



LDIC North American Small Business Fund

Management Report of Fund Performance

June 30, 2016

Series A shares, Series F shares, and Series F1 shares of LDIC North American Small Business Fund

LDIC North American Small Business Fund

For the period ended June 30, 2016

All figures are reported in Canadian dollars unless otherwise noted.

This interim management report of fund performance contains financial highlights but does not contain either the complete interim financial report or annual 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 June 30, 2016, 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

Led primarily by resource and energy related equities, small cap market returns were very strong in the first 6 months on 2016. The resource-heavy Canadian S&P/TSX Small Cap Index was up 26.4% in the first half of the year, with the more diversified US Russell 2000 index up a far more modest 1.4%. Canadian outperformance can be attributed to gold, where gold-related equities, which make up approximately 23%

of the Small Cap Index, were buoyed by a 24.6% Y/Y increase in the physical commodity. Similarly, energy-related equities, which make up approximately 15% of the Index, were aided by a 24% increase in West Texas Intermediate. All in, the funds benchmark (70% S&P/TSX Small Cap Index / 30% Russell 2000) was up 18.4% through the first half of the year, and with a very modest exposure in the period to gold and energy, the Fund underperformed returning roughly 5.0% for the first 6 months. That said, absolute results through the back end of the period showed strength, with the Fund posting an approximate 5.1% return in May and a flat (-0.03%) return in June, despite all the market volatility relating to Brexit. Total net assets of the Fund ended the quarter at \$10,757,929.

Recent Developments

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

On May 30, 2016, the Portfolio Manager of the Fund changed with the entrance of Marc Robinson to the firm, a previous Portfolio Manager and long-time sell-side analyst. Under new advisory, and beginning in June, the Fund materially turned-over the portfolio, while continuing to focus on the original mandate of investing in high-quality small cap companies. Through June, exposure to gold and energy stocks was increased, with the Fund expanding the breadth of names in the portfolio. As at June 30, 2016, the top ten holdings accounted for 49.5% of the fund. The Portfolio Manager of the Fund believes that the companies in the Fund will demonstrate leading growth well through the medium term, and will be able to sustain such growth even in a slower growth economy. The Fund has again begun to significantly grow net assets. The Fund has also added a new Series F1 on May 31, 2016. Series F shares are no longer offered for distribution but are still held by shareholders that have purchased the series previously. More information on each series is provided below.

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

Series F1 - 1.50% 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 June 30, 2016, the Manager of the Fund and certain Directors and Officers of the manager held a total of 675, 815 shares of the F Series and 100 shares of the F1 Series of the Fund.

	SERIES F1	
	2016 ⁽⁵⁾	
Net Assets, beginning of period		
Increase (decrease) from operations:	\$	10.00
Total revenue		0.02
Total expenses		(0.05)
Realized gains (losses) for the period		0.21
Unrealized gains (losses) for the period		0.05
Total increase (decrease) from operations ⁽²⁾		0.05
	\$	0.23
Distributions:		
From income (excluding dividends)		-
From dividends		-
From capital gains		-
Return of capital		-
Total annual distributions ⁽³⁾		-
Net Assets, end of period		-
	\$	10.23

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

(5) Series F1 shares were first issued on June 23, 2016.

Ratios and Supplemental Data

	SERIES A	
	June 30,	Dec 31,
	2016	2015 ⁽⁶⁾
Total Net Asset Value (\$) ⁽¹⁾	980,997	936,021
Number of shares outstanding ⁽¹⁾	96,980	96,931
Management expense ratio ^{(2) (5)}	4.32%	7.98%
Management expense ratio before waivers or absorption ^{(2) (5)}	4.32%	7.98%
Trading expense ratio ^{(3) (5)}	0.98%	0.98%
Portfolio turnover rate ⁽⁴⁾	96.79%	50.29%
Net Asset Value per share (\$)	10.12	9.66

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

	SERIES F	
	June 30,	Dec 31,
	2016	2015 ⁽⁶⁾
Total Net Asset Value (\$) ⁽¹⁾	9,675,909	8,873,090
Number of shares outstanding ⁽¹⁾	950,708	918,432
Management expense ratio ^{(2) (5)}	3.16%	6.37%
Management expense ratio before waivers or absorption ^{(2) (5)}	3.16%	6.37%
Trading expense ratio ^{(3) (5)}	0.98%	0.98%
Portfolio turnover rate ⁽⁴⁾	96.79%	50.29%
Net Asset Value per share (\$)	10.18	9.66

	SERIES F1	
	June 30,	
	2016 ⁽⁷⁾	
Total Net Asset Value (\$) ⁽¹⁾	101,023	
Number of shares outstanding ⁽¹⁾	9,878	
Management expense ratio ^{(2) (5)}	3.61%	
Management expense ratio before waivers or absorption ^{(2) (5)}	3.61%	
Trading expense ratio ^{(3) (5)}	0.98%	
Portfolio turnover rate ⁽⁴⁾	96.79%	
Net Asset Value per share (\$)	10.23	

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

(8) 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 shareholders.

(9) 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.

(10) 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.

(11) Percentages are annualized.

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

(13) Series F1 shares were first issued on June 23, 2016.

Management Fees

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

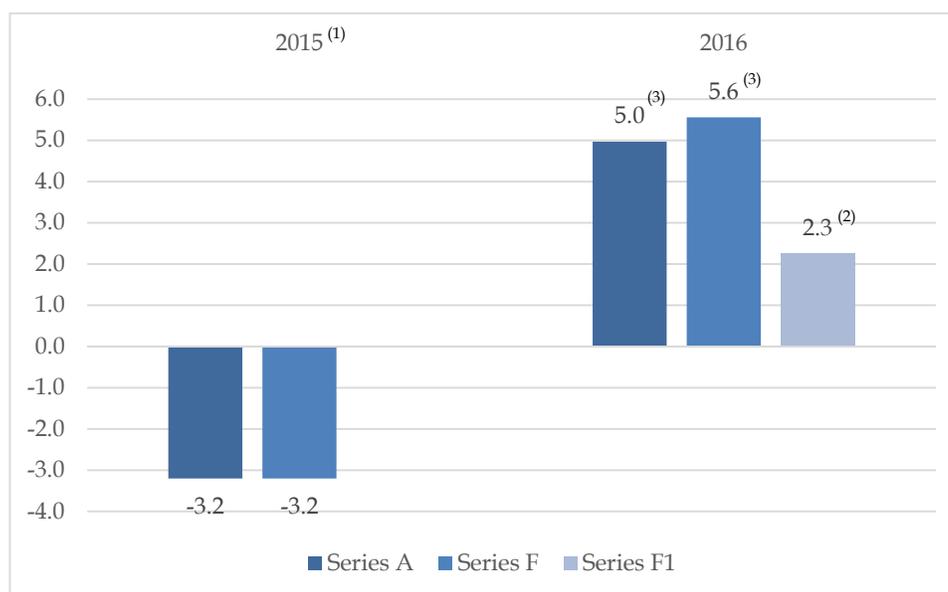
The management fee for the fund is 2.00% for Series A, 1.00% for Series F, and 1.50% for Series F1. The breakdown of the services received in consideration of the management fee, as a percentage of the management fee is:

	Series A	Series F	Series F1
Management of Fund	37.5%	100%	100%
Trailing commission to Broker	62.5%	N/A	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 and Series A, Series F, and Series F1 for the period ending June 30, 2016.



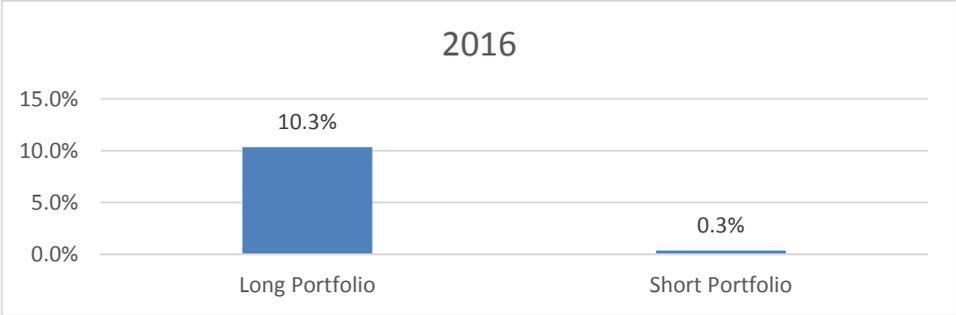
(1) Returns for Series A and Series F, are from May 29 and May 22, 2015 respectively, to December 31, 2015.

(2) Returns for Series F1 are from inception to June 30, 2016.

(3) Returns for Series A and F are from January 1, 2016 to June 30, 2016.

B) Long and Short Portfolio Returns

The following table illustrates the contribution to the return of the Fund by the long portfolio and the short portfolio of the Fund for the six month period ended June 30, 2016. The Fund did not hold short positions prior to fiscal 2016.



Summary of Investment Portfolio as at June 30, 2016

Top 25 Long Positions			
	Maturity Date	Coupon Rate	% of Fund's Net Asset Value
01 Dealnet Capital Corp.			8.3
02 Imvescor Restaurant Group Inc.			5.9
03 Premium Brands Holdings Corp.			5.3
04 Algonquin Power & Utilities Corp.	31-Mar-26	5.00%	4.8
05 Global Water Resources Inc.			4.8
06 Liquor Stores N.A. Ltd.			4.2
07 AGT Food & Ingredients Inc.			4.2
08 FirstService Corp.			4.1
09 Supremex Inc.			4.0
10 TECSYS Inc.			3.9
11 Knight Therapeutics Inc.			3.9
12 Savaria Corp.			3.9
13 Boyd Group Income Fund			3.7
14 GreenSpace Brands Inc.			3.4
15 Spartan Energy Corp.			3.2
16 Mettrum Health Corp.			2.9
17 Chorus Aviation Inc.			2.8
18 Descartes Systems Group Inc.			2.8
19 A&W Revenue Royalties Income Fund			2.6
20 Birchcliff Energy Ltd.			2.2
21 Kinaxis Inc.			1.9
22 Roxgold Inc.			1.8
23 Torex Gold Resources Inc.			1.5
24 Algonquin Power & Utilities Corp.			1.5
25 Premier Gold Mines Ltd.			1.4
			89.0

All Short Positions	
	% of Fund's Net Asset Value
01 Torstar Corp.	(1.5)
	(1.5)

Total Net Asset Value: \$10,757,929

Sector Mix	
	% of Fund's Net Asset Value
Corporate Bonds	4.8
Consumer Discretionary - Long	11.4
Consumer Staples	18.2
Energy	7.9
Financials	4.1
Health Care	3.9
Industrials	10.3
Information Technology	16.8
Materials	8.8
Utilities	6.4
Consumer Discretionary - Short	(1.5)
Cash	6.4
Net Other Assets	2.5
	100.0

Geographic Mix	
	% of Fund's Net Asset Value
Canada	91.1
Cash	6.4
Net Other Assets	2.5
	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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