FAIRCOURT
SPLIT TRUST

Fourth Quarter 2020

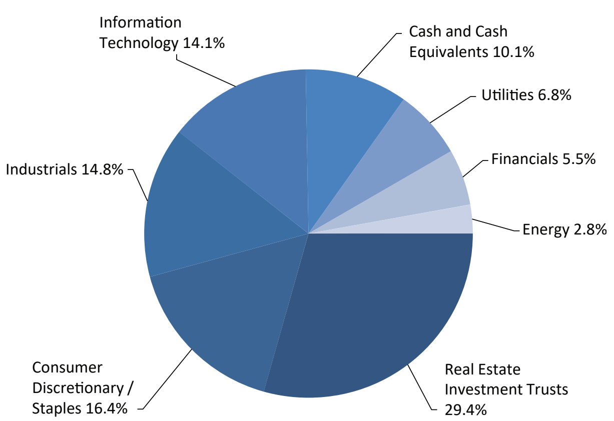
Inception Date: March 17, 2006
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
NEO Symbol: FCS.UN

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 December 31, 2020

- Amazon Inc
- Brookfield Asset Mgmt Inc
- Brookfield Infrastructure
- CAP REIT
- Cargojet Inc
- Costco Wholesale Corp
- Granite REIT
- InterRent REIT
- Microsoft Corp.
- 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.

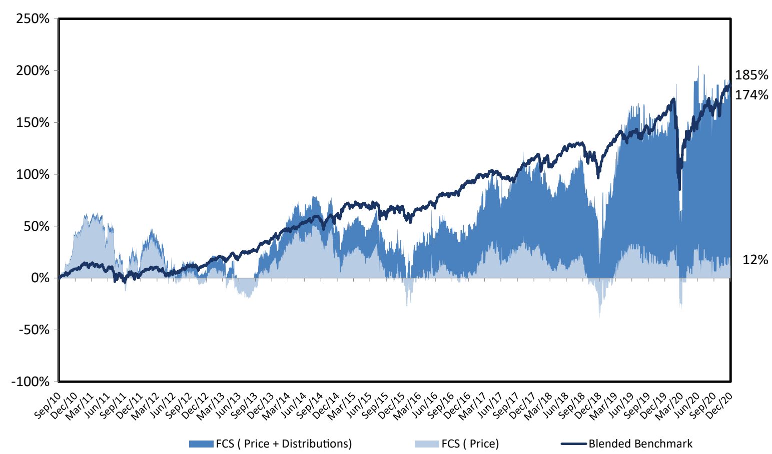
The investment objectives with respect to the Preferred Securities are (i) to provide Securityholders priority distributions of interest in the amount of $0.15 per quarter ($0.60 per annum to yield 6.0% per annum on the subscription price of $10.00); and (ii) to repay to Preferred Securityholders, on June 30, 2024 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 13.7% (market price as at December 31, 2020), a portion of which is tax-deferred; and (b) to return to Unitholders, on June 30, 2024 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 Period Ended December 31, 2020

	1 Year	3 Year	5 Year	10 Year	Since Inception*
FCS Price (1)	13.17%	10.13%	17.34%	6.59%	10.34%
FCS NAV (1,3)	12.01%	10.96%	14.05%	5.36%	8.23%
FCS Index (CAD) (2)	8.74%	8.40%	10.51%	10.51%	9.94%

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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The word unprecedented was used repeatedly in 2020 in an attempt to explain the pandemic, government responses around the world and political events in 2020 and into January of this year. Governments across the world pushed forward with varying forms of stimulus, with massive increases in money supply and sovereign debt while all major US stock indices have risen to all-time highs.

The narrative in equity capital markets since March has been about how central banks are in control, willing to do what is necessary to prevent catastrophic economic implications of the global lockdowns. With interest rates at or near zero and fiscal restraints unleased, money printing will either be the best strategy ever or looked at as a bandage to mask the underlying problems in the system. Despite the extreme exuberance seen in the eyes of many retail investors, the near term appears bullish but we remain cautious in our approach.

With respect to the United States and Canada, the real economy and capital markets continue to move in opposite directions, unhurt by the millions of unemployed people and the negative impacts on so many small businesses. Capital markets seem to want to power forward overlooking the potential of severe economic weakness.

As President Biden transitions into office, his administration has stated its desire to launch a $1.9 trillion stimulus and given the ease to finance itself with ultralow interest rates, the path of least resistance leads to increased fiscal spending. The primary economic policy of the Biden presidency is straightforward. It will print money, borrow money, spend money and handout money. The US Fed will be expanding its balance sheet to support asset prices while the government continues to support its citizens. If there is one takeaway at all, it is that monetary expansion is likely to continue, leading to further dollar based inflation.

Our strategy continues to focus on consumer needs relative to wants; and movement of goods and services over unsustainable fads. We believe that companies that exhibit core strengths in providing goods and services have proven beneficial in this environment and will continue to do so after we exit the pandemic.

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 focus of the Fund is to provide a portfolio solution to investors interested in a lower volatility portfolio while addressing the need for income. Bond yields are too low and equities are increasingly volatile. While we cannot ignore the political headlines around the world that will surely generate ample volatility in global equities and currencies, 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, disciplined need for debt or need to raise significant amounts of capital as well as having a lower dividend payout ratio. Core positions such as, Granite REIT, VISA, Brookfield Asset Management, COSTCO Warehouse, Brookfield Infrastructure, and Microsoft., meet these criteria and are expected to continue to make up a healthy weighting in the portfolio going forward.

A core holding that has done very well and is one of the largest owners and operators of critical infrastructure assets globally, spanning four major segments in 15 countries on five continents is Brookfield Infrastructure Partners. Brookfield's assets include sea ports, railroads, toll roads, cell towers, electric transmission systems, natural gas pipelines, and natural gas storage facilities. We like BIP as a core holding due to its scale, quality portfolio, stable and resilient regulated/contracted cash flows from its operating businesses, sponsorship from Brookfield Asset Management and it's ability to complete complex deals and source new investments where competition is more manageable. Brookfield is currently in a very active period, with many opportunities for new investment and to recycle capital and we are confident they will continue to manage leverage levels while generating returns on investments that are expected of them. Brookfield Infrastructure was up +14% for the year ended December 31, 2020 and we expect another good year of results from them.

Cargojet, a global brand, is Canada's number 1 time-sensitive overnight air cargo consolidator representing over 90% of the domestic overnight air cargo lift available in Canada. CJT focusses on the middle mile, working with large manufacturers and distributors, moving shipments to the last mile delivery service companies. Approximately 75% of domestic revenues are under long-term contracts have guaranteed volume minimums and CPI-based automatic annual price increases. We are attracted to Cargojet's near-monopolistic position in the Canadian air cargo market, long-term contracts, significant barriers to entry, long term pilot contracts containing a non-strike clauses in addition to the tailwinds from e-commerce and its recent Amazon partnership helping it shrug off the impact from global trade reductions. We are anticipating e-commerce channels to remain strong as consumers look to alternate channels as work from home and social distancing measures continue. Longer term, Amazon continues to report volume increases and we view this as positive to its carriers that benefit from Amazon's push for faster deliveries. CJT returned +109% during 2020. Short term we are mindful COVID comparables might be difficult to exceed but long term we see a positive outlook here We are long term holders of Cargojet.

Another company we like benefiting from the e-commerce shift and buyer behaviour and continues to see attractive organic growth is VISA. It continues to post impressive revenue growth and benefits immensely from the move away from cash based purchases to credit based settlement. While a recession would impact both consumer transaction volumes as well as dollar value of consumer purchases VISA, has done a great job shifting resources and attention to E-commerce and emerging markets. Both E-commerce volumes and growth in disposable income in emerging markets are set to rise materially over the next decade and VISA stands to benefit from this shift. VISA maintains a leading position in credit based settlement and has proven over the long term that it can successfully navigate in all economic environments. Visa returned +17% in 2020 and we continue to be long term holders.

A new position in the Fund we introduced during the second half of the year was Dollar Tree. Similar to another core holding of ours, Dollar General, Dollar Tree has a straightforward business model offering products that are frequently used and replenished, such as food, snacks, cleaning supplies, housewares at low prices. In the past few years Dollar Tree had significantly underperformed. They acquired Family Dollar years back and struggled with integration. Sales performance was weak. Their core concept was everything on sale, priced at $1. A tough environment when you restrict top line so we avoided. But now they have a new CEO and more importantly the vision is to break the buck at Dollar Tree. The new CEO was the one in charge of the test project before his promotion so this tells me the Board is committed to this change. And activist investors have been pushing for this change. This could be a terrific strategic move. I compare this move to Dollarama when they did the exact same thing in 2009 and that worked out for our portfolios for many years. In summary management will introduce higher price points which should meaningfully increase sales, average basket size and lift margins. Even if we assume no store growth we could see significant margin lift and back of the envelope math suggests EPS can increase 2-3x in 5 years. This is quite remarkable considering this is a large cap name. It has a bit of volatility but quarterly results of late have been solid, trends are healthy, and breaking the buck is very much in play. We could see meaningful share appreciation going forward.

Since inception of the option-writing program in 2009, the Fund has generated significant income from option premium of approximately $12.39 million or $6.44 per weighted average number of Trust Units outstanding. For the year ended December 31, 2020, the Fund generated income from option writing of approximately $0.28 million or $0.31 per weighted average number of Trust Units outstanding.

The Trust's distribution is $0.06 per month per Trust Unit ($0.72 for the year 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 $7.43 per Trust Unit.

For the year ended December 31, 2020 the Fund returned +12.01% (NAV basis) and +13.17% (Price basis) versus the benchmark performance of +8.74%. The Fund's Managers maintained their focus and investment discipline as the Trust Units recovered from the steep downturn in the first quarter of 2020. As we enter 2021, we will continue to use our option writing program to re balance our portfolio weightings and generate a monthly income stream that we pay out to shareholders. Over the past several years we have attempted to reduce the number of holdings in our portfolio and manage its risk by not overpaying for growth and only hold a concentrated portfolio of its best ideas that will navigate the Fund through these cautious markets.