FAIRCOURT

SPLIT TRUST

Second Quarter 2012

** **Inception Date:** March 17, 2006

Fund Manager: Faircourt Asset Management Inc.

Portfolio Advisor: Faircourt Asset Management Inc.

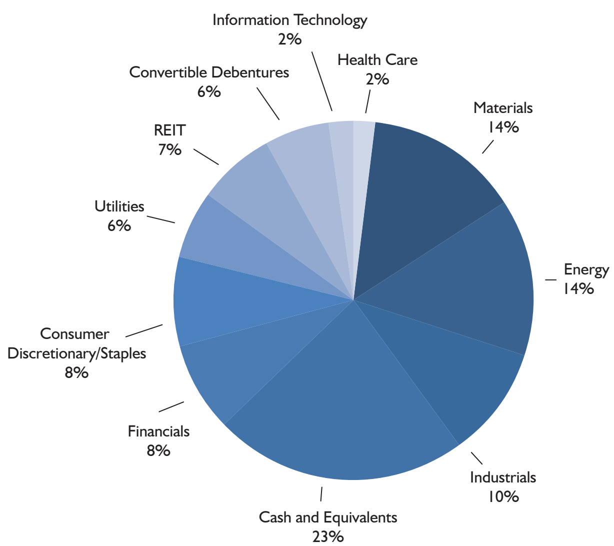
TSX Symbols: FCS.UN & FCS.P.R.B

Faircourt Split Trust was created using a dual security structure, consisting of Trust Units and Preferred Securities, to provide investors with leveraged capital growth potential based on a portfolio of North American equity securities.

TOP TEN HOLDINGS as at June 30, 2012

- AltaGas Ltd.
- Black Diamond Group Ltd.
- Canadian National Railway Co.
- Canadian Natural Resources Ltd.
- Capital Power Corp
- Fairfax Financial Holdings Ltd.
- McDonald's Corp.
- Philip Morris International Inc.
- Secure Energy Services Inc.
- Toronto-Dominion Bank (The)

PORTFOLIO ALLOCATION



Investment Objectives

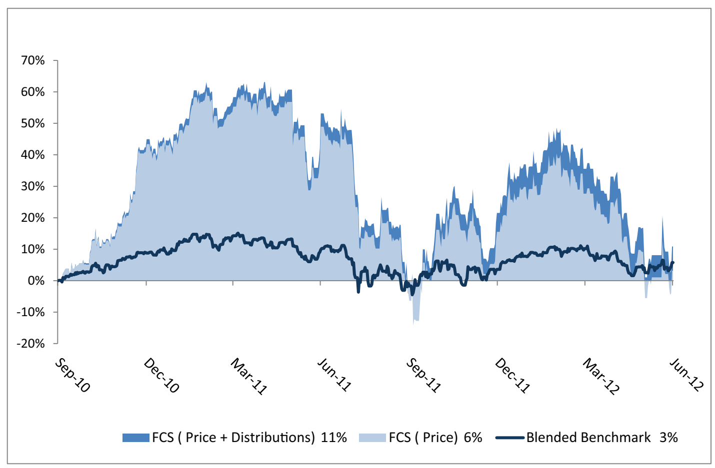
The investment objectives of the Trust are to achieve a balance between the objectives of the Preferred Securityholders and Unitholders, subject to the prior rights of Preferred Securityholders.

The investment objectives with respect to the Preferred Securities are (i) to provide Securityholders priority distributions of interest in the amount of $0.15625 per quarter ($0.625 per annum to yield per annum on the subscription price of $10.00); and (ii) to repay to Preferred Securityholders, on December 31, 2014 in priority to any return of the original subscription price to Unitholders, the original subscription price of the Preferred Securities.

The investment objectives with respect to the Trust Units are: (a) to provide Unitholders with a stable stream of tax efficient monthly cash distributions currently $0.02 per Trust Unit per month to yield 4.95% (market price as at June 30, 2012), a portion of which is tax-deferred; and (b) to return to Unitholders, on December 31, 2014 at least the original subscription price of the Units.

The following shows the returns since the merger for the trust units ending June 30, 2012. The annual return for the Benchmark as well as the individual components of the blended benchmark are also provided. The returns are calculated in Canadian dollars.

PAST PERFORMANCE



Source: Bloomberg. Data is based on price and includes distributions.

The Benchmark for the Fund is composed of the S&P TSX Composite Index (weight of 70%) and the S&P 500 in Cdn dollars (weight of 30%)

Past Performance:
In accordance with applicable securities laws, historical performance data prior to the Fund's merger with Faircourt Income & Growth Split Trust in September 2010, cannot be presented.

* On September 30, 2010, Faircourt Split Trust originally launched March 17, 2006 merged with Faircourt Income & Growth Split Trust, so the effective Inception Date of FCS has become October 1, 2010."

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FAIRCOURT

SPLIT

Faircourt Split Trust: June 2012 Update

Equity values retreated in the early part of the quarter and continued to move lower as increased fears of European Sovereign debt contagion spread throughout the capital markets. Political changes resulting from national elections in France and Greece brought new governments to power that supported increased assistance and flexibility on the terms of austerity imposed by northern European leaders led by Germany. A significant change was the removal of Nicolas Sarkozy as the President of France, co-leader of the austerity measures put in place by Chancellor Angela Merkel of Germany. Efforts to enforce austerity on the weaker countries within the EU changed abruptly with Sarkozy's departure.

In early May, elections in Greece provided the next challenge towards change as a deadlock on the leadership of that country arose with no single party being able to form a national government. The resulting leadership changes have reformulated the approach in Europe to one of increased accommodation and less stringent austerity with a greater focus on employment and economic growth. The quarter ended with renewed enthusiasm as the EU announced new support that will enable the ECB and EFSF to directly assist troubled banks.

In the United States, positive first quarter economic growth began to show signs of weakness in the Spring as jobless claims rose, and weak housing market data resurfaced to illustrate the US was not on the stable footing once announced by market analysts. Despite jobs growth in smaller employers, and lower oil prices which directly affect consumer confidence, market watchers still believe in further Fed action. To this point, Operation Twist which the Fed employs to maintain accommodative interest rates has been extended six months, however no major new stimulus has been announced in the US. In our opinion, this extension without further stimulus is more indicative of the Fed wanting to stay out of the presidential elections in the fall than it is confidence in the economic strength of the US. It is our belief that the Fed would prefer to have more time to gauge jobs growth and the housing market once election season is over. At that time, we would not be surprised to see the Fed announce further stimulus to assist a weakened US economy.

As we enter the third quarter, we sense that investor expectations need to be reframed. In the global economic environment, government debt levels are not sustainable, and are less apt to assist business growth. What is important to review though is the strength of North American equities in different sectors, despite the caution of investors. Fundamentals for many sectors and companies illustrate strength when analyzing key ratios. Increased profits, increased cash flows, higher cash balances and lower debt ratios, all measures point to strong corporate fundamentals.

Yet given the global macro picture, the fear related to the Euro, and the perceived slow down in emerging markets, investors to a great degree, have stayed on the sidelines during the quarter.

Our portfolio approach, based on the noted macro economic backdrop is to focus on those leading companies that maintain a sound balance sheet, strong and growing cash flows, and leading products and services in expanding domestic and international markets. As a result, we maintain a diversified approach to North American equities, maintaining exposure in many of the sub-sectors within the S&PTSX and S&P 500.

We believe that select investment in the financial sector; with positions in TD Bank, Bank of Nova Scotia and Fairfax Financial provide several benefits for the fund. TD has strong and growing operations both at home and in the United States, and has continued to generate increased earnings and cash flow in its core business units. Bank of Nova Scotia provides exposure to non North American markets, as BNS maintains emerging markets exposure over and above the other Canadian Banks. We also hold a key position in Fairfax Financial that through its subsidiaries is engaged in property and casualty insurance, reinsurance and investment management. Its investment/hedging strategies and financial acumen differentiate the company from most financial service businesses, producing stable returns over the long term.

The fund also holds key positions in global consumer staples company Philip Morris, as well as modular building and equipment provider, Black Diamond Group. Black Diamond Group provides remote lodging, modular building and support services for the energy sector to oil sands projects, hospitals, schools and the mining industry. Black Diamond continues to experience strong demand for its products and services as its clients expand their operations and meet growing regulatory and safety issues. Philip Morris continues to evidence strong revenue and earnings growth as its Asian business units continue to expand in new and growing markets. We are encouraged by the prospect of a re-ignited senior mining and metals sector. Many of the leading global miners have been experiencing significant cash flow and earnings growth over the last several years. Although commodity prices have moderated this year, we believe that the outlook is constructive for global mining and materials companies. The temporary economic slowdown in emerging markets, is causing significant policy change with respect to lending and interest rate accommodation, leading to higher economic growth and further gains for the sector.

As a result of these market realities, the fund will continue to focus on holding a diversified portfolio of leading companies, many of which generate stable and growing distributions. The Fund will also take advantage of the increased volatility noted, by generating additional income from its option writing program. Our options strategy should reduce volatility and generate stable monthly distributions.

If a Unitholder wishes to retain its current percentage ownership in the Trust and assuming that all Warrants are exercised, such Unitholder should purchase all of the Units, and, if applicable, Preferred Securities and Series B Warrants, for which it may subscribe pursuant to the Warrants delivered under the Offering. If a Unitholder does not do so and other holders of Warrants exercise any of their Warrants, that Unitholder's current percentage ownership in the Trust will be diluted by the issue of Units under the Offering.