FAIRCOURT

SPLIT TRUST

Second Quarter 2022

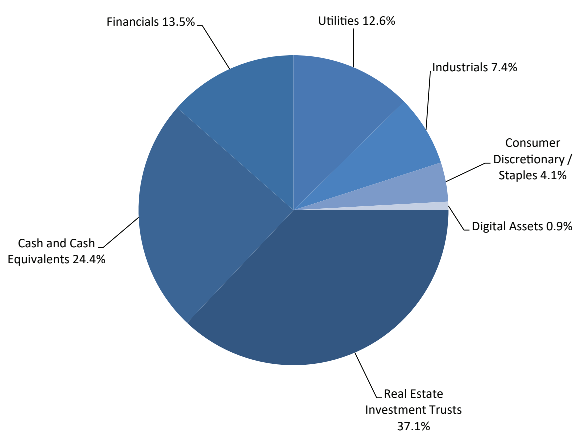
Inception Date: March 17, 2006
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
NEO Symbol: FCS.UN

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, 2022

- AvalonBay Communities Inc.
- Brookfield Asset Management Inc.
- Brookfield Infrastructure Partners
- CAP REIT
- Dream Industrial REIT
- InterRent REIT
- Invesco DB US Dollar Index Bull
- Prologis Inc.
- Rexford Industrial Realty Inc.
- 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 (when outstanding) and Unitholders, subject to the prior rights of Preferred Securityholders.

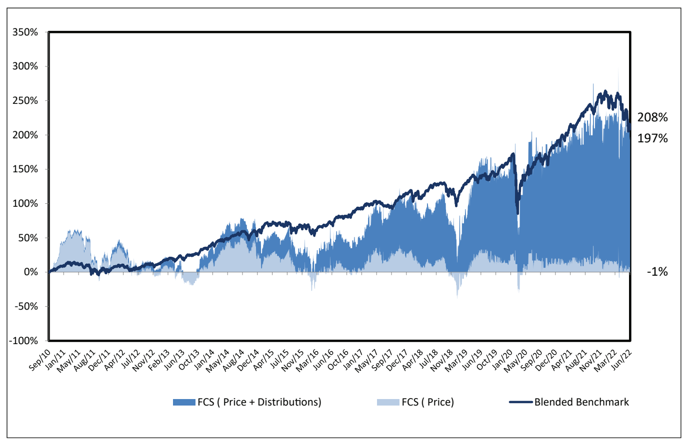
The investment objectives with respect to the Preferred Securities (when outstanding) are (i) to provide Securityholders priority distributions of interest in the amount of $0.15 per quarter ($0.60 per annum to yield 6.0% per annum on the subscription price of $10.00); and (ii) to repay to Preferred 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 $0.015 per Trust Unit per month to yield 4.9% (market price as at June 30, 2022), 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%)a



Source: Bloomberg. Data is based on price and includes distributions.

Returns for Period Ended June 30, 2022

	1 Year	3 Year	5 Year	10 Year	Since Inception*
FCS Price (1)	3.93%	3.67%	11.53%	10.35%	9.70%
FCS NAV (1,3)	-19.20%	-1.20%	4.80%	6.68%	5.52%
FCS Index (CAD) (2)	-5.02%	8.56%	8.67%	10.42%	9.28%

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.*
120 Adelaide St W - Suite 2107, Toronto, Ontario, M5H 1T1 416.364.8989 Toll Free: 1.800.831.0304 Fax: 416.360.3466 www.faircourtassetmgt.com

FAIRCOURT SPLIT TRUST

Second Quarter 2022

As we reach the midway point of 2021, we are in an economic environment of slowing growth, accelerating inflation, and tightening monetary policy conditions. Risk-on assets declined rapidly during the first half of the year as market participants withdrew their risk appetite and scrambled to identify the short-term narratives in the market. Current bond market activity is telling us that growth is now slowing, USD dollar strength continues and inflation may not yet have peaked. For market direction to change, we will need to see a macro trend reversal, usually driven by a catalyst event like a drastic change in US FED rhetoric that causes the market to reposition for a different policy regime that serves to bring renewed enthusiasm and capital into risk assets. Both the ECB and FED are tightening into a slowdown, bullish for the US dollar and bearish for just about anything else.

There were few disinflationary signals to celebrate in the June inflation print with the June reading of the Consumer Price Index (ex food and energy) showing that inflation continues to be an issue despite the FED's attempts to curb it by increasing the Fed Funds rate and implementing quantitative tightening. The June CPI was +50bps from May to +9.1% year over year.

Elevated inflation remains but the probability of inflation rates beginning to abate in Q3 and into Q4 and 2023 is rising. The takeways are inflation outlook is disinflationary but remains stubbornly high enough to keep the FED on track to aggressively hike into the back half of the year. This aggressive tightening has been a drag on asset prices all year as liquidity has been significantly removed from financial markets, but the impact seemed to accelerate in the second quarter. Proof is, except for 1932 and 1940, that 2022 was the worst start for the S&P500 through June.

We need to remember that The Federal Reserve has a dual mandate: maximize long-term employment and maintain price stability. The official CPI is up to 9.1% over the past year, which is at four-decade highs. Meanwhile, official unemployment is 3.6%, which is near five-decade lows. For the first time in history there are twice as many job openings for each person looking for work. Strong payroll numbers basically signal the FED can be more aggressive trying to increase unemployment (demand destruction) and rein in consumer spending, in order to see inflation decelerate. We believe that given the policy mistake the FED made in dismissing inflation in 2021 we find it unlikely the FED will be accused of being too dovish this time in dealing with inflation.

A further complication for the global economy and equity capital markets are supply chain issues resulting from the pandemic that continue to pose challenges. Companies are dealing with labour issues from hybrid work challenges to higher hourly wage demands; there are input shortages and transportation bottlnecks in addition to rapidly changing demand dynamics. This is all taking place while businesses try to "harden" their supply chains through higher inventory levels and a more diversified supplier network. Unless a company is able to pass on these higher costs to consumers, margins will be under pressure.

Consumer confidence and household sentiment are as low as they were in 2008 with current expectations less promising. Worries range from not having adequate cash to pay monthly bills, paying rent, making minimum payments on credit card debt to even having enough money for retirement. North Americans are responding to these pricing pressures by putting more and more of their expenses on credit cards setting themselves up for failure. We are also seeing the savings rate has been falling in recent months indicating consumers are feeling the pressure of higher prices, forcing them to dip into savings to keep up. A recession seems unavoidable.

Important signals for our process remains cross asset volatility, USD dollar strength, and the activity coming out of fixed income markets. We believe that many market participants are still not grasping the scale of treasury market volatility. This is a result of the 2-year yield surging amid expectations of a significantly higher policy rate this year and next, to combat uncomfortably high inflation.

US Dollar strength is one of the most important variables in how risk assets perform. As macro conditions shift, it is imperative to think of the implications that a stronger dollar will have on risk assets. Since 2015, the U.S. Dollar Index (DXY) has traded within a 13 point range, from 89 to 102, oscillating through multi-year rallies and pullbacks. As the dollar strengthens, it will continue to serve as a headwind for risk assets. If the US dollar begins to weaken, it will serve as a tailwind.

We are entering an economic slowdown and the data being released is confirming this for us. Since the Q4-21, the bond market has been signalling a rising rate environment. In addition, market participants may not be fully appreciating the upcoming earnings season challenges. This time last year we had economic growth accelerating, inflation accelerating, earnings growth accelerating, monetary easing, and fiscal easing. Now in the back half of this year we will likely see growth and inflation decelerating, earnings disappointing, monetary policy tightening and fiscal measures disappointing. Sectors such as Industrials, Consumer Discretionary, Technology and Financials will likely be challenged to match their triple digit Q2-21 earnings per share (EPS) growth. Consensus estimates still have EPS growing but the rate of change of the slowdown will be dramatic.

The Trust's distribution was $0.06 per month per Trust Unit ($0.72 per year per Trust Unit). On July 19, 2022 the Fund announced a reduction in the monthly distribution rate in response to current market realities. 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.

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. Since inception of the Fund, the Manager has generated significant income from option premium of approximately $12.43 million or $6.90 per weighted average number of Units outstanding.

For the period ending June 30, 2022, the Fund generated a total return of -9.44% on a market price basis and -21.52% on a NAV basis versus its benchmark performance of -12.44%.