August 2017

Fund Update

imaxx™ Canadian Fixed Pay Fund

Market Update

- Though the Canadian market, year-to-date, was relatively flat, with the S&P TSX returning a modest 0.74%, most sectors in the Canadian stock market generated positive returns, with the exception of Energy & Materials, which were both negative.
- With the sell-off in oil prices, West Texas Intermediate ("WTI") oil prices have declined 14% year-to-date. Moreover there were concerns and discouraging headlines surrounding the Canadian housing market, which impacted the Financials sector.
- By contrast, the U.S. stock market, as measured by the S&P500, had its best start in 4 years returning 9.3% in U.S. dollar terms, buoyed by the Technology, Health Care and Consumer Discretionary sectors.
- Furthermore, Canadian fixed income fared better than their equity counterparts. Fixed income returns were strong during the first half, as interest rates fell and yield curves shifted lower, as the euphoria of a new government in the U.S. faded.
- The Fund outperformed both it's benchmark* and peer group (the Canadian Equity Balanced Category) for the first six months of 2017.

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Looking Ahead

- The investment team believes that the positive U.S. economic and corporate profit growth will continue, providing support for equity and corporate bond markets.
- Recently, the Bank of Canada has become more hawkish in their outlook, as economic data points have trended upwards. Canada, from a GDP perspective, is the strongest performer in the G7 YTD.
- Moreover, favourable macroeconomic conditions have encouraged global growth. As the improvement in the global economic landscape continues to progress, this should support better earnings growth and visibility, which would bode well for equity markets for the remainder of the year.

Current Positioning (as of August 2017)

- The Fund is positioned to benefit from companies which are growing their earnings and free cash flow above their industry averages, while offering sustainable dividend yields and reasonable valuations.
- The overweight position in the U.S. provides the Fund opportunity to invest in more diverse companies with international exposure, as well as benefit from sectors which are under-represented in Canada.

Asset Class	Benchmark weight (%)*	Target weight (%)	+/-
Canadian Fixed Income	20%	20%	0%
Canadian Stocks	80%	70%	-10%
U.S. Stocks	0%	10%	10%
Cash & Equivalents	0%	0%	0%

Source: Foresters Asset Management Inc.
**Fund's benchmark is 80% S&P/TSX Composite TR / 20% FTSE TMX Canada Universe Bond Index.*

- The Fund continues to increase its weighting in U.S. Financials, given the positive tailwinds, including potential deregulation, tax reform, and positive correlation to rising rates. The U.S. banks are well capitalized and contemplate returning capital to shareholders via share buy backs and increasing dividends.
- Within the energy sector, the Fund has higher exposure to pipeline and midstream companies. These stocks have outperformed companies with more leverage to oil and gas prices, including energy producers and servicers/drillers.
- The Fund continues to remain underweight in the Materials sector.

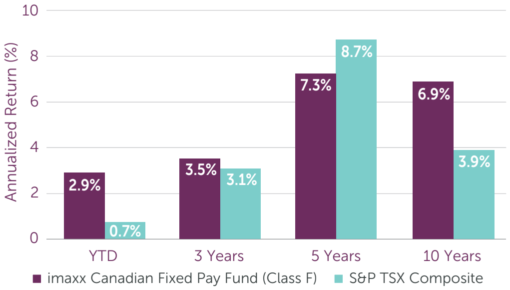
Portfolio Characteristics (as of July 31, 2017)

	imaxx Canadian Fixed Pay Fund	S&P/TSX Composite TR	Fund Differentiators
P/E – trailing 12 Month	19.9	20.9	Lower valuations than the market
Net Profit Margin	9.2%	8.1%	Invest in more profitable firms
Dividend Yield	3.5%	2.8%	Higher dividends than the market
Dividend Growth 3 Year	10.1%	6.9%	Dividend growth potential is considerably higher
No. of stocks held (includes Preferreds)	68	248	Higher conviction portfolio

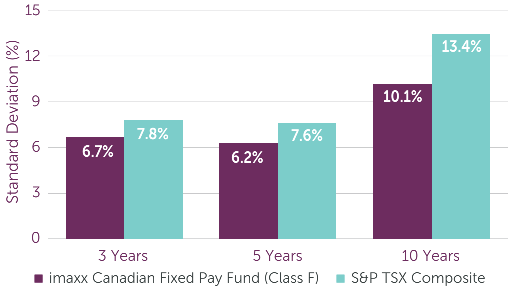
Source: Bloomberg.

Strong risk return attributes

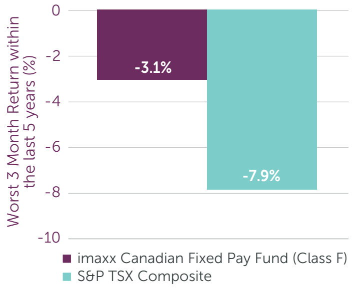
Higher Returns than the Equity Market



Lower Risk



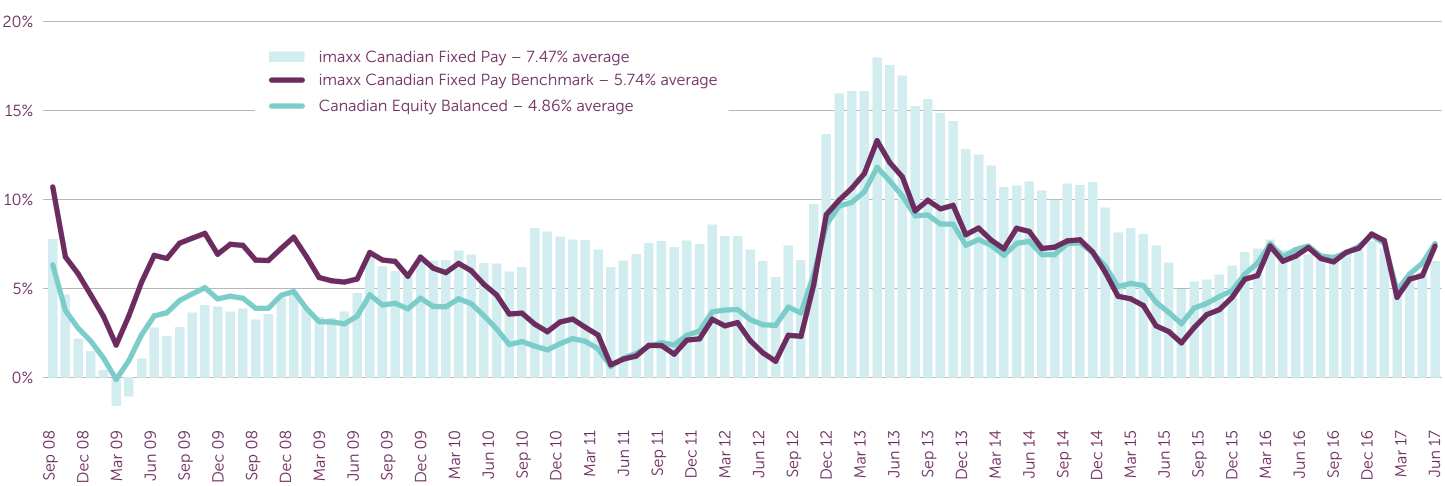
Greater Downside Protection



Source: Morningstar Direct Inc., as at June 30, 2017.

imaxx Canadian Fixed Pay Fund – Outperforming its peers and benchmark over time

5 Year Rolling Monthly Returns (Net of Fees) Since Inception



Source: Morningstar Direct as of June 30th 2017. The Fund's benchmark is 80% S&P/TSX Composite TR / 20% FTSE TMX Canada Universe Bond Index.

Is the income distribution sustainable?

This is a commonly asked question, given the very attractive distribution pay out of the portfolio.

In the near term, we expect that the Fund will continue to provide mid to high single-digit rates of return. Since its inception, the Fund has generated a total return of over 8% per annum, while obligated to pay a 9.6% annual distribution. Having endured various market cycles and events over the past 14 years, we've met the income obligations of the Fund, along with preserving a large percentage of the client's initial investment. Had a unitholder invested $100k at inception, and taken their distributions in cash, they would have received $137,600 (as at Jan 1. 2017) and their principle would be worth $76,499. Had they reinvested the distributions, the value of the investment would be $306,787.

In June 2017, not only did we substantially lower the Management Expense Ratios (MERs) on the Fund, we also introduced alternative distribution options. In addition to $0.08 per unit, per month distributions, we now offer $0.05, $0.03, and $0.00 options. This allows advisors and their unitholders income and reinvestment choices, depending on their requirements and needs.

The NAV of the 8 cents class is today (Aug. 1 2017) trading at $7.20. Therefore, the Fund is paying out a 13% distribution to the client, a significant portion of which is comprised of the client's principle. If the Fund continues to generate a rate of return consistent with the last 5 years, at just over 8%, the 8 cents distribution would result in a 5% shortfall. Therefore the NAV would continue to fall. If a unitholder were to take the 5 cent distribution option, which represents a 6.2% income distribution per annum, the NAV would have risen under the return scenario of the last 5 years. Note that the more conservative 3 cent (3.6%) or 5 cent (6.2%) income distribution options are more consistent with the fund manager's long term return expectations for the Fund. While distributions payments are stable every month, short term investment returns fluctuate. Any distributions in excess of investment returns are subsidized with return of principle. Based on the feedback that we have received from our advisors, we are contemplating alternatives for the 8 cents class, which could include closing this class to new inflows. Stay tuned for further updates.

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