Leith Wheeler Investment Funds
Quarterly Review – June 30, 2021

	MER %	3 Mo %	1 Yr %	3 Yrs %	5 Yrs %	10 Yrs %
LW Canadian Equity Fund	1.48	7.4	45.6	9.1	10.6	7.8
LW Canadian Dividend Fund	1.50	7.0	44.7	7.2	9.4	8.0
LW Carbon Constrained Cdn Equity Fund	1.48	5.7	40.7	10.8	n/a	n/a
LW US Equity Fund (C$)	1.32	4.8	44.9	11.1	12.6	13.1
LW US Dividend Fund (USD)	1.34	5.4	43.2	7.8	n/a	n/a
LW US Small /Mid-Cap Fund (C$)	1.33	2.4	38.5	12.4	n/a	n/a
LW International Equity Plus Fund (C$)	1.59	4.3	17.8	0.4	6.0	4.4
LW Emerging Markets Fund (C$)	1.68	2.1	33.6	6.2	n/a	n/a
LW Balanced Fund	1.16	4.1	22.1	6.8	7.6	7.0
LW Income Advantage Fund**	0.85	3.5	21.2	5.9	6.2	5.7
LW Core Bond Fund	0.79	1.6	-2.7	3.6	2.1	3.4
LW Corporate Advantage Fund	0.80	1.4	7.9	4.3	3.6	n/a
LW High Yield Bond Fund	0.88	0.3	-0.1	1.7	4.7	n/a
LW High Yield Bond Fund (C$ Hedged)	0.85	1.7	9.4	2.5	4.7	n/a
LW Multi Credit Fund	0.85	1.4	8.9	1.8	n/a	n/a
LW Preferred Share Fund	0.95	5.9	48.4	4.0	n/a	n/a
LW Short Term Income Fund***	0.37	0.1	0.6	1.5	n/a	n/a
LW Money Market Fund****	0.16	0.0	0.0	0.9	0.8	0.5
Peer Comparison*	**Median %**	**3 Mo %**	**1 Yr %**	**3 Yrs %**	**5 Yrs %**	**10 Yrs %**
Median Canadian Equity Fund	2.00	7.5	30.4	8.9	8.6	6.6
Median Dividend & Income Equity Fund	2.00	6.9	32.0	8.4	7.8	6.8
Median US Equity Fund (C$)	1.90	6.5	29.1	13.3	13.2	13.5
Median International Equity Fund (C$)	1.90	4.0	21.0	7.5	9.0	7.1
Median Emerging Markets Equity	1.50	3.5	32.8	9.9	11.7	5.7
Median Global Equity Balanced Fund	2.20	4.6	20.0	7.8	7.8	7.0
Median Cdn Fixed Income Balanced Fund	2.00	2.6	6.8	4.5	3.8	4.0
Median Preferred Share Fixed Income	0.80	6.3	41.3	4.8	7.7	3.9
Median Fixed Income Fund	1.30	1.3	-2.1	3.5	2.0	2.7
Median High Yield Fixed Income	1.30	2.3	10.7	5.0	4.9	4.6
Median Money Market Fund	0.70	0.0	0.0	0.7	0.6	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 June 30, 2021 with the exception of the 3 Month return. *Source: Fundata **MER temporarily reduced from 1.0% + GST at the discretion of Leith Wheeler based on current short term investment yields ***MER temporarily reduced from 0.65% 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 climbed higher in the second quarter, boosted by strong corporate earnings and optimism about the continued economic recovery.

North American markets were particularly strong in the quarter with both the S&P 500 and S&P/TSX Composite (TSX) up 8.5%, in local currency terms. Information Technology and Energy were among the top performing sectors in both markets. Oil prices rose 24%, on an improved demand outlook, as many developed countries gradually re-open and activity picks up ahead of the busy summer driving months. In June, technology stocks surged, as investors sought out the growth-oriented sector after the US Federal Reserve provided some indication that policy rates may rise sooner than anticipated amid higher inflation.

The US Equity Fund provided a solid return in the second quarter but lagged the S&P 500 Index. Relative performance in the Fund was strong through April and May but reversed course in June as growth stocks came back into favour. As a result, one of the main contributors to the Fund's underperformance was an underweight and stock selection in Information Technology. Elsewhere, in Consumer Discretionary, some of our travel and leisure stocks were weaker, giving up some of the gains experienced earlier in the year.

It was a similar story in Canadian equities during the second quarter, with the Canadian Equity Fund posting a strong absolute return but lagged the S&P/TSX Composite Index due to stock selection in Information Technology. Index heavy-weight, Shopify was up 30.7% as it reported strong first quarter results and benefited from the broader rally in growth-oriented tech stocks in June. We continue not to own the stock due to its expensive valuation, with investors pricing in extremely high growth rates that we believe are unlikely to materialize. On the positive side, performance during the quarter was helped by our Energy holdings as both oil and natural gas prices increased.

In international markets, performance by region was more mixed. European markets were supported by reopening activity, while Asian markets lagged due to supply chain issues and areas like Japan struggled with slower COVID-19 vaccination programs. Overall, the MSCI EAFE Index increased 3.8% in the quarter. The International Equity Plus Fund outperformed the index during this time period.

Overall, equity markets have had a strong year so far, after better-than-expected financial results and broad progress towards COVID-19 vaccinations and reopening activity. Solid gains in the Energy and Financials sectors year to date have led Canada to be one of the best performing markets globally. The TSX was up 17.3% in the first half of the year, while the S&P 500 rose 12.2% and the MSCI EAFE advanced 6.0%. All our equity funds have delivered strong returns over the last six months and are outperforming their respective indices, primarily due to their exposures to economically sensitive areas that benefit in a more normal environment.

In fixed income markets, mid- and long-term government bond yields fell in the second quarter, which was in sharp contrast to the first quarter that saw a material rise in yields across maturities. Both corporate and provincial bond spreads continued to tighten in the quarter. While Canadian inflation rose, the reaction in bond markets was muted due to the widespread view that higher inflation is likely to be transitory. Much of the rise can be attributed to base level effects with the year over year comparison to very low levels last spring, as well as bottlenecks in manufacturing and pent-up demand for commodities which are likely to subside as supply chain disruptions get resolved. Overall, the Core Bond Fund performed well, helped by its holdings in corporate and provincial bonds.

Our outlook remains broadly the same. As the rollout of COVID-19 vaccinations progresses and economic activity resumes, it will continue to be positive for corporate profits. In our Balanced Fund, we maintain a modest overweight in equities but favour Canadian and International markets, as the US market has reached new highs and valuations have increased. We are optimistic about the prospects for our equity funds as we own quality companies trading at reasonable levels that we expect will deliver strong returns over the long term. In fixed income, we expect a gradual rise in interest rates and have positioned the Core Bond Fund with a lower interest rate sensitivity relative to the benchmark. In corporate bonds, we favour high quality, liquid issuers, while continuing to provide an attractive risk-adjusted return in the current low interest rate environment.

Canadian Equity Fund

The second quarter saw a continuation of the optimism over the recovery that has driven markets higher over the last few quarters. With progress on COVID-19 vaccinations allowing many regions to begin reopening, the economic outlook continued to improve. Oil prices rose 24%, as demand is expected to pick up as economic activity resumes, while an OPEC+ dispute delayed a decision on production increases which led to concerns around supply.

The S&P/TSX Composite Index (TSX) gained 8.5% in the quarter, with most sectors providing positive returns. Performance was led by strength in Information Technology (+23.0%), Energy (+13.9%) and Real Estate (+10.7%). E-commerce platform provider Shopify increased 30.7% in the quarter as the company reported strong financial results and benefited from a broader rally in technology stocks in June. The Health Care sector was the one notable negative in the quarter, declining 11.6% and giving up some of the gains experienced earlier in the year.

The Canadian Equity Fund delivered solid returns in the second quarter, returning 7.4% after fees and expenses, but underperformed relative to the TSX. The main contributor to relative performance was not owning Shopify. We continue not to own the stock due to its expensive valuation, and the extremely high long-term growth rate that the valuation implies. Outside of this, Fund performance was helped by the outperformance of its holdings in Energy, while not having any exposure to Health Care was also a positive. Another strong performer was WPT Industrial REIT (Real Estate) which increased 19.9%.

On the weaker side, Manulife declined 8.8% after reporting mixed quarterly results. Shares of Stella-Jones fell 11.8% in the quarter, as spot lumber prices reversed course. We added to our position of Stella Jones as we expect reopening activity will continue to generate solid demand in residential lumber and see strong demand for its other core product categories.

Over the last six months, Fund returns have been very strong and outperformed the TSX, thanks to a triple and double-digit gains in Energy (Tourmaline +108.9%, Canadian Natural Resources +50.6%), Materials (First Quantum +25.1%, Nutrien +24.6%) and Financials (Bank of Montreal +34.0%, CIBC +32.6%).

Overall, the strength in the market over the last several quarters has been supported by strong earnings growth, rather than an expansion of valuations. More specifically, for the companies you own, valuations are reasonable, with some attractive opportunities still available. Generally, we have been trimming holdings that have performed well and reallocated to higher return opportunities.

Longer term returns for the Canadian Equity Fund look attractive as we expect strong company earnings to continue with the gradual reopening. As always, we remain disciplined and focused on our approach – investing in established businesses, trading at attractive valuations – which we expect will deliver value for clients over the long term.

Canadian Dividend Fund

Similar to the Canadian Equity Fund, the Canadian Dividend Fund had a strong quarter in absolute terms. The Fund returned 7.0% after fees and expenses during the second quarter slightly behind the 7.4% earned by the S&P/TSX Dividend Composite Index during the same period.

Fund performance was helped by the outperformance of its holdings in Energy and Industrials. Performance was offset by weakness in some of our holdings in the Materials and Financials sectors.

Carbon Constrained Canadian Equity Fund

The Carbon Constrained Canadian Equity Fund returned 5.7% after fees and expenses during the quarter, but lagged the S&P/TSX 60 Fossil Fuel Free Index which returned 8.5% in the same time period.

The main contributor to relative performance was not owning Shopify. Outside of this, the Fund was helped by the outperformance of its holdings in Industrials, while no exposure to Health Care was also a positive.

US Equity Fund

Equity markets exhibited continued strength into the second quarter of 2021. The S&P 500 Index returned 7.1% in the second quarter (in Canadian dollars). Performance was led by the Real Estate (+11.5%), Information Technology (+10.0%) and Energy (+9.8%) sectors. Strong corporate earnings and optimism about the continued economic recovery lifted markets.

The US Equity Fund returned 4.8% after fees and expenses during the quarter. As previously mentioned, relative performance in the Fund as strong through April and May but reversed in June as growth stocks came back into favour. As a result, one of the main contributors to Fund underperformance was stock selection in Information Technology. Fund holdings in the Consumer Discretionary sector, particularly travel and leisure stocks like Las Vegas Sands (-14.5%) and Marriott Vacations Worldwide (-9.8%), experienced a pullback from large positive gains earlier in the year. AerCap Holdings (-14.1%) and BWX Technologies (-12.8%) were part of an overweight to the underperforming Industrials sector which also dragged performance.

Areas of the Fund which outperformed include Financials where Discover Financial Services (+23.5%) was a top performer. Security selection in the Materials sector was another area of strength, led by Element Solutions (+26.4%) and Atotech (+24.3%).

Growth stocks rebounded in June and contributed to the Fund's underperformance in the quarter. However, we continue to believe that current economic conditions, including any rising expectations for inflation and the eventual normalization of interest rates, will benefit value stocks moving forward. We remain disciplined to our value process in finding significant new opportunities for the Fund and expect the continued economic recovery to drive strong corporate earnings and share prices of our holdings moving forward.

US Dividend Fund (USD)

The US Dividend Fund returned 5.4% after fees and expenses during the quarter, lagging the S&P 500 Index which returned 8.5% (both in US dollar terms).

Areas of the Fund that outperformed include Energy where Hess Corp (+23.8%) was a top performer. Security selection in the Consumer Staples sector was another area of strength, led by Coca Cola Euro-Pacific (+13.7%).

We added three new holdings and exited three holdings during the quarter.

US Small/Mid Cap Equity Fund

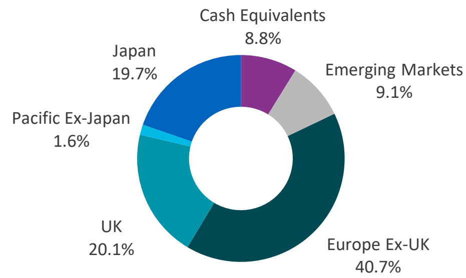
Despite continued optimism regarding the COVID-19 vaccine rollout and economic recovery, US small/mid-cap equities paused their strong rally and lagged large-cap equities in the latter half of the second quarter, in response to the jump in US inflation and a flattened yield curve.

The US Small/Mid Cap Equity Fund returned 2.4% after fees and expenses during the second quarter, lagging the Russell 2500 Index which advanced by 4.1%. The Fund is ahead of the Russell 2500 by 3.2% year-to-date. Our small under-performance in the quarter was due largely to not having any exposure to the leading Energy sector (up 21.6% in Q2), and a small cash position of approximately 5% in the Fund.

International Equity Plus Fund

The International Equity Plus Fund returned 4.3% after fees and expense during the quarter, outperforming the MSCI EAFE Index which returned 3.8% in the same period (both in Canadian dollars). Fund performance was helped by holdings in the Health Care and Information Technology Sectors. The largest detractors during the quarter were in the Consumer Discretionary and Telecommunication Sectors.

The country weightings of the International Equity Plus Fund as of June 30, 2021 were:

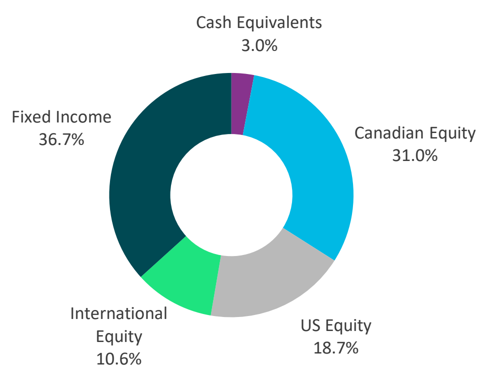


Emerging Markets Equity Fund

The Emerging Markets Equity Fund returned 2.1% after fees and expenses during the quarter, lagging the MSCI Emerging Markets Index, which returned 3.7%. (both in Canadian dollars). The abrupt shift in the market to favouring growth stocks proved to be challenging for the performance of the Emerging Markets Fund. A resurgent COVID-19 wave in the Association of Southeast Asian Nations (ASEAN) region also impacted several of the Fund's holdings.

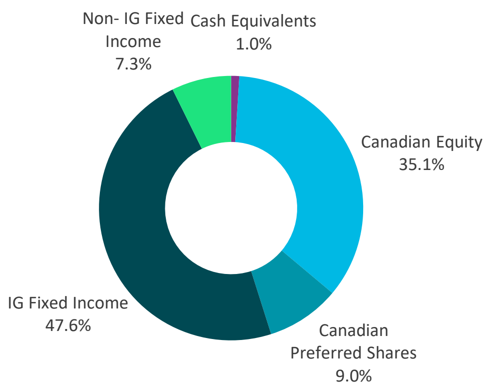
Balanced Fund

The Balanced Fund advanced by 4.1% after fees and expenses in the second quarter of 2021. The asset mix for the Fund as of June 30, 2021 was:



Income Advantage Fund

The Income Advantage Fund returned 3.5% after fees and expenses during the second quarter. The asset mix for the Fund as of June 30,2021 was:



Core Bond Fund

Fixed income markets delivered positive returns in the second quarter as the yields on mid and long-term government bonds declined, a sharp contrast from the first quarter that saw a material rise in yields across maturities. In addition, both corporate and provincial credit spreads also continued to tighten.

The Core Bond Fund returned 1.6% after fees and expenses during the quarter, slightly behind the FTSE Canada Universe Bond Index which returned 1.7%. Fund performance was helped by a combination of having more exposure to corporate and provincial bonds than the benchmark as well as from positive yield curve positioning.

The Bank of Canada held its target for the overnight rate at the effective lower bound of 0.25% but indicated that it could start hiking interest rates as early as 2022, due to a stronger economic outlook. The Bank of Canada now anticipates that the output gap, the point in which economic slack is expected to be absorbed, to close around mid-2022 (earlier than the Bank's previous forecast of 2023). The strength in the economic recovery has prompted the Bank to reduce its bond buying program twice since its implementation in the height of the crisis. Similarly, the US Federal Reserve indicated it expects to raise rates, likely in late-2022, and is widely expected to taper its bond buying program in the Fall of 2021.

Canadian inflation rose sharply during the quarter by 3.6%, exceeding the Bank of Canada's target range of 1% to 3%. However, the reaction in bond yields was relatively limited due to the widespread view, stressed by both the Bank of Canada and the US Federal Reserve, that elevated inflation is likely to be transitory and will return towards their target over time. Much of the rise in inflation can be attributed to base level effects with the year-on-year comparison with abnormally low inflation levels last spring, but also bottlenecks in manufacturing and pent up demand for commodities which are likely to subside as supply chain disruptions dissipate.

Despite the signaling from central banks that short-term rates will likely rise over the next year and the elevated levels of inflation, longer-term bond yields fell during the quarter. The drop-in longer-term interest rates reflects an expectation that longer-term inflation will remain contained and that the initial strong rebound in economic growth as the economy reopens will moderate over time. The Core Bond Fund was positioned to benefit from this flattening of the yield curve, which contributed to its outperformance during the quarter.

The Core Bond Fund is positioned slightly overweight in corporate bonds, and are biased towards high quality issues (in particular, bank debt) with maturities that are shorter than the Index.

For a market that is usually very stable, provincial credit spreads tightened significantly during the quarter, even outperforming corporate credit markets. Provincial bonds had previously lagged the performance in corporate bonds earlier in the year and the strength this quarter was largely catch up with other credit markets.

We expect a continued gradual rise in interest rates as the rapid roll out of COVID-19 vaccination programs progress allowing for continued economic reopening. Market volatility will likely be elevated in reaction to COVID-19 variants and as central banks maneuver the gradual reduction of economic stimulus.

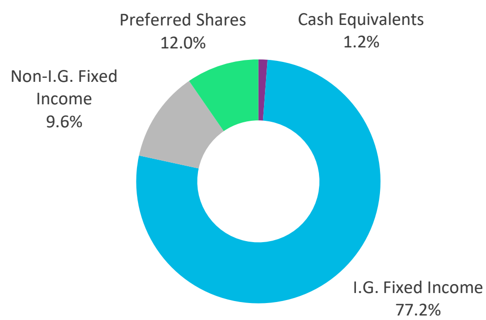
Inflation will be watched closely over the next year. While supply chain disruptions and commodity prices will likely dissipate as the recovery continues and backlogs are cleared, some components of inflation, particularly rising wages, can be stickier in nature. We continue to closely monitor economic releases for indications of price pressure.

In this environment, we have positioned the Core Bond Fund somewhat defensively to rising interest rates, with a lower interest rate sensitivity relative to the Index. In other areas of the Fund, we remain conservatively positioned in corporate bonds and favour high quality, liquid issuers in order to take advantage of any market dislocations over the near term, while continuing to provide an attractive risk-adjusted return.

Corporate Advantage Fund

The Corporate Advantage Fund returned 1.4% after fees and expenses during the quarter. The Fund's preferred share holdings were the largest positive contributor to performance, followed by the investment grade corporate bond holdings and the non-investment grade fixed income holdings .

The asset mix of the Corporate Advantage Fund as of June 30, 2021 was:



High Yield Bond Fund

The high yield market continued to provide strong returns to investors in the second quarter, with positive returns from both high yield bonds and bank loans. The high yield bond market outperformed bank loans as interest rates declined, with lower-quality corporate bonds outperforming. High yield credit spreads are slightly below the long-term average and remain well supported by improving fundamentals and by investors seeking additional yield.

With the expectation for robust economic growth and improving credit fundamentals in the US, expected default rates for high yield bond and bank loan for the full year 2021 are projected by JP Morgan to be 0.65% and 1.25% for 2022.

The High Yield Bond Fund (C$ hedged) series returned 1.7%, while the Unhedged Series returned 0.3% during the quarter, both after fees and expenses. Positive returns for the Fund were led by holdings in the Utility sector. Brookfield Infrastructure Partners LP and Pembina Pipeline continued their bid to purchase Inter Pipeline. The bonds of both Pembina Pipeline and Inter Pipeline have outperformed through the ongoing merger discussions.

The weakest performer in the Fund was Talen Energy. The company experienced significant outage during the Texas heatwave in June as power production at their Barney Davis natural gas-fired facility in Corpus Christi was heavily restricted. We added to our position in their 2025 and 2028 bonds on what we believe is temporary weakness in the bond performance.

As we move into the second half of 2021, the high yield bond and bank loan market remains well supported by strong demand and very liquid markets. The new issue market continues to be active, providing ample opportunity for corporate issuers to refinance and extend nearer-term debt. We believe that an environment of gradual economic recovery with the support from monetary and fiscal policy is conducive to positive high yield market returns moving forward.

Multi Credit Fund

The Multi Credit Fund returned 1.4% after fees and expenses during the second quarter. Our weighting in bank loans remain approximately one-third of the Fund and was little changed in the second quarter. Bank loans continue to trade at or above par value. At these higher price levels, loans become at risk of being called or refinanced by the issuer prior to maturity, thus limiting their capital gain potential.

Similar to the High Yield Bond Fund, positive returns during the quarter for the Fund was led by holdings in the Utility sector. The weakest performing sector of the Fund was the Energy sector.

Preferred Share Fund

The Preferred Share fund had a strong quarter, returning 5.9% after fees and expenses. Fund performance was helped by its holdings in rate reset preferred shares and its holdings in the Utility and Pipeline issuers.

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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