FAIRCOURT SPLIT TRUST

First Quarter 2016

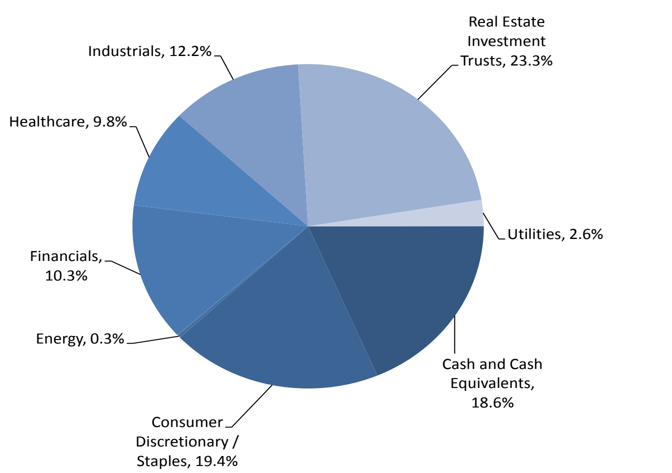
Inception Date: March 17, 2006
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
TSX Symbols: FCS.UN & FCS.PR.C

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 March 31, 2016

- Boyd Group Income Fund
- CAP REIT
- Canadian National Railway Co.
- CVS Health Corp.
- Dollar General Corp.
- Dollarama Inc.
- Fairfax Financial Holdings Ltd.
- Milestone Apartments REIT
- Slate Retail REIT
- Walt Disney Co

PORTFOLIO ALLOCATION as at March 31, 2016



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.

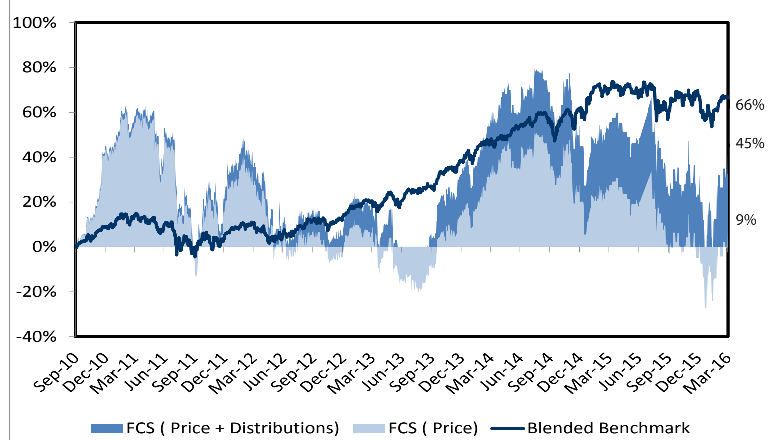
The investment objectives with respect to the Preferred Securities are (i) to provide Securityholders priority distributions of interest in the amount of $0.15 per quarter ($0.60 per annum to yield 6.0% per annum on the subscription price of $10.00); and (ii) to repay to Preferred Securityholders, on 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 9.41% (market price as at March 31, 2016), 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 March 31, 2016. 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 March 31, 2016

	1 Year	3 Year	5 year	*Since Inception
FCS Price (1)	-4.65%	6.87%	-1.74%	6.98%
FCS NAV (1,3)	-9.72%	4.29%	-4.56%	3.96%
FCS Index (2)	-3.41%	9.85%	6.90%	8.82%

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: March 2016 Update

The initial weeks of Q1 2016 witnessed a significant change in direction and a spike in volatility in both Canadian and US capital markets. Investors were pre-occupied with the fear of rising interest rate announcements from the US Federal Reserve after its December decision to raise rates for the first time in over nine years. Worried that the Fed would add 25 basis points each quarter of 2016 investors hit the sell button in January of 2016. Compounding these concerns were weaker than anticipated consumer sentiment readings; a persistent lack of wage growth despite growth in monthly non-farm payrolls; the continued fall in energy prices, and questions surrounding coordinated or at least managed interest rate policy by central banks around the world.

The challenge, particularly for North American markets was the Fed had acted alone while other Central Banks were still embracing low and even negative interest rate policies and programs to stimulate their economies. Despite the strength in the US economy, and enough data points to announce further rate hikes, Fed minutes point to concerns about global growth as a key reason for the change in the tone of rate announcements to a more dovish tone.

In the EU, business and consumer surveys show continued lack of business and consumer confidence. At it's March meeting, the ECB revised down it's projections for inflation this year and pushed more stimulus programs by lowering interest rates deeper into negative territory while increasing the size of its QE program. In Japan there are similar economic concerns, with a combination of unfavourable demographics and resulting downward pressure on inflation. China's economy continues to grow although at a more moderate pace. The goal of China's leadership is to continue to continue needed economic reforms, while not over stimulating an already fragile economy. Lower oil prices keep inflation low in most regions, giving central banks flexibility to keep monetary policy highly stimulative.

Overall, the US continued to be a relative bright spot in the global economy, continuing its slow growth trajectory and job gains, albeit with mixed economic data. Consumer sentiment, for example, was weaker in Q1 evidenced by the University of Michigan consumer confidence index, showing concerns have risen about the resilience of consumers. On balance, consumers do not yet foresee the economy gaining significant momentum in the near-term. Looking to business metrics, industrial production fell at an annual rate of 2.2% in the first quarter after decreasing at a 3.3% pace in the fourth quarter of last year. Industrial production fell more than expected in March and has now fallen in six of the last seven months. The shining light in the US has been jobs growth, with monthly job gains averaging 215,000/month in the quarter. The weakness is that there has been limited wage growth, and Fed officials are concerned that declining wage growth coincides with a growing number of jobs in retail, leisure and hospitality sectors, less skills intensive. The trouble is that US economic growth has been near its historical low of 2% or less since the second half of 2010.

Early in Q1, Canadian unemployment data illustrated the challenges the economy has with respect to its reliance on the energy and mining sectors. With commodity prices still low, employment data was weak. However, since the beginning of the year, Canada has seen a dramatic change in monthly GDP growth; currency strength, commodity prices, and a reduction in the unemployment rate. Over the first 90 days of 2016, the price of oil has appreciated approximately 30%, the Canadian dollar has seen an appreciation of about 15%, and the employment picture has improved. While the recent uptrend in the oil price to $40 is positive, world supplies need to be stabilized so that further price appreciation continues. In March the sum total of a strong real estate market, a more stable energy price and stronger Canadian dollar produced economic results that reduced the unemployment rate to 7.1%, suggesting the economy is gaining traction. While we don't believe that the Canadian economy is out of the woods yet, the results to date in 2016 are encouraging.

Overall in 2016, we see a global economy that is unlikely to post meaningfully higher growth rates than we have seen for the past several years given the significant challenges being dealt with by many regions. However, there continues to be good, selective investment opportunities, even in this slow growth environment.

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, long term 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.

The Manager maintains a meaningful US weighting in the Fund. We also see opportunities in Canada that focus on the consumer, offering value and convenience. We also continue to see good upside in select real estate (REIT) names. Overall, core positions such as Dollarama, Dollar General Corp, Boyd Group, Fairfax Financial, Milestone Apartment REIT, Canadian Apartment REIT, Slate Retail REIT, CVS Health Corp., and Walt Disney Co. 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 +15% during the quarter. 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 in the US, returned +20% in US dollar terms (+12% CAD terms). Both Dollarama and Dollar General provide customers with compelling value in convenient locations. Boyd Group Income Fund, a North American auto body repair company has generated excellent growth for the Fund over the past several years, had another strong quarter +16%. Looking ahead for Boyd there continues to be both organic and acquisition related annual growth of about 10% that is largely US centric.

The Manager continues to see positive contribution from REIT's in Canada and the U.S. The Fund maintains key holdings in Canadian Apartment REIT ("CAP REIT"), Milestone Apartment REIT and Slate Retail REIT. CAP REIT is the largest apartment landlord in Canada with a 65% weighting in Ontario and British Columbia, while maintaining a smaller 8% weight to Alberta and Saskatchewan markets. US based REITs, Milestone Apartment REIT and Slate Retail REIT offer Canadian investors unique investment listings on the TSX while operations are located in select markets in the United States. Milestone has been one of the best performing REIT's on the TSX, managing garden-style communities in select markets in the southern US. It is the Manager's opinion that Milestone continues to represent opportunity for upside as it trades at a discount to its US multi family peers. Slate Retail is a pure play US grocery anchored REIT with operations in the southern and eastern US with a conservative payout ratio providing stability and free cash flow for reinvestment. At the same time, unit-holder distributions have been increased twice in the past 12 months. CAP REIT and Milestone were up +9%, +12% respectively, while Slate REIT declined modestly -3% in the quarter.

Northview Apartment REIT is a new position in the fund with an attractive 8.5% yield and currently trading at a deep discount to both NAV and peer group comps. Northview was formed in 2015 following a transaction that brought together Northern Property REIT, True North Apartment REIT and a number of private residential properties. With over 24,000 residential suites in more than 60 markets across eight provinces and two territories, Northview is Canada's third largest publicly traded multi-family REIT. Following our focus on consumer oriented businesses that provide unique value propositions, the Fund also holds a position in CVS Health Corporation. CVS is a US integrated pharmacy health care provider. We believe the company has solid growth potential from leveraging its combination of Pharmacy Benefits Management with its retail drug store operations following its $12.7 billion acquisition of Omnicare in 2015.

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 +13% during the quarter, easily outperforming the S&P/TSX Financials Index that returned +4%.

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 $275,000 or $0.23 per weighted average number of Trust Units outstanding during the period ended March 31, 2016. The Fund declared regular monthly distributions totaling $0.12 per Trust Unit for the same period. Since inception of the option-writing program in 2009, the Fund has generated significant cash flow from option premium of approximately $8.92 million or $3.54 per weighted average number of Trust Units outstanding. The Manager continues to believe that option writing can add incremental value going forward.

The Trust's current distribution is $0.04 per month per Trust Unit ($0.48 per annum per Trust Unit). The Trust's ability to continue variable distributions will depend on market conditions and the Trust's asset coverage levels and will be evaluated on a monthly basis. Since inception of the Trust, the Trust has paid total cash distributions of $4.25 per Trust Unit. For the quarter ending March 31, 2016, the Net Assets Value of the Trust, combined with paid distributions, provided a total return for holders of Trust Units of +5.24%, results which outperformed the Trust's benchmark return of +1.49%.