FAIRCOURT

SPLIT TRUST

Third Quarter 2017

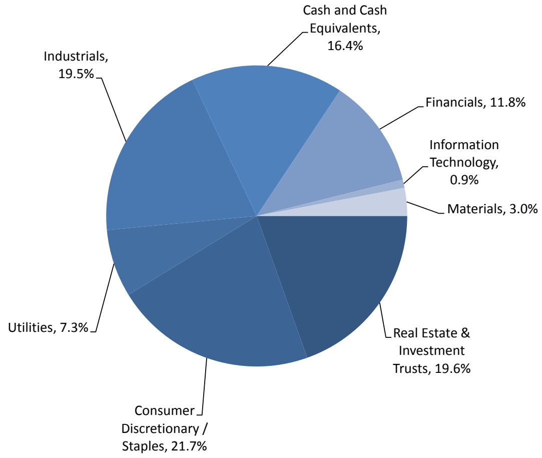
Inception Date: March 17, 2006
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
TSX Symbols: FCS.UN & FCS.PR.C

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 September 30, 2017

- Alimentation Couche-Tard Inc.
- Boyd Group Income Fund
- Brookfield Infrastructure
- Canadian Apartment Properties REIT
- Home Depot Inc.
- InterRent REIT
- New Flyer Industries Inc.
- 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.

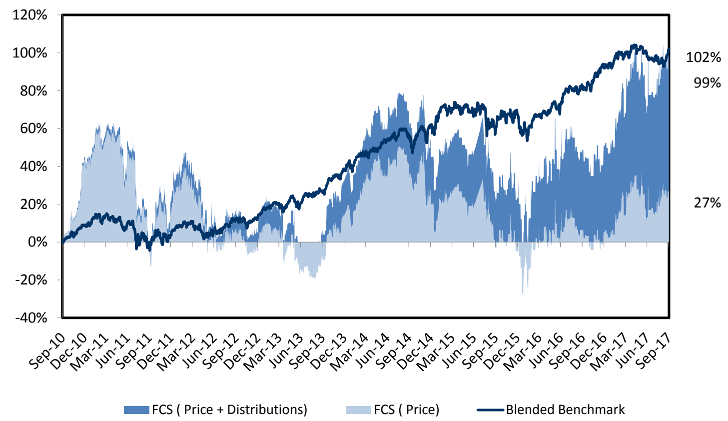
The investment objectives with respect to the Preferred Securities are (i) to provide Securityholders priority distributions of interest in the amount of $0.15 per quarter ($0.60 per annum to yield 6.0% per annum on the subscription price of $10.00); and (ii) to repay to Preferred Securityholders, on 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 $0.06 per Trust Unit per month to yield 12.08% (market price as at September 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 September 30, 2017

	1 Year	3 Year	5 Year	Since Inception
FCS Price(1)	33.66%	5.53%	11.33%	10.30%
FCS NAV(1,3)	2.09%	-1.66%	4.53%	5.29%
FCS Index (2)	10.29%	7.69%	11.58%	9.81%

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)

FAIRCOURT *Asset Management Inc.*
110 Yonge St., Suite 501, Toronto, Ontario, M5C 1T4 416.364.8989 Toll Free: 1.800.831.0304 Fax: 416.360.3466 www.faircourtassetmgt.com

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SPLIT

Faircourt Split Trust: September 2017 Update

Lack of progress on important economic policy changes discussed since President Trump's Inauguration; tax reform, repealing Obamacare, infrastructure spending are beginning to produce challenges for the US economy. Wage inflation that was growing earlier in the year has subsided, and despite the hawkish tone from the US Fed, there is less data supporting future interest rate increases.

The President's inability to gain the votes necessary from his own party to repeal healthcare legislation has lead to concerns about his ability to push through other measures that will benefit the economy. The America first trade stance that Trump has promoted has also caused a rift with America's closest trading partners including Canada. Most recently, the re-opening of NAFTA negotiations has been challenging as many sectors are being targeted by US negotiators as "unfair" to US trade interests.

Despite these anti free trade tendencies out of the White House, US equity markets continue to shrug off the inability of Washington to get anything positive accomplished for the economy, and markets continue to trend higher this quarter resulting in the Dow posting its eighth consecutive positive quarter, a feat that hasn't happened in 20 years.

US economic data continues to move forward only gradually with headline CPI showing muted signs of inflationary pressures. CPI was up 1.9% year over year in August, rising from 1.7% in July. Core CPI met market expectations in August by climbing 1.7% year over year. Consumer spending is up while consumer confidence is near its lowest point in 12 months. The US labor market has continued to show strength, adding an average of 197,000 jobs for the previous three months through August. During September, the US economy lost 33,000 jobs, but that number was negatively impacted by Hurricane Harvey's impact on Texas and Irma's fallout in Florida. At the same time, the unemployment rate dropped to a new 16-year low and labor participation increased.

What is positive about the September reading is that despite the outage caused mid month, the unemployment rate finished the quarter at 4.4% while the participation rate climbed 0.2% to 62.9%. Once again though, investors' attention has been directed towards the muted pace of wage growth.

As expected, the US Federal Reserve left the federal funds rate unchanged at its September meeting but did announce its intention to begin its balance sheet normalization program in October. A spotlight will be placed on the Fed's December meeting as market participants have increased the probability of an additional rate hike to round out the year.

In Canada, the summer witnessed surprisingly resilient results with the Energy sector up 10.48% on the TMX; Consumer Discretionary a positive 4.18% and Financials at 3.72% for the quarter, all working to guide investors and the IMF to raise its outlook for Canada as part of its latest world economic outlook update. The IMF says Canada's economy is poised to grow 2.5% this year which is the best in the G7. By mid third quarter Canada's GDP was growing at an annualized average of 2.5% and year to date had created 290,000 jobs.

With the economy gaining strength, the Bank of Canada increased its benchmark rate driving up the cost of borrowing and increasing the value of the Canadian dollar. The Governor of the Bank of Canada, Steven Poloz provided rationale for the rate hike suggested at least part of the reasoning was the balanced growth the overall economy was achieving. In addition, he mentioned his comfort with the stability of Canadian economy with oil in the $50 range rather than in the low 40s.

The Bank of Canada rate change and summer appreciation in the Canadian dollar had an unintended effect in terms of Canada's trade balance. There has been discussion that the Canadian dollar could appreciate more, however the country's August trade balance came in at -$3.6 billion vs. the expected-$2.6 billion. The surprise was weakness from lower exports. We believe that there is less strength in the global economy than anticipated, which is unable to offset the recent appreciation of the Canadian dollar. Looking at the last three months, with weaker exports, we believe that the Canadian dollar will have to depreciate in order for goods to remain competitive. It would be surprising to us if the Bank of Canada moves ahead with the U.S. Federal Reserve in December. Our opinion is that the Bank of Canada is done for the year and the high on the Loonie has been seen at $US 0.83. Consistent with that belief we also see equity strength returning to those areas that were de-rated on the recent CDN dollar run-up.

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.

We continue to see sound growth in equity markets supported by accommodative monetary policy and an interest rate environment that although on the rise is still operating in an historically low environment.

With that backdrop in mind, a long-term position for the Fund that continues to generate strong gains 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.

Waste Connections is another industrial that we believe in. WCN was up 4.6% in the quarter and a leader in the industrials sector on better than expected earnings. 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.

The Manager continues to believe that New Flyer is also an industrial company that holds promise with solid growth for the Fund. New Flyer is a manufacturer of buses that are sold to both city and regional transit commissions as well as to charter and coach providers. 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 Manager has an investment in Alimentation Couche Tard, and believes its stable of retail convenience stores offer great value to investors. Couche-Tard is the largest independent convenience store operator with the most company owned stores in the United States. In North America, the company operates 9,400 convenience stores including 8,100 stores with fuel dispensing. The company also operates a European division of approximately 2,750 stores, the majority of which offer fuel dispensing and convenience stores. During the quarter, Couche Tard announced its Q1/18 results with net earnings growth of 13%, and diluted net earnings per share of $0.56. We believe that its global footprint and its integration initiatives with respect to previous acquisitions will continue to produce strong results for investors.

The Fund generated significant income from option writing of approximately $0.75 million or $0.79 per weighted average number of Trust Units outstanding during the quarter ended September 30, 2017. Monthly distributions are $0.06/ month or $0.72/year yielding 12.08% as at September 30. Dividends combined with premiums earned from our option-writing program facilitate this increase to provide investors with the distribution rate.

Since inception of the option-writing program in 2009, the Fund has generated significant income from option premium of approximately $10.2 million or $4.52 per weighted average number of Trust Units outstanding. Year to date ending September 30, 2017, the Fund's market price return combined with paid distributions during the period generated a return of 31.64% significantly outperforming the benchmark return of 5.08%.