Leith Wheeler INVESTMENT FUNDS LTD.

Quiet Money.

Leith Wheeler Investment Funds
Quarterly Review – March 31, 2019

	MER %	3 Mo. %	1 Yr %	3 Yrs %	5 Yrs %	10 Yrs %
LW Canadian Equity Fund	1.49	13.1	2.6	9.1	4.0	10.6
LW Canadian Dividend Fund	1.51	12.1	1.1	8.9	5.1	n/a
LW Carbon Constrained Cdn Equity Fund	1.47	12.9	5.5	n/a	n/a	n/a
LW US Equity Fund (C$)	1.32	9.7	6.4	10.8	9.4	12.6
LW US Dividend Fund (USD)	1.34	11.2	1.7	n/a	n/a	n/a
LW US Small /Mid-Cap Fund (C$)	1.31	11.1	7.2	n/a	n/a	n/a
LW International Equity Plus Fund (C$)	1.49	5.7	-2.6	8.3	6.0	5.6
LW Emerging Markets Fund (C$)	1.63	6.0	-1.8	n/a	n/a	n/a
LW Balanced Fund	1.17	7.8	3.3	7.0	5.2	8.25
LW Income Advantage Fund**	0.85	6.4	2.0	5.6	4.1	n/a
LW Core Bond Fund	0.79	3.8	4.6	2.1	3.2	4.3
LW Corporate Advantage Fund	.079	3.2	2.1	3.0	n/a	n/a
LW High Yield Bond Fund	0.87	3.7	7.4	8.9	n/a	n/a
LW High Yield Bond Fund (C$ Hedged)	0.87	5.6	2.6	7.2	n/a	n/a
LW Multi Credit Fund	1.00	4.7	0.5	n/a	n/a	n/a
LW Preferred Share Fund***	1.01	n/a	n/a	n/a	n/a	n/a
LW Short Term Income Fund****	0.37	0.6	1.9	n/a	n/a	n/a
LW Money Market Fund*****	0.32	0.4	1.4	0.8	0.6	0.4
Peer Comparison*	**Median %**	**3 Mo. %**	**1 Yr %**	**3 Yrs %**	**5 Yrs %**	**10 Yrs %**
Median Canadian Equity Fund	2.08	11.4	5.5	6.6	4.1	8.8
Median Dividend & Income Equity Fund	2.00	10.9	7.1	7.0	4.5	9.2
Median US Equity Fund (C$)	1.93	11.1	7.8	10.9	10.4	13.2
Median International Equity Fund (C$)	2.03	7.9	-1.3	6.7	4.7	8.4
Median Global Equity Balanced Fund	2.29	8.0	2.9	6.1	5.2	8.3
Median Cdn Fixed Income Balanced Fund	1.98	5.2	3.2	3.3	3.1	5.1
Median Fixed Income Fund	1.30	3.7	3.8	1.8	2.4	3.5
Median High Yield Fixed Income	1.35	5.0	2.8	5.8	2.9	7.2
Median Money Market Fund	0.69	0.3	1.1	0.5	0.4	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 March 31, 2019 with the exception of the 3 Month return.*Source: Fund Data **MER temporarily reduced from 1.0% + GST at the discretion of Leith Wheeler based on current short term investment yields ***Estimated MER as funds under 1 year old *****MER temporarily reduced from 0.65% plus GST at the discretion of Leith Wheeler based on current short-term yields ***** MER temporarily reduced from 0.60%+GST at the discretion of Leith Wheeler based on current short term yields*

Equity markets across the globe rebounded in the first quarter, as the overly pessimistic sentiment that drove markets sharply lower in late 2018 reversed course. Investors regained confidence as the tone at central banks changed to allow for more accommodative policy, and trade tensions between the world's two largest economies eased somewhat as the US delayed planned tariff increases on Chinese goods.

The Canadian equity market was among the best performing markets, increasing 13.3% in the first three months of 2019. US equities generated similar returns in local currency, up 13.6%, although strength in the Canadian dollar reduced the return to Canadian-based investors to a still impressive 11.3%. International and emerging markets also provided strong returns, both up 7.7%.

The reversal in sentiment that we saw this quarter is evidenced in the performance of some of the holdings in our Canadian equity portfolios. Several companies that sold off in the fourth quarter, despite strong long-term company fundamentals, were among the top performers in the portfolio in the first quarter. For example, First Quantum, Toromont Industries, and Tourmaline Oil all rebounded strongly over the quarter – up 37.2%, 26.3%, and 22.1%, respectively.

The US Equity Fund provided solid absolute returns thanks to a rebound in Energy stocks which was fuelled by a 30% rise in oil prices. Unfortunately, Fund results continued to lag the S&P 500 Index due to an underweight in Information Technology, the best performing sector over the quarter. Elsewhere, after a brief sell-off in the fourth quarter, the "FANG" stocks returned to dominance – Facebook (+24.4%), Amazon (+16.0%), Netflix (+30.3%), and Google (+10.8%).

We saw the weakness in equity markets in late 2018 as a buying opportunity and added to several companies across the funds, First Quantum and Constellation Software in Canada, as well as Valero Energy in the US, to name a few examples. Now, given the strength in these stocks and several others to start 2019 we have trimmed several holdings.

Elsewhere, Canadian fixed income investments were positive as the pivot of global central banks away from tighter monetary policy led to declining government bond yields over the quarter. Also garnering attention in bond markets was the inversion of the yield curve – when the difference between 10-year government bond yields and 3-month yields turns negative, this has historically been a leading indicator that a recession is on the horizon. We would point out that yield curve inversions do not always precede a recession, but if it does occur, any recession is often more than a year following the inversion.

While there are some signs that conditions have changed, there are many indicators, particularly the strength in the labour market, that suggest the economy continues to exhibit positive, albeit slower, economic growth. We also remain more optimistic due to the willingness of central banks to adjust policy in response to developing conditions.

As always, we remain focused on our approach – filtering out market noise and investing in solid businesses, trading at attractive valuations, that we expect to be profitable over the long term. Overall, valuations are still reasonable even with the recent strength in markets, and we will continue actively investing where we see value.

Canadian Equity Fund

The S&P/TSX Composite Index (TSX) increased 13.3% with all sectors providing positive returns. Health Care led the way with a staggering 49.1% return, while Information Technology was up an impressive 26.0%. The "interest-sensitive" sectors of Real Estate (+17.5%) and Utilities (+16.1%) were also among the top performers, as long-term interest rates fell in the quarter and investors flocked to higher-dividend paying stocks. Pipelines (+19.5%) also performed well in this environment.

The Canadian Equity Fund advanced by 13.1% after fees and expenses in the first quarter. Despite having less exposure to some of the best performing areas of the market– no exposure to Health Care and Pipelines and underweights in Real Estate and traditional Utilities – the Canadian Equity Fund provided a strong result and performed more or less in-line with the TSX. Some of the cyclically-oriented stocks held the Materials and Industrials sectors, which had sold off late last year, bounced back in the first quarter.

In Materials, First Quantum (+37.2%) was the top performer in the Fund, as worries of an escalating trade war between the US and China abated, leading to a 11.6% rise in copper prices. In February, the company's Cobre Panama mine processed its first ore and will ramp up production over the remainder of the year and into 2020. With this asset, the company is well positioned for growth over the long term. We trimmed our position given the stock price strength over the quarter.

On the other hand, Winpak declined 9.6% after reporting earnings that were below expectations. The flexible packaging company continues to focus on developing high-technology films to address increasingly complex consumer applications and we believe the investments it has made in its world class facilities in Winnipeg will add incremental value over the long term. We added to our position during the quarter.

Some of the Fund's holdings in the Industrials sector outperformed the TSX - specifically Toromont Industries (+26.3%) and CN Rail (+18.9%). Shares of Constellation Software rose 32.9% after reporting better than expected revenues and earnings for the fourth quarter. With no debt on the balance sheet, and very strong cash flow generation, the company announced a special dividend of US$20/share. We think the company will continue to execute on its M&A strategy and deliver long term value to shareholders. We trimmed our position on the recent stock price strength.

The TSX Energy sector increased 15.3% over the quarter, as WTI oil prices rallied over 30% and Canadian oil price differentials held relatively steady. Oil-producers Cardinal Energy (+23.1%) and Canadian Natural (+12.5%) provided strong returns. Meanwhile, shares of Tourmaline increased by 22.1% as the company reported solid financial results to the end of the year. Cash flows were better than expected in the fourth quarter due to higher natural gas pricing of its volumes sent to the US west coast. Shares continue to be attractively valued given its strong management team, very low leverage and above-average per share growth.

Canadian Dividend Fund

The Canadian Dividend Fund returned 12.1% after fees and expenses during the first quarter. Performance was driven by similar factors to the Canadian Equity Fund, but the Dividend Fund's smaller weight in Energy and Materials stocks resulted in a lower overall return than the Canadian Equity Fund.

US Equity Fund

The S&P 500 Index (the Index) returned +11.3% as investors regained confidence on rising expectations of a trade resolution between the US and China and a dovish turn by the US Federal Reserve. Every sector rose sharply during the quarter led by Technology, which rose 17.2%. The Energy sector (+13.9%) was also notable for its very strong rebound from its place among the worst performers (-19.6%) in the fourth quarter of 2018. Health Care (+4.3%) was the worst performing sector, followed by Financials (+6.2%), which were hurt by declining bond yields and a flat yield curve.

The US Equity Fund returned 9.7% after fees and expenses during the quarter, lagging the Index. Stock selection within the Energy, Financials, and Industrials sectors added to relative performance. Stock selection within Health Care, Information Technology, and Consumer Discretionary along with our overweight in Materials detracted from relative performance.

The Fund's underweight to and stock selection within the Information Technology sector detracted from relative performance. In terms of stock selection, it was less a matter of what we owned and more attributable to what we did not own. The clear majority of the Technology stocks not held in the Fund trade at a premium relative to the market and thus find themselves in the most expensive half in terms of valuation.

US Dividend Fund (USD)

The US Dividend Fund advanced by 11.2% after fees and expenses during the quarter, lagging the Index. Drivers of Fund performance were similar to those of the US Equity Fund.

US Small/Mid Cap Equity Fund

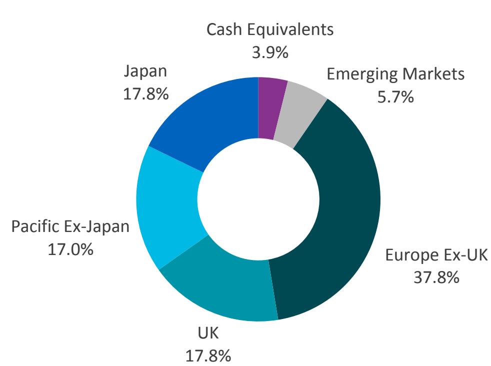
US small/mid-cap stocks rallied strongly in the first quarter of 2019 after the sell-off at the end of last year. The Russell 2500 Index (the Index) rose 13.4%, with two-thirds of the sectors up double digits, although a stronger Canadian dollar shaved 2.1% off the returns in Canadian dollar terms. Information Technology (+22.2%), Health Care (+16.5%), Energy (+15.2%), and Real Estate (+14.0%) sectors led the gains, while Consumer Staples, despite gaining 4.6%, underperformed the broader market.

In spite of having a strong return of 11.1% after fees and expenses, the Fund lagged the Index during the quarter. This is mainly due to having limited exposure to the two best performing sectors – Information Technology and Health Care – at a combined average weight of 7.0% as compared to 29.8% in the Index. On the positive side, Information Technology holding Keysight Technologies, the global leader in testing equipment that enables the design and manufacturing of leading-edge electronics—including 4G/5G devices, electric vehicles, and aerospace electronics—continued to outperform.

International Equity Plus Fund

The International Equity Plus Fund advanced by 5.7% after fees and expenses in the quarter, compared to the EAFE Index which returned 7.7%. The best performing sectors within the Fund were Health Care and Industrials stocks, while Financials continued to be under the most pressure.

The country weightings of the International Equity Plus Fund at March 31, 2019 were:



Emerging Markets Equity Fund

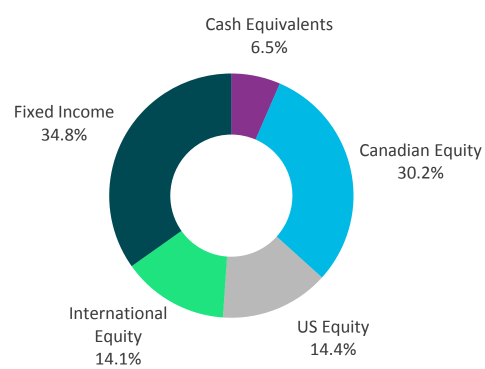
Emerging markets, while not faring as well as their developed counterparts, nevertheless performed admirably in the first quarter of 2019 after a very strong fourth quarter last year, in which they significantly outpaced their developed peers. In fact, the broad markets, as measured by either the MSCI World Index or MSCI All Country World Index, are off to their best start since 1998.

Against this backdrop, the Emerging Markets Fund returned 6.0% after fees and expenses besting the MSCI Emerging Markets Value Index return of 5.5% but trailing the broader MSCI Emerging Markets Index return of 7.7%.

In a dramatic reversal from last quarter, investor sentiment toward China has positively changed in the first quarter following supportive government policies, stabilizing macroeconomic data, optimism toward a resolution on the US/China trade talks, and a more dovish US Federal Reserve. The Chinese government has been adopting a more pro-stabilization and growth tone versus the de-leveraging focus in 2017 and most of 2018. We are seeing these efforts slowly work through the Chinese economy and there has seen stabilization and improvement in economic data. Accordingly, the portfolio has only a modest overweight to China securities.

Balanced Fund

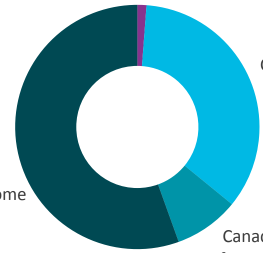
The Balanced Fund advanced by 7.8% after fees and expenses in the first quarter of 2019. The asset mix for the Fund at March 31, 2019 was:



Income Advantage Fund

The Income Advantage Fund returned 6.4% after fees and expenses in the first quarter of 2019. The dividend paying common stock and sub-investment grade fixed income components of the fund were the largest contributors to performance, followed by investment grade fixed income assets and preferred share holdings.

The asset mix for the Income Advantage Fund at March 31, 2019 was:



Core Bond Fund

Fixed income investments continued to provide strong returns in the first quarter of 2019, due to the combination of declining government bond yields and tightening credit spreads. The Core Bond Fund returned 3.8% after fees and expenses during the quarter, slightly lower than the FTSE Canada Universe Bond Index during the quarter which returned 3.9%. Fund performance was helped by a combination of our corporate bond weighting and security selection.

The turnaround in expectations since the third quarter of 2018 has been stark. 5-year Canadian government bond yields have fallen almost 100 basis points, and the 3-month vs 10-year curve has also flattened by a similar magnitude and is now inverted, historically a leading indicator for recessions. Interest rate markets are now pricing in rate cuts in the United States and Canada. In addition, the US Federal Reserve has indicated that they will slow and eventually stop unwinding their balance sheet much earlier than previously expected, while the European Central Bank actually eased monetary policy through forward guidance, with rates on hold through year-end.

The Core Bond Fund remains overweight corporate bonds with an overall portfolio yield modestly higher than the FTSE Canada Universe Bond Index. These corporate bond holdings are biased towards high quality issues with maturities that are shorter than the Index. Overall, however, the Fund is positioned to benefit from a tightening in credit spreads, and we added to this position when markets sold off in late 2018 which further benefited performance during the quarter.

Although some market-based indicators, such as the inversion of the yield curve, are viewed as leading indicators of a recession we have a less pessimistic outlook for capital markets. Yield curve inversions do not always precede a recession, and the timing of any recession, if it does occur, is often more than a year following the yield curve inversion.

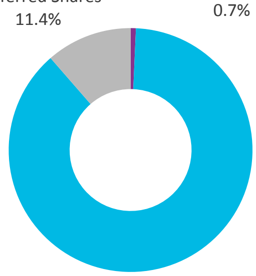
In the current situation, we also remain more optimistic due to the willingness of central banks to adjust policy significantly to the developing economic conditions. This willingness has clearly been supportive of risk assets like equities and credit since the turn of the year. Although inflation remains elusive, there remain many indicators, particularly the strength in the labour market, that suggests that the economy continues to exhibit positive, albeit slower, economic growth.

Our view on interest rates therefore remains broadly unchanged since last quarter. We expect central banks in Canada and the US to take a more patient approach to further rate hikes. However, we do not subscribe to the view that there will be rate cuts in 2019 —as is currently being priced into US and Canadian interest rate markets— because we expect economic growth to remain positive through 2019 and see the risks of an imminent recession as relatively low. In addition, the repricing in interest rate markets will alleviate some of the pressure on interest rate sectors of the economy, which given high levels of household indebtedness in Canada remain one of the most significant risks to our view.

Corporate Advantage Fund

The Corporate Advantage Fund increased by 3.2% after fees and expenses in the first quarter of 2019. Fixed income investments continued to provide strong returns in the first three months of the year, due to the combination of declining government bond yields and tightening credit spreads. The preferred share component was the smallest contributor to performance during the quarter.

The asset mix of the Corporate Advantage Fund at March 31, 2019 was:



High Yield Bond Fund

Sub-investment grade fixed income bounced back sharply in the first quarter of 2019 after a particularly weak fourth quarter of 2018. The broad high yield market returned 7.0% and recovered all fourth quarter losses by early February.

Rising expectations of a trade resolution between the US and China and a dovish turn by the US Federal Reserve led high yield credit spreads to retrace back to 400 basis points. Credit spreads were as high as 540 basis points in December after rising by over 220 basis points over last quarter. Returns were relatively consistent across bond quality, with CCC-rated bonds slightly outperforming higher quality credit in the rally.

The High Yield Bond Fund returned 3.7% and the currency hedged Fund returned 5.6%, both after fees and expenses during the quarter, lagging the market. This was due, in part, to security selection within the Energy and Consumer Goods sectors. Senior loans in the Fund underperformed high yield bonds as demand for the floating rate asset class was dampened by falling US Treasury yields and a dovish US Federal Reserve. However, loans continue to provide strong relative value on a yield basis compared to high yield bonds.

As credit spreads tightened, we took the opportunity to improve the Fund’s holdings in terms of credit quality. The credit curve also flattened over the quarter, which reduced the compensation received for holding longer dated bonds. We therefore adjusted the Fund’s holdings by shortening both the years to maturity and interest rate sensitivity.

Credit spreads in high yield markets reflect forward expectations of default rates and are at levels broadly consistent with our outlook for default rates and the economy. Relative to investment grade bonds and equity markets, we believe that high yield credit continues to offer favourable return potential, particularly when considering the risks, given our outlook for 2019.

The High Yield Bond Fund remains conservatively positioned, with the expectation that returns will continue to be generated primarily from the high coupon income.

Multi Credit Fund

The Multi Credit Fund returned 4.7% after fees and expenses during the quarter, led by strong performance in the Materials sector. As with the High Yield Bond Fund, high yield bonds outperformed senior loans over the quarter.

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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