LDIC North American Energy Infrastructure Fund

Management Report of Fund Performance

June 30, 2014

Class A units and Class F units of LDIC North American Energy Infrastructure Fund

LDIC North American Energy Infrastructure Fund

For the Period ending June 30, 2014

All figures are reported in Canadian dollars unless otherwise noted.

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request and at no cost, by contacting LDIC Inc. in one of the methods below.

Unit holders may contact LDIC Inc. to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure by calling 416-362-4141, by writing to us at 130 King Street West, Suite 2130, Toronto, ON, M5X 1E2 or by visiting our website at www.ldic.ca (email at info@ldic.ca), or SEDAR at www.sedar.com.

Investment Objectives and Strategies

The investment objective of the Fund is principally to provide long-term capital appreciation with the potential for income, by investing primarily in equity securities (including common shares and warrants) and fixed-income investments relating to energy infrastructure and related companies based in North America.

The prior approval of unitholders is required before a fundamental change is made to the investment objective the Fund. This approval must be given by a resolution passed by a majority of the votes cast at a meeting of the unitholders of the Fund.

In order to achieve its investment objective, the Fund intends to invest primarily in the equity securities of energy infrastructure and related companies based in North America.

Infrastructure assets are broadly defined as the basic facilities, services, and installations needed for the functioning of a community or society. The energy infrastructure sector includes, but is not limited to, investment in the following areas:

Transportation	Pipeline, railroad, truck/ship fleets, airports, and seaports.
Distribution	Electrical power networks, generation plants, electrical grids, substations.
Storage	Storage terminals, manufacturing facilities & underground storage.
Industrials	Refineries, utilities, midstream processing, upgraders, engineering, chemical manufacturing & processing.
Production & Expl.	Oil production, natural gas production, coal, hydroelectricity & alternative energy production such as wind, solar & geothermal.
Services	Construction, equipment, drilling, social, real estate, housing & retail.

Techniques such as fundamental analysis may be used to assess the growth and value potential of an investment which requires evaluating the financial condition and management of each company, its industry and the overall economy. For more details regarding the use of investment strategies, refer to the Simplified Prospectus filed on SEDAR (www.sedar.com).

Risk

As of June 30, 2014, the risks of investing in the Fund remain as described in the prospectus (items 9 and 10 of Part B of Form 81-101F1 as filed on www.Sedar.com). The main risk worth re-iterating to investors is the potential negative impact a rise in interest rates may have on dividend paying securities within the theme such as the Pipelines sector. Rising interest rates can translate into reduced valuations for companies that have low growth business that distribute the majority of its income to shareholders in the form of dividends. To minimize such impacts, the fund continues to target securities of companies that are projected to exhibit significant relative growth, however there can be no assurances that the growth will materialize or that the overall market will not cause the price of such securities to fluctuate. There were no material changes to the Fund since its inception that affected the overall level of risk.

The Fund is suitable for investors who are seeking a potential for capital appreciation, have medium to high risk tolerance and have a medium to long-term investing horizon. However, the level of risk associated with any particular investment depends largely on an investor's personal circumstances. Investors can invest a component of their total portfolio in the Fund to provide portfolio diversification. Investors should consider their personal investment profile and consult their financial advisor before making a decision to invest in the Fund.

Result of Operations

The financial markets across North America showed positive performance. In both quarters, the Canadian and US markets continued their upward trends. Year-to-date the S&P/TSX Composite returned 12.85% and the S&P 500 Index returned 7.12% in Canadian dollars. The first half of the year has proven to be strong for the energy sector compared to the previous three years. The sector has been a noteworthy contributor to the broad market returns

For the period January 2014 to June 30 2014, The LDIC North American Energy Infrastructure Fund's Class A units return was 16.15% and Class F units return was 16.79% while the benchmark return was 19.69% over the same period. The benchmark is a blend of 70% S&P/TSX Capped Energy Index and 30% S&P Composite 1500 Energy Index.

Important to note, the Fund had significantly lower volatility, approximately 44% lower, than the TSX Energy Index for the period.

Recent Developments

This section contains forward-looking statements. Various factors could cause actual results to differ materially from those projected in forward-looking statements.

"For the first time in nearly two decades, we produce more oil here in the United States than we buy from the rest of the world." –President Obama

The first half of 2014 has been an exciting and eventful period for the Energy Infrastructure sector in North America. Production of natural gas, oil and associated liquids has continued to climb and has reached record highs. Natural gas production has topped nearly 100 bcf per day and oil production has topped nearly 12 million barrels per day (including liquids it has reached over 15 million barrels per day). In 2013, the US satisfied a staggering 84% of its total energy demand through domestic production. At the current pace, North America is on a trajectory to reach energy independence. As such, the demand outlook for new infrastructure is extremely robust.

Evidence of record spending and the strong financial impact to energy infrastructure companies was clearly evident during the first half of the year. Record earnings, healthy dividend increases and strong M&A activity bode very well for the Fund's holdings.

- Record earnings: for Altagas (ALA-T), Keyera (KEY-T), Badger Daylighting (BAD-T), Canadian Energy Services (CEU-T), Trinity Industries (TRN-US), Secure Energy Services (SES-T), Black Diamond (BDI-T), US Silica (SLCA-US), Union Pacific (UNP-US) and CN Rail (CNR-T). Further, Pembina Pipeline got added to the TSX Composite index and Inter Pipeline adopted a shareholders' right plan.
- Dividend increases: 32% for Williams Co. (WMB-US), 33% for Secure Energy Services (SES-T), 16% for Altagas (ALA-T), 9% for Gibson (GEI-T), 8% for Keyera (KEY-T), 7% for Canadian Energy Services (CEU-T) and 4% for Pembina Pipeline (PPL-T).
- M&A: Two of the Fund's holdings were subject to takeovers. In February, Foster Wheeler (FWLT-US) was acquired by Amec (AMEC-LN) for $3.2 billion, representing a small premium. In June, Kentz Engineering (KENZ-LN) was acquired by SNC Lavalin (SNC-T) for $2.1 billion representing a 30% premium. One of the Fund's holdings, Williams Co. (WMB-US) made a large acquisition paying $6 billion dollars to acquire the remaining stake in Access Midstream Partners (the GP) and a 27% stake in the LP. Williams also increased its dividend 32% sending the stock surging nearly 20%.

Beyond stock specific events there were a number of important macro developments during the first half of the year.

- Berkshire Hathaway upped its energy exposure by buying SNC Lavalin's Altalink for $3.2 billion dollars. Altalink owns and operates about half of Alberta's high-voltage transmission grid. It has seen its rate base triple since 2006.
- Enbridge's $6.1 billion dollar Northern Gateway project wins federal approval but must fulfill 209 conditions established by the national government, as well as five additional conditions set by provincial government of BC.

- The US government approved the first exports of unrefined American oil in nearly four decades. The type of ultralight oil allowed to be shipped and sold to foreign buyers is known as "condensate". This decision has prompted energy companies to start chipping away at the long-time ban on selling other types of U.S. oil abroad.
- The Federal Energy Regulatory Commission (FERC) approved the second LNG export facility in the US, Cameron's $9 billion dollar facility to be built by Sempra in Louisiana. This follows the Sabine Pass approval in April 2012, with that project currently under construction in Texas.

Looking forward the future looks bright. A number of important catalysts are on the horizon. In the February Budget, the BC government announced a proposed taxation scheme for LNG facilities/projects which will be tabled in the legislation fall 2014. The rapidly developing crude-by-rail industry which is poised to double over the next two years. The development of the liquid-rich gas plays such as the Marcellus and the Duvernay requiring significant midstream infrastructure investments. The step-change growth in the waste fluid handling sector and very interesting signs of an emerging CNG industry.

We pride ourselves on having the pulse on the Energy Infrastructure sector and offering a unique product to the Canadian market place. There are a handful of infrastructure funds invested in low-risk pipelines and midstreams but, no other Fund offers the powerful intersection of the two. Giving you full exposure to the rapidly developing Energy Infrastructure Supercycle and the innings has just begun!

Basis of Presentation and Adoption of IFRS

These financial statements have been prepared in accordance with International Accounting Standards (34) *Interim Financial Reporting* ("IAS 34") as published by the International Accounting Standards Board (IASB). The Fund adopted International Financial Reporting Standards ("IFRS") in 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as defined in Part V of the CPA Canada Handbook. The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at April 18, 2013 and throughout all periods presented, as if these policies had always been in effect. Note 12 discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the year ended December 31, 2013 prepared under Canadian GAAP.

The primary impact to the fund's transition from Canadian GAAP to IFRS is the valuation method of the Fund's equity. Under the Canadian GAAP the Fund measured the fair value of its investments in accordance with CPA Handbook Section 3855, Financial Instruments – Recognition and Measurement which used the bid prices for long positions and the ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13, Fair Value Measurement which, if an asset or a liability has a bid price and an ask price, then its fair value is based on a price within the bid-ask spread that is most representative of fair value.

As a result, upon adoption of IFRS, an adjustment was recognized to increase the carrying amount of the Fund's investments by $14,342 as at December 31, 2013; June 30, 2013. There was no transition difference for April 18, 2013 statements as the holdings were in cash only.

Under the Canadian GAAP, the Fund was exempt from providing a Statement of Cash. IAS 1 requires a complete set of financial statements include a Cash Flows for the current and comparative periods, without exception.

Related Party Transactions

The Manager of the Fund is LDIC Inc. The Manager provides investment and administrative services to the Fund. In consideration for these services the Manager receives a fee based on a percentage of the Net Assets of the Fund calculated daily and payable monthly, as follows:

Class A - 2.00% per annum

Class F - 1.00% per annum

The Fund will pay a performance fee to LDIC Inc., plus applicable taxes, at the end of each fiscal year. The performance fee will be 10% of the amount by which the class NAV at the end of the fiscal year (adding back the amounts of any distributions paid on the units of the Fund) (the "**ending NAV"**) exceeds the target NAV (the **"target NAV**"). The target NAV is calculated by multiplying the Class NAV, net of performance fees paid, as at the last performance fee payment date (the **"beginning NAV**") by the sum of one plus the return of the Fund's "benchmark" (the "**benchmark return**") over the same period.

As of June 30, 2014, the Manager of the Fund/Portfolio Manager LDIC Inc. and certain directors of the manager held a total of 231,405 units of the F Class of the Fund.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six-months ended June 30, 2014 and the period from date of inception to December 31, 2013, as applicable. Per unit data is derived from the Fund's financial statements.

Ratios and supplemental data are derived from the Fund's Net Asset Value.

The Fund's Net Assets per Unit ($)[1]	CLASS A	
	2014	2013 [4]
Net Assets, beginning of period	**$ 10.99**	**$ 10.00**
Increase (decrease) from operations:		
Total revenue	0.18	0.23
Total expenses	(0.19)	(0.24)
Realized gains (losses) for the period	0.43	0.17
Unrealized gains (losses) for the period	1.43	1.24
Total increase (decrease) from operations[2]	**$ 1.85**	**$ 1.40**
Distributions:		
From income (excluding dividends)	-	-
From dividends	(0.15)	(0.23)
From capital gains	-	-
Total annual distributions[3]	**(0.15)**	**(0.23)**
Net Assets, end of period	**$ 12.61**	**$ 10.99**

	CLASS F	
	2014	2013 [4]
Net Assets, beginning of period	**$ 11.09**	**$ 10.00**
Increase (decrease) from operations:		
Total revenue	0.18	0.24
Total expenses	(0.13)	(0.17)
Realized gains (losses) for the period	0.38	0.18
Unrealized gains (losses) for the period	1.51	1.37
Total increase (decrease) from operations[2]	**$ 1.94**	**$ 1.62**
Distributions:		
From income (excluding dividends)	-	-
From dividends	(0.15)	(0.23)
From capital gains	-	-
Total annual distributions[3]	**(0.15)**	**(0.23)**
Net Assets, end of period	**$ 12.80**	**$ 11.09**

(1) This information is derived from the Fund's audited annual financial statements and the Fund's unaudited semi-annual financial statements. For financial period beginning after January 1, 2014, the financial highlights were derived from the Fund's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). For the financial period ended December 31, 2013, the financial highlights numbers were restated from Canadian GAAP to comply with IFRS reporting.

(2) Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash/reinvested in additional units of the Fund, or both.

(4) Units of Class A were first issued on May 10, 2013 and Class F were first issued on April 26, 2013.

Ratios and Supplemental Data

	CLASS A	
	June 30, 2014	December 31, 2013 [6]
Total Net Asset Value ($) [1]	11,711,430	3,723,153
Number of units outstanding [1]	928,383	338,773
Management expense ratio[2][5]	2.9%	3.42%
Management expense ratio before waivers or absorption[2][5]	3.16%	4.11%
Trading expense ratio[3][5]	0.33%	0.35%
Portfolio turnover rate[4]	34.83%	65.08%
Net Asset Value per Unit ($)	12.61	10.99

	CLASS F	
	June 30, 2014	December 31, 2013 [6]
Total Net Asset Value ($) [1]	17,549,972	8,719,848
Number of units outstanding [1]	1,370,607	786,118
Management expense ratio[2][5]	1.82%	2.22%
Management expense ratio before waivers or absorption[2][5]	1.99%	2.79%
Trading expense ratio[3][5]	0.33%	0.35%
Portfolio turnover rate[4]	34.83%	65.08%
Net Asset Value per Unit ($)	12.80	11.09

(1) The information is provided as at June 30 or December 31 of the period(s) shown, as applicable.

(2) Management expense ratio is based on total expenses (excluding broker commissions and other portfolio transaction costs before income taxes) for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period. The decision to waive and/or absorb management fees and operating expenses is at the discretion of the Manager.
The practice of waiving and/or absorbing management fees and operating expenses may continue indefinitely or may be terminated any time without notice to unitholders.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover in a period, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

(5) Percentages are annualized.

(6) Units of Class A were first issued on May 10, 2013 and Class F unites were first issued on April 26, 2013.

Management Fees

All management fees are based on the NAV of a series of units, calculated on each Valuation Date and paid monthly.

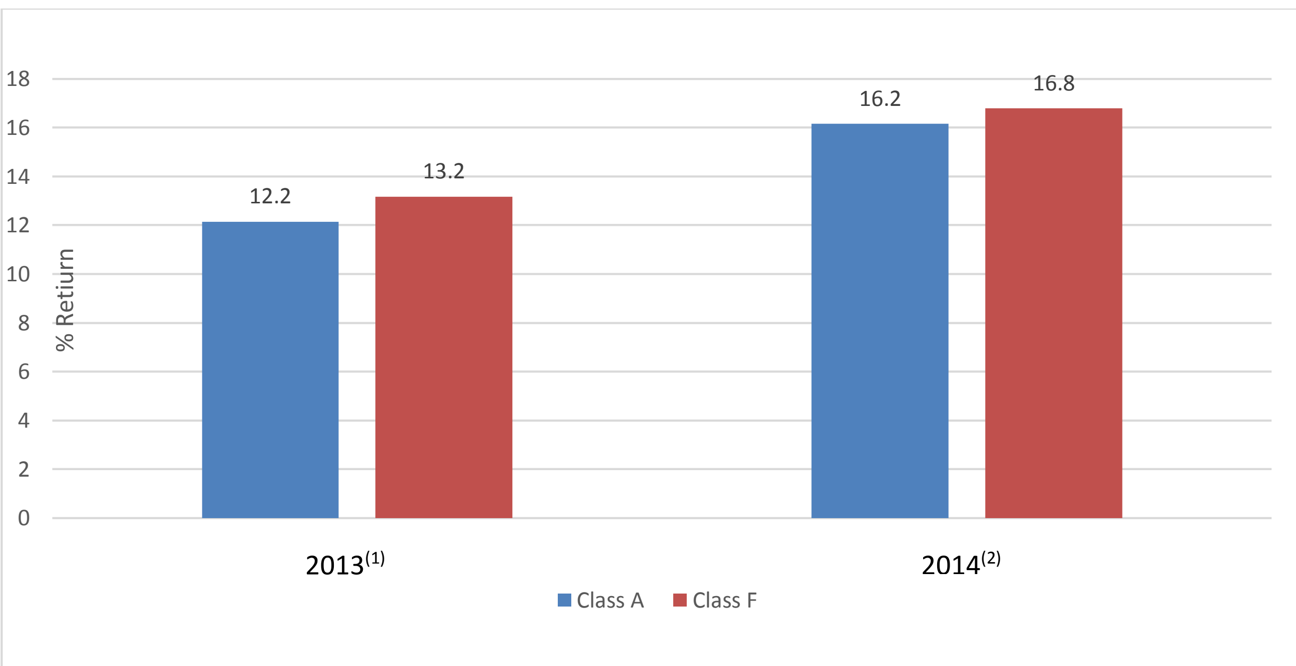
The management fee for the fund is 2.00% for Series A, and 1.00% for Series F. The breakdown of the services received in consideration of the management fee, as a percentage of the management fee is:

	Class A	Class F
Management of Fund	37.5%	100%
Trailing commission to Broker	62.5%	N/A

Past Performance

A) Year-by-Year Returns

The bar chart shows the investment fund's performance of Series A and F of the Fund, since inception of the fund to December 31, 2013, and for the six-month non-annualized period ended June 30, 2014. The bar chart shows in percentage terms, how much an investment made on the first day the fund was available for purchase would have grown or decreased by the last day of the year.



(1) Returns for Class A and Class F, May 10, 2013 and April 26, 2013 respectively, to December 31, 2013 are not annualized

(2) Returns for Class A and Class F, December 31, 2013 through June 30, 2014 are not annualized.

Summary of Investment Portfolio

Top 25 Investments as of June 30, 2014

	% of Fund's Net Asset Value
01 AltaGas Ltd.	5.9
02 Canadian Energy Services & Technology Corp.	5.0
03 Inter Pipeline Ltd.	4.8
04 Calfrac Holdings LP	4.8
05 Pembina Pipeline Corp.	4.4
06 Gibson Energy Inc.	4.4
07 Keyera Corp.	4.4
08 Williams Cos Inc.	4.3
09 Trinity Industries Inc.	3.8
10 General Electric Co.	3.3
11 Crescent Point Energy Corp.	2.9
12 Quanta Services Inc.	2.9
13 Union Pacific Corp.	2.8
14 Canadian Western Bank	2.5
15 Secure Energy Services Inc.	2.4
16 Canadian Energy Services & Technology Corp.	2.4
17 Badger Daylighting Ltd.	2.4
18 Canadian National Railway Co.	2.0
19 Veresen Inc.	2.0
20 Black Diamond Group Ltd.	1.9
21 Suncor Energy Inc.	1.9
22 Dow Chemical Co.	1.9
23 LyondellBasell Industries NV	1.9
24 Petrowest Corp.	1.9
25 Calfrac Well Services Ltd.	1.9
	78.6%

Top 25 investments represent 78.6 % of the fund.

Total Net Asset Value of the Fund as at June 30, 2014: $29,261,402

As of June 30, 2014, the Top 25 investments were long only positions.

Summary of Investment Portfolio as at June 30, 2014 (unaudited)

Sector Mix	% of Fund's Net Asset Value
Canadian Corporate Bonds	5.0
Foreign Bonds	4.8
Energy	48.7
Financials	2.5
Industrials	24.9
Materials	5.3
Cash and Cash Equivalents	7.5
Net Other Assets	1.3
	100.0%

Geographic Mix	% of Fund's Net Asset Value
Canada	60.8
Netherlands	3.7
United States of America	26.7
Cash	7.5
Net Other Assets	1.3
	100.0%

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available. For more information please contact LDIC Inc. using the corporate information included below.

Corporate Information

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