FAIRCOURT SPLIT TRUST

Second Quarter 2019

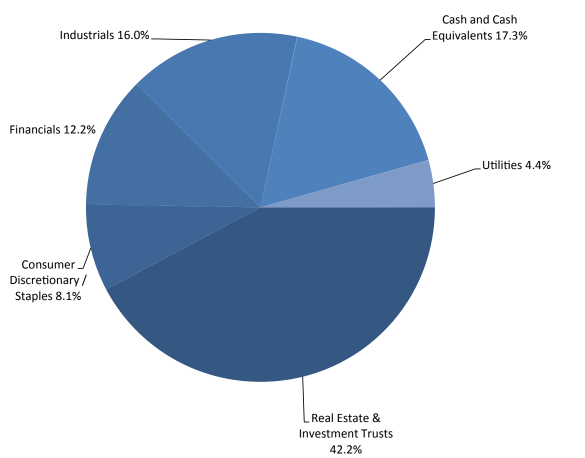
Inception Date: March 17, 2006
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
NEO Symbol: FCS.UN

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, 2019

- Blackstone Group L.P.
- Brookfield Asset Management
- Brookfield Infrastructure Partners
- CAP REIT
- Canadian Pacific Railway
- Dollar General
- InterRent REIT
- Prologis Inc.
- 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.

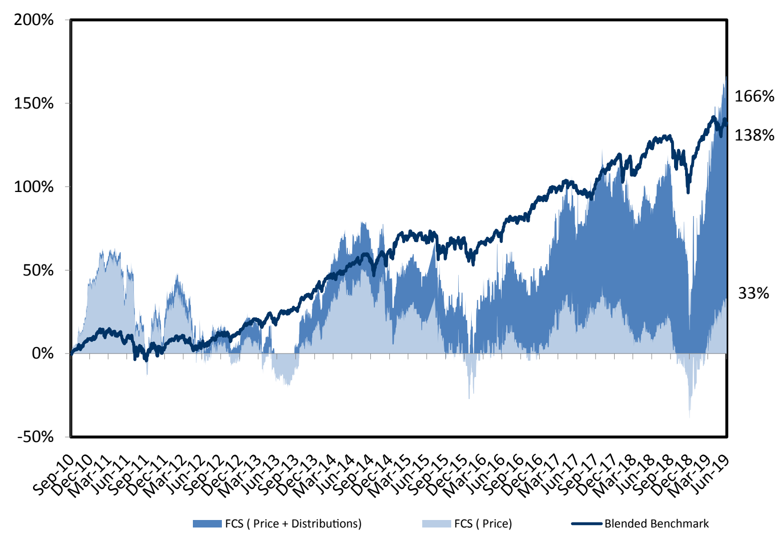
The investment objectives with respect to the Preferred Securities are (i) to provide Securityholders priority distributions of interest in the amount of $0.15 per quarter ($0.60 per annum to yield 6.0% per annum on the subscription price of $10.00); and (ii) to repay to Preferred Securityholders, on June 30, 2019 in priority to any return of the original subscription price to Unitholders, the original subscription price of the Preferred Securities. The manager is working to re-finance 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 11.52% (market price as at June 30, 2019), 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, 2019

	YTD	1 Year	3 Year	5 Year	Since Inception*
FCS Price (1)	133.04%	42.13%	22.35%	10.79%	11.84%
FCS NAV (1,3)	76.40%	22.49%	14.16%	5.27%	7.92%
FCS Index (CAD) (2)	15.49%	5.73%	8.99%	6.32%	9.54%

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: July 2019 Update

The first half of 2019 saw the strongest first half performance for the TSX Composite in close to a decade. The S&P/TSX was up 14.3% lead by Information Technology The year started well with Q1 being the strongest first quarter the S&P/TSX has experienced since 2009. Every sector was up at least 8% with the healthcare index leading Q1 results (up 49.6%) on the strength of the cannabis sector names. During Q2 there were some dramatic changes in leading sectors on the TSX as healthcare was among the weaker sectors (down 9.4%) along with the suffering energy sector (down 9.2%).

The low interest rate environment continues to aid equity markets overall while the lower price for crude coupled with stranded oil challenges in Alberta have weighed on the energy producers on the S&P/TSX. The fund continues to avoid energy companies as we believe there are both domestic structural issues and global oil supply issues that prevent significant near term turnaround. Financials have had a subdued first half as the flattening yield curve has reduced bank earnings potential as financial institutions lend based on long term rates which continue to drop while they fund borrowings through deposits based on higher short term rates, a situation that has squeezed lending margins.

The Canadian economy continued to produce moderate results as manufacturing sales have rebounded in May following weakness in March and April. Despite this improvement, trade sectors remain under a significant cloud of uncertainty. Canada seems to be involved in two very different trade disputes. First we are embroiled in a diplomatic/trade battle with China that emanated with the Canadian government intercepting and holding the CFO of Chinese high tech firm Huawei under suspicion of espionage. That has raised the ire of the Chinese at a time when Canada has been trying to expand its relationship with Beijing. The people who have suffered the most are Canadian farmers as China has banned imports of canola, beef and pork from Canada. At the same time, Canada is also involved in the lingering effects of the revised NAFTA agreement that is still to be ratified, with the ongoing uncertainty reducing the demand for various north-south trade. As an export led economy these situations are major challenges for our economy. With all the competing data coming into his office, the Governor of the Bank of Canada, Mr Stephen Poloz finds himself in a tough spot. As the US Federal Reserve contemplates interest rate reductions, the slow and steady growth of the Canadian so far has kept Canadian interest rates unchanged.

In the US, during the first half of the year the S&P500 registered new highs led by Information Technology (up 27%), Consumer Discretionary (up 21.8%) Industrials (up 21.4%) and Real Estate (up 20.4%) while the overall index was up 18%. All 11 sectors of the SP500 were positive in the first half despite growing trade fears and protectionist measures that are increasingly becoming part of the global economy. The performance is confounding some market participants as the S&P is in its 11th year of bull market returns, as people openly question "surely we are in for a change of direction?" Or are we?

In 2018, US GDP growth was trending over 3%, and investors were worried about the potential of rising interest rates. Concerns arose that the era of low interest rates that supported the equity market was adjusting to rising employment and consumer spending, readying the economy for a more normalized interest rate environment. The first half of the year has seen employment results that have wavered from month to month. Most notably, May US non-farm payrolls came in at 75,000 jobs gained vs the forecast of 175,000 jobs. Then in June, the non-farm payrolls came in showing gains with 224,000 new jobs created well ahead of expectations of 160,000. Interesting in the jobs growth results is that the unemployment rate actually rose despite more jobs gained, as we have learned that more people are re-entering the labour market each month. The measure where we can see that developing is the labour participation rate which has risen from the low 60% range over the last 5 years to its current rate of 63%. With more jobs available more people are actively looking for work.

However, more significant for market participants is the trade war that the President has led against China. The cost to American consumers is rising, and despite who might ultimately win in this geopolitical battle, the economic repercussions are being felt on both sides. By the end of the first half of this year, we see US GDP growth at 2.1% and the US Federal Reserve has initiated its first interest rate cut in 10 years.

For several quarters, the Chairman of the US Federal Reserve has stated a preference to maintain interest rates and in fact raised rates with a goal to a more "normalized" rate environment as the economy showed continued strength over the last two years. Over the last 8-10 weeks to early June, comments from the Federal Reserve's most senior ranks have suggested a very different direction for interest rates and the value of the US dollar. As Chairman Powell commented at the June FOMC meeting, factory conditions remain weakened, with slowing global growth. What was interesting was that the Chairman's statement included an explanation that these factors are greater motivation for easing/reducing interest rates relative to recent upticks in either the CPI or PPI. The Fed Chair seems to be concerned with the downside risks to the US economy. US home sales have fallen to a five month low in May while consumer confidence dropped in June to its lowest level since September 2017.

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, but focused 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. Core positions such as, CP Rail, Prologis Inc., Waste Connections Inc., Brookfield Asset Management, The Blackstone Group, InterRent REIT, and Canadian Apartment Properties REIT., meet these criteria and are expected to continue to make up a healthy weighting in the portfolio going forward.

A new position in the Fund we have introduced during the early part of the year is The Blackstone Group Inc. Blackstone is an American multinational private equity, alternative asset management and financial services firm based in New York City. It's asset management platform attracts capital and generates recurring fee revenues, and with institutional investor's appetite for real assets increasing we feel comfortable investing alongside Blackstone and their abilities to rotate capital and earn less volatile and more diversified risk adjusted returns. Blackstone has been a steady performer in the portfolio and we see it being a core position going forward. Blackstone was up +47% for the six month period ended June 30, 2019.

The Manager continues to see positive contributions from residential REIT's in Canada due to strong population growth, economic strength and declining housing affordability. On the supply side, the expansion of rent controls in Ontario along with a lack of land supply and rising development costs continue to discourage the construction of affordable rentals. The Fund maintains key holdings in Canadian Apartment Properties REIT ("CAP REIT"), and InterRent REIT (InterRent). CAP REIT is the largest apartment landlord in Canada with a strong presence in Ontario and Quebec. It currently manages approximately 45,500 suites and approximately 7,700 manufactured home community lease sites ("MHC"). MHC is a desirable asset class for CAP REIT as it provides stable and growing long-term cash flows with minimal capital expenditures. Going forward, CAP REIT is focused on modernizing and strengthening the quality of the portfolio and strength of its financial position via developments and presence in the MHC sector. InterRent operates in select eastern Canadian markets featuring the Greater Toronto Area, Montreal and Ottawa and is focused on buying properties that it re-positions creating growth and sustainable distributions for investors. It currently manages approximately 10,000 suites whereby approximately 35% of its rental portfolio was still undergoing various stages of value-enhancing repositioning initiatives providing potential upside through increasing average occupancy levels, rising rents for occupied suites, and improving net operating margins. InterRent management estimates that current in-place rents for its apartment portfolio may be 25% or more below estimated market rents. Our bullish thesis is based on the continued presence of landlord favourable fundamentals, as both REIT's operating high-quality portfolios in major apartment markets in Canada having low vacancy rates. These favourable conditions could last for a significant period of time given the outlook for rising immigration and resulting population growth in major urban Canadian centres such as Toronto. InterRent was up +6.9% and CAP REIT was up +10.7% respectively for the six month period ended June 30, 2019. We continue to hold our positions enthusiastically.

During the first half of 2019, the Fund added a position in Americold Realty Trust. Americold, which debuted in the capital markets in 2018, is the world's largest and only publicly-traded owner/operator of temperature-controlled warehouses. Cold storage fundamentals are strong, historically predictable, and the services offered are mission critical to worldwide food distribution. We consider the refrigerated storage industry to possess attractive fundamentals, with demand increasing at a healthy pace, thanks to population growth and urbanization trends, and with only modest supply growth. Americold has an industry leading 20% market share in the United States and approximately 4% market share internationally. We like the prospects for Americold, with the stock offering a 2.5% dividend yield, and double digit return potential for the Company over the next several years.

The Fund's rising exposure to the stable industrial real estate class continued to perform well with rising rents and lower capitalization rates driving returns. In the US, income growth is benefiting from the roll up of expiring leases to higher market rents. On average, quality industrial space remains in high demand. Looking ahead, we will look to increase our exposure to this asset class as industrial rents are poised to increase in many markets as supply constraints and rising land costs limit options for expanding logistics tenants' growth needs. The Fund's industrial exposure is primarily through its investments in Prologis Inc., Granite REIT and Dream Industrial REIT. Prologis provides efficient logistics real estate solutions globally and continues to be a top performer in the space. Granite REITs portfolio currently includes 79 income producing properties and 4 development properties operating in 9 countries in North America and Europe. It continues to divest itself from non-core assets, use its financial capacity to expand its modern portfolio of assets and effectively reducing its Magna concentration ahead of schedule. Dream Industrial REIT is a light industrial and warehouse property focused REIT owning and managing a portfolio of 244 properties across Canada and USA. Dream REIT has been focused on capital recycling, most recently exiting its Eastern Canadian industrial portfolio and focusing some attention to the much desired US Midwest. We feel comfortable investing in all three of these industrial REIT's.

For the six month period ended June 30, 2019 the Trust returned +133% on a price basis versus the benchmark performance of +15.49%. The Fund's Manager maintained its focus and investment discipline as the Trust Units recovered from the steep downturn in the final weeks of 2018. To generate additional returns, rebalance the portfolio 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. Since inception of the option-writing program in 2009, the Fund has generated significant income from option premium of approximately $11.90 million or $5.76 per weighted average number of Trust Units outstanding. For the period ended June 30, 2019, the Fund generated income from option writing of approximately $0.39 million or $0.36 per weighted average number of Trust Units outstanding declaring regular monthly distributions totaling $0.36 per Trust Unit.

On June 30th $12.88 million in aggregate principal amount of the Trust's 6.00% outstanding Preferred Securities matured and were paid out in full. It is the intention of the Manager to refinance the matured Preferred Securities in some similar form in order to continue to provide investors in the preferred securities and Units of the Trust with this unique investment. This significant cash outflow was financed by selling down or out of our underlying investments.