LDIC North American Energy Infrastructure Fund

Management Report of Fund Performance

December 31, 2013

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

LDIC North American Energy Infrastructure Fund

For the Period ending December 31, 2013

All figures are reported in Canadian dollars unless otherwise noted.

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual 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 December 31, 2013, 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

It was another eventful year in the financial markets as the North American economy made positive strides. The advance was aided by a decline in the number of “financial failures” and improving U.S. GPD growth which, lead to the December move by Ben Bernanke to start tapering the U.S. Fed pace of asset purchases.

Over the course of the year, investor confidence rose which lead to strong returns by equity markets, Canada trailed the U.S. markets significantly with the S&P/TSX up 13.0% (in C$) verses S&P up 32.4% (in US$). Bond yields spent the second half of the year rising (thus bond values declined) as the market digested the reality that U.S. Fed tapering was nearing and the result was a 3.4% decline in U.S. Treasuries for 2013. With respect to Canadian Treasuries, since hitting a low in May of 1.67%, yields on Government ten year notes rose to 2.79%. Since the end of the year the yield has dropped to 2.37% as of Feb 5, 2014).

The LDIC North American Energy Infrastructure Fund was launched on April 26, 2013 with Class F units, (followed by Class A units on May 10th) and had a return of 13.2% over the stub period of 249 days (as of December 31, 2013). The Class A stub period (235 days) return was 12.2%. The corresponding benchmark returned 16.1% and 12.4% respectively over the stub period. Note, the benchmark is a blend of 70% S&P/TSX Energy Index, and 30% S&P Energy Total Return Index. The Fund’s performance compares favorably to the benchmark when considering it demonstrated lower volatility during a period of rapidly appreciating markets. The volatility of the Fund as measured by the calculated Beta was 0.56 compared to the Benchmark’s 0.92.

Infrastructure assets (Pipeline and Midstream companies) which make up a significant part of the Funds asset allocation can see their market valuations decline as rates rise, not dissimilar to other low volatility steady paying dividend sectors. Within the Fund, LDIC managed to minimize the impact of rising rates through stock selection of higher growth pipelines and reduced weighting during the rapid rise in rates.

During December, the manager of the Fund reduced exposure to many holdings that had exceeded internal price targets and ended the year with 30.0% cash that was re-invested subsequent to year end into new opportunities and used to buy back securities that sold off from recent peaks.

Recent Developments

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

Although the controversial Keystone XL pipeline has been making headlines for several years and there has been increased attention on liquefied natural gas (LNG) export projects on Canada's west coast, we believe the Energy Infrastructure theme is still in its infancy when we look at how much money will be invested to meet the projected transportation of North America's growing oil and gas production. Competition for the energy resources ensures that the spending accelerates. For instance two proposed LNG terminals in Oregon (U.S) – including Veresen's $7 billion Jordan Cove, intend to export Canadian gas, thus putting some heat on the various levels of government to finalize the tax/royalty framework to not hold up Canada's projects. We forecast two large scale projects will be built in BC at a cost of approximately $20 billion plus pipelines of $10 billion.

Over the past few months we have seen a "go ahead" decision by Suncor for its Fort Hills oil sands project ($13.5 billion), Kinder Morgan's application to twin its Trans Mountain oil pipeline to Vancouver ($5.4 billion) , and TransCanada also filing to convert its natural gas Main Line to Energy East oil ($12 billion). It is also worth noting that the colder than normal winter has lead to increased volumes which have been benefiting the infrastructure owners setting up for strong Q1 results.

Over the past two years a low interest rate environment contributed to significant returns from the stable dividend paying Pipeline sector. With rising interest rates on the horizon, the dividend paying asset class (including Pipelines) will undoubtedly be negatively impacted. However, we believe that the Pipeline & Midstream companies that we are investing in, specifically the smaller more entrepreneurial names such as; Inter Pipeline, and AltaGas, will continue adding needle moving long-term growth projects which will translate into significant growth rates in earnings, cash flow and dividends which, can mitigate the interest rate related impacts.

In addition to infrastructure owners, engineering and construction, equipment suppliers, and energy service companies are actively bidding and positioning to benefit from the current and future energy infrastructure build out. Examples include; pipeline installer - Quanta Services, Energy Service companies - Calfrac and Trinidad Drilling and engineering firm Foster Wheeler.

The race to export North America's abundant low cost Natural Gas is on and it is not just Canada anymore. In the past year the U.S. has granted three export licences to gulf coast project which came as a surprise to most. Energy Infrastructure development will be a long-term theme and the spending is just getting started.

International Financial Reporting Standards

Investment companies that are publicly accountable enterprises or investment funds to which National Instrument 81-106 *Investment Fund Continuous Disclosure* is applicable, are required to adopt International Financial Reporting Standards (IFRS) for the first time for interim and annual financial statements relating to annual periods beginning on or after January 1, 2014. As a result, the Fund will adopt IFRS beginning January 1, 2014 and publish its first financial statements, prepared in accordance with IFRS, for the semi-annual period ending June 30, 2014. The 2014 semi-annual and annual financial statements will include 2013 comparative financial information and an opening Statement of Financial Position as at April 12, 2013, also prepared in accordance with IFRS.

The Manager continues to execute its transition plan to complete the changeover to IFRS for the Fund in 2014 and comply with the required timetable for continuous disclosure. As at December 31, 2013, the impact to the financial statements based on the Manager's assessment of the differences between current Canadian GAAP and IFRS are as follows:

- IFRS 13 *Fair Value Measurement* permits the use of mid-market prices or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. The Fund will adopt accounting policies for the valuation of investments to utilize mid-market prices that align more closely with the calculation of net asset value (NAV) used to price unitholder transactions (Transaction NAV). As a result, net assets for current financial reporting purposes (GAAP NAV) will be impacted and is expected to align with Transaction NAV, eliminating the need for a NAV per unit reconciliation. The impact to the Statement of Financial Position as at December 31, 2013 is disclosed in these financial statements in the reconciliation of net assets per unit.
- IFRS 10 *Consolidated Financial Statements* provides an exception to the consolidation requirements and requires an investment entity to account for its subsidiaries at fair value through profit or loss. The Manager has concluded that the Fund meets the definition of an investment entity as at April 12, 2013 and throughout the year ended December 31, 2013.
- Units of the Fund are puttable instruments and are required to be presented as equity or liability depending on certain criteria. As at April 12, 2013 and throughout the year ended December 31, 2013, units of the Fund did not meet the criteria to be classified as equity. As a result, unitholders' equity will be presented as a liability in the Statements of Financial Position.
- IFRS requires the presentation of a Statement of Cash Flows, including comparatives for 2013. The Fund has not previously presented this statement as permitted by current Canadian GAAP. In addition, other statements presented will be renamed as follow:

Canadian GAAP	IFRS
Statements of Net Assets	Statements of Financial Position
Statements of Operations	Statements of Comprehensive Income
Statements of Changes in Net Assets	Statements of Changes in Financial Position
Statement of Investment Portfolio	Schedule of Investment Portfolio

- Other reclassifications, presentation differences and additional disclosures will also be required in the financial statements to comply with the new requirements under IFRS.

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 December 31, 2013, the Manager of the Fund/Portfolio Manager (LDIC Inc.) and certain directors of the manager held a total of 149,642 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 from date of inception to December 31, 2013. Per unit data is derived from the Fund's financial statements.

The LDIC North American Energy Infrastructure Fund's Net Assets per Unit

Net Asset per Unit Class A($)(1)	December 2013 (4)
Net Assets, beginning of period	**$ 10.00**
Increase (decrease) from operations:	
Total revenue	0.23
Total expenses	(0.24)
waRealized gains (losses) for the period	0.17
Unrealized gains (losses) for the period	1.24
Total increase (decrease) from operations(2)	**$1.40**
From income (excluding dividends)	-
From dividends	(0.23)
From capital gains	-
Total annual distributions(3)	**(0.23)**
Net Assets, end of period	**$ 10.98**

Net Asset per Unit Class F($)(1)	December 2013 (4)
Net Assets, beginning of period	**$10.00**
Increase (decrease) from operations:	
Total revenue	0.24
Total expenses	(0.17)
Realized gains (losses) for the period	0.18
Unrealized gains (losses) for the period	1.37
Total increase (decrease) from operations(2)	**$1.62**
From income (excluding dividends)	-
From dividends	(0.23)
From capital gains	-
Total annual distributions(3)	**(0.23)**
Net Assets, end of period	**$ 11.08**

(1) This information is derived from the Fund's unaudited semi-annual financial statements. The Net Assets per unit presented in the financial statements differs from the Net Asset Value calculated for fund pricing purposes. The difference between the Net Asset Value per unit and the Net Assets per unit as shown on the Statement of Net Assets (if any) is due to different pricing methodology discussed in note 2 to the financial statements.

(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 for this Fund were first issued on May 10th and Class F units were first issued on April 26, 2013.

The Fund's Operating Ratio's

	CLASS A December 31, 2013 [6]	
Total Net Asset Value ($) [1]	3,723,153	
Number of units outstanding [1]	338,773	
Management expense ratio[2]	3.42%	[5]
Management expense ratio before waivers or absorption[2]	4.11%	[5]
Trading expense ratio[3]	0.35%	[5]
Portfolio turnover rate[4]	65.08	

	CLASS F December 31, 2013 [6]	
Total Net Asset Value ($) [1]	8,719,848	
Number of units outstanding [1]	786,118	
Management expense ratio[2]	2.22%	[5]
Management expense ratio before waivers or absorption[2]	2.79%	[5]
Trading expense ratio[3]	0.35%	[5]
Portfolio turnover rate[4]	65.08	

(1) The information is provided as at December 31, 2013 of the period shown.
(2) Management expense ratio is based on total expenses of the fund (excluding broker commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period. The decision to wave 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 at 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 for this Fund were first issued on May 10th 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.

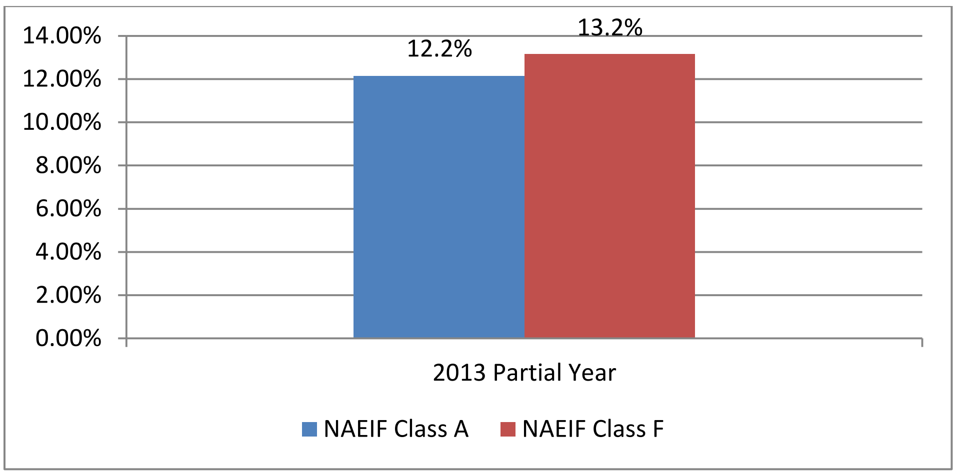
The management fee for the fund is 2.00% for Series A, and 1.00% for Series F. The breakdown of the services received in consideration of the management fee, as a percentage of the management fee is:

	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 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.



Returns are shown from inception dates (Class A May 10, 2013, and Class F April 26, 2013) to December 31, 2013. Past performance returns do not reflect of future performance.

B) Annual Compound Returns

The table below shows the annual compound return of each class of units of the Fund, for each period indicated, in comparison to the Fund's benchmarks.

	Class A Since Inception (May 10/13)	**Class F** Since Inception (Apr 26/13)
LDIC North American Energy Infrastructure Fund	12.2%	13.2%
70%/30% Blended Index [(1)]	12.4%	16.1%
S&P/TSX Total Return	16.7%	13.9%

(1) The Benchmark is a blend of 70% S&P/TSX Energy Index, and 30% S&P Energy Total Return Index in Canadian Dollars.

About the Funds Benchmark

S&P/TSX Capped Energy Index (70%)

The TSX Capped Energy Index is comprised of securities of Canadian energy sector issuers listed on the Toronto Stock Exchange ("TSX"), selected by Standard and Poors ("S&P") using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals. The index is a modified cap-weighted index, whose equity weights are capped at 25%. In order to be eligible for inclusion in the index, a stock must be a constituent of the S&P/TSX Composite Index and classified in the applicable sector based on the Global Industry Classification Standard (GICS). As the Fund intends to maintain a higher weighting to Canadian equities, greater emphasis will be placed on a weighting to the TSX Capped Energy Index.

S&P Composite 1500 Energy Index Total Return (30%)

The S&P Composite 1500 Energy Index is a capitalization-weighted index comprised of securities of U.S. energy sector issuers that are classified as members of the GICS energy sector and who are selected by S&P using its guidelines for evaluating issuer capitalization, liquidity and fundamentals.

Summary of Investment Portfolio

Top 25 Investments as of December 31, 2013

	% of Fund's Net Asset Value
1 AltaGas Ltd.	4.5
2 Crescent Point Energy Corp.	4.4
3 Inter Pipeline Ltd.	4.4
4 Gibson Energy Inc.	4.2
5 General Electric Co.	3.9
6 Keyera Corp.	3.6
7 Badger Daylighting Ltd.	3.4
8 Pembina Pipeline Corp.	3.3
9 Canadian Western Bank	3.0
10 Parkland Fuel Corp.	3.0
11 Kinder Morgan Inc/DE	2.4
12 Canadian Energy Services & Technology Corp.	2.3
13 Tervita Corp.	2.2
14 Petrowest Corp.	2.2
15 Calfrac Holdings LP	2.2
16 Suncor Energy Inc.	2.1
17 TransForce Inc.	2.1
18 Calfrac Well Services Ltd.	2.1
19 Canadian Energy Services & Technology Corp.	2.0
20 Black Diamond Group Ltd.	2.0
21 WesternOne Inc.	1.7
22 Quanta Services Inc.	1.5
23 Essential Energy Services Ltd.	1.4
24 ENTREC Corp.	1.3
25 Trinity Industries Inc.	1.1
	66.3%

Top 25 investments represent 66.3% of the fund.

Total Net Asset Value of the Fund as at December 31, 2013: $12,443,001

As of December 31, 2013, the Top 25 investments were long only positions.

Summary of Investment Portfolio as at December 31, 2013 (unaudited)

Sector Mix	% of Fund's Net Asset Value
Canadian Corporate Bonds	4.5
Foreign Bonds	2.2
Energy	42.0
Financials	3.0
Industrials	18.1
Cash and Cash Equivalents	30.2
	100.0%

Geographic Allocation	% of Net Assets
Canada	57.6%
United States	12.2%
Cash & Cash Equivalents	30.2%
	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

Corporate Address

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