

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 large, mid and small 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 declined -1.7% versus -3% for the TSX Composite. Our outperformance was mainly due to our underweight positions in energy, materials and financials, solid performances by several of our small/mid cap holdings, and large cash balances. World stock markets corrected by -3% to -4% as high valuations finally became a concern amid potential rising inflation and higher interest rates. Investors in overbought ETFs headed for the exit, exacerbating the move down and magnifying volatility. Top gainers included Andrew Peller (+15%), 5N Plus (+14%), Pollard Banknote (+13%), Winkpak (+10%), CGI Group (+7%), Nanotech (+7%) and Grande West Transportation (+6%). Losers included Element Fleet (-41%), Neulion (-12%), Goodfood Market (-11%), Emera (-9%), Equitable (-8%) and Altus Group (-8%). We had warned investors in our January 22 letter to expect more volatile returns. Despite some froth having been removed, we still consider equity markets expensive and vulnerable, and continue holding higher than normal cash balances.

MONTHLY NET RETURNS *

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	LAM**	TSX-TR**	S&P500 (\$Cdn)**
2006							4.1%	3.9%	0.3%	5.6%	0.3%	4.4%	20.0%	12.5%	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%	-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%	-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%	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%	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%	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%	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%	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%	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%	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%	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%	14.2%
2018	-1.7%	-1.7%											-3.4%	-4.4%	4.4%

*Dollar-weighted average returns (net of fees & expenses) of LAM's equity composite prior to December 2011. Lester Canadian Equity Fund as of January 2012. ** Including dividends.

INDUSTRY WEIGHTINGS

Consumer S&D	food & beverage/media	18.9%
Industrial	diversified	18.2%
Utilities	renewables/power	11.1%
Financial/R.E.	lending/asset mgt/retail	9.8%
Technology	IT/software/wireless	10.2%
Energy	pipelines/midstream	4.9%
Healthcare	mobility/pharma/homes	6.1%
Telecom	wireless/TV/internet	4.7%
Materials	agriculture/minor metals	2.7%
Cash	cash & equivalents	13.4%

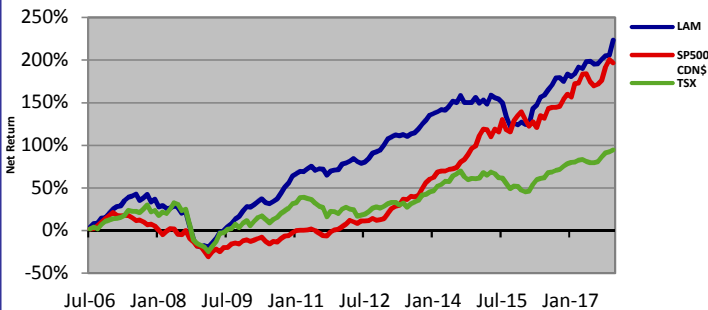
TOP LARGE CAP HOLDINGS

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

TOP SMALL / MID CAP HOLDINGS

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

Net Performance vs. Indices



NET RETURNS	3 Month	1 Year	3 Year	5 Year	Since July 2006
LAM Cumulative	2.1%	10.1%	23.3%	48.6%	212.5%
TSX Composite TR	-3.2%	3.2%	10.8%	39.7%	86.2%
LAM Value Added	5.3%	6.9%	12.5%	8.9%	126.3%
LAM Annualized		10.1%	7.2%	8.2%	10.3%
TSX Composite TR		3.2%	3.5%	6.9%	5.5%
LAM Value Added		6.9%	3.8%	1.3%	4.8%

INVESTMENT TERMS

Minimum	\$25,000 (accredited)/\$150,000 (non-accredited)
Net Asset Value	\$18.23 Series F FundSERV: LAF100
Management Fee	1.5% (plus approx. 0.10% for trading/custodial)
Fund/Firm AUM	\$61.2 Million/\$325 Million



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