

INVESTMENT STRATEGY

The Lester Canadian Equity Fund, launched in January 2012, is managed by Lester Asset Management (LAM), and employs the same strategy used in managing LAM's segregated accounts since July 2006. The Fund is invested in 40 to 50 small, mid and large capitalization Canadian listed companies selected using a disciplined and long-term investment approach. Research is based on a sound understanding of each company and the industry in which each operates, complemented by our macro-economic outlook. The Fund's investment philosophy is value-oriented seeking to purchase shares at a discount relative to a company's true worth, as well as event-driven with the goal of eventually realizing maximum shareholder value either through dividend increases, share buybacks, spin-offs or an outright sale. The Fund's objective is to achieve higher than market returns with lower risk.

MONTHLY COMMENTS

The Lester Canadian Equity Fund rose +1.1% versus an increase of +1.7% for the TSX Composite Total Return. Our underperformance was due to our low weightings in the energy and materials sectors which rose again during the month, a high weighting in the industrial sector which declined, and drag from large cash balances. Most world stock indices retreated sharply, particularly in Asia and Emerging Markets due to the risks associated with a full-blown trade war between the US and China. Top gainers included Diamond Estates (+21%), Equitable Group (+9%), Badger Daylighting (+9%), Logistec (+8%), K-Bro Linen (+8%), Emera (+6%) and CGI Group (+5%). Losers included Baylin Technologies (-8%), Savaria (-7%), D-Box Technologies (-6%), Andrew Peller (-5%) and Velan (-5%). We continue to hold large cash balances and defensive dividend yielding stocks as high valuations and investor complacency persist in the face of a breakdown in NAFTA renegotiations and the escalating threat of a trade war between the US and Canada.

MONTHLY NET RETURNS *

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	LAM**	TSX**	S&P500**	S&P500 \$C
2006							4.1%	3.9%	0.3%	5.6%	0.3%	4.4%	20.0%	12.5%	12.7%	17.8%
2007	4.3%	2.4%	0.5%	5.0%	3.0%	0.9%	1.6%	-5.3%	2.4%	2.9%	-6.3%	2.4%	13.9%	9.8%	5.5%	-9.8%
2008	-6.4%	1.0%	-2.5%	0.4%	2.3%	-1.8%	-5.2%	1.3%	-13.4%	-14.8%	-8.5%	-1.8%	-40.8%	-33.0%	-37.0%	-23.1%
2009	1.8%	-2.2%	6.3%	5.9%	8.1%	2.2%	4.2%	3.8%	4.7%	2.9%	5.2%	4.3%	58.3%	35.1%	26.5%	9.3%
2010	-0.5%	2.3%	2.7%	2.6%	-3.5%	-0.8%	2.0%	2.3%	5.0%	4.9%	3.2%	5.2%	28.1%	17.6%	15.1%	9.0%
2011	1.7%	1.7%	-0.3%	2.1%	1.6%	-2.7%	1.1%	-0.3%	-4.3%	3.1%	0.5%	0.3%	4.5%	-8.7%	2.1%	7.6%
2012	3.8%	0.7%	1.3%	1.5%	-1.8%	-1.2%	0.7%	2.3%	3.5%	0.9%	1.0%	2.9%	16.8%	7.2%	16.0%	13.5%
2013	3.8%	1.2%	1.0%	-0.6%	0.8%	-1.0%	1.4%	0.5%	2.1%	2.7%	2.1%	2.7%	17.8%	13.0%	32.4%	41.1%
2014	0.8%	0.7%	1.1%	-0.4%	1.9%	2.4%	-0.6%	3.3%	-3.1%	-0.1%	0.1%	2.4%	8.8%	10.5%	13.7%	24.0%
2015	-2.7%	1.6%	-1.9%	4.2%	-1.2%	-0.6%	-1.7%	-6.6%	-4.6%	1.5%	-0.8%	1.5%	-11.3%	-8.3%	1.4%	20.1%
2016	-1.1%	-0.3%	8.6%	1.6%	3.8%	0.9%	2.6%	2.1%	3.1%	0.1%	-1.6%	3.1%	24.7%	21.1%	12.0%	8.7%
2017	-1.0%	1.1%	2.9%	-0.7%	2.9%	0.1%	-1.0%	0.1%	1.7%	1.4%	0.3%	5.7%	14.1%	9.1%	21.8%	14.2%
2018	-1.7%	-1.7%	1.0%	-1.1%	-0.2%	1.1%							-2.6%	1.9%	2.7%	7.4%

*Dollar-weighted average returns net of fees for LAM's equity composite up to December 2011. Lester Canadian Equity Fund Series F as of January 2012.

** Including dividends.

INDUSTRY WEIGHTINGS

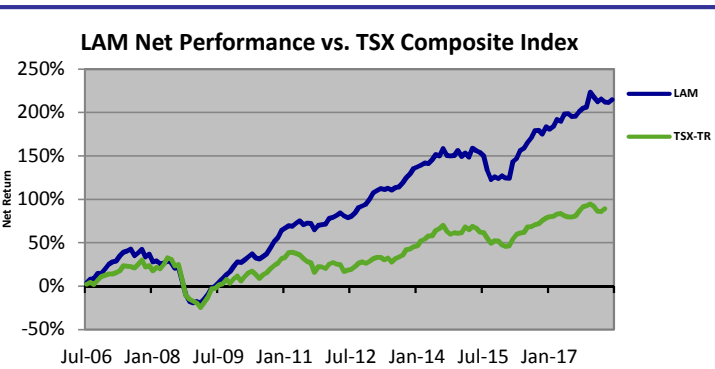
Industrial	diversified	21.8%
Consumer S&D	food & bevs/deathcare	19.5%
Utilities	renewables/power	10.9%
Technology	IT/software/wireless	8.4%
Financial/R.E.	loans/asset mgt/retail	8.2%
Energy	pipelines/midstream	7.0%
Healthcare	mobility/pharma/homes	5.1%
Telecom	wireless/TV/internet	5.1%
Materials	packaging	1.8%
Cash	cash & equivalents	12.2%

TOP LARGE CAP HOLDINGS

CN (railway transportation)
Pembina Pipeline (energy infrastructure)
CGI Group (IT consulting)
Telus (telecommunications)
BCE (telecom & media)
Algonquin (renewable power & utilities)
Keyera (energy infrastructure)
Emera (power production & distribution)
Loblaw (food & drug retailing)
Winpak (specialty packaging)

TOP SMALL / MID CAP HOLDINGS

Andrew Peller (wine production & sales)
Logistec (marine & environmental services)
Badger Daylighting (hydrovac excavation)
K-Bro Linen (industrial laundry services)
Boralex (renewable power)
Grande West Transportation (bus manufacturing)
Sienna Senior Living (retirement residences)
Solium (share ownership software)
Baylin Technologies (wireless antennae)
Altus Group (real estate software & services)



NET RETURN

	3 Month	1 Year	3 Year	5 Year	10 Year	1-Jul-06
LAM Cumulative	-0.2%	5.5%	23.9%	49.6%	147.9%	215.0%
TSX Composite TR	6.8%	10.4%	22.4%	55.6%	51.5%	98.5%
LAM Value Added	-7.0%	-4.9%	1.5%	-6.0%	96.4%	116.5%
LAM Annualized		5.5%	7.4%	8.4%	9.5%	10.0%
TSX Composite TR		10.4%	7.0%	9.2%	4.2%	5.9%
LAM Value Added		-4.9%	0.4%	-0.9%	5.3%	4.2%

INVESTMENT TERMS

Minimum	\$25,000 (accredited)/\$150,000 (non-accredited)
Net Asset Value	\$18.38 Series F FundSERV: LAF100
Management Fee	1.5% (plus approx. 0.10% for trading/custodial)
Fund/Firm AUM	\$63.2 million/\$325 million

www.lesterasset.com



1800 McGill College Avenue Suite 2102 Montreal Quebec H3A 3J6
 Stephen Takacsy: CEO, Chief Investment Officer, Lead Portfolio Manager - stakacsy@lesterasset.com
 Jordan Steiner: Chief Compliance Officer, Lead Portfolio Manager - jsteiner@lesterasset.com
 Martin Gagné: Senior Research Analyst & Portfolio Manager - mgagne@lesterasset.com
 Ken Lester: Portfolio Manager - klester@lesterasset.com
 Tel.: (514) 849-5566 • Fax: (514) 849-4016 • Email: reception@lesterasset.com

