the Fund's holdings are strong. We believe that the Fund is of better quality and more attractively valued than the S&P 500 Index, as measured by its return-on-equity of 20.1% and price-to-earnings of 15.5 times versus the Index's 16.0% and 19.5 times, respectively.

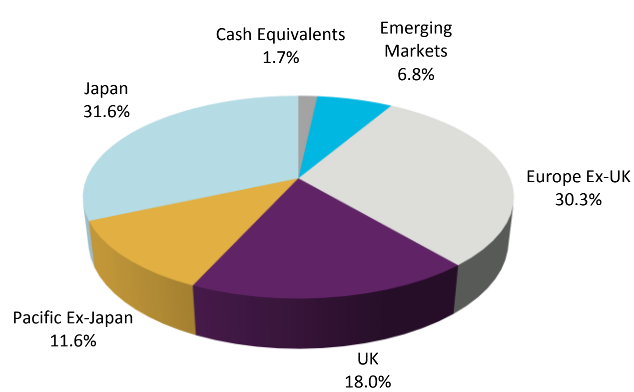
International Equity Plus Fund

After a volatile first quarter, the second quarter saw global stock markets regain their poise until the UK voted in a referendum to leave the European Union. As this outcome was not expected by markets, the reaction was initially quite violent with European stocks marked down and sterling devalued. Currency moves played a significant role during the quarter with the safe haven Yen appreciating markedly in response to these events. This all served to send shock waves through the Financial sector in particular, an aspect further exacerbated by the negative interest rate policies in place in Europe and Japan. This further pressured Financial shares in these regions.

Against this backdrop, the clear sector winners were the more defensive areas such as Consumer Staples, Health Care and Utilities while the key losers were Financials. Financials continued to underperform due to fears on bank margins arising from negative rates and concerns on growth arising from uncertainty in the European Union and this caused the portfolio to lag slightly.

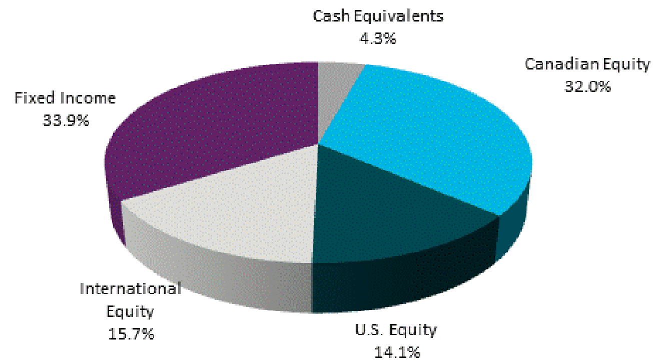
The international Equity Plus Fund declined by 2.0% in the second quarter after fees and expenses, lagging the MSCI EAFE Index slightly which declined by 1.2%. The main detractors from performance were RBS and Nomura. The key contributors to performance lay in the Oil & Gas and Health Care sectors.

The country weightings of the International Equity Plus Fund at June 30, 2016 were:



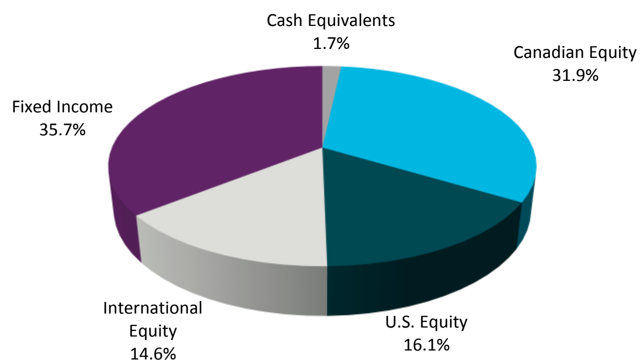
Balanced Fund

The Balanced Fund advanced by 2.1% in the second quarter of 2016 after fees and expenses. The asset mix for the Fund at June 30, 2016 was:



Unrestricted Diversified Fund

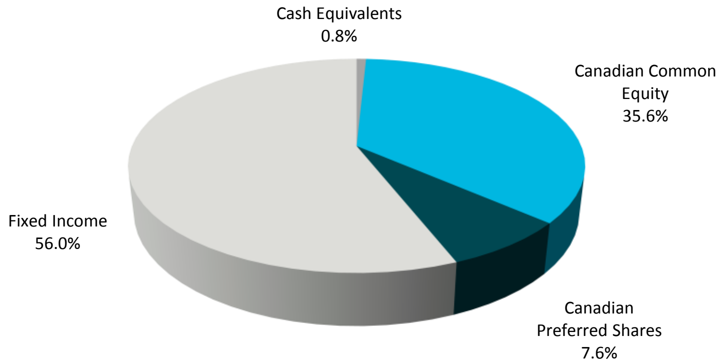
The Unrestricted Diversified Fund returned 2.4% in the second quarter of 2016 after fees and expenses. The asset mix for the Fund at June 30, 2016 was:



Income Advantage Fund

The Income Advantage Fund advanced by 2.8% after fees and expenses during the second quarter, led by the strong performance of the Fund’s dividend paying common stocks. Preferred shares, both investment grade and high yield bonds were also positive. We trimmed our position in high yield bonds and preferred shares over the quarter and added to common equities and investment grade corporate bonds.

The asset mix for the Income Advantage Fund at June 30, 2016 was:



Core Bond Fund (formerly named Fixed Income Fund)

Fixed income investments performed well in the second quarter, as they benefitted from a continued rally in federal government bonds, as well as modestly lower credit spreads in corporate bonds. The Core Bond Fund returned 2.6% after fees and expenses during the quarter, equalling the FTSE TMX Canada Universe Bond Index.

Our view is that global government bond yields are unlikely to deviate significantly from current levels for the remainder of the year. Most notably, we now expect that the US Federal Reserve will be significantly less likely to normalize monetary policy further during 2016. This is due to the mixed global economic backdrop and the heightened uncertainty caused by the recent UK referendum. We continue to position the Fund conservatively in terms of overall interest rate risk.

Given the uncertain economic outlook, we have significantly reduced the Fund's overall exposure to corporate and provincial bonds during the quarter. This shift was most notable in provincial bonds where we have moved from a modest overweight to a modest underweight due to valuation concerns. In addition, corporate risk was reduced by approximately one-third over the quarter, and is now at its lowest point in over five years.

Our outlook for Canadian fixed income markets remains cautious. We believe the probability of further monetary policy easing from the Bank of Canada has risen due to ongoing weakness in exports, while the probability of rate hikes in the United States is significantly lower due to global economic and political concerns.

In this environment, we continue to focus on allocating assets to the best risk-adjusted investments in fixed income. Our view continues to be that there are currently better opportunities in provincial and corporate bond markets rather than in interest rate markets, given the uncertain and divergent global interest rate outlook. We continue to look for high-quality opportunities to add to the Fund's overall exposure as credit spreads widen, and in the meantime, exploit relative value opportunities within both the provincial and corporate bonds.

Corporate Advantage Fund (formerly named Corporate Fixed Income Fund)

The Corporate Advantage Fund advanced by 2.1% after fees and expenses during the second quarter of 2016 as all components of the Fund provided a positive return. We increased our allocation to investment grade bonds, specifically high quality federal, provincial and municipal bonds as the outlook for economic growth deteriorated.

High Yield Bond Fund

High Yield bond markets were positive in the second quarter of 2016. Our High Yield Bond Fund (unhedged series) advanced by 3.5% in the second quarter while the hedged series advanced by 3.2% after fees and expenses. Energy and mining default rates have increased since the start of the year, but default rates excluding these sectors have been modest. Outside of the energy and mining sectors, we have seen a slight increase in leverage, but margins and interest coverage look stable to positive. We feel high yield defaults are fairly manageable as rates for the non-commodity sectors are expected to remain at post-crisis lows. The High Yield Bond Fund continues to be focused on high quality issues.

Questions about your portfolio?

If you have questions about your Leith Wheeler portfolio, funds or services, please contact your Portfolio Manager or Karey Irwin at 604-683-3391 or 1-888-292-1122.

How to reach us:

Leith Wheeler Investment Funds Ltd.
1500 - 400 Burrard Street
Vancouver, BC
V6C 3A6
Phone: 604.683.3391 or 1.888.292.1122
Fax: 604.683.0323
Email: info@leithwheeler.com

Website: LeithWheeler.com