Leith Wheeler INVESTMENT FUNDS LTD.

Quiet Money.

Leith Wheeler Investment Funds
Quarterly Review – September 30, 2018

	MER %	3 Mo. %	1 Yr %	3 Yrs %	5 Yrs %	10 Yrs %
LW Canadian Equity Fund	1.49	0.0	5.4	11.6	7.7	6.8
LW Canadian Dividend Fund	1.50	0.5	4.5	12.5	8.4	n/a
LW Carbon Constrained Cdn Equity Fund	1.50	0.5	7.6	n/a	n/a	n/a
LW U.S. Equity Fund (C$)	1.32	3.6	12.4	12.2	14.1	10.7
LW U.S. Dividend Fund (USD)	1.35	5.1	6.8	n/a	n/a	n/a
LW U.S. Small /Mid-Cap Fund (C$)	1.31	1.9	16.0	n/a	n/a	n/a
LW International Equity Plus Fund (C$)	1.59	-1.0	3.1	7.4	8.2	5.2
LW Emerging Markets Fund (C$)	1.69	-2.4	3.7	n/a	n/a	n/a
LW Balanced Fund	1.16	0.1	4.6	7.4	7.3	6.5
LW Income Advantage Fund***	0.85	0.3	2.8	6.7	5.3	n/a
LW Core Bond Fund	0.79	-1.0	1.2	1.2	2.8	3.8
LW Corporate Advantage Fund	0.79	0.0	1.4	3.0	n/a	n/a
LW High Yield Bond Fund	0.89	-0.8	6.4	6.0	n/a	n/a
LW High Yield Bond Fund (C$ Hedged)	0.89	0.7	2.1	6.7	n/a	n/a
LW Multi Credit Fund	1.00	0.7	1.8	n/a	n/a	n/a
LW Preferred Share Fund**	0.95	n/a	n/a	n/a	n/a	n/a
LW Short Term Income Fund*****	0.37	0.4	1.6	n/a	n/a	n/a
LW Money Market Fund****	0.32	0.3	1.0	0.6	0.5	0.4
Peer Comparison*	**Median %**	**3 Mo. %**	**1 Yr %**	**3 Yrs %**	**5 Yrs %**	**10 Yrs %**
Median Canadian Equity Fund	2.14	-0.6	4.3	7.5	6.7	5.7
Median Dividend & Income Equity Fund	2.04	1.0	4.1	8.2	6.6	6.4
Median US Equity Fund (C$)	2.03	5.1	15.1	12.3	14.3	10.4
Median International Equity Fund (C$)	2.11	-0.4	3.8	6.9	7.2	5.6
Median Global Equity Balanced Fund	2.30	0.7	5.3	6.5	7.1	6.4
Median Cdn Fixed Income Balanced Fund	2.05	-0.4	2.2	2.9	3.8	4.2
Median Fixed Income Fund	1.34	-1.0	0.5	0.8	2.0	3.4
Median High Yield Fixed Income	1.36	1.1	1.6	5.3	3.9	6.0
Median Money Market Fund	0.69	0.3	0.8	0.3	0.3	0.4

*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 September 30, 2018 with the exception of the 3 Month return.*Source: Fund Data **Estimated MER as funds under 1 year old ***MER temporarily reduced from 1.0% + GST at the discretion of Leith Wheeler based on current short term investment yields**** MER temporarily reduced from 0.60%+GST at the discretion of Leith Wheeler based on current short term yields *****MER temporarily reduced from 0.65% plus GST at the discretion of Leith Wheeler based on current short-term yields*

Investment performance across capital markets was mixed during the quarter. US equity markets continued their strong performance, but Canadian and International equity markets declined slightly. Meanwhile, fixed income portfolios had modestly negative returns during the quarter as bond yields rose towards the recent 2018 highs.

After outperforming other regions in the second quarter, weakness in Energy and Materials stocks weighed on the Canadian market over the third quarter. The benefit from the ongoing rise in global oil prices was in part offset by near-record discounts in the Western Canadian Select oil reference rate, due to rising Canadian production in the face of pipeline capacity issues. Materials was the worst performing sector as metals' prices have been impacted by worries of an escalating trade war between China and the US.

International equity markets also declined slightly quarter. Despite the strong performance of Japanese equities, the overall global equity markets were weighed down by a slowdown in the outlook for European growth, combined with renewed concerns over Italy's fiscal position. In addition, emerging market economies, led by Turkey, were particularly weak, but for now appear to have stabilized.

In the US, "FAANG" stocks Apple (+20.3%), Amazon (15.8%) and Google (+5.2%) extended their gains into the third quarter and helped to push the S&P 500 Index higher. As discussed in past reports, with our value investment style, it has been hard to keep pace with this growth-led market.

In fixed income markets, both the US Federal Reserve and the Bank of Canada increased interest rates during the quarter as expected. In the US, the overall tone has become more hawkish and the market is now largely expecting a fourth interest rate hike from the US Federal Reserve before year-end. As a result, bond yields rose during the quarter which in turn weighed on fixed income portfolio returns. This was partially offset by investment-grade bonds which, after weakening during the first half of 2018, improved in the quarter.

Canadian Equity Fund

There has been no shortage of worries that the Canadian market has wrestled with so far this year, from tariffs and trade wars to pipeline capacity constraints and uncertainty over project approvals. These themes continued into the third quarter, leading to weakness in Materials (-12.9%), Consumer Discretionary (-8.0%), and Energy (-5.7%) stocks. Despite this, the TSX Composite Index (TSX) only declined 0.6% during the quarter. The best performing sector was Health Care (+31.4%), as cannabis rose sharply ahead of the legalization of recreational-use marijuana.

The Canadian Equity Fund declined by 0.3% after fees and expenses during the third quarter, outperforming the TSX. Relative performance was helped by strength and position size of the Fund's Industrials holdings. Our smaller exposure than the markets to both Materials and Energy stocks also contributed positively to results. This was partially offset by a negative contribution from not holding any Health Care stocks.

Performance was hurt by weakness in some of the Fund' Energy holdings. NuVista Energy (-17.8%) announced it would be purchasing oil and gas assets from Cenovus Energy for $625 million. The assets are located next to NuVista's current operations – a region where well results have ranked as some of the most profitable in North America. We suspect the stock price weakness was due to market disappointment that the deal would not be accretive on a per share basis until late 2019. We view the acquisition positively as it adds production in a region where the company has already shown strong execution. We participated in the equity offering being raised to finance the deal.

Canadian Dividend Fund

The Canadian Dividend Fund advanced by 0.5% in the third quarter, outperforming the TSX. Similar to the Canadian Equity Fund, relative performance was helped by the Fund's Industrials holdings, as well as our relative underweight in both Materials and Energy.

CI Financial (-12.0%) was the weakest performer in the Fund during the quarter. The company announced that they would be cutting its dividend by 50% and using the excess cash flow to buy back additional stock. Management communicated that the dividend cut is not a reflection on its business outlook but rather its desire to change the balance of shareholder returns from dividends to buybacks, given the current share price and depressed valuation. The company plans to buy back $1 billion in shares over the next 12-18 months. Shares continue to trade at an attractive valuation for a company that has a very strong balance sheet and generates a high return on equity.

U.S. Equity Fund

It was a strong third quarter for the S&P 500 Index (the Index), up 5.9%. Commodity-based groups Energy (-1.1%) and Materials (-1.3%) trailed the Index while Health Care (+12.6%) and Information Technology (IT) (+10.5%) sectors dominated. Not surprisingly, value benchmarks trailed both the growth benchmarks and the Index. Until growth loses favor, we are patiently and methodically executing our value process, expecting that a cycle of value stock outperformance will follow.

The U.S. Equity Fund lagged the Index, returning 3.6% (in Canadian dollars) after fees and expenses during the quarter. This was due to weakness in some of its Financials, Industrials and IT holdings. An underweight position in the overall IT sector was also a factor, as the growth-oriented sector continues to perform strongly in a growth-led market. On the positive side, stock selection within the Consumer Discretionary and Health Care and underweight position in the new Communication Services sector were strong contributors to relative performance.

U.S. Dividend Fund (US$)

The U.S. Dividend Fund returned 5.1% (in US$) after fees and expenses, lagging the S&P 500 Index in the quarter. This was primarily due to stock-specific weakness in Fund Financials, Industrials and Energy holdings. The Fund's Health Care stocks were a strong contributor to relative performance. As with the U.S. Equity Fund, we remain focused on seeking stocks with meaningful valuation discounts and strong earnings potential.

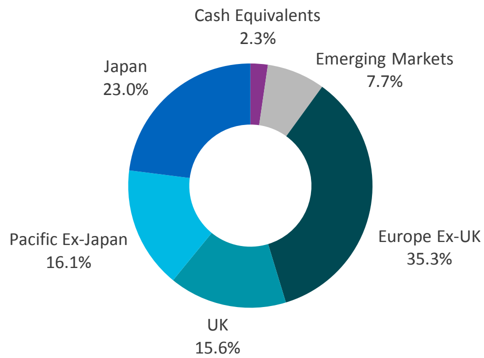
U.S. Small/Mid Cap Equity Fund

After seeing strong gains in the first half of 2018, US small/mid-cap stocks lagged large-cap stocks in the third quarter. The Russell 2500 Index advanced by 2.9% in Canadian dollar terms in the third quarter. The U.S. Small/Mid Cap Equity Fund returned 1.9% after fees and expenses in the same time period, was mainly due to stock price declines in Maxar Technologies (-34.0%) and Tri Pointe (-24.2%), and having limited exposure to the outperforming Health Care and Information Technology sectors. Positive contributors to performance during the third quarter included our overweight in the Industrials sector and stock price performance from Tetra Tech (+17.0%), Carlisle (+12.8%), and Cinemark (+15.6%).

International Equity Plus Fund

Global equity markets had muted returns in the third quarter as concerns continued over trade sanctions, the fear of slowing global growth and worries of a no-deal Brexit. The International Equity Plus Fund declined by 1.0% after fees and expenses during the quarter, lagging the MSCI EAFE Index which declined by 0.4%. Performance was helped by Technology holdings while Consumer Discretionary stocks were the largest detractor from performance.

The country weightings of the International Equity Plus Fund at September 30, 2018 were:

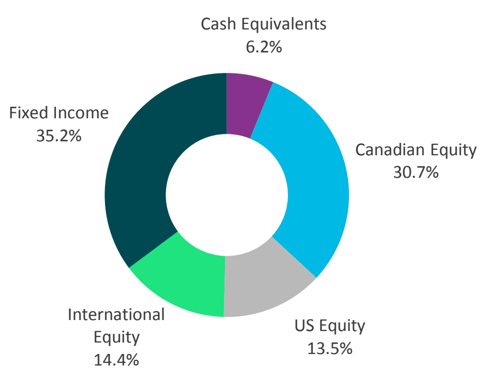


Emerging Markets Equity Fund

Emerging market equities lagged developed markets as trade tensions and other worries continued to constrain enthusiasm for investments. The Emerging Markets Fund declined by 2.4% after fees and expenses outperforming the MSCI Emerging Market Index which declined by 2.8%. The Fund's holdings in Mexico were one of the largest contributors to excess returns.

Balanced Fund

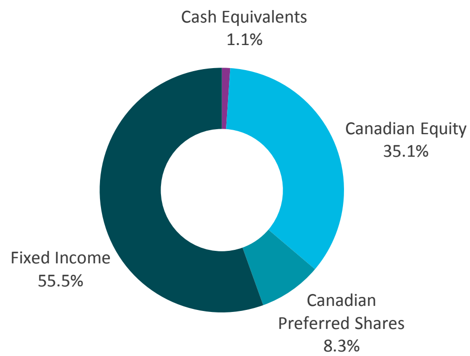
The Balanced Fund advanced by 0.1% after fees and expenses in the third quarter of 2018. The asset mix for the Fund at September 30, 2018 was:



Income Advantage Fund

The Income Advantage Fund returned 0.3% after fees and expenses during the quarter. The Fund's dividend paying stocks and preferred share holdings were the biggest contributors to performance. The Fund's High Yield bond holdings also generated positive returns while the Investment Grade Corporate Bonds declined slightly.

The asset mix for the Income Advantage Fund at September 30, 2018 was:



Core Bond Fund

Returns on fixed income investments were modestly negative during the quarter, as the rise in bond yields was only partly offset by tightening in corporate credit spreads. The Core Bond Fund declined by 1.0% after fees and expenses, in line with the FTSE TMX Canada Universe Bond Index during the quarter.

The Bank of Canada raised the Overnight Lending Rate early in the third quarter as was broadly expected, and ongoing resilience in the economy and the recent resolution of trade negotiations has firmly solidified expectations for an additional rate hike in late October 2018. We continue to believe that the Bank of Canada will likely raise interest rates more slowly than what is currently anticipated by forward markets. However, the extent of divergence between our view and market pricing has shrunk over the past several quarters and as a result we have adjusted our weight in short-term bonds accordingly.

More important to bond yields, however, is the ongoing strength seen in the US economy. Full employment and fiscal stimulus have continued to put upward pressure on inflation and wages and as a result the US Federal Reserve has signaled a high likelihood of a fourth interest rate hike in 2018, which has pushed US bond yields to near the highest levels since 2011. The Core Bond Fund was positioned conservatively throughout the quarter, and as a result benefited from the accompanied rise in Canadian bond yields.

The outlook for the Canadian economy improved during the quarter, largely as a result of ongoing strength of the US economy combined with an improvement in Canadian growth data and the recent resolution of trade negotiations. Although the impact of trade uncertainties on economic activity and capital expenditure had been relatively limited to date, the removal of the cloud of uncertainty relating to trade should benefit capital investment which might otherwise have been deferred.

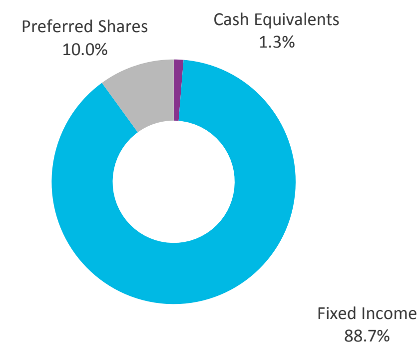
Against this improvement, however, is a growing concern about the Canadian housing market. Recent changes to mortgage lending rules, foreign ownership restrictions and arguably most importantly rising mortgage rates are now clearly impacting both home sale activity and prices. In addition, we are seeing increasing evidence of spillover effects into the broader economy, such as rising consumer insolvency rates and declining auto sales, which are cause for concern.

Absent a material shock to the global economy, we expect central banks in both the US and Canada to continue to raise interest rates and remove monetary stimulus. We have become more confident that the US will continue on a path of gradual interest rate increases but acknowledge that the balance of risks has shifted towards a faster removal of monetary accommodation as the economy continues to operate at full employment. For Canada, our base case is for the central bank to raise interest rates before year-end and again in the first half of 2019, and for the yield on 10-year Government of Canada bonds to rise towards 2.25%. However, we continue to believe that any increase in bond yields in Canada will remain relatively modest due to the high level of household leverage.

Corporate Advantage Fund

The Corporate Advantage Fund advanced by 0.1% after fees and expenses in the third quarter. The largest contributor to performance was the Fund's preferred share holdings, followed by the Fund's sub-investment grade fixed income holdings. The Fund's investment grade bonds were slightly negative in the quarter.

The asset mix of the Corporate Advantage Fund at September 30, 2018 was:



High Yield Bond Fund

The ICE Bank of America Merrill Lynch BB-B High Yield Constrained Index (the Index) was up 2.2% in the third quarter as investors responded to record corporate earnings, a steady central bank narrative, and continued economic growth in the US. The High Yield Bond Fund underperformed the Index, primarily due to a position in, Diebold Nixdorf (-29.5%). Due to a deterioration of quality in the security, we exited the position in August.

The High Yield Bond Fund benefitted from strong outperformance from Teck Resources (+6.6%) and Vertiv Group (+8.3%). Teck Resources continues to deleverage and generate free cash flow at current commodity prices. Based on the improved balance sheet, the metals and mining company now has the debt profile of an investment-grade issuer and there are some positive catalysts for a full upgrade by the credit rating agencies.

Vertiv Group reported second quarter earnings that relieved some of the organic growth concerns that arose from its first quarter earnings release. There was also speculation that the company would attempt to sell itself or initiate a public offering, which resulted in price appreciation

While spreads are at the tighter end of their historical range, we remain positive on high yield debt over the longer term. Spreads indicate the market's expectations of default rates (a measure of market stress) and offer a metric for relative valuations. They continue to be tight as strong US economic data and tax reform provide positive momentum. Relative to investment-grade bonds and equity markets, high yield still offers favourable return potential. In a rising interest rate environment, high yield bonds have historically performed well due to economic tailwinds usually associated with rising rates, their shorter duration and higher coupons.

Multi Credit Fund

The Multi Credit Fund advanced by 0.7% after fees and expenses during the third quarter. Throughout the period, senior secured loans had the largest weight in the Fund, of approximately 60%. The Fund remains conservatively positioned, with the expectation that returns will continue to be generated primarily from the high coupon income.

Questions about your portfolio?

If you have questions about your Leith Wheeler portfolio, funds or services, please contact your Investment Funds Advisor at 604-683-3391 or 1-888-292-1122.

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