Leith Wheeler Investment Funds
Quarterly Review – September 30, 2021

	MER %	3 Mo %	1 Yr %	3 Yrs %	5 Yrs %	10 Yrs %
LW Canadian Equity Fund	1.48	1.6	37.6	9.7	9.3	9.8
LW Canadian Dividend Fund	1.50	0.8	37.1	7.3	8.0	9.3
LW Carbon Constrained Cdn Equity Fund	1.48	0.5	31.9	10.8	n/a	n/a
LW US Equity Fund (C$)	1.32	0.2	38.4	9.9	11.5	14.3
LW US Dividend Fund (USD)	1.34	-1.0	37.6	5.7	n/a	n/a
LW US Small /Mid-Cap Fund (C$)	1.33	2.1	38.8	12.5	n/a	n/a
LW International Equity Plus Fund (C$)	1.59	0.2	20.7	0.8	4.3	5.2
LW Emerging Markets Fund (C$)	1.68	-0.4	28.3	7.0	n/a	n/a
LW Balanced Fund	1.16	0.4	19.1	6.9	6.6	7.7
LW Income Advantage Fund**	0.85	0.7	16.5	6.0	5.5	5.9
LW Core Bond Fund	0.79	-0.6	-3.7	3.7	1.7	2.9
LW Corporate Advantage Fund	0.80	0.5	4.8	4.4	3.3	n/a
LW High Yield Bond Fund	0.88	2.8	1.8	2.9	3.8	n/a
LW High Yield Bond Fund (C$ Hedged)	0.85	0.5	6.9	2.4	3.6	n/a
LW Multi Credit Fund	0.85	0.5	6.7	1.7	n/a	n/a
LW Preferred Share Fund	0.95	3.0	34.1	4.5	n/a	n/a
LW Short Term Income Fund***	0.37	0.1	0.3	1.4	n/a	n/a
LW Money Market Fund****	0.16	0.0	0.0	0.8	0.8	0.5
Peer Comparison*	**Median %**	**3 Mo %**	**1 Yr %**	**3 Yrs %**	**5 Yrs %**	**10 Yrs %**
Median Canadian Equity Fund	1.96	0.9	26.3	8.9	7.7	8.1
Median Dividend & Income Equity Fund	1.96	1.0	28.4	8.2	7.3	8.0
Median US Equity Fund (C$)	1.84	1.4	23.2	11.8	12.5	14.9
Median International Equity Fund (C$)	1.65	0.0	15.8	7.2	7.3	8.9
Median Emerging Markets Equity Fund	1.43	-7.1	15.7	8.7	8.1	6.8
Median Global Equity Balanced Fund	2.18	0.4	15.2	7.7	6.9	8.1
Median Cdn Fixed Income Balanced Fund	1.94	-0.2	4.6	4.7	3.3	4.2
Median Preferred Share Fixed Income Fund	0.90	2.8	30.9	5.4	7.5	4.3
Median Fixed Income Fund	1.26	-0.6	-3.3	3.6	1.7	2.3
Median High Yield Fixed Income Fund	1.32	0.6	7.8	4.7	4.2	5.1
Median Money Market Fund	0.60	0.0	0.0	0.6	0.6	0.4

*Note: Returns are for Series B, are total returns and 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, 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*

Markets generally performed well in the third quarter, building on an impressive year so far in 2021. North American markets have been particularly strong with the S&P 500 up 15.9% and S&P/TSX Composite (TSX) 17.5%, in local currency terms, year-to-date. International markets have also done well, but at a lower pace of 7.9%.

The Energy sector continued its strong run during the quarter as demand picked up and under investment in the area has led to supply shortages. Natural Gas prices have increased to levels we have not seen in years. While these prices are unsustainably high, the gas storage situation in Europe is at the lowest level seen in many years, so as we head into winter we could be staged for a period of elevated pricing.

The Canadian Equity Fund had a good quarter, outperforming the S&P/TSX Composite. Fund performance was helped by holdings in Energy and Information Technology. Tourmaline Oil continued its strong run of performance, returning 27.6% during the third quarter and was the largest contributor to performance. In Information Technology both Telus International (+15.3%) and Constellation Software (+10.6%) reported solid quarterly results. The Fund also benefited from having no exposure to areas that underperformed during the quarter – Heath Care, gold stocks and Shopify. On the other hand, relative performance was partially offset by weakness in our Consumer Staples holdings.

The US Equity Fund provided a solid return in the third quarter but underperformed relative to the S&P 500. One of the main contributors to the Fund's underperformance was stock selection in the Communications sector, as holdings such as Altice (-45.5%) and T-Mobile (-5.5%) declined. Although it was a weaker quarter for the Fund, it remains ahead of the S&P 500 year-to-date.

In international markets, performance by region was mixed. Overall, the MSCI EAFE Index increased 1.9% in the quarter. The UK and EU markets both delivered positive returns (+11.6% and +8.8% respectively, both in Canadian dollar terms), while Emerging markets delivered a negative return during the quarter (-1.8%, also in Canadian dollars).

In fixed income, the Core Bond Fund delivered slightly negative returns in the third quarter as bond yields rose, while corporate and provincial credit spreads were near unchanged. We expect bond yields to continue to rise slowly, with a very gradual rise in interest rates as longer-term inflation pressures moderate. We also expect credit markets to remain stable as the economy continues to recover, albeit at valuations that warrant a more conservative tilt to positioning.

It has been quite a run for markets since they bottomed early last year. As of September 30th, the S&P/TSX Composite is more than 17% above its pre-pandemic highs. Given the strength we have witnessed, many investors are questioning whether the market is expensive. While we do believe certain areas are frothy and over-valued, we feel market valuations remain reasonable overall. In fact, the forward price-to-earnings ratio of the S&P/TSX Composite is currently 15.5x which is very close to its long-term average and very reasonable in the context of low interest rates. The market has also been supported by very strong earnings growth over the last year and a half.

It is important to note that we are far from out of the woods with respect to the COVID-19 pandemic. The spread of the delta variant, along with inflationary pressures in several areas, have started to impact consumer sentiment. However, overall economic data continues to point to a recovery with employment numbers improving, wages increasing and consumers being in a stronger position financially than they were coming into the pandemic.

Our outlook continues to be positive. Taking a longer-term view, the valuations for the stocks held in our funds remain attractive which bodes well for performance going forward. Fixed income yields remain low, but we also expect any increase in government bond yields to be very gradual. As a result, we continue to believe that bonds will contribute to positive real (after inflation) returns to balanced portfolios while adding diversity, particularly during times of elevated market volatility.

Canadian Equity Fund

After two strong quarters of performance, Canadian equity markets moderated over the third quarter, as modest gains in July and August were erased by weakness in September. Markets weighed the near-term impacts of rising COVID-19 cases, slowing growth in China, supply chain disruptions and higher inflation. Meanwhile, the US Federal Reserve indicated it would begin reducing stimulus in the fourth quarter, which led to an increase in longer term bond yields in Canada and the US at the end of September.

The S&P/TSX Composite Index (TSX) was essentially flat in the quarter, with mixed returns across sectors. Market performance was dragged down by Materials (-5.6%), as gold stocks declined 9.2% amid rising bond yields. The Information Technology sector fell 1.2%, as higher interest rates also weighed on the performance of growth-oriented Shopify (-5.2%). Health Care was the worst performing sector, down 19.4%, with cannabis producers registering steep declines as results missed expectations and hopes for federal legalization in the US faded.

On the positive side, higher oil and natural gas prices in the quarter helped the Energy sector (+2.8%). Consumer Staples (+4.6%) was the best performing sector in the Index, as investors expected grocers would benefit from higher food prices.

The Canadian Equity Fund delivered positive returns, advancing by 1.6% after fees and expenses in the third quarter, outperforming relative to the TSX which returned 0.2%. Fund performance was helped by its holdings in Energy and Information Technology sectors. The Fund also benefited from having no exposure to some of the areas that underperformed during the quarter – Heath Care, gold stocks and Shopify. On the other hand, relative performance was partially offset by weakness in Consumer Staples.

Natural gas producer, Tourmaline Oil continued its strong run of performance, returning 27.6% during the third quarter. Natural gas prices in the US surged over 60%, as weather-related events (hurricanes and wildfires) led to supply concerns, and storage levels are low heading into the winter months. Tourmaline reported strong second quarter results in July, with higher natural gas prices and production volumes. The company is generating significant free cash flow in this environment and announced an increase in their quarterly dividend and a special dividend to be paid in October. With a strong balance sheet, high quality assets, and a low-cost structure, Tourmaline remains well-positioned to deliver strong results over the long term. We trimmed our position over the quarter on the recent stock price strength.

In Information Technology, our holdings outperformed relative to the TSX sector, as both Telus International (+15.3%) and Constellation Software (+10.6%) reported solid quarterly results. For Constellation, the pace of acquisitions has been strong with $300 million of capital deployed over the second quarter, bringing the year-to-date total to $900 million. This should translate into revenue growth of over 20% in the coming quarters.

In the Industrials sector, performance was impacted by weakness in NFI Group. Shares declined 14.6%, as investors worried about the impact of supply chain disruptions on its business. Longer term, our outlook remains positive as we expect transit agency funding to be robust with government spending focused on upgrading infrastructure and reducing carbon emissions.

Year-to-date to the end of September, the Canadian Equity Fund returns have been very strong and are well ahead of the TSX. Our Energy holdings have outperformed thanks to significant gains in Tourmaline (+166.5%) and Canadian Natural Resources (+56.6%). Relative returns have also been strong in Financials (Bank of Montreal +34.5%, CIBC +33.9%, iA Financial +33.0%) and Materials (Nutrien +37.4%). Not owning gold stocks has been a positive, with the sub-sector down 16.9% amid an improved economic outlook and higher interest rates.

Overall, valuations continue to look attractive and have been supported by solid earnings growth, which we expect will continue as the economy gradually recovers. Generally, we have been trimming holdings that have performed well and reallocated to higher return opportunities.

Canadian Dividend Fund

The Canadian Dividend Fund had a strong quarter, returning 0.8% after fees and expenses. Similar to the Canadian Equity Fund, fund performance was helped by its holdings in the Energy Sector (Tourmaline Oil +27.6%) and having no exposure to gold stocks. The main detractors to fund performance were from holdings in the Consumer Staples and Industrials sectors.

Carbon Constrained Canadian Equity Fund

The Carbon Constrained Canadian Equity Fund returned 0.5% after fees and expenses during the quarter. The Carbon Constrained Canadian Equity Fund (CCCE) follows the same investment process as our core Canadian Equity Fund, where environmental, social and governance issues are addressed in our bottom-up stock analysis. The CCCE Fund adds an additional layer of analysis where companies with more than 30% of their revenues tied to fossil fuel-related activities are screened out of the portfolio.

Fund performance was helped by the strong performance of its holdings in Information Technology. The Fund also benefited from having no exposure to Heath Care, gold stocks and Shopify. On the other hand, performance was partially offset by weakness in its Consumer Staples holdings and by not owning pipeline companies.

US Equity Fund

The S&P 500 Index continued its 2021 rally in the third quarter. Performance was led by the Financials (+5.1%), Utilities (+4.1%) and Communication Services (+3.9%) sectors.

The US Equity Fund returned 0.2% after fees and expenses, lagging the S&P 500 Index which returned 2.9%, both in Canadian dollar terms. Fund underperformance was due to stock selection in the Communication Services sector, particularly Altice USA (-37.9%) and an underweight to Information Technology. Holdings in the Energy sector, Hess Corp. (-8.9%) and Phillips 66 (-15.5%), also underperformed. Weak performance of Las Vegas Sands (-29.0%) in the Consumer Discretionary sector was offset by the outperforming SeaWorld Entertainment (+13.3%).

Growth stocks outperformed value stocks in July and August which contributed to the Fund lagging the S&P 500 Index in the quarter. Rising concerns over the COVID-19 Delta variant fanned the flames of an economic slowdown. Investors reduced exposure to companies who benefit more from the reopening of the economy, and sought other areas of the market, despite higher valuations. However, value stocks outperformed in September as Delta variant concerns in the US subsided.

Value stocks also gained later in the quarter when the US Federal Reserve announced their intent to reduce their bond purchases, causing interest rates to rise. Higher rates are beneficial for financial stocks, which are more represented in the value indices. Higher rates also make growth stocks less appealing, as future profits of growth stocks are discounted at a higher rate making them relatively less valuable.

With inflation remaining at elevated levels and monetary policy in the early stages of normalization, we believe that the economic environment is favourable for the US Equity Fund moving forward. We remain disciplined to our value process in finding new opportunities for the Fund and expect many stocks in the Fund to out-earn the benchmark, and in particular the growth index, over the next few years as the economy continues to recover.

US Dividend Fund (USD)

The US Dividend Fund declined 1.0% after fees and expenses in the first quarter, lagging the S&P 500 which returned 0.6% (both in US dollar terms). The Fund's underperformance was due to stock selection in the Energy and Healthcare sectors, particularly Phillips 66 (-17.4%) and Cigna Corporation (-15.2%). Stock selection within the Consumer Staples sector and an overweight to Materials also impacted negatively on performance.

An overweight position to and positive stock selection in the Financial sector contributed to Fund performance.

US Small/Mid Cap Equity Fund

The Russell 2500 Index ended the third quarter with modest losses (-0.4%) as widespread losses in September reversed gains seen earlier in the quarter. Rising inflationary pressures and concerns over COVID-19 Delta variant outbreaks casted doubts over the pace of global economy recovery.

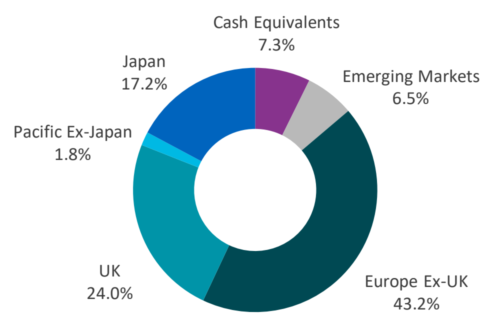
The US Small/Mid-Cap Equity Fund gained 2.1% in the quarter and 18.8% year-to-date (both after fees and expenses), outperforming the Russell 2500 Index by 2.5% and 5.4%, respectively.

Fund performance was helped by holdings in the Industrials, Healthcare and Consumer Discretionary Sectors. Not having any holdings in the Energy sector detracted from performance during the quarter.

International Equity Plus Fund

The International Equity Plus Fund advanced by 0.2% after fees and expenses during the third quarter, lagging the MSCI EAFE Index which returned 1.9% (both in Canadian dollar terms). Fund performance was helped by its holdings in the Energy and Financials sectors, while the largest detractors from performance were in the Industrials, Information Technology and Healthcare sectors.

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

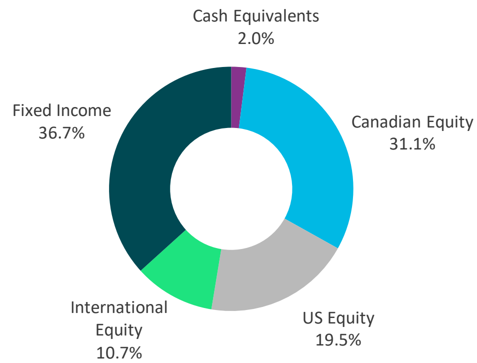


Emerging Markets Equity Fund

The Emerging Markets Equity Fund declined by 0.4% after fees and expenses during the quarter, outperforming the MSCI Emerging Market TR Index which returned -6.0% during the quarter (both in Canadian dollars). Fund performance was helped by its holdings in the Consumer Discretionary, Utilities and Financials sectors. The largest detractors from performance were in the Consumer Staples and Energy sectors.

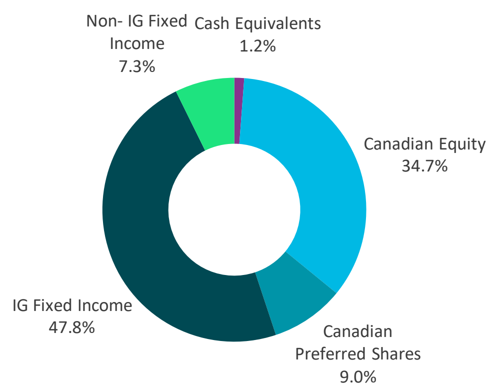
Balanced Fund

The Balanced Fund advanced by 0.4% after fees and expenses in the third quarter of 2021. The asset mix for the Fund as of September 30, 2021 was:



Income Advantage Fund

The Income Advantage Fund returned 0.7% after fees and expenses during the third quarter. The asset mix for the Fund as of September 30,2021 was:



Core Bond Fund

Bond markets delivered slightly negative returns in the third quarter as yields across all maturities rose. The Core Bond Fund declined by 0.6% after fees and expenses during the quarter, slightly behind the benchmark FTSE Canada Universe Bond Index which declined by 0.5% during the quarter.

The Bank of Canada (BOC) held its target for the overnight rate at the effective lower bound of 0.25% at both meetings during the third quarter, while tapering their asset purchases in July to $2 billion per week. Although the BOC maintained this level of asset purchases at its September meeting, it indicated that it is “moving closer to a time when continuing to add stimulus through Quantitative Easing will no longer be necessary”.

Importantly, the BOC reiterated that the timing of any rate hike is a decision distinct from tapering and continues to be based on its forward commitment to not raise the policy rate until slack is absorbed so that it can sustainably achieve its inflation target, which continues to suggest 1 to 2 rate hikes sometime in mid-2022.

Inflation in Canada continued to rise during the quarter to over 4%, however measures of core inflation continue to be more subdued, with the BOC reiterating its view that elevated inflation is likely to be transitory due to supply chain bottlenecks in goods transportation and will likely return towards their target over time.

Credit markets in both corporate bonds and provincial/municipal government bonds were relatively stable over the quarter.

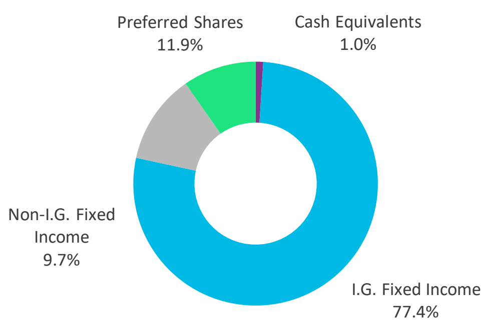
The Core Bond Fund continues to be positioned slightly overweight corporate bonds, with a bias towards high-quality bonds (in particular, bank debt) with maturities that are shorter than the Index. The Fund is also overweight long-dated provincial government bonds, particularly the higher yielding provinces of Alberta and Manitoba. We continue to view provincial and municipal bonds as offering attractive valuations relative to corporate bonds, providing an important source of incremental yield without significant risk.

We expect a sustained gradual rise in interest rates as economic activity continues to recover from the COVID-19 pandemic, and as central banks, globally, move closer towards raising interest rates. However, we continue to believe the pace and extent by which bond yields rise will be constrained by modest inflation and the impact of high levels of debt on global growth. Our view remains that the recent rise in inflation is transitory, with both core inflation measures and long-term inflation expectations remaining relatively stable.

Corporate Advantage Fund

The Corporate Advantage Fund returned 0.5% after fees and expenses during the quarter. The Fund's preferred share and non-investment grade fixed income holdings were the largest positive contributors to performance while the Fund's investment grade bond holdings detracted from performance during the quarter. We continued to trim preferred shares during the quarter and added the proceeds to investment grade bonds.

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



High Yield Bond Fund

High yield bonds and bank loans both generated a positive return of approximately one percent in the third quarter. High yield credit spreads rose slightly in July and August and gradually moved back down to levels seen at the beginning of the quarter. Credit spreads remain below the long-term average and well supported by solid fundamentals and investors seeking additional yield. Higher quality BB-rated bonds outperformed CCC-rated bonds by a small margin.

Expected default rates for both high yield bonds and bank loans remain very low, reflecting an expectation for robust economic growth and continued improvement in US credit fundamentals.

The High Yield Bond Fund had a positive return during the quarter, with the unhedged units returning 2.8% and the Canadian dollar hedged units returning 0.5%, both after fees and expenses. Positive portfolio returns for the quarter were led by holdings in the Capital Goods sector, KBR (+3.6%) and Patrick Industries (+3.0%). The weakest performers in the portfolio were two holdings in the Telecommunications sector, Telestat (-3.7%) and Embarq (-3.7%) bonds.

In the high yield bond and bank loan markets, new issuance continues to be very active. Investors seeking additional yield have provided ample liquidity in the market and opportunity for corporate issuers to refinance and extend nearer-term debt. We believe that an environment of economic recovery with the support from monetary and fiscal policy continues to be conducive to positive high yield market returns moving forward.

Multi Credit Fund

The Multi Credit Fund returned 0.5% after fees and expenses during the third quarter. The top contributors and detractors to fund performance were the same as in the High Yield Bond Fund (listed above). Additionally, bank loans, which represent 30.9% of the Fund outperformed high yield bonds during the quarter.

Preferred Share Fund

The Preferred Share Fund returned 3.0% after fees and expenses. Fund performance was helped by its holdings in rate reset preferred shares and its holdings in the Utilities sector. Not holding any floating rate preferred shares detracted slightly from performance as floating rate preferred shares performed slightly better than rate reset preferred shares in the rising interest rate environment.

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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