FAIRCOURT

SPLIT TRUST

Second Quarter 2015

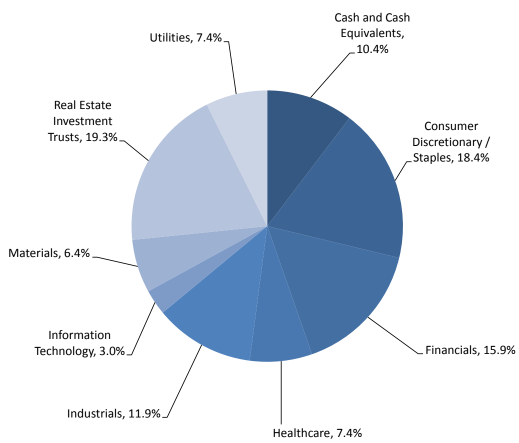
Inception Date: March 17, 2006
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
TSX Symbols: FCS.UN & FCS.PR.C

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, 2015

- Agrium Inc.
- Alaris Royalty Corp.
- Badger Daylighting Ltd.
- Boyd Group Income Fund
- Canadian Apartment Properties REIT
- Dollarama Inc.
- Fairfax Financial Holdings Ltd.
- Milestone Apartments REIT
- RioCan REIT
- Walt Disney Co. (The)

PORTFOLIO ALLOCATION as at June 30, 2015



Based on % of Portfolio, Net of Options

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.

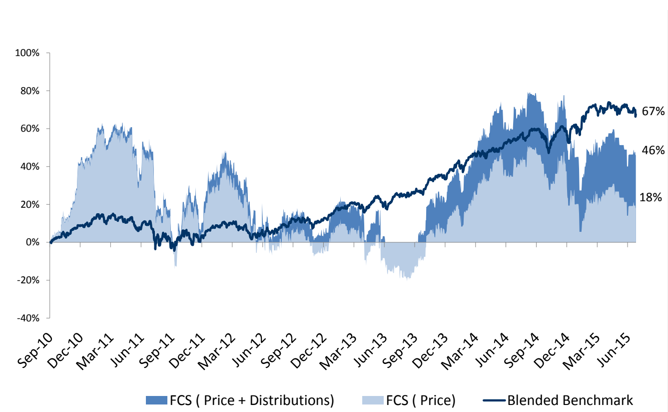
The investment objectives with respect to the Preferred Securities are (i) to provide Securityholders priority distributions of interest in the amount of $0.15 per quarter ($0.60 per annum to yield 6.0% per annum on the subscription price of $10.00); and (ii) to repay to Preferred Securityholders, on June 30, 2019 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 $0.04 per Trust Unit per month to yield 8.65% (market price as at June 30, 2015), a portion of which is tax-deferred; and (b) to return to Unitholders, on December 31, 2019 at least the original subscription price of the Units.

The following shows the returns since the merger for the trust units ending June 30, 2015. The returns are calculated in Canadian dollars.

PERFORMANCE SINCE SEPTEMBER 30, 2010 PAST PERFORMANCE

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%)



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

Returns for the period ended June 30, 2015

	1 Year	3 Year	*Since Inception
FCS Price(1)	-8.46%	9.63%	8.29%
FCS NAV(1,3)	-16.93%	8.34%	5.04%
FCS Index (2)	7.18%	15.65%	10.60%

Notes:
(1) Assumes reinvestment of distributions;
(2) Source: Bloomberg
(3) Based on Basic NAV; Source: Faircourt Asset Management

*FCS since inception is from period September 30, 2010 (Date of merger with FIG)

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Management fees and expenses are associated with an investment in the fund. The performance data provided assumes reinvestment of distribution only and does not take into account redemption charges or income taxes payable by any security holder that would have reduced returns. An investment in the fund is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer. There can be no assurance that the fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Past performance may not be repeated.

FAIRCOURT

SPLIT

Faircourt Split Trust: June 2015 Update

The second quarter began with the US economy having to deal with another extreme winter weather slowdown that reduced the pace of employment and consumer spending. Although with a more subdued lift off in early 2015, employment growth picked up in the spring with jobless claims reaching their lowest levels in 15 years. Total nonfarm payrolls rose by 223,000 in June, with the average monthly gain over the previous twelve months now standing at 250,000. In addition to the encouraging labour news, housing construction picked up with single-family home sales reaching their best levels in eight years.

With the US economy growing moderately, US Federal Reserve representatives emphasize that the economy is becoming strong enough to support an increase in interest rates. There are some who believe that the economy is yet to experience wage growth and sustained inflationary pressure to warrant interest rate increases.

The Chair of the US Federal Reserve, Janet Yellen, emphasizes that the economy is on track to grow as much as 2% this year which is in line with policy goals, although weakness in the labor market remains a concern. Short-term interest rates are still at or near historic lows throughout the advanced economies although the US Federal Reserve appears poised to begin the process of normalization. Analysts forecast interest rate increases to begin in the latter half of 2015.

As a result of the strength in the economy and an end to quantitative easing that is still prevalent in some countries, the US dollar continues to gain strength relative to the currencies of many of its trading partners. The high value of the US dollar relative to other currencies has the potential to reduce foreign earnings for US multinationals and generally act as a drag on economic growth. Despite this headwind, many companies were able to withstand the pressure and continue to generate strong returns. Within the SP 500 indices, utilities and industrials underperformed, while health care and consumer discretionary shares outperformed.

As the quarter ended, the SP 500 was able to maintain subdued performance despite strong domestic results as gains from corporate earnings and enthusiasm for the reaccelerating U.S. economy gave way to worries over the ongoing Greek debt crisis that still plague equity and currency markets. Overall, it appears that investors are optimistic that the U.S. economy is on solid enough footing and will withstand any potential fallout from the Greek debt crisis,

It appears from Canada's weak economic results during the first half of the year that the effects of energy price weakness previously considered to be "front loaded pain" as the Bank of Canada expected will be more prolonged in terms of its effect on the Canadian economy. The April GDP results declined to start the quarter with weaker economic data that has plagued the economy throughout the first half of the year. The weakness is more concentrated in the mining and energy sectors where weaker commodity prices have led to job losses and project delays.

On the employment front, there has been a slight reduction in overall employment although the weakness has been felt more directly in the west where mining and energy related sectors have felt the greatest negative impact. Despite the weakness, the decline was less than anticipated for the overall country keeping the unemployment rate at 6.8% with wage growth in June increasing over 3% vs June 2014.

Assisting the Canadian economy is consumer spending aided by historically low interest rates, that are inadvertently leading to increased indebtedness on the part of many Canadians. Discretionary spending has seen strength nationwide with housing starts at an 11 month high, with over 200,000 starts in the month of June. The 3% rise beat analyst expectations, aided by the historically low interest rate environment. Most of the increase was felt outside of Ontario, with BC leading all provinces in new demand for multi and single-family housing.

Subsequent to quarter end, Governor of the Bank of Canada Stephen Poloz announced a reduction in the Bank of Canada rate by 25 basis points. The rate reduction was in large part a reaction to the country's weakening export results, and the negative outlook on capital investments in the oil patch. The response from capital markets was abrupt as the S&PTSX responded quite positively while the Canadian dollar sank to new recent lows. The fear is that the economy has slipped into recession, technically occurring after two consecutive quarters of negative GDP growth, and given the prospects for energy markets in the coming quarters, the concern is that the economy may remain weaker for longer than anticipated. For the quarter the S&P TSX Index was down 2.32% with energy, metals and mining, and financials posting significant downside performance.

The Fund portfolio uses a diversified approach to North American equities, maintaining exposure in many, but not all, of the sub-sectors within the S&P/TSX and S&P 500. In order to generate additional returns and reduce risk, the Fund may write covered calls on securities held in the portfolio and cash secured put options on securities desired to be held in the portfolio. We believe that option writing can continue to add incremental value going forward.

The Fund will continue to focus on holding a diversified portfolio of leading companies, many of which generate stable and growing distributions. Criteria we look for are sound business models, steady demand for products or services, growing positive cash flow, minimal need for debt or need to raise significant amounts of capital as well as having a lower dividend payout ratio. These metrics allow the company ample operating room to pay the dividend and/or repurchase shares in the event of an unexpected slowdown. We do not see oil prices returning to their previous levels in the near term and hence, we believe, the US economy (and stock market) will continue to outperform Canada in the second half of 2015. As a result we will maintain a significant US weighting in the Fund. We do continue to see opportunities in Canada, but we are biased towards names that cater to the lower-end of the consumer market and income levels rather than upper income of "luxury brands". We also continue to see good upside in select real estate (REIT) names, many of which will benefit from lower cost of capital as the Bank of Canada keeps rates low.

Core positions such as Fairfax Financial, Dollarama, Dollar General Corp, Boyd Group, Milestone Apartment REIT, Canadian Apartment REIT, Slate Retail REIT, and Easyhome Ltd., continue to grow the NAV of the Fund and are expected to continue to make up a healthy weighting in the portfolio going forward. Dollarama Inc., the largest operator of dollar stores in Canada, returned 28% during the first half of 2015. All stores are corporate owned and offer consumers a strong value proposition at select fixed price points of $3 or less. Boyd Group Income Fund, a North American auto-body repair company which has generated excellent growth over the past several years, was up 11% in the first half of 2015. Dollar General, which operates a chain of discount retail stores located primarily in the southern, southwestern, midwestern and eastern United States, was up 19% in the first half of 2015. Easyhome, a provider of goods and financial services to the cash and credit constrained Canadian consumer, was down 2% during the period. However, we continue to see attractive organic growth in Easyhome as it expands its personal loan business.

Real estate investment trusts continue to benefit from the low interest rate environment we are in. The sector benefits from lower cost of capital and as such, the improved cash flow should allow for increased dividend and distribution payments to shareholders. We have added to our REIT holdings overall, more specifically to Canadian Apartment REIT, Milestone Apartment REIT and Slate Retail REIT. Milestone and Slate both have 100% operations in the US and are Canadian listed. With the recent Bank of Canada rate cuts and related concerns regarding whether the Canadian dollar is going lower, both REIT's should benefit. Canadian Apartment REIT, Milestone REIT, and Slate REIT were up 12%, 5% and 12% respectively in the period.

We continue to maintain Fairfax Financial as a top ten holding. Fairfax is engaged in property and casualty insurance, reinsurance and investment management. However, most importantly, its investment/hedging strategies and financial acumen differentiate the company from most financial service businesses, producing stable returns over the long term. Fairfax returned 3% during the period, easily outperforming the S&P/TSX Financials Index by 3.5x.

During the quarter we continued to add to our position in Alaris Royalty Corp. and Diversified Royalty Corp. Both companies provide capital to private businesses using a structure that fills the niche in the private capital markets for companies that do not want to take on additional debt or issue dilutive equity. In return for its investment, Alaris and Diversified receive ongoing royalty payments based on sales from the underlying investments. We expect a busy 2015 as there is strong pipeline of private companies interested in this capital structure as well as the continued opportunity for follow-ons with existing partners.

The Fund will continue to employ its option-writing program to provide income to the Fund while reducing the volatility of the portfolio. The Fund generated significant cash flow from option writing of approximately $394,000 or $0.25 per weighted average number of Trust Units outstanding during the period ended June 30, 2015. The Fund declared regular monthly distributions totalling $0.14 per Trust Unit in the same period. Of importance, the Trust's distribution was doubled from $0.02 per Trust Unit to $0.04 per Trust Unit for record holders of June 30th. Since inception of the option-writing program in 2009, the Fund has generated significant cash flow from option premium of approximately $8.05 million or $3.01 per weighted average number of Trust Units outstanding. As volatility has returned to heightened market levels, the Manager continues to believe that option writing can add incremental value going forward.