



LDIC North American Small Business Fund

Management Report of Fund Performance

December 31, 2015

Series A shares and Series F shares of LDIC North American Small Business Fund

LDIC North American Small Business Fund For the Period ended December 31, 2015

All figures are reported in Canadian dollars unless otherwise noted.

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

Shareholders 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 to provide long-term capital appreciation and income by investing primarily in equity and fixed income securities of small cap companies based in North America. The Fund may also include similar investments in mid-capitalization businesses. The prior approval of shareholders is required before a fundamental change is made to the investment objective of the Fund. This approval must be given by a resolution passed by a majority of the votes cast at a meeting of the shareholders of the Fund.

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. As part of this evaluation, the Manager may analyze financial data and other information sources, assess the quality of management, and conduct company interviews.

Risk

As of December 31, 2015, the risks of investing in the Fund remain as described in the prospectus. The main risk to investors is the market capitalization risk of small companies. Small cap companies are inherently higher risk because of 1) lower trading liquidity, 2) access to capital can be limited, and 3) operational history can be limited/minimal.

The Fund is suitable for investors who are seeking a potential for capital appreciation, have 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

Financial markets in North America had mixed performance for the year ended 2015 with the Canadian S&P TSX SmallCap Index dropping by 14.5% and the U.S. Russell 2000 Index gaining 13.1% in the same period.

The Fund was launched in May 2015. Since inception, the performance return was -3.2% for Series A Shares (May 22, 2015 to December 31, 2015) and -3.2% for Series F Shares (May 29, 2015 to December 31,

2015). The benchmark is a blend of 70% of the S&P/TSX SmallCap Index and 30% of the Russell 2000 Index. For the period in operation of the Fund, the blended benchmark performance dropped by 11.9%; where the Fund's decrease in performance was less than half this amount. Thereby, the Fund outperformed its benchmark by a wide margin.

The total net asset value of the Fund increased from \$5,447,396 at June 30, 2015 by 80.1% to \$9,809,111 at December 31, 2015.

Recent Developments

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

Since the launch of the Fund at the end of May 2015, small cap indices in both Canada and the United States have been under pressure.

As at December 31, 2015, the Fund was fully invested in a mix of small capitalization equities. The top ten holdings accounted for 56.0% of the total net asset value of the Fund.

The manager of the Fund believes that the companies in the Fund will be able to sustain their growth even in a slower growth economy. Of the 25 companies owned at December 31, 2015, 18 were dividend paying and 7 did not pay dividends. The most heavily weighted sectors were information technology at 25.4% and consumer discretionary at 24.3%.

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:

Series A - 2.00% per annum
Series 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 15% of the amount by which the Series NAV at the end of the fiscal year (adding back the amounts of any distributions paid on the shares of the Fund) (the "ending NAV") exceeds the target NAV. The target NAV is calculated by multiplying the Series 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, 2015, the Manager of the Fund and certain Directors and Officers of the Manager held a total of 342,238 shares of the F Series of the Fund.

Financial Highlight

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, 2015. Per share data is derived from the Fund's financial statements, as applicable. Per share data is derived from the Fund's financial statements.

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

Number of shares outstanding ⁽¹⁾

	SERIES A
	2015 ⁽⁴⁾
Net Assets, beginning of period	\$ 10.00
Increase (decrease) from operations:	
Total revenue	0.19
Total expenses	(0.50)
Realized gains (losses) for the period	(0.46)
Unrealized gains (losses) for the period	0.47
Total increase (decrease) from operations ⁽²⁾	\$ (0.30)
Distributions:	
From income (excluding dividends)	-
From dividends	(0.02)
From capital gains	-
Total distributions during the period ⁽³⁾	(0.02)
Net Assets, end of period	\$ 9.66

	SERIES F
	2015 ⁽⁴⁾
Net Assets, beginning of period	\$ 10.00
Increase (decrease) from operations:	
Total revenue	0.17
Total expenses	(0.42)
Realized gains (losses) for the period	(0.51)
Unrealized gains (losses) for the period	0.64
Total increase (decrease) from operations ⁽²⁾	\$ (0.12)
Distributions:	
From income (excluding dividends)	-
From dividends	(0.02)
From capital gains	-
Total distributions during the period ⁽³⁾	(0.02)
Net Assets, end of period	\$ 9.66

(1) This information is derived from the Fund's audited annual financial statements.

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

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

(4) Shares of Series A for this Fund were first issued on May 29 and Series F shares were first issued on May 22, 2015.

Ratios and Supplemental Data

	SERIES A Dec 31, 2015 ⁽⁶⁾
Total Net Asset Value (\$) ⁽¹⁾	936,021
Number of shares outstanding ⁽¹⁾	96,931
Management expense ratio ^{(2) (5)}	7.98%
Management expense ratio before waivers or absorption ^{(2) (5)}	7.98%
Trading expense ratio ^{(3) (5)}	0.98%
Portfolio turnover rate ⁽⁴⁾	50.29%
Net Asset Value per share (\$)	9.66

	SERIES F Dec 31, 2015 ⁽⁶⁾
Total Net Asset Value (\$) ⁽¹⁾	8,873,090
Number of shares outstanding ⁽¹⁾	918,432
Management expense ratio ^{(2) (5)}	6.37%
Management expense ratio before waivers or absorption ^{(2) (5)}	6.37%
Trading expense ratio ^{(3) (5)}	0.98%
Portfolio turnover rate ⁽⁴⁾	50.29%
Net Asset Value per share (\$)	9.66

- 1) The information is provided as at December 31 of the period shown.
- 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 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 any time without notice to shareholders.
- 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) Shares of series A for this Fund were first issued on May 29, 2015 and series F were first issued on May 22, 2015.

Management Fees

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

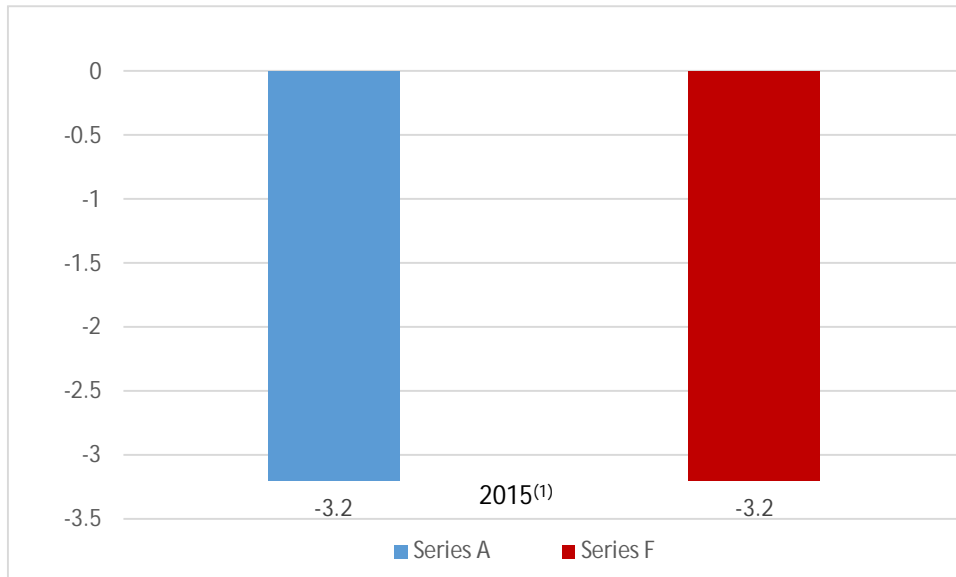
The management fee for the fund is 2.00% for Series A, and 1.00% for Series F. The breakdown of the services received in consideration of the management fee, as a percentage of the management fee is:

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

Past Performance

A) Annual Total Returns (%)

The bar chart shows the investment fund's performance in percentage terms of Series A and F of the Fund, since inception of the fund to December 31, 2015.



(1) Returns for Series A and Series F, are from May 29 and May 22, 2015 respectively, to December 31, 2015.

Summary of Investment Portfolio as at December 31, 2015

Top 25 Investments as of December 31, 2015

	% of Fund's Net Asset Value
01 Cara Operations Ltd.	7.0
02 Boyd Group Income Fund	6.3
03 Descartes Systems Group Inc.	5.8
04 FirstService Corp.	5.6
05 AGT Food & Ingredients Inc.	5.5
06 Imax Corp.	5.5
07 Progressive Waste Solutions Ltd.	5.5
08 Kinaxis Inc.	5.3
09 Chorus Aviation Inc.	4.8
10 K-Bro Linen Inc.	4.6
11 Infinera Corp.	4.5
12 Service Corp., International	4.5
13 Clearwater Seafoods Inc.	3.7
14 DH Corp.	3.6
15 GWR Global Water Resources Corp.	3.5
16 Oclaro Inc.	3.4
17 Premium Brands Holdings Corp.	3.3
18 Imvescor Restaurant Group Inc.	3.1
19 Diversified Royalty Corp.	2.2
20 MTY Food Group Inc.	2.1
21 Boston Pizza Royalties Income Fund	2.0
22 Supremex Inc.	1.9
23 DealNet Capital Corp.	1.9
24 TECSYS Inc.	0.9
25 Dealnet Capital Corp., Warrants	0.3
	<hr/> <hr/> <u>96.8</u>

Total Net Asset Value of the Fund as at December 31, 2015: \$9,809,111:

As of December 31, 2015, all investments were long only positions.

Sector Mix	% of Fund's Net Asset Value	Geographic Mix	% of Fund's Net Asset Value
Consumer Discretionary	24.3	Canada	78.8
Consumer Staples	12.5	United States of America	18.0
Financials	7.9	Cash	5.2
Industrials	21.3	Net Other Liabilities	(2.0)
Information Technology	25.4		<hr/> 100.0
Materials	1.9		
Utilities	3.5		
Cash	5.2		
Net Other Liabilities	(2.0)		
	<hr/> 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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