FAIRCOURT

SPLIT TRUST

Fourth Quarter 2015

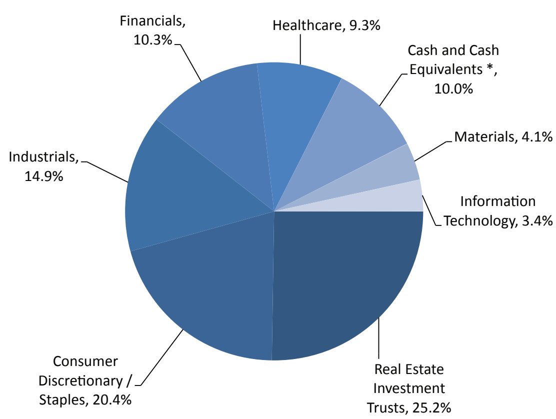
Inception Date: March 17, 2006
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
TSX Symbols: FCS.UN & FCS.PR.C

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 December 31, 2015

- Boyd Group Income Fund
- CAP REIT
- Canadian National Railway Co.
- CVS Health Corp.
- Dollar General Corp.
- Dollarama Inc.
- Express Scripts Holding Co.
- Milestone Apartments REIT
- Slate Retail REIT
- Walt Disney Co

PORTFOLIO ALLOCATION as at December 31, 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.

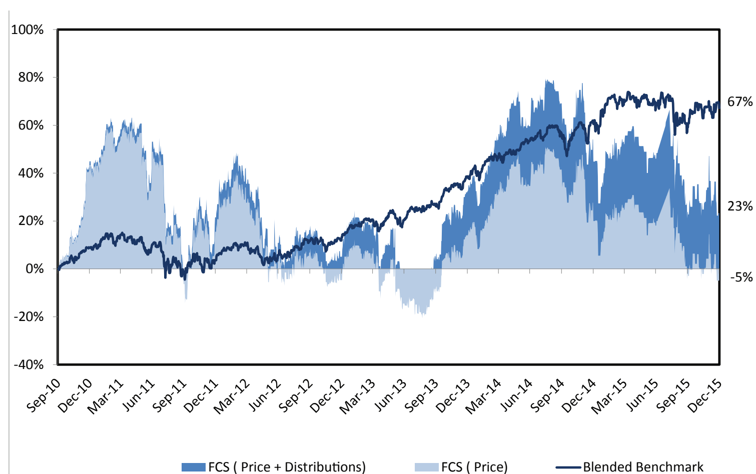
The investment objectives with respect to the Preferred Securities are (i) to provide Securityholders priority distributions of interest in the amount of $0.15 per quarter ($0.60 per annum to yield 6.0% per annum on the subscription price of $10.00); and (ii) to repay to Preferred Securityholders, on 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 10.74% (market price as at December 31, 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 December 31, 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 December 31, 2015

	1 Year	3 Year	5 year	*Since Inception
FCS Price (1)	-14.78%	5.52%	-3.17%	4.08%
FCS NAV (1,3)	-3.45%	4.53%	-2.68%	3.14%
FCS Index (2)	0.87%	12.06%	7.93%	9.24%

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

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

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FAIRCOURT SPLIT

Faircourt Split Trust: December 2015 Update

The final quarter of 2015 witnessed increased volatility and negative price pressures for equity markets in both Canada and the US. Markets were pre-occupied with weaker than anticipated consumer sentiment, a persistent lack of wage growth despite growth in monthly non-farm payrolls, the continued fall in energy prices, and questions surrounding interest rate policies around the world.

The US employment picture improved considerably during the fourth quarter, with December's NFP result coming in at over 290,000 jobs. Illustrating further stability in the US labour market was the upward revisions to both October and November payrolls that resulted in a very strong monthly average for the quarter of over 280,000 jobs. This result was a key piece of data that assisted the US Federal Reserve in determining that the US economy was on stable enough footing for its first ,although small, interest rate hike in almost a decade.

Prior to and during 2015, the perception on the part of investors was that coordinated Central Bank policy would reduce volatility as the global economy grew after the financial crisis of 2008. That coordinated effort ended in August when the Chinese Central Bank (PBOC) abruptly devalued its currency. Central Banks were caught off guard and came in to assist in the sudden volatility the move caused. The year ended with US Fed acting to raise rates while all other Central Banks have remained on the sidelines, not willing at this stage to increase rates. With central banks no longer acting in a coordinated manner, we witnessed increased volatility in currency and capital markets that have continued into the new-year.

As we write, the beginning of 2016 has seen a significant sell off in equity markets. Slow growth in the US, combined with weak consumer sentiment and weaker December retail sales are raising concerns that the Fed rate hike might be too hawkish for the delicate US economy. While the US economy has been performing well, it is facing a number of headwinds including a currency that has appreciated 25% since 2014, a collapse in capital spending related to oil exploration, slower global growth, and widening bond spreads . We feel that as the jobs number continues to grow, and the labour participation rate grows, wage growth will not be far behind. Those combined elements will help put the US economy on more stable footing going forward and results in our positive view of the markets for 2016. However, we believe the Fed will err on the side of caution and be less aggressive in raising rates than it has telegraphed to investors.

Canada's economy continues to produce sub par performance in various areas. The fourth quarter kicked off with weak manufacturing sales, which combined with the economic contraction in the Fall, led to growth during the second half of the year significantly slower than the second half of last year. As expected, a significant component of the weakness over the last few months has stemmed from the oil and gas sector but the effects are being felt far beyond the oil sector. Low oil prices and diverging monetary policies with the US is having negative effects for the loonie. As a result of the weakened Canadian economy, the Bank of Canada has had a difficult year, lowering interest rate expectations, and causing further weakness in interest sensitive investments such as utilities and preferred shares. At the same time, weakness in the oil patch has led to concerns over lending exposure from Canada's financial institutions that have put the core investment choices under review by Canadian investors.

The Fund 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. 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.

We will maintain a significant US weighting in the Fund. We continue to see opportunities in Canada, but we are biased towards names that cater to the consumer offering value and convenience. We also continue to see good upside in select real estate (REIT) names. Core positions such as Dollarama, Dollar General Corp, Boyd Group, Fairfax Financial, Milestone Apartment REIT, Canadian Apartment REIT, Slate Retail REIT, and Walt-DisneyCo. 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 +35% during 2015. All stores are corporate owned and offer consumers a strong value proposition at select fixed price points of $3 or less. Dollar General, which operates a chain of discount retail stores located primarily in the southern, southwestern, midwestern and eastern United States, was up +23% in CAD dollars. Both Dollarama in Canada and Dollar General in the US provide customers with compelling value in convenient locations, including metropolitan areas, mid-sized cities and small towns. Boyd Group Income Fund, a North American auto-body repair company which has generated excellent growth over the past several years, was up another +40% in 2015. Looking ahead for Boyd there continues to be both organic and acquisition related annual growth of about 10% that is largely US-centric.

We have maintained our REIT holdings overall, more specifically to Canadian Apartment REIT, Milestone Apartment REIT and Slate Retail REIT. Canadian Apartment REIT is the largest apartment landlord in Canada with over 65% weighting to Ontario and British Columbia while only 8% weighted to Alberta and Saskatchewan. In addition to having assets focused in the strongest rental markets in Canada, it continues to have a stable and steady organic growth profile with enhanced focus on value added initiatives including development and intensification. Milestone and Slate both have 100% operations in the US and are Canadian listed. Milestone is an apartment landlord with operations located in markets throughout the southeast and southwestern United States. Milestone has been one of the best performing REIT's over the past two years but in our opinion still represents an opportunity for upside as it continues to trade at a substantial discount to its US multi-family peers. Milestone will benefit from the continued fall in vacancy rates and a continued rise in rents. Slate Retail is a pure play US grocery anchored REIT with operations mainly in the southern and eastern United States. Slate Retail's conservative payout ratio provides stability and frees up cash flow for reinvestment. At the same time, unitholder distributions have been increased twice in the past 12 months. Canadian Apartment REIT, Milestone REIT, and Slate REIT were up +12%, +29% and +28% respectively in the year.

We continue to maintain Fairfax Financial as a top 10 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 +10% during the year, easily outperforming the S&P/TSX Financials Index that returned a negative 8%.

In order to generate additional returns and reduce risk, the Fund writes 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 generated significant cash flow from option writing of approximately $985,000 or $0.71 per weighted average number of Trust Units outstanding during the period ended December 31, 2015. The Fund declared regular monthly distributions totalling $0.37 per Trust Unit for the year. Since inception of the option-writing program in 2009, the Fund has generated significant cash flow from option premium of approximately $8.64 million or $3.36 per weighted average number of Trust Units outstanding.

For the year ending December 31, 2015, the Fund outperformed its benchmark return of -5.42%. The NAV of the Trust Units, combined with paid distributions during the one year period ended December 31, 2015, provided a total return for holders of Trust Units of -3.45%.

Overall, although 2015 was a challenging year for investment returns we believe that investment growth should pick up in 2016 as some of the temporary factors holding back certain sectors in Canada fade, while manufacturers benefit from the low level of the Canadian dollar. We believe that patient security selection in times of volatility will bode well for investors, selecting companies that have leadership positions in their sectors.