

**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 +1.7% versus +3.1% for the TSX Composite. Our underperformance was due to our low weightings in the Energy and Financials sectors, combined with our defensive stance of being overweight in Consumer Staples and Utilities, as well as high cash balances. World equity markets rose sharply as worries about geopolitical tensions were put aside and optimism returned regarding the outlook for global growth. Canadian stocks were boosted by rising oil prices and strong GDP growth, despite two interest rate hikes by the BOC during the summer. Winners included Goodfood Market (+35.4%), Cenovus (+28%), D-Box Technologies (+16.4%), Ten Peaks Coffee (+10.1%), Andrew Peller (+9.8%), Pembina Pipeline (+8.8%), NAPEC (+7%), and Veresen (+6% being acquired by Pembina). Losers included Asian Television Network (-23.3%), TVA Group (-10.7%), AG Growth (-8.4%), Badger Daylighting (-8.1%), and Corus Entertainment (-5.8%). We continue to hold high cash balances which we have started gradually redeploying as opportunities arise.

**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%				<b>6.1%</b>	<b>4.5%</b>	<b>6.3%</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**

Industrials	diversified	19.3%
Staples/Health	wine/food/mobility	18.9%
Utilities	renewables/power	12.0%
Financial/R.E.	lending/asset mgt/malls	11.6%
Technology	entertainment/software	7.6%
Consumer Disc.	broadcasting/food	6.2%
Energy	infrastructure/oil & gas	5.3%
Materials	agriculture/metals/wood	4.7%
Telecom	wireless/TV/internet	4.1%
<b>Cash</b>	<b>cash &amp; equivalents</b>	<b>10.3%</b>

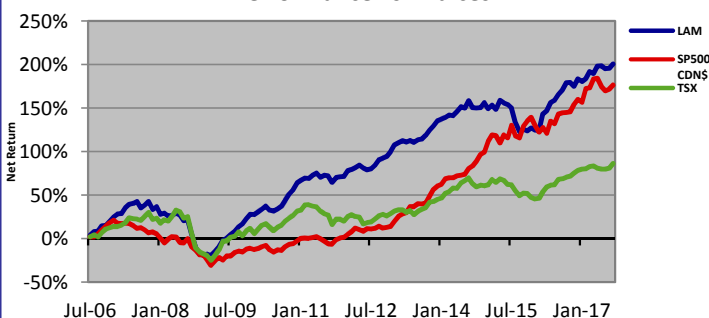
**TOP LARGE CAP HOLDINGS**

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

**TOP SMALL / MID CAP HOLDINGS**

Boralex (renewable power)
Andrew Peller (wine production & sales)
Savaria (mobility & accessibility products)
Logistec (marine & environmental services)
Park Lawn (cemetaries & funeral homes)
Badger Daylighting (hydrovac excavation)
Innergex (renewable power)
Equitable (mortgage lending)
Ag Growth (agricultural storage & handling)
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>0.8%</b>	<b>7.7%</b>	<b>20.1%</b>	<b>57.6%</b>	<b>200.7%</b>
<b>TSX Composite TR</b>	<b>3.7%</b>	<b>9.2%</b>	<b>14.2%</b>	<b>47.3%</b>	<b>86.4%</b>
<b>LAM Value Added</b>	<b>-2.9%</b>	<b>-1.5%</b>	<b>5.9%</b>	<b>10.3%</b>	<b>114.2%</b>
<b>LAM Annualized</b>		<b>7.7%</b>	<b>6.3%</b>	<b>9.5%</b>	<b>10.3%</b>
<b>TSX Composite TR</b>		<b>9.2%</b>	<b>4.5%</b>	<b>8.1%</b>	<b>5.7%</b>
<b>LAM Value Added</b>		<b>-1.5%</b>	<b>1.8%</b>	<b>1.5%</b>	<b>4.6%</b>

**INVESTMENT TERMS**

Minimum	\$25,000 (accredited)/\$150,000 (non-accredited)	
Net Asset Value	\$17.55 Series F	FundSERV: LAF100
Management Fee	1.5% (plus approx. 0.10% for trading/custodial)	
Fund/Firm AUM	\$52.6 Million/\$300 Million	