FAIRCOURT SPLIT TRUST

Second Quarter 2017

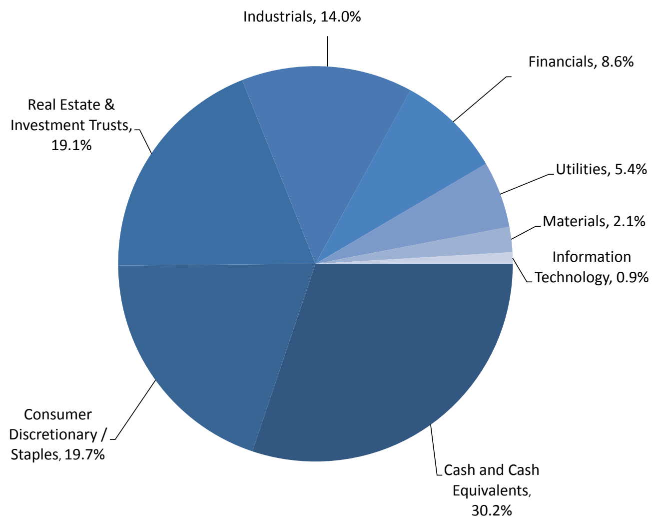
Inception Date: March 17, 2006
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
TSX Symbols: FCS.UN & FCS.PR.C

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, 2017

- Brookfield Infrastructure Partners L.P.
- Canadian Apartment Properties REIT
- Canadian National Railway Co.
- Home Depot Inc.
- InterRent REIT
- Slate Retail REIT
- Toronto-Dominion Bank
- Walt Disney Co.
- Waste Connections Inc.
- WPT Industrial REIT

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.

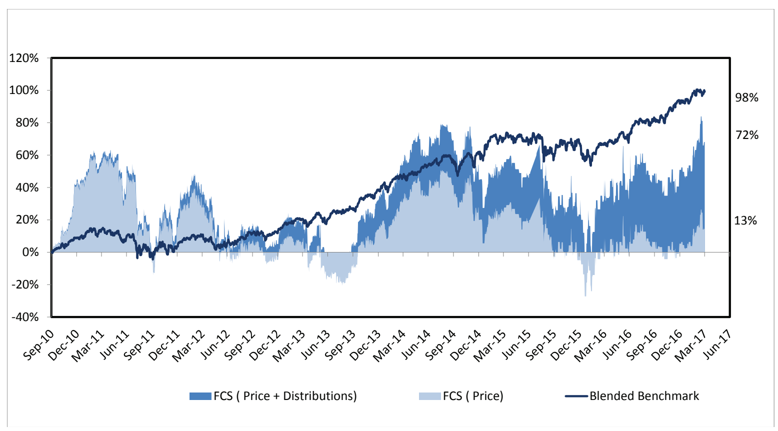
The investment objectives with respect to the Preferred Securities are (i) to provide Securityholders priority distributions of interest in the amount of $0.15 per quarter ($0.60 per annum to yield 6.0% per annum on the subscription price of $10.00); and (ii) to repay to Preferred Securityholders, on 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 $0.06 per Trust Unit per month to yield 13.53% (market price as at June 30, 2017), 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 September 30, 2010. 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 June 30, 2017

	1 Year	3 Year	5 Year	Since Inception
FCS Price(1)	18.33%	2.53%	9.17%	8.36%
FCS NAV(1,3)	13.51%	-0.46%	8.59%	6.05%
FCS Index (2)	13.11%	7.28%	12.21%	9.77%

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: June 2017 Update

The second quarter witnessed continued diverging market returns in Canada versus the U.S., as investors south of the border maintained a solid trajectory despite mixed economic signals coming from economists and analysts while Canadian markets suffered despite improving economic conditions.

In Canada, real estate investment exposure was a primary target that attracted significant attention. Concerns emanating from this sector lead to reduced overall market returns as investors interpreted the news as a potential weakness for the financial sector with mortgage irregularities. The source was Home Capital (HCG) that saw its shares plummet over 75% as improper conduct by mortgage brokers was found, causing three executives including the company's founder to resign. Investors believed that it wasn't isolated to HCG, but rather a sign of an overheated real estate market. Investors questioned whether this could be the first crack in the southern Ontario real estate market, leading to a 2008 type meltdown. The ramifications for HCG and the TSX were far reaching. Credit practices for mortgage lenders from the big five Banks to many types of consumer credit providers were all put under intense scrutiny, dragging the TSX financials index down for much of the quarter.

Prior to announcing Q2 earnings, the big six Canadian banks also had signs of credit quality deterioration in the US, that weighed on their share price during the quarter. However, all of these noted concerns proved unfounded with the Banks announcing stellar second quarter earnings results that showed once again the resiliency of our banking system. Mortgage growth remained remarkably resilient despite the issues from HCG and we continue to see strong macro economic data supporting the Canadian housing market even in the face of rule changes in Ontario. In the end, HCG was saved by a gutsy investment and loan package from Warren Buffett's Berkshire Hathaway, that not only handed Berkshire a handsome return in the days and weeks immediately following the announcement, but also calmed the fears of GIC investors as well as Cdn investors overall.

A longer-term contributor to the weaker Canadian equity performance was the pressure exerted from lower energy prices and their effects on equity prices in the oil patch. YTD, the energy sector is down more than 20%. Energy weakness is emanating from two different directions. One is the lower cost/barrel environment that due to technological innovation in new basins. US producers are able to be profitable at a price point that is unprofitable for many Canadian producers. The other issue facing the energy sector is the declining relevance of OPEC in influencing world oil prices. With higher non-OPEC production, most notably from technological developments in the US, OPEC production cuts are having less effect on world oil prices, putting OPEC countries in a difficult position as many of them have unsustainable budget deficits that can not be funded at current prices.

As the quarter ended, the Bank of Canada reported the country's economic expansion is continuing, the last 12 months providing GDP growth of 3.3%, the fastest economic expansion since 2014, and the best economic performance in the last twelve months within all G-7 countries. Subsequent to quarter end Bank of Canada Governor Stephen Poloz raised the Central Bank's benchmark rate to 0.75%, the first upward move in rates in over seven years. From the Bank's perspective, growth is broadening across most industries and regions and becoming more stable. The one area of weakness that stands out would be the market for lower oil prices that hurts Alberta and the west, while from a national perspective, the Bank sees that on balance both goods and services sectors will continue to do well under these conditions.

During the second quarter in the US, the economy appeared to be slowing down and consumer confidence began to show wavering as the University of Michigan's consumer confidence index fell in June to its lowest level since November. Retail sales numbers declined in April and May, while construction spending in the US fell in April. Those factors continued to weigh down overall growth for the US economy. It has been a focus of President Trump to bring in legislation that will both reduce red tape and boost growth. But Republicans in Congress have focused first on trying to repeal and replace Obama-care, and Trump has released few details about tax reform or infrastructure spending.

Despite these concerns, good news for the economy was released at the end of the quarter as the Institute for Supply Management (ISM) noted that the PMI or purchasing managers index, a key reading on the health of the manufacturing sector registered an increase of 2.9% from May, representing the 10th month in a row where the manufacturing sector saw increases. The expansion was broad based, with 15 of 18 industries surveyed by the purchasing managers' group posting growth in June. The 2.9% monthly gain in the ISM index, which was the largest jump since early 2013, is also notable as it comes amid fading expectations that the government will deliver a fiscal boost, via tax reform and infrastructure spending, in the near future.

A final signal to help with a re-surgent US economic picture was that the US economy added 287,000 jobs in June, a bounce-back from May's low number, an indication that the economy continues to make progress. US labour markets have maintained a healthy pace of job creation, and we have seen a falling unemployment rate. What is confusing is that with all the job gains, we have not seen acceleration in wage rates and hence a lack of inflation. Bonds investors appear confused as their view is that the signs of inflation are the beginning and rates should be adjusting. However, the 10 year US Treasury has fallen over the last several months and some regions of the US continue to see falling retail prices. That negative price pressure, combined with difficulties that the Trump administration is having with a lack of congressional approval for healthcare reform's, delays plans for infrastructure programs, tax cuts and other stimulus initiatives.

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. 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.

A long-term position that continues to generate strong gains in the Fund is Boyd Group. Boyd is one of the largest operators of non-franchised collision repair centres in North America, operating in five Canadian provinces and twenty US states. The company continues to grow through accretive acquisitions with a strong balance sheet and very favourable long-term industry trends. As the average age of automobiles on the road extends to over 10 years, the demand for repairs and maintenance out of warranty is resilient. In addition its distribution to investors continues to be generated within a conservative payout ratio. We continue to see a long runway of growth and acquisitions for Boyd, as they pursue their consolidation strategy in a highly fragmented market.

We believe the North American economy continues to strengthen and rail transport is a key component of the continents growth. It is considered a backbone of the U.S. and Canadian economies with a rail network that runs coast to coast. We have invested in CN not just because of its vast rail network and efficient operation. CN, with its diversified geographical operations generates significant earnings in the United States, which provides a sound hedge against any potential regional weakness that may upend the Canadian economy. Subsequent to quarter end, we adjusted our rail position in CN in favour of CP Rail, based on relative valuation, which had widened sufficiently to make CP Rail look quite attractive going forward.

Waste Connections is a solid waste services company that provides waste collection, transfer, disposal and recycling services in select and exclusive contracted markets in the U.S. and Canada. Overall, the company covers more than six million residential, commercial, industrial, and exploration and production customers from its network of offices in 39 states and 5 provinces. We see the waste disposal and processing business as a stable business, and the company is well positioned with its operations in secondary markets, many of which are exclusive term contracts. Waste Connections generated a 6.9% return for the fund in the quarter, and a 35% return for the 12 months ended June 30th. The fund also continues to see good returns and growth potential from its holding in New Flyer Industries. New Flyer is a manufacturer of buses (both transit and coach). We believe that the company is a premier provider of transit solutions, leveraging its manufacturing skill and ability to integrate new technologies into a compelling transit offering for a range of customers. New Flyer continues to benefit from ongoing investment in transit solutions across North America as cities struggle with inadequate transit systems needed to service growing populations. The company recently increased its dividend from \$0.95/year to \$1.20 per year and generated a return of 11.2% during the quarter.

The Fund generated significant income from option writing of approximately \$0.53 million or \$0.53 per weighted average number of Trust Units outstanding during the quarter ended June 30, 2017. Monthly distributions are \$0.06/ month or \$0.72/year yielding 13.53% as at June 30. Dividends combined with premiums earned from our option-writing program facilitate this increase to provide investors with this higher distribution rate. Since inception of the option-writing program in 2009, the Fund has generated significant income from option premium of approximately \$10.00 million or \$4.34 per weighted average number of Trust Units outstanding.

Year to date ending June 30, 2017, the Fund's NAV combined with paid distributions during the period generated a return of 6.94% significantly outperforming the benchmark return of 2.29%.