



LDIC North American Small Business Fund

(Corporate Class)

Management Report of Fund Performance

June 30, 2020

*Series A shares, Series F shares and Series F1 shares of LDIC North American Small
Business Fund*

LDIC North American Small Business Fund

For the period ended June 30, 2020

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.

Shareholders 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 (email at info@ldic.ca), or SEDAR at www.sedar.com.

Investment Objectives and Strategies

The Fund's investment objective is to provide long-term capital appreciation and income by investing primarily in equity and fixed income securities of small cap companies based in North America. The Fund may also include similar investments in mid-capitalization businesses. The prior approval of shareholders is required before a fundamental change is made to the investment objective of the Fund. This approval must be given by a resolution passed by a majority of the votes cast at a meeting of the shareholders of the Fund.

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. As part of this evaluation, the Manager may analyze financial data and other information sources, assess the quality of management, and conduct company interviews.

Risk

As of June 30, 2020 the risks of investing in the Fund remain as described in the prospectus. The main risk to investors is the market capitalization risk of small companies. Small cap companies are inherently higher risk because of 1) lower trading liquidity, 2) access to capital can be limited, and 3) operational history can be limited/minimal.

The Fund is suitable for investors who are seeking a potential for capital appreciation, have high medium 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 benchmark (70% S&P/TSX Small Cap Index/30% Russell 2000) was down 15.30% during the six month ended June 30, 2020. S&P/TSX Small Cap Index was down by 15.86%, whereas Russell 2000 index was down by 13.97% during the six months period ended June 30, 2020.

During the current period, the fund generated a return of -5.4% on Series A, -5.2% on the Series F and -5.4% on the Series F1 shares. It therefore out-performed the benchmark. The out-performance year-to-date is based in part on three main factors. First, the decision to hold between 5-10% in cash in an effort to maintain some defensiveness in the fund, while at the same time remaining flexible should opportunities arise. Second, the fund had very little exposure to the Energy sector, which was down over 30% in the first half of the year and represents over 10% of the S&P TSX Small Cap Index. Finally, the decision to favour quality names with strong balance sheets and wide economic moats has led to solid results year-to-date.

The Portfolio Manager believes that the limited number of active managers focusing on small cap stocks, coupled with a relatively robust universe of investment opportunities, provides a durable competitive advantage for the Manager to uncover market inefficiencies. The dynamic nature of the small cap markets in particular, will ultimately highlight the role of active management.

Recent Developments

The small cap market has rebounded from its first quarter lows in-part due to its heavy weighting in the material sector, particularly precious metals. As market volatility continues, investors tend to favour gold, which along with other precious metals has helped boost the TSX Small Cap Index, which is made up of roughly a third from the Material sector. Information technology is another area of growth given the "new-normal" related to COVID-19 with a greater demand in automation, supply chain and work-from-home technologies. Finally, the Energy sector is also getting a lift, albeit at a much slower pace than other sectors. Crude prices have begun to stabilize and could likely be higher by year-end.

We have positioned Fund allocation to reflect these stronger sectors of the economy. At quarter end, 15.2% of the Fund was invested in Information Technology. We also increased our weighting to Energy from 0.0% to roughly 4.0%. We were also heavily weighted in healthcare at 18.4%, which continues to be a net beneficiary given ties to health technologies and niche treatments.

Our expectation for the small cap market for the remainder of 2020 should the market continue to improve is for value stocks to outperform growth stocks with a favour towards cyclicals. Should the market pull back, it will be likely come at the expense of over-valued companies.

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:

Series A: 2.00% per annum
 Series F: 1.00% per annum
 Series F1: 1.50% per annum

The Fund will pay a performance fee to LDIC Inc., plus applicable taxes, at the end of each fiscal year. The performance fee will be 15% of the amount by which the Series NAV at the end of the fiscal year (adding back the amounts of any distributions paid on the shares of the Fund) (the “ending NAV”) exceeds the target NAV. The target NAV is calculated by multiplying the Series 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 June 30, 2020, the Manager of the Fund and certain Directors and Officers of the manager held a total of 301,751 shares of the F Series and 92,106 of F1 Series of the Fund.

Management Fees

All management fees are based on the NAV of a series of shares, calculated on each Valuation Date and paid monthly. The management fee for the Fund is 2.00% for Series A, 1.00% for Series F, and 1.50% for Series F1. The breakdown of the services received in consideration of the management fee, as a percentage of the management fee is:

	Series A	Series F	Series F1
Management of Fund	37.5%	100%	100%
Trailing commission to Broker	62.5%	N/A	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 for the period ended June 30, 2020 and for the past five 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 share 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 (\$) ⁽¹⁾

	SERIES A					
	2020	2019	2018	2017	2016	2015⁽⁴⁾
	\$	\$	\$	\$	\$	\$
Net Assets, beginning of period	11.43	11.17	13.34	12.45	9.66	10.00
Increase (decrease) from operations:						
Total revenue	0.06	0.16	0.16	0.14	0.19	0.19
Total expenses	(0.47)	(0.56)	(0.72)	(0.71)	(0.57)	(0.50)
Realized gains (losses) for the year	0.29	0.65	1.02	1.64	2.42	(0.46)
Unrealized gains (losses) for the year	(0.50)	1.70	(1.71)	0.95	1.14	0.47
Total increase (decrease) from operations⁽²⁾	\$ (0.62)	\$ 1.95	\$ (1.25)	\$ 2.02	\$ 3.18	\$ (0.30)
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	(0.19)	(0.14)	(0.19)	-	(0.02)
From capital gains	-	(0.21)	(0.80)	(0.88)	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions⁽³⁾	-	(0.40)	(0.94)	(1.07)	-	(0.02)
	\$	\$	\$	\$	\$	\$
Net Assets, end of period	10.81	11.43	11.17	13.34	12.45	9.66

SERIES F

	2020	2019	2018	2017	2016	2015⁽⁴⁾
	\$	\$	\$	\$	\$	\$
Net Assets, beginning of period	11.93	11.52	13.62	12.60	9.66	10.00
Increase (decrease) from operations:						
Total revenue	0.06	0.16	0.16	0.14	0.22	0.17
Total expenses	(0.39)	(0.21)	(0.56)	(0.61)	(0.44)	(0.42)
Realized gains (losses) for the year	0.29	(0.17)	1.04	1.62	1.83	(0.51)
Unrealized gains (losses) for the year	(0.58)	1.12	(1.76)	0.94	1.34	0.64
Total increase (decrease) from operations⁽²⁾	\$ (0.62)	\$ 0.90	\$ (1.12)	\$ 2.09	\$ 2.95	\$ (0.12)
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	(0.20)	(0.14)	(0.19)	-	(0.02)
From capital gains	-	(0.22)	(0.82)	(0.88)	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions⁽³⁾	-	(0.42)	(0.96)	(1.07)	-	(0.02)
Net Assets, end of period	11.31	11.93	11.52	13.62	12.60	9.66

SERIES F1

	2020	2019	2018	2017	2016⁽⁵⁾
	\$	\$	\$	\$	\$
Net Assets, beginning of period	11.79	11.43	13.60	12.63	10.00
Increase (decrease) from operations:					
Total revenue	0.05	0.17	0.17	0.14	0.08
Total expenses	(0.41)	(0.54)	(0.66)	(0.67)	(0.31)
Realized gains (losses) for the year	0.29	0.85	0.99	1.74	2.08
Unrealized gains (losses) for the year	(0.57)	1.92	(1.74)	1.03	0.32
Total increase (decrease) from operations⁽²⁾	\$ (0.64)	\$ 2.40	\$ (1.24)	\$ 2.24	\$ 2.17
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	(0.20)	(0.14)	(0.19)	-
From capital gains	-	(0.22)	(0.82)	(0.88)	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	-	(0.42)	(0.96)	(1.07)	-
Net Assets, end of period	11.15	11.79	11.43	13.60	12.63

- (1) This information is derived from the Fund audited annual financial statements and unaudited interim financial statements.
(2) Net Assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.
(3) Distributions were paid in cash/reinvested in additional shares of the Fund, or both.
(4) Shares of Series A for this Fund were first issued on May 29, 2015 and Series F shares were first issued on May 22, 2015.
(5) Shares of series F1 for this Fund were first issued on May 31, 2016.

Ratios and Supplemental Data

	SERIES A					
	June 30, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015 ⁽⁶⁾
Total Net Asset Value (\$) ⁽¹⁾	569,977	915,989	4,245,997	4,689,792	2,842,989	936,021
Number of shares outstanding ⁽¹⁾	52,708	80,151	379,965	351,453	228,310	96,931
Management expense ratio ^{(2) (5)}	5.41%	3.02%	4.37%	4.69%	3.85%	7.98%
Management expense ratio before waivers or absorption ^{(2) (5)}	5.41%	3.02%	4.37%	4.69%	3.85%	7.98%
Management expense ratio excluding performance fees ⁽⁵⁾	3.35%	3.02%	2.76%	2.87%	3.84%	3.76%
Trading expense ratio ^{(3) (5)}	0.84%	0.85%	1.17%	1.18%	1.21%	0.98%
Portfolio turnover rate ⁽⁴⁾	62.41%	112.69%	170.82%	190.36%	187.49%	50.29%
Net Asset Value per share (\$)	10.81	11.43	11.17	13.34	12.45	9.66

	SERIES F					
	June 30, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015 ⁽⁶⁾
Total Net Asset Value (\$) ⁽¹⁾	9,290,542	10,918,427	11,539,264	13,299,194	11,635,004	8,873,090
Number of shares outstanding ⁽¹⁾	821,165	915,425	1,001,690	976,349	923,159	918,432
Management expense ratio ^{(2) (5)}	4.28%	2.07%	3.38%	3.79%	2.78%	6.37%
Management expense ratio before waivers or absorption ^{(2) (5)}	4.28%	2.07%	3.38%	3.79%	2.78%	6.37%
Management expense ratio excluding performance fees ⁽⁵⁾	2.25%	2.07%	1.63%	1.78%	2.76%	2.44%
Trading expense ratio ^{(3) (5)}	0.84%	0.85%	1.17%	1.18%	1.21%	0.98%
Portfolio turnover rate ⁽⁴⁾	62.41%	112.69%	170.82%	190.36%	187.49%	50.29%
Net Asset Value per share (\$)	11.31	11.93	11.52	13.62	12.60	9.66

	SERIES F1				
	June 30,	Dec 31,	Dec 31,	Dec 31,	Dec 31,
	2020	2019	2018	2017	2016⁽⁷⁾
Total Net Asset Value (\$) ⁽¹⁾	5,657,207	4,717,879	15,399,415	13,221,139	5,269,642
Number of shares outstanding ⁽¹⁾	507,171	400,229	1,347,374	972,330	417,085
Management expense ratio ^{(2) (5)}	4.73%	2.33%	3.93%	4.29%	2.94%
Management expense ratio before waivers or absorption ^{(2) (5)}	4.73%	2.33%	3.93%	4.29%	2.94%
Management expense ratio excluding performance fees ⁽⁵⁾	2.76%	2.33%	2.24%	2.33%	2.94%
Trading expense ratio ^{(3) (5)}	0.84%	0.85%	1.17%	1.18%	1.21%
Portfolio turnover rate ⁽⁴⁾	62.41%	112.69%	170.82%	190.36%	187.49%
Net Asset Value per share (\$)	11.15	11.79	11.43	13.60	12.63

(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 period. 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 shareholders.

(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 period.

(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.

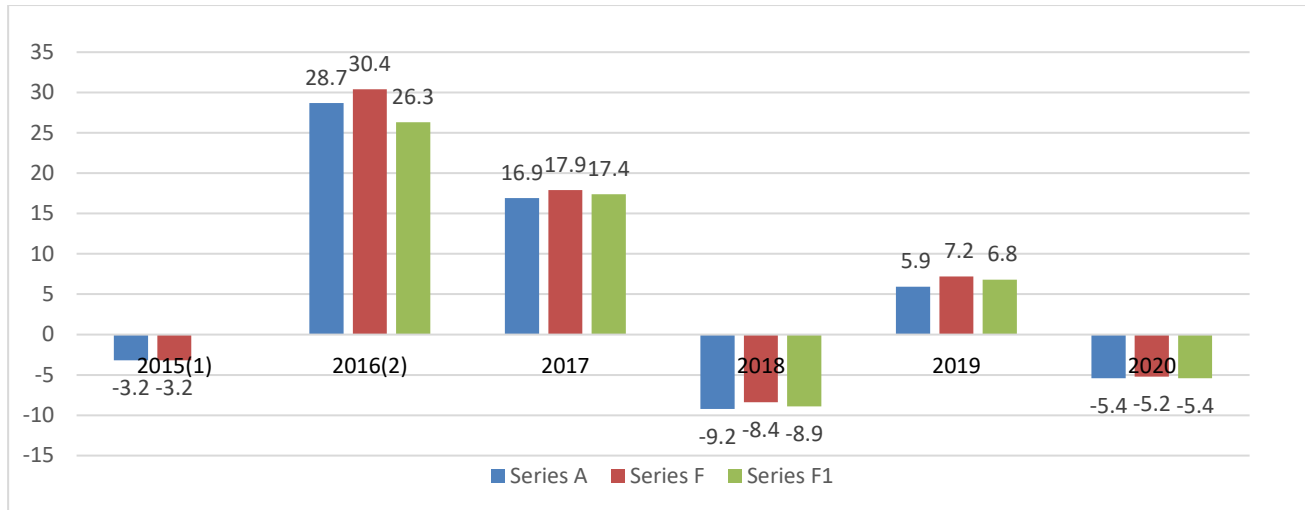
(6) Shares of series A for this Fund were first issued on May 29, 2015 and series F were first issued on May 22, 2015.

(7) Shares of series F1 for this Fund were first issued on May 31, 2016.

Past Performance

A) Annual Total Returns (%)

The bar chart shows the investment fund's performance in percentage terms of Series A and F of the Fund, since inception of the fund to December 31, 2015 and Series A, Series F, and Series F1 for the period ended June 30, 2020.



(1) Returns for Series A and Series F, are from May 29 and May 22, 2015 respectively, to December 31, 2015.

(2) Returns for Series F1 is from May 31, 2016 to December 31, 2016.

About the Fund's Benchmark

S&P TSX Small Cap Index (70%)

The S&P/TSX Small Cap Index measures the performance of small cap Canadian equity securities listed on the Toronto Stock Exchange. Securities in the index are selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals. The index is float adjusted and market cap weighted and was developed with industry input as the ideal benchmark for those with small cap exposure of the Canadian equity market.

Russel 2000 Index (30%)

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

Summary of Investment Portfolio as at June 30, 2020

Top 25 Investments as of June 30, 2020

	% of Funds Net Asset Value
1 Xebec Adsorption Inc.	7.4
2 Kinaxis Inc.	7.0
3 StorageVault Canada Inc.	5.7
4 Thunderbird Entertainment Group Inc.	5.7
5 Zymeworks Inc.	5.2
6 Calian Group Ltd.	4.9
7 People Corp.	4.9
8 Lightspeed POS Inc.	4.5
9 Chorus Aviation Inc.	4.5
10 Enghouse Systems Ltd.	3.7
11 Akumin Inc.	3.5
12 Central Coast Agriculture, LLC, 8.000%, 13-Dec-20	3.5
13 Cargojet Inc.	3.0
14 Profound Medical Corp.	3.0
15 WPT Industrial Real Estate Investment Trust	2.8
16 GDI Integrated Facility Services Inc.	2.8
17 Park Lawn Corp.	2.5
18 Viemed Healthcare Inc.	2.5
19 Hemptown Organics Corp.	2.3
20 Jamieson Wellness Inc.	2.3
21 Parex Resources Inc.	2.1
22 Waterloo Brewing Ltd.	1.9
23 Tourmaline Oil Corp.	1.8
24 Morneau Shepell Inc.	1.5
25 ATS Automation Tooling Systems Inc.	1.4

Total Net Asset Value of the Fund as at June 30, 2020: \$15,517,726

As of June 30, 2020, the fund is holding only long positions.

Sector Mix	% of Funds Net Asset Value
Corporate Bonds	3.5
Communication Services	5.7
Consumer Discretionary	2.5
Consumer Staples	4.2
Energy	3.9
Health Care	18.4
Industrial	30.5
Information Technology	15.2
Materials	0.8
Real Estate	9.5
Utilities	1.3
Cash	7.6
Net Other Assets/Liabilities	<u>(3.1)</u>
	<u>100.0</u>

Geographic Mix	% of Funds Net Asset Value
Canada	90.7
United States of America	4.8
Cash	7.6
Net Other Assets/Liabilities	<u>(3.1)</u>
	<u>100.0</u>

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

Auditors

Ernst & Young LLP

EY Tower

100 Adelaide Street West

PO Box 1, Toronto, Ontario, M5H 0B3

Legal Counsel

Wildeboer Dellelce LLP

Suite 800 | Wildeboer Dellelce Place

365 Bay Street, Toronto, Ontario, M5H 2V1