

**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 cap 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 was up +0.2% versus a decrease of -0.8% for the TSX Composite Total Return. Our outperformance was due to our low weightings in the energy and materials sectors which declined during the month, and strength in several of our small cap holdings. It should be noted that the TSX would have dropped another -0.6% had it not been for cannabis related stocks which moved sharply higher. Most world stock markets declined (other than the U.S.) on renewed fears of global trade wars and weakness in emerging market currencies, particularly the Turkish Lira and Argentine Peso. Several companies in our portfolio reported strong results and their stocks rose, partly offset by declines in others. Top gainers included Savaria (+14%), Park Lawn (+11%), Altus Group (+11%), Ag Growth (+10%), Blackberry (+9%), Baylin (+8%), and Sienna Senior Living (+7%). Losers included Centric Health (-17%), TVA Group (-15%), Diamond Estates (-14%), Logistec (-10%), Solium (-9%), Velan (-9%) and Nanotech (-8%). We continue to be defensive with a high cash weighting, while selectively adding new holdings on market weakness.

**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%	<b>20.0%</b>	<b>12.5%</b>	<b>12.7%</b>	<b>17.8%</b>
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%	<b>13.9%</b>	<b>9.8%</b>	<b>5.5%</b>	<b>-9.8%</b>
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%	<b>-40.8%</b>	<b>-33.0%</b>	<b>-37.0%</b>	<b>-23.1%</b>
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%	<b>58.3%</b>	<b>35.1%</b>	<b>26.5%</b>	<b>9.3%</b>
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%	<b>28.1%</b>	<b>17.6%</b>	<b>15.1%</b>	<b>9.0%</b>
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%	<b>4.5%</b>	<b>-8.7%</b>	<b>2.1%</b>	<b>7.6%</b>
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%	<b>16.8%</b>	<b>7.2%</b>	<b>16.0%</b>	<b>13.5%</b>
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%	<b>17.8%</b>	<b>13.0%</b>	<b>32.4%</b>	<b>41.1%</b>
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%	<b>8.8%</b>	<b>10.5%</b>	<b>13.7%</b>	<b>24.0%</b>
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%	<b>-11.3%</b>	<b>-8.3%</b>	<b>1.4%</b>	<b>20.1%</b>
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%	<b>24.7%</b>	<b>21.1%</b>	<b>12.0%</b>	<b>8.7%</b>
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%	<b>14.1%</b>	<b>9.1%</b>	<b>21.8%</b>	<b>14.2%</b>
2018	-1.7%	-1.7%	1.0%	-1.1%	-0.2%	1.1%	0.0%	0.2%					<b>-2.4%</b>	<b>2.3%</b>	<b>9.9%</b>	<b>10.2%</b>

\*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**

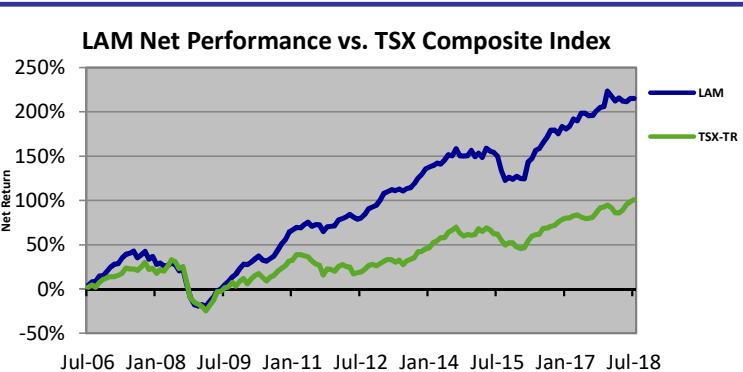
Industrial	diversified	24.6%
Consumer S & D	food & bevs/deathcare	18.4%
Technology	IT/software/wireless	11.1%
Financial/R.E.	loans/asset mgt/malls	8.7%
Utilities	renewable power	8.5%
Energy	pipelines/midstream	7.2%
Healthcare	mobility/pharma/homes	5.6%
Telecom	wireless/TV/internet	5.2%
Materials	packaging	2.0%
<b>Cash</b>	<b>cash &amp; equivalents</b>	<b>8.7%</b>

**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)
Loblaw (food & drug retailing)
Wipak (specialty packaging)
Blackberry (security software)

**TOP SMALL / MID CAP HOLDINGS**

Andrew Peller (wine production & sales)
Baylin Technologies (wireless antennae)
Logistec (marine & environmental services)
K-Bro Linen (industrial laundry services)
Badger Daylighting (hydrovac excavation)
Sienna Senior Living (retirement residences)
Park Lawn (cemetaries & funeral services)
AG Growth (agricultural storage & handling)
Boralex (renewable power)
Altus Group (real estate software & services)



**NET RETURN**

	3 Month	1 Year	3 Year	5 Year	10 Year	01-Jul-06
LAM Cumulative	1.0%	6.7%	26.1%	47.6%	161.6%	215.6%
TSX Composite TR	6.1%	11.7%	24.2%	52.5%	62.8%	99.1%
LAM Value Added	-5.1%	-5.1%	1.9%	-4.9%	98.8%	116.5%
LAM Annualized		6.7%	8.0%	8.1%	10.1%	9.9%
TSX Composite TR		11.7%	7.5%	8.8%	5.0%	5.8%
LAM Value Added		-5.1%	0.5%	-0.7%	5.1%	4.1%

**INVESTMENT TERMS**

Minimum	\$25,000 (accredited)/\$150,000 (non-accredited)
Net Asset Value	\$18.42 Series F FundSERV: LAF100
Management Fee	1.5% (plus approx. 0.10% for trading/custodial)
Fund/Firm AUM	\$62 million/\$325 million

[www.lesterasset.com](http://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](mailto:stakacsy@lesterasset.com)**  
**Jordan Steiner: Chief Compliance Officer, Lead Portfolio Manager - [jsteiner@lesterasset.com](mailto:jsteiner@lesterasset.com)**  
**Martin Gagné: Senior Research Analyst & Portfolio Manager - [mgagne@lesterasset.com](mailto:mgagne@lesterasset.com)**  
**Ken Lester: Portfolio Manager - [klester@lesterasset.com](mailto:klester@lesterasset.com)**  
 Tel.: (514) 849-5566 • Fax: (514) 849-4016 • Email: [reception@lesterasset.com](mailto:reception@lesterasset.com)

Frequent contributor on