FAIRCOURT

SPLIT TRUST

Fourth Quarter 2016

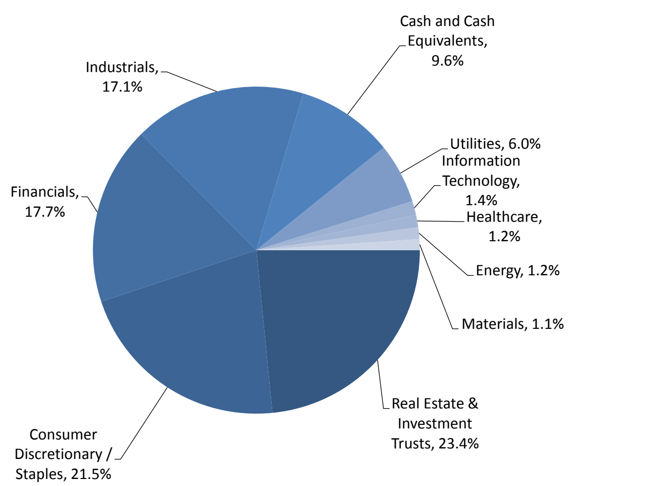
Inception Date: March 17, 2006
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
TSX Symbols: FCS.UN & FCS.PR.C

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 December 31, 2016

- Alimentation Couche-Tarde Inc.
- Boyd Group Income Fund
- Canadian Apartment Properties REIT
- Canadian National Railway Co.
- Fairfax Financial Holdings Ltd.
- Ishares US Finacials ETF
- Milestone Apartments REIT
- Slate Retail REIT
- Walt Disney Co.
- Waste Connections Inc.

PORTFOLIO ALLOCATION



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.

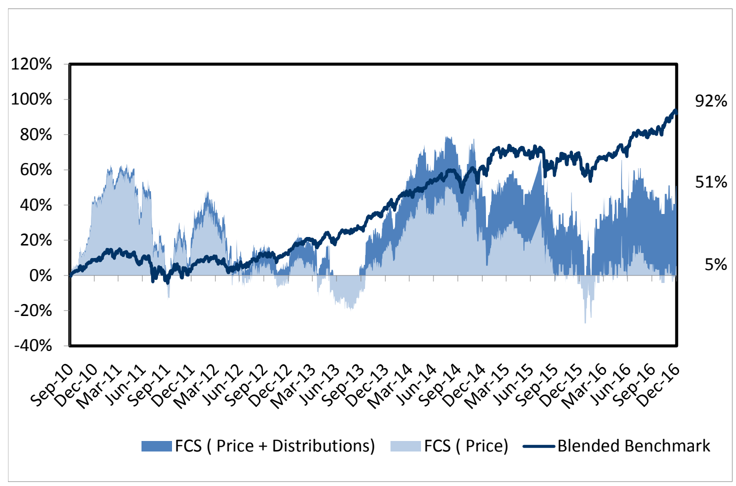
The investment objectives with respect to the Preferred Securities are (i) to provide Securityholders priority distributions of interest in the amount of $0.15 per quarter ($0.60 per annum to yield 6.0% per annum on the subscription price of $10.00); and (ii) to repay to Preferred Securityholders, on 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 9.70% (market price as at December 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 December 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 Year Ended December 31, 2016

	1 Year	3 Year	5 Year	Since Inception
FCS Price(1)	22.45%	4.46%	4.44%	6.81%
FCS NAV(1,3)	19.24%	3.85%	3.88%	5.41%
FCS Index (2)	17.18%	10.23%	12.11%	10.18%

Notes:
(1) Assumes reinvestment of distributions;
(2) Source: Reuters
(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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FAIRCOURT SPLIT

Faircourt Split Trust: December 2016 Update

The fourth quarter of 2016 saw major gains for equities as capital markets had clarity on a number of issues. First, the US elections in early November ended with a Republican Congress and Republican President in Donald Trump. A second factor was the announcement at the end of November when OPEC countries finally came to agreement on supply cut backs that assisted in elevating both global energy prices and North American energy stocks while revitalizing US shale production. The final announcement of the quarter came from the US Federal Reserve as Chair Janet Yellen raised the Fed's target rate by ¼ of 1% for the first move in rates in one year. That long overdue move was assisted by bond market reactions to the Trump Presidency, all of which set up a very interesting 2017.

The Trump Presidency has met with a lot of support in equity markets as indications from policy statements during the campaign involved reduced regulations, reduced tax rates, while working to preserve and grow American jobs. Given the benefits of reduced regulation and an America jobs first policy, this stimulation may lead to some challenges. Currently US GDP growth is less than 2% p.a., and analysts forecast that there will be a bump in GDP growth to approximately 3%. In the first two weeks after the election, a challenge for Trump occurred as both the 10-year and 30-year treasury spiked. Higher rates will have consequences for both corporate earnings and consumer borrowing, as unintended consequences of the Trump presidency.

Other challenges the new administration faces include trade issues and the politics involved with long time Republican elected officials in Washington. President elect Trump has been outspoken about changing trade deals and bringing jobs back to the United States. The implications of erecting these trade barriers and the associated costs are questions that will be ever present during the Trumps administration. Although the Republicans control Congress, it is not a certainty that Congress will go along with the infrastructure planning the Trump administration has suggested. While the Republicans control both the House and Senate, there are significant challenges within the Republican Party to maintain debt levels and not increase deficit spending. We believe that overall, the Trump Presidency will be net positive for investing, providing new opportunities for growth over the next four years.

The US Federal Reserve announced mid December that it was raising rates 25 bps as the beginning of what is suggested as a series of further increases. As we saw last year, it was a one and done strategy and given the weakness in the global economy, and the spike in US longer term rates after the US election, we are still of the opinion that further hikes will be contingent on global growth keeping pace with the US, as the stronger dollar will hurt the U.S. economic turnaround. While further hikes in 2017 are possible, overall we do not believe rates will be going substantially higher in the near term, continuing to contribute to positive tailwinds for equity earnings.

In Canada, 2016 witnessed a weak first half of 2016 followed by growth in the third quarter rebounding strongly, but more moderate growth in the fourth quarter. As a result, interest rate policy and economic accommodation will continue to operate on a different set of parameters relative to our southern neighbours.

In early December, the Bank of Canada announced that it is maintaining its target for the overnight rate at 1/2 per cent. In their report the BOC mentions that global economic conditions have strengthened, however uncertainty has been undermining business confidence and dampening investment in Canada's major trading partners. Following the election in the United States, there has been a rapid back-up in global bond yields, partly reflecting market anticipation of fiscal expansion in a US economy that is near full capacity.

Immediate reaction to rising US rates saw slight increases to mortgage rates and over time, the hike in the US Fed rate could have a more material effect on the Canadian dollar. The hike will create more demand for the U.S. dollar and put pressure on the exchange rate, reducing the value of the Canadian dollar, however helping our Canadian export oriented economy. While homeowners with mortgages like the low interest rates, Canadian savers have been punished by the returns they can earn from fixed income. The reality is that the Bank of Canada is highly unlikely to raise interest rates in the near term, which continues to support opportunities in Canadian equity markets.

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 have adjusted our portfolios in Q4 to reflecting valuation achievement goals as well as changes in interest rates and anticipated changes in economic forces in North America. Our team has increased its weighting in financials adding Royal Bank, and adding to our existing position in TD, that along with Fairfax and added exposure to US Financials and Element Financial round out our financials exposure. The Financials sector now account for over 20% of the portfolio. We have also increased our weighting in energy as we anticipate OPEC compliance with recently announced cutbacks and we have added materials, sectors that should benefit from reflation and declining regulatory headwinds.

The Fund has also added a weighting to mining and materials including Lundin Mining. Lundin is a global mining company with operations in Chile, Congo, Portugal, Sweden, and the U.S. We believe that Lundin will continue to operate efficiently due to its strong balance sheet and disciplined spending programs. Analysts estimate that 2017 could be an especially healthy year for copper, which is the company's largest mining segment. Additionally, recently announced mining cash costs are slated to be lower year over year, which will further assist the company to grow earnings and increase its dividend.

We continue to consider fundamentals for multi-family residential to be compelling. Recent changes to mortgage rules by the federal government should provide a tailwind for multi-family REIT's over the next several years. We also continue to like several Canadian listed REIT's with U.S. exposure, particularly as the U.S. economy continues to outperform the Canadian economy. Milestone, which operates a number of "garden style" multi-family complexes throughout the U.S. sunbelt continues to impress with its operational efficiencies and accretive acquisitions. Subsequent to year-end, Milestone received a take-out bid at an approximate 16% premium to its current share price. We also hold a healthy position in Slate Retail REIT, an operator of grocery-anchored plazas in select markets in the United States. We consider Slate to be a well-run REIT that continues to grow through organic rental growth in addition to executing on accretive acquisitions. Pure-Multi Family operates in sunbelt locations such as Dallas, Houston and Phoenix. Dallas and Houston markets will continue to grow with renewed energy industry activity and combined with Phoenix, these cities are consistently ranked at the top for both job and population growth for the entire U.S. WPT is a TSX listed REIT that focuses on the US Midwest operating an industrial warehouse and logistics network. The Fund also holds a position in American Homes 4 Rent, a leader in the single-family rental home industry. Key strengths include the benefits of a national organization, state-of-the-art leasing technologies, and experienced in-house management, offering unique homes in many different communities.

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 $0.84 million or $0.76 per weighted average number of Trust Units outstanding during the year ended December 31, 2016. The Fund declared regular monthly distributions totalling $0.48 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 $9.5 million or $3.76 per weighted average number of Trust Units outstanding.

For the year ending December 31, 2016, the Fund's NAV combined with paid distributions during the year generated an annual return of 19.24%