FAIRCOURT
SPLIT TRUST

Third Quarter 2012

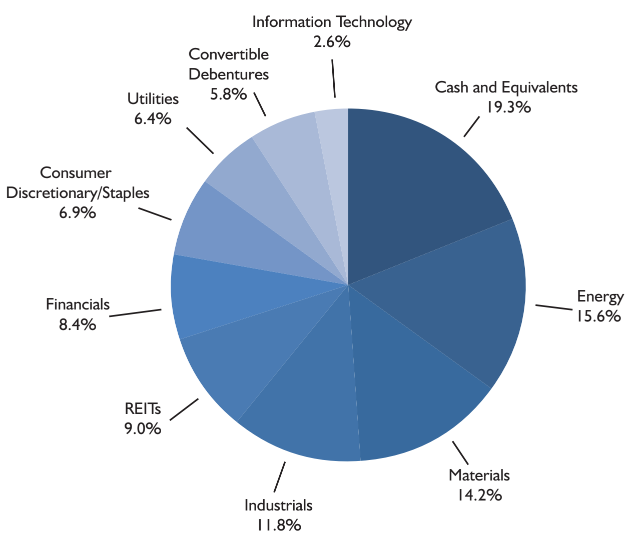
***Inception Date:** March 17, 2006
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
TSX Symbols: FCS.UN & FCS.PR.B

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 September 30, 2012

- AltaGas Ltd.
- Black Diamond Group Ltd.
- Capital Power Corp.
- Fairfax Financial Holdings Ltd.
- Mag Silver Corp.
- McDonald's Corp.
- Osisko Mining Corporation
- Philip Morris International Inc.
- Secure Energy Services Inc.
- Toronto-Dominion Bank

PORTFOLIO ALLOCATION



Investment Objectives

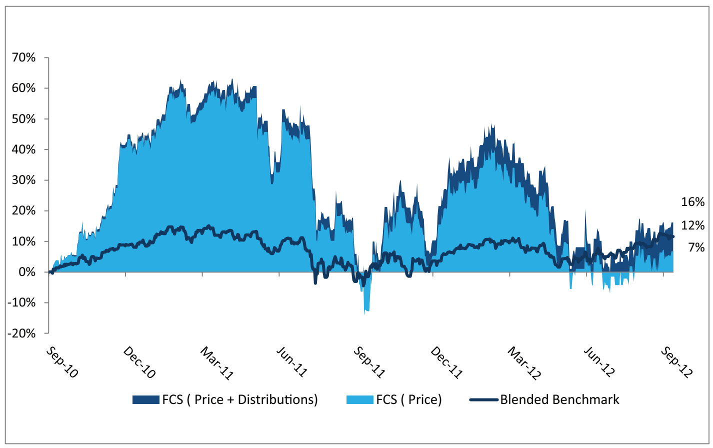
The investment objectives of the Trust are to achieve a balance between the objectives of the Preferred Securityholders and Unitholders, subject to the prior rights of Preferred Securityholders.

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 4.78% (market price as at September 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 September 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: September 2012 Update

Global 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. The Euro stood at a two-year low against the dollar, and was hurt by a raft of bad news on Spain, Greece and the credit ratings outlook for Germany. Enthusiasm was short lived when the EU announced new support for the ECB and EFSF to directly assist troubled banks, most notably Greek and Spanish institutions however Moody's downgrade of the EFSF re-emphasized the tenuous nature of the credit markets related to European exposure. Overall, EU attempts to reduce risks of contagion did little to assuage investor fears and markets trended lower through most of the summer.

North American equity markets began the quarter showing slowly improving data from the U.S. residential housing sector. US home prices stabilized in various key markets and sales activity began to show increased demand for new home construction. The bright spot for the US economy was the housing sector, where existing home sales and new single family home sales saw marked improvement. The average annual rate of existing home sales continued to improve through the quarter to 4.75 million to the month of September, while new sales of single family homes reached a high for the year Sept 30 at 389,000.

Contrary to results in the housing market, unemployment metrics continued to portray a stagnnat economic environment cautiously waiting for the Presidential election, the negotiations surrounding the "fiscal cliff" and whether there would be sufficient stimulus to re-ignite equity markets. The unemployment rate started the quarter at a 3 year high of 8.3%. Larger employers were focused on building cash reserves and increasing earnings, still not ready to commit to growth through increased hiring in this uncertain environment. Summer economic data as a result, produced mixed results. The month over month net change in non-farm payrolls improved slightly to approximately 170,000 new jobs in September, however the sluggish economy remains well off the May 2010 high in creating new jobs when 510,000 jobs were created.

It is noteworthy that the last month of the quarter was aided by the U.S. Federal Reserve announcement in early September of an additional $40 billion in support of the mortgage backed securities market. "QE 3" as it has been called, creating a tailwind for global equities that led to a strong Q3 ending for most risk assets.

The Canadian economy has been buoyed through much of the last year by strong fundamentals in sectors such as banking, real estate and consumer cyclicals. The third quarter continued to see significant

strength in multi family residential construction, with the condominium market growing to an annualized rate of 220,000 units this year vs the typical range of 170-185,000. The growth, when compared to the US market experience leads some analysts to see a bubble having formed in the Canadian housing market, especially in Toronto and Vancouver markets. Given different mortgage deductibility rules and mortgage financing concerns south of the border, our view is that Canada has different fundamentals that can soften the boom rather than cause a full-fledged collapse. During the early part of the quarter mortgage insurance tightening acted as a mechanism to progressively cool off excessive activity in a controlled fashion.

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 moderately high volatility,(as measured by the VIX index, or the Chicago Board Options Exchange Volatility Index, which measures the implied volatility of the S&P 500 index options)which provided very attractive opportunities for the Fund to both reduce the volatility of the portfolio and allowed the Fund to generate significant option premium The Manager continues to believe that option writing can add incremental value going forward.