FAIRCOURT SPLIT TRUST

Fourth Quarter 2022

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

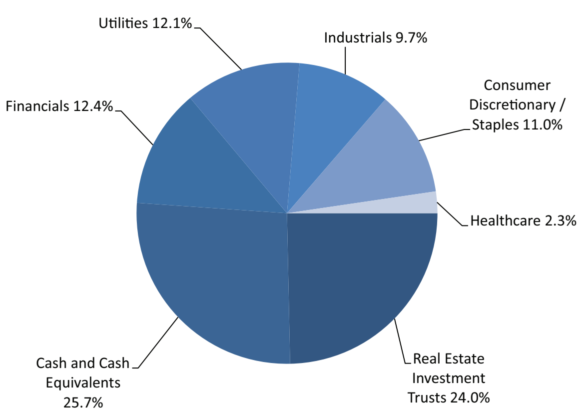
Faircourt Split Trust was created using a dual security structure, consisting of Trust Units and Preferred Securities, to provide investors with leveraged capital growth potential based on a portfolio of North American equity securities.

TOP TEN HOLDINGS as at December 31, 2022

- Brookfield Corp., Class 'A'
- Brookfield Infrastructure Partners
- Costco Wholesale Corp.
- Dream Industrial REIT
- Fortis Inc.
- InterRent REIT
- Invesco DB US Dollar Index
- Rexford Industrial Realty Inc.
- Walmart 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.

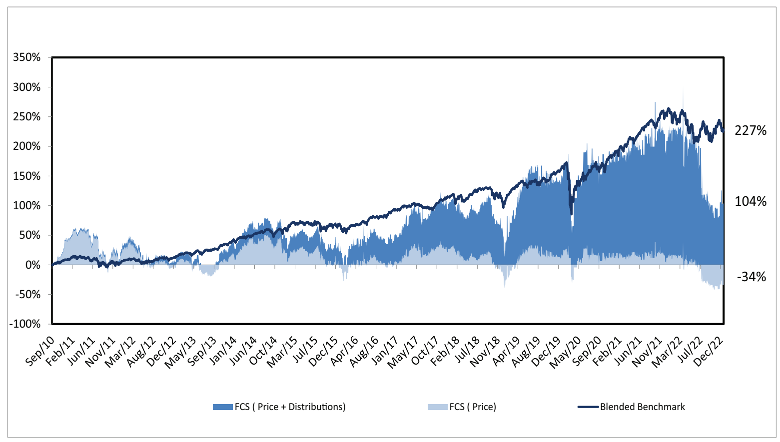
The investment objectives with respect to the Preferred Securities (when outstanding) are (i) to provide Securityholders priority distributions of interest in the amount of $0.15 per quarter ($0.60 per annum to yield 6.0% per annum on the subscription price of $10.00); and (ii) to repay to Preferred 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 5.81% (market price as at December 31, 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%)



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

Returns for Period Ended December 31, 2022

	1 Year	3 Year	5 Year	10 Year	Since Inception*
FCS Price (1)	-37.90%	-5.66%	-0.18%	6.84%	-0.81%
FCS NAV (1,3)	-24.45%	-3.42%	1.90%	5.89%	4.96%
FCS Index (CAD) (2)	-7.74%	8.03%	8.11%	10.25%	9.35%

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 TRUST

Fourth Quarter 2022

2022 was a challenging year for most investors as traditional long only portfolios suffered due to inflationary pressures, volatility and finally monetary tightening in the latter half of the year. There were brief rallies in capital markets that were based on hopes that any tick down in inflation prints would convince the US Federal Reserve to pivot away from aggressive liquidity withdrawal measures. While markets weakened, investors were unwilling to adjust portfolios away from what worked in 2020-2021, towards an allocation to protect portfolio value and guard against inflation.

In response to these dramatic changes in interest rates and central bank policy guidance, at the beginning of 2023 we see a recession on the horizon; the bond market shows 2-10 year yield curve inversion (a precursor to recession) and the US Federal Reserve has raised rates 450bps in 9 months. As a result of these changes, companies that were well owned in technology, online or direct to consumer and select retail, those with excessive leverage and limited cash flows are present have been hurt the most. Investors should not be relying on what worked in 2021, we have to look at the market we are in to invest in different opportunities given market realities.

We see consumers facing inflationary headwinds and as a result, consumer staples tend to shine as the focus turns to consumer needs vs consumer wants. We also see a trade down scenario taking place where consumers that previously shopped at higher end stores look for value in at malls. Given food inflation we see less dinners out and more meals at home. And with recessionary fears running higher, clothing for school and work is focussed on rather than new luxury items.

We have witnessed a regime change from low interest rates and easy money supply to an environment where unemployment rates are still lower than the US Fed Funds rate. Over the last forty years, seven out of the last seven recessions occurred when this took place.

From a portfolio perspective, investors need to be underweight what was overweight in 20-21 and transition to what can work in the current environment.

For 2022, the S&P500 posted an uncomfortable -19.4%, the TSX Composite (ex-Energy) was -8%; Nasdaq was -33.1%, Russell 2000 also down for the year at -22%. Since 1950, the only years with more significant declines in the S&P500 were 1974, 2002 and 2008. Well followed growth companies fell due to inflationary headwinds and reduced disposable income, leading to weakened forecasts for 2023. We see consumers moving to a needs vs wants mentality, staples and utilities over discretionary or luxury.

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. Given our macro view we have the following core holdings.

Waste Connections (WCN) is an integrated municipal solid waste services company that provides collection, transfer, disposal, and recycling services in the U.S. and Canada. Waste Connections also provides non-hazardous exploration and production waste treatment, recovery, and disposal services in several of the most active natural resource-producing areas of the U.S. We like WCN for it's strong balance sheet, limited capital requirements, strong cash flow generation and industry leading margins.

A company that continues to benefit from e-commerce and buyer behaviour is VISA (V). 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, it has done a great job shifting resources to emerging markets. VISA has proven over the long term that it can successfully navigate in all economic environments.

A core holding that has done very well and is one of the largest owners and operators of critical infrastructure assets globally, operating in 15 countries on five continents is Brookfield Infrastructure Partners (BIP.un). Brookfield's assets include sea ports, railroads, toll roads, cell towers, electric transmission systems, natural gas pipelines, and natural gas storage facilities. We like Brookfield as a core holding due to its scale, quality portfolio, resilient contracted cash flows and it's ability to complete complex deals and source new investments where competition is more manageable.

Fortis Inc. is a North American utility operating in five Canadian provinces, nine US states and three Caribbean countries) with assets north of $57 billion and revenues approaching $9 billion. Fortis has 99% regulated operations in electric, gas, transmission, long term hydro generation and natural gas storage. Overall, its business mix and regulated operations gives us comfort in its predictable cash flows and abilities to service its debt levels and pay increasing dividends. Fortis has a history of 47 years of consecutive common share dividend payment increases and has pledged to grow dividends annually, on average, by 6% through 2024.

Costco (COST) offers its members a compelling value proposition in a time of challenging food inflation as well as gasoline discounts and a strong holding for the current environment. COST also has an extensive private label offering and is positioned as the low price retailer of consumables for middle and upper-middle class families. Lower SG&A allows for lower prices. Higher inventory turnover enables inventory financed through vendor payment rather than working capital. COST is taking share from grocers with the growth in its membership and a greater share of consumer wallet. The member renewal rate is 92%. As a consumables retailer with half of the operating profits generated from membership fees Costco offers unparalleled EPS and cash flow visibility. COST's dividend is $3.16 per year and has grown 13% annually. It has also issued four special dividends in the past 9 years. We continue to be long term holders.

In this type of economic environment Walmart (WMT) is a relative and absolute performer. WMT sells what consumers need, groceries and consumables, fuel and auto, health and wellness, and home and apparel. It's private label penetration is about 24% of overall revenues, matching peers such as Costco and BJ Warehouse. WMT uses its private label to drive traffic to its stores. We like that the company is focused on what consumers need versus what they want (discretionary). We expect sales, margins and cash flow to improve in 2023 as WMT understands changing consumer trends and faces less markdown pressures. We continue to add to our holdings on any short term equity weakness.

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 $7.04 per weighted average number of Units outstanding.

For the year ending December 31, 2022, the Fund generated a total return of -37.90% on a market price basis and -24.45% on a NAV basis versus its benchmark performance of -7.74%.