



LDIC North American Infrastructure Fund

Management Report of Fund Performance

December 31, 2017

*Class A units and Class F units of LDIC North American Infrastructure Fund*

All figures are reported in Canadian dollars unless otherwise noted.

This management report of fund performance contains financial highlights but does not contain either the complete interim financial report or annual financial statements of the investment fund. You can get a copy of the financial statements at your request and at no cost, by contacting LDIC Inc. in one of the methods below.

Unitholders may contact LDIC Inc. to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure by calling 416-362-4141, by writing to us at 130 King Street West, Suite 2130, Toronto, ON, M5X 1E2 or by visiting our website at [www.ldic.ca](http://www.ldic.ca) (email at [info@ldic.ca](mailto:info@ldic.ca)), or SEDAR at [www.sedar.com](http://www.sedar.com).

### Investment Objectives and Strategies

The investment objective of the Fund is to provide long-term capital appreciation combined with regular income, by investing primarily in equity securities and debt investments relating to infrastructure and related companies based in North America.

The prior approval of unitholders is required before a fundamental change is made to the investment objective the Fund. This approval must be given by a resolution passed by a majority of the votes cast at a meeting of the unitholders of the Fund.

In order to achieve its investment objective, the Fund intends to invest primarily in the equity securities of infrastructure and related companies based in North America.

Infrastructure assets are broadly defined as the basic facilities, services, and installations needed for the functioning of a community or society. The infrastructure sector includes, but is not limited to, investment in the following areas:

Transportation	Pipeline, railroad, truck/ship fleets, airports, and seaports.
Distribution	Electrical power networks, water utilities generation plants, electrical grids, substations
Storage	Storage terminals, manufacturing facilities & underground storage.
Industrials	Refineries, utilities, midstream processing, upgraders, engineering, chemical manufacturing & processing.
Services	Construction, equipment, drilling, social, real estate, housing & retail.
Production & Expl.	Oil production, natural gas production, coal, hydroelectricity, renewables & alternative energy production such as wind, solar & geothermal.

Techniques such as fundamental analysis may be used to assess the growth and value potential of an investment which requires evaluating the financial condition and management of each company, its industry and the overall economy. For more details regarding the use of investment strategies, refer to the Simplified Prospectus filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

## Risk

As of December 31, 2017, the risks of investing in the Fund remain as described in the prospectus (items 9 and 10 of Part B of Form 81-101F1 as filed on [www.Sedar.com](http://www.Sedar.com)). The main risk worth re-iterating to investors is the potential negative impact a rise in interest rates may have on dividend paying securities within the theme such as the Pipelines sector. Rising interest rates can translate into reduced valuations for companies that have low growth business that distribute the majority of its income to shareholders in the form of dividends. To minimize such impacts, the fund continues to target securities of companies that are projected to exhibit significant relative growth, however there can be no assurances that the growth will materialize or that the overall market will not cause the price of such securities to fluctuate. There were no material changes to the Fund since its inception that affected the overall level of risk.

The Fund is suitable for investors who are seeking a potential for capital appreciation, have medium to high risk tolerance and have a medium to long-term investing horizon. However, the level of risk associated with any particular investment depends largely on an investor's personal circumstances. Investors can invest a component of their total portfolio in the Fund to provide portfolio diversification. Investors should consider their personal investment profile and consult their financial advisor before making a decision to invest in the Fund.

## Result of Operations

The Fund's performance for the twelve months period ending December 31, 2017 was 3.9% for Class A and 4.6% for Class F. The benchmark return was -10.06% over the same period. The benchmark is a blend of 70% S&P/TSX Capped Energy Index and 30% S&P Composite 1500 Energy Index. This out performance of the benchmark reflected the lower volatility of infrastructure equities held within the Fund.

The Canadian dollar continued to rise against the American dollar during 2017 aided by the Bank of Canada moving its stance towards higher interest rates. Strong Canadian job creation in 2017 also supported a strengthened Canadian dollar. This dollar rise coupled with the absence of new pipeline capacity to world markets for oil has diminished investment interest in the Canadian energy sector. The provinces of Alberta and British Columbia are engaged in a noisy public battle over Kinder Morgan expansion, the only federally approved pipeline project to the west coast.

It is worth noting, that Class A and Class F of the Fund both had significantly lower volatility than the TSX Energy Index for the period ended December 31, 2017.

The Fund had a net gain on financial instruments of \$1,069,611 in 2017 which was down from the prior year mainly due to the change in unrealized appreciation in the value of investments. The total operating expenses increased by \$42,094 mainly due to an increase in the accrued performance fees offset by decrease in transaction costs and management fees. There was an increase in the Net Assets per unit from operations of \$0.25 and \$0.47 for Class A and Class F respectively. Overall, the Fund had an operating increase in Net Assets attributable to holders of redeemable units from operations of \$438,102.

## Recent Developments

The US Federal Reserve rate hikes initially convinced participants that the US economy was strong enough to support higher interest rates. This view was tempered by the weakness of the global economy. Uncertainty as to the direction of commodity prices may continue to cause above average volatility in equity markets especially energy and infrastructure related equities. With three Federal Reserve increases and one Bank of Canada increase the direction of interest rates is clear. The pace is not as clear.

Oil prices traded above \$60 per barrel in Q4 of 2017 as supply was reduced and aligned more closely with demand. Now U.S production has surpassed Saudi Arabia production. More downward price pressure is possible from over supply. As a response to the volatility in the oil and gas energy sector, the Fund has placed a greater weighting to non-oil and gas infrastructure. The Fund has made investments in geothermal energy infrastructure (Polaris); aviation infrastructure (Chorus and Drone Delivery) and internet infrastructure Alias Cloud, HIVE and Nextblock.

The Fund continues to collect healthy dividend income from its securities held. Currently the fund has approximately a 3.2% running yield (see chart below for top 10 dividend yields). The Fund is currently fully invested with a 13.6% exposure to the US and continues to invest capital to global companies focusing on infrastructure and alternative energy, including:

- Tidewater Midstream & Infrastructure Ltd (TWM) which provides freight transportation by rail. The Company offers commodities by rail transportation and operates in North America with exports to overseas markets.
- Global Water Resource (GWR) is a water resource management and water infrastructure company primarily located in metropolitan Phoenix, Arizona.
- Polaris Infrastructure Inc. (PIF) is a renewable energy company. The Company focuses on the development, production and sale of electricity from geothermal energy.
- NextEra Energy Inc. (NEE) is a leader in community scale gasification systems that convert non-recyclable organic waste into renewable, clean power and heat.

Current Dividend Yield:

Ticker	Company Name	Dividend Yield
MIC	Macquarie Infrastructure Corp	8.72%
CHE-U	Chemtrade Logistics Income Fund	7.15%
CHR	Chorus Aviation Inc	5.30%
AQN	Algonquin Power & Utilities Corp	4.52%
BIP-U	Brookfield Infrastructure Partners LP	4.35%
PIF E	Polaris Infrastructure Inc	3.83%
GWR	Global Water Resources Inc	3.25%
TWM	Tidewater Midstream and Infrastructure Ltd	2.86%
NEE	NextEra Energy Inc	2.50%
PLC	Park Lawn Corp	2.07%

### Related Party Transactions

The Manager of the Fund is LDIC Inc. The Manager provides investment and administrative services to the Fund. In consideration for these services the Manager receives a fee based on a percentage of the Net Assets of the Fund calculated daily and payable monthly, as follows:

Class A - 2.00% per annum

Class F - 1.00% per annum

The Fund will pay a performance fee to LDIC Inc., plus applicable taxes, at the end of each fiscal year if applicable. The performance fee will be 10% of the amount by which the class NAV at the end of the fiscal year (adding back the amounts of any distributions paid on the units of the Fund) (the "ending NAV") exceeds the target NAV. The target NAV is calculated by multiplying the Class NAV, net of performance fees paid, as at the last performance fee payment date (the "beginning NAV") by the sum of one plus the return of the Fund's "benchmark" (the "benchmark return") over the same period.

As of December 31, 2017, the Manager of the Fund and certain Directors and Officers of the manager held a total of 704 units of the A Class units and 171,544 units of the F Class units of the Fund.

### Management Fees

All management fees are based on the NAV of a class of units, calculated on each Valuation Date and paid monthly.

The management fee for the fund is 2.00% for Class A, and 1.00% for Class F. The breakdown of the services received in consideration of the management fee, as a percentage of the management fee is:

	Class A	Class F
Management of Fund	37.5%	100%
Trailing commission to Broker	62.5%	N/A

## Financial Highlight

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance of the year end December 31, 2017 and for the past four periods ended December 31, as applicable. In the year a fund or a series is established, 'Period' represents inception to December 31 of that year. Per unit data is derived from the Fund's financial statements. Ratios and supplemental data are derived from the Fund's Net Asset Value.

The Fund's Net Assets per Unit (\$) <sup>(1)</sup>

	CLASS A				
	2017	2016	2015	2014	2013 <sup>(4)</sup>
Net Assets, beginning of year	\$ 10.63	\$ 9.37	\$ 10.91	\$ 10.99	\$ 10.00
Increase (decrease) from operations:					
Total revenue	0.29	0.39	0.49	0.38	0.23
Total expenses	(0.57)	(0.47)	(0.48)	(0.54)	(0.24)
Realized gains (losses) for the year	0.46	(0.49)	(0.76)	(0.01)	0.17
Unrealized gains (losses) for the year	0.07	2.03	(0.44)	(0.54)	1.26
Total increase (decrease) from operations <sup>(2)</sup>	\$ 0.25	\$ 1.46	\$ (1.19)	\$ (0.71)	\$ 1.42
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	(0.02)	(0.04)
From capital gains	-	-	-	-	(0.15)
Return of capital	(0.30)	(0.30)	(0.30)	(0.28)	(0.04)
Total annual distributions <sup>(3)</sup>	(0.30)	(0.30)	(0.30)	(0.30)	(0.23)
Net Assets, end of year	\$ 10.74	\$ 10.63	\$ 9.37	\$ 10.91	\$ 10.99

	CLASS F				
	2017	2016	2015	2014	2013 <sup>(4)</sup>
Net Assets, beginning of year	\$ 11.01	\$ 9.60	\$ 11.10	\$ 11.09	\$ 10.00
Increase (decrease) from operations:					
Total revenue	0.30	0.41	0.51	0.38	0.24
Total expenses	(0.50)	(0.38)	(0.39)	(0.44)	(0.17)
Realized gains (losses) for the year	0.48	(0.53)	(0.80)	(0.02)	0.18
Unrealized gains (losses) for the year	0.19	2.16	(0.49)	(0.36)	1.39
Total increase (decrease) from operations <sup>(2)</sup>	\$ 0.47	\$ 1.66	\$ (1.17)	\$ (0.44)	\$ 1.64
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	(0.02)	(0.04)
From capital gains	-	-	-	-	(0.15)
Return of capital	(0.30)	(0.30)	(0.30)	(0.28)	(0.04)
Total annual distributions <sup>(3)</sup>	(0.30)	(0.30)	(0.30)	(0.30)	(0.23)
Net Assets, end of year	\$ 11.22	\$ 11.01	\$ 9.60	\$ 11.10	\$ 11.09

(1) This information is derived from the Fund's audited annual financial statements and unaudited interim financial statements. For financial years beginning on or after January 1, 2014, the financial highlights were derived from the Fund's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). For the financial year ended December 31, 2013, the financial highlights numbers were restated to comply with IFRS reporting.

(2) Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial year.

(3) Distributions were paid in cash/reinvested in additional units of the Fund, or both.

(4) Units of Class A were first issued on May 10, 2013 and Class F were first issued on April 26, 2013.

Ratios and Supplemental Data

	CLASS A				
	2017	2016	2015	2014	2013 <sup>(6)</sup>
Total Net Asset Value (\$) <sup>(1)</sup>	4,283,137	5,766,657	6,115,422	11,144,636	3,723,153
Number of units outstanding <sup>(1)</sup>	398,723	542,667	652,527	1,021,276	338,773
Management expense ratio <sup>(2) (5)</sup>	5.18%	4.26%	4.33%	4.27%	3.42%
Management expense ratio before waivers or absorption <sup>(2) (5)</sup>	5.18%	4.26%	4.33%	4.27%	4.11%
Management expense ratio excluding performance fees <sup>(5)</sup>	3.42%	4.14%	3.20%	3.25%	4.11%
Trading expense ratio <sup>(3) (5)</sup>	0.40%	0.56%	0.24%	0.32%	0.35%
Portfolio turnover rate <sup>(4)</sup>	85.41%	128.52%	64.53%	57.97%	65.08%
Net Asset Value per unit (\$)	10.74	10.63	9.37	10.91	10.99
	CLASS F				
	2017	2016	2015	2014	2013 <sup>(6)</sup>
Total Net Asset Value (\$) <sup>(1)</sup>	7,393,465	7,980,413	9,088,342	20,011,076	8,719,848
Number of units outstanding <sup>(1)</sup>	659,071	725,081	946,469	1,802,052	786,118
Management expense ratio <sup>(2) (5)</sup>	4.28%	3.21%	3.37%	3.34%	2.22%
Management expense ratio before waivers or absorption <sup>(2) (5)</sup>	4.28%	3.21%	3.37%	3.34%	2.79%
Management expense ratio excluding performance fees <sup>(5)</sup>	2.43%	3.06%	2.13%	2.12%	2.79%
Trading expense ratio <sup>(3) (5)</sup>	0.40%	0.56%	0.24%	0.32%	0.35%
Portfolio turnover rate <sup>(4)</sup>	85.41%	128.52%	64.53%	57.97%	65.08%
Net Asset Value per unit (\$)	11.22	11.01	9.60	11.10	11.09

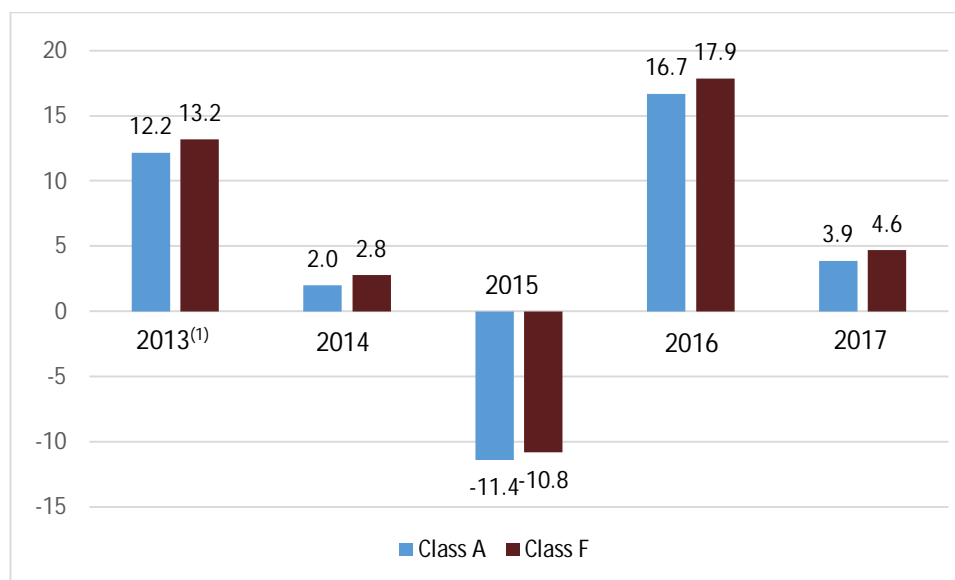
1. The information is provided as at December 31 of the period(s) shown, as applicable.
2. Management expense ratio is based on total expenses (excluding broker commissions and other portfolio transaction costs before income taxes) for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the year. The decision to waive and/or absorb management fees and operating expenses is at the discretion of the Manager. The practice of waiving and/or absorbing management fees and operating expenses may continue indefinitely or may be terminated any time without notice to unitholders.
3. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the year.
4. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover in a period, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.
5. Percentages are annualized
6. Units of Class A for this Fund were first issued on May 10, 2013 and Class F were first issued on April 26, 2013.



## Past Performance

### A) Annual Total Returns (%)

The bar chart shows the investment fund's performance of Class A and F of the Fund for each of the periods shown. The bar chart shows in percentage terms, how much an investment made on January 1 would have increased or decreased by December 31, unless otherwise indicated.



(1) Returns for Class A and Class F, are from May 10, 2013 and April 26, 2013 respectively, to December 31, 2013.

### B) Annual Compound Returns

The table below shows the annual compound return of each class of units of the Fund, for each period indicated, in comparison to the Fund's benchmark.

	Class A			Class F		
	Since Inception (May 10/13)	1 year	3 years	Since Inception (Apr 26/13)	1 year	3 years
LDIC North American Infrastructure Fund	4.2%	3.9%	2.0%	5.0%	4.6%	2.7%
70%/30% Blended Index <sup>(2)</sup>	-0.4%	-10.1%	-0.79%	0.3%	-10.1%	-0.79%

(1) The benchmark is blend of 70% S&P/TSX Energy Index, and 30% Composite 1500 S&P Energy Total Return Index in Canadian Dollars.

### About the Fund's Benchmark

#### S&P/TSX Capped Energy Index (70%)

The TSX Capped Energy Index is comprised of securities of Canadian energy sector issuers listed on the Toronto Stock Exchange ("TSX"), selected by Standard and Poors ("S&P") using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals. The index

is a modified cap-weighted index, whose equity weights are capped at 25%. In order to be eligible for inclusion in the index, a stock must be a constituent of the S&P/TSX Composite Index and classified in the applicable sector based on the Global Industry Classification Standard (GICS). As the Fund intends to maintain a higher weighting to Canadian equities, greater emphasis will be placed on a weighting to the TSX Capped Energy Index.

#### S&P Composite 1500 Energy Index Total Return (30%)

The S&P Composite 1500 Energy Index is a capitalization-weighted index comprised of securities of U.S. energy sector issuers that are classified as members of the GICS energy sector and who are selected by S&P using its guidelines for evaluating issuer capitalization, liquidity and fundamentals.

#### Summary of Investment Portfolio as at December 31, 2017

##### Top 25 Investments as of December 31, 2017

	% of Fund's Net Asset Value
01 StorageVault Canada Inc.	7.9
02 Polaris Infrastructure Inc.	7.8
03 Global Water Resources Inc.	7.2
04 Tidewater Midstream and Infrastructure Ltd.	7.2
05 Chemtrade Logistics Income Fund	6.0
06 Chorus Aviation Inc.	5.5
07 Descartes Systems Group Inc.	5.1
08 Hive Blockchain Technologies Ltd.	4.8
09 Brookfield Infrastructure Partners LP	4.8
10 Park Lawn Corp	4.4
11 NextEra Energy Inc.	4.4
12 Brookfield Asset Management Inc.	3.5
13 Macquarie Infrastructure Corp.	3.3
14 Drone Delivery Canada Corp.	3.0
15 Jet Power & Controls Ltd.	3.0
16 Hydro One Ltd.	2.5
17 Atlas Cloud Enterprises Inc.	2.3
18 Algonquin Power & Utilities Corp.	1.6
19 Nextblock Global Limited	1.3
20 Global Blockchain Technologies Corp.	0.9
21 Hut 8 Mining Corp.	0.9
22 Engagement Labs Inc.	0.5
23 Engagement Labs Inc., Warrants	0.1
24 Jet Power & Controls Ltd., Warrants	-
25 Global Blockchain Technologies Corp., Warrants	-
	88.0

Total Net Asset Value of the Fund as at December 31, 2017: \$11,676,602

As of December 31, 2017, all investments were only long positions.

Sector Mix	% of Fund's Net Asset Value	Geographic Mix	% of Fund's Net Asset Value
Corporate Bonds	3.8	Canada	68.3
Consumer Discretionary	4.4	United States of America	19.7
Energy	7.2	Cash	14.5
Financials	3.5	Net Other Liabilities	(2.5)
Industrials	15.4		100.0
Information Technology	13.9		
Materials	6.0		
Real Estate	7.9		
Utilities	25.9		
Cash	14.5		
Net Other Liabilities	(2.5)		
	100.0		

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available. For more information please contact LDIC Inc. using the corporate information included below.

### Corporate Information

#### Corporate Address

LDIC Inc.  
The Exchange Tower, 130 King Street West, Suite 2130,  
PO Box 399, Toronto, Ontario, M5X 1E2  
416-362-4141  
info@ldic.ca  
[www.ldic.ca](http://www.ldic.ca)

#### Auditors

Ernst & Young LLP  
EY Tower  
100 Adelaide Street West  
PO Box 1, Toronto, Ontario, M5H 0B3

#### Legal Counsel

Wildboer Dellelce LLP  
Suite 800 | Wildeboer Dellelce Place  
365 Bay Street, Toronto, Ontario, M5H 2V1