

**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 rose by +1.4% versus +2.7% for the TSX Composite. Our underperformance was mainly due to our low weighting in the Financial sector and high cash balances. World stock indices rose again as money continues to flow into ETFs without regard to valuations and other risks. Despite uncertainties surrounding NAFTA, Canadian stocks were boosted by dovish comments from the Bank of Canada putting in doubt further interest rates hikes this year. Our top gainers included Savaria (+14%), Altus Group (+11%), Badger Daylighting (+11%), Element Fleet (+7%), Equitable Group (+7%), ECN Capital (+7%), Boralex (+7%), CGI Group (+6%) and NAPEX (+6%). Losers included Neulion (-12%), GoodFood Market (-11%), D-Box (-8%), Corus (-8%), 5NPlus (-5%), and Ag Growth (-5%). While we have been redeploying cash in new opportunities, we continue to hold high balances due to our belief that most equities are expensive.

**MONTHLY NET RETURNS \***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	LAM**	TSX-TR**	S&P500 (\$Cdn)**
<b>2006</b>							4.1%	3.9%	0.3%	5.6%	0.3%	4.4%	<b>20.0%</b>	<b>12.5%</b>	<b>17.8%</b>
<b>2007</b>	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>-9.8%</b>
<b>2008</b>	-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>-23.1%</b>
<b>2009</b>	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>9.3%</b>
<b>2010</b>	-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>9.0%</b>
<b>2011</b>	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>7.6%</b>
<b>2012</b>	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>13.5%</b>
<b>2013</b>	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>41.1%</b>
<b>2014</b>	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>24.0%</b>
<b>2015</b>	-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>20.1%</b>
<b>2016</b>	-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>8.7%</b>
<b>2017</b>	-1.0%	1.1%	2.9%	-0.7%	2.9%	0.1%	-1.0%	0.1%	1.7%	1.4%			<b>7.6%</b>	<b>7.3%</b>	<b>12.3%</b>

\*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	19.6%
Industrial	diversified	18.5%
Utilities	renewable/power	11.9%
Financial/R.E.	lending/asset mgt/malls	11.7%
Technology	IT/software/security/ent.	7.0%
Healthcare	mobility/pharma/homes	6.4%
Energy	pipelines/midstream	5.3%
Telecom	wireless/TV/internet	4.2%
Materials	agriculture/minor metals	3.6%
<b>Cash</b>	<b>cash &amp; equivalents</b>	<b>11.8%</b>

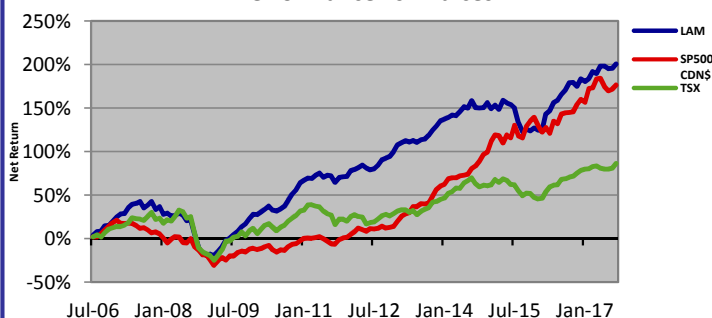
**TOP LARGE CAP HOLDINGS**

- Pembina (energy infrastructure)
- Algonquin (renewable power & utilities)
- BCE (telecom & media)
- Corus (TV & radio broadcasting)
- Winpak (specialty packaging)
- Keyera (energy infrastructure)
- CGI Group (IT consulting)
- Loblaw (food & drug retailing)
- Telus (telecommunications)
- Emera (power production & distribution)

**TOP SMALL / MID CAP HOLDINGS**

- Savaria (mobility & accessibility products)
- Boralex (renewable power)
- Andrew Peller (wine production & sales)
- Logistec (marine & environmental services)
- Badger Daylighting (hydrovac excavation)
- Park Lawn (cemetaries & funeral homes)
- Equitable Group (mortgage lending)
- Innergex (renewable power)
- NAPEX (gas & electrical utility contractor)
- Guardian Capital (investment management)

**Performance vs. Indices**



NET RETURNS	3 Month	1 Year	3 Year	5 Year	Since July 2006
<b>LAM Cumulative</b>	<b>3.2%</b>	<b>7.8%</b>	<b>21.9%</b>	<b>58.4%</b>	<b>204.9%</b>
<b>TSX Composite TR</b>	<b>6.6%</b>	<b>9.2%</b>	<b>19.8%</b>	<b>49.7%</b>	<b>91.5%</b>
<b>LAM Value Added</b>	<b>-3.4%</b>	<b>-1.4%</b>	<b>2.1%</b>	<b>8.7%</b>	<b>113.4%</b>
<b>LAM Annualized</b>		<b>7.8%</b>	<b>6.8%</b>	<b>9.6%</b>	<b>10.3%</b>
<b>TSX Composite TR</b>		<b>9.2%</b>	<b>6.2%</b>	<b>8.4%</b>	<b>5.9%</b>
<b>LAM Value Added</b>		<b>-1.4%</b>	<b>0.6%</b>	<b>1.2%</b>	<b>4.4%</b>

**INVESTMENT TERMS**

Minimum	\$25,000 (accredited)/\$150,000 (non-accredited)	
Net Asset Value	\$17.79 Series F	FundSERV: LAF100
Management Fee	1.5% (plus approx. 0.10% for trading/custodial)	
Fund/Firm AUM	\$55.3 Million/\$300 Million	

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