

Annual Management Report of Fund Performance



As at December 31, 2017

This annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You may obtain a copy of the annual financial statements at your request, and at no cost, by calling 1-866-764-3863, by writing to us at 43 Front Street East, Suite 301, Toronto, Ontario M5E 1B3, or by visiting our website at www.roicapital.ca or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures or proxy voting disclosure record.

Every effort has been made to ensure that the information contained in this report is accurate as of December 31, 2017; however, the Fund cannot guarantee the accuracy or the completeness of this material. Please refer to the Fund's Prospectus and audited annual financial statements for more information.



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Investment Objective

The ROI Fund's investment objective is to provide investors with yield as well as long-term capital gains by making debt and equity investments in a diversified portfolio of small- and medium-sized eligible businesses. The ROI Fund also invests a certain portion of its assets in "reserves" that has the meaning ascribed thereto in the *Federal Tax Act* and the *Ontario Act*, which for each series of shares includes Canadian dollars in cash or on deposit with qualified Canadian financial institutions, debt obligations of or guaranteed by the Canadian federal government, debt obligations of provincial and municipal governments, Crown corporations, corporations and trusts listed on prescribed stock exchanges, guaranteed investment certificates issued by Canadian trust companies, qualified investment contracts, and securities listed on prescribed stock exchanges.

Investment Strategy

To seek to achieve its investment objective, the ROI Fund endeavours to: (i) invest a minimum of 60% of the capital raised from the sale of Class A Shares in a diversified portfolio of businesses; and (ii) invest the balance of the net proceeds in reserves such as short-term government debt, corporate debt obligations, or for Class A Shares, Series I, Class A Shares, Series II and Class A Shares, Series III, publicly-listed securities. As the Manager believes that a critical component of portfolio risk management is diversification, the ROI Fund will diversify its investments and will seek to invest in companies with established products, customers, distribution channels and who have demonstrated solid financial results as evidenced by historical cash flow, or the clear ability to generate cash flow in the near-term. The ROI Fund will not invest in speculative business

models, early stage high-tech businesses or start-ups.

Risks

The Fund's venture investments, when made, are primarily equity or subordinated, secured debentures made in small to medium sized private businesses and are generally subordinated to senior lenders.

There are risks associated with investing in these instruments. A long-term investment horizon is recommended when investing in the Fund.

Investments are made with the expectation that they will be held to maturity. This diminishes the impact of economic cycles and market volatility.

The Class A Shares are speculative in nature and an investment in Class A Shares is appropriate only for investors who are prepared to hold their investment in the ROI Fund for a long period of time and who have the capacity to absorb a loss of some or all of their investment.

Valuation

The Fund estimates the fair value of its assets for which there is no published market. The valuation process is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments. Measurement of fair value on an ongoing basis involves considerable judgment. Estimated fair value is determined using appropriate valuation methodology after considering: the history and nature of the business; operating results and financial conditions; independent valuations of the business; contractual rights relating to the investment; public or private market comparable transactions and results multiples, where applicable, and other pertinent considerations.

For further discussion on risk issues please see the notes to the financial statements.

Results of Operations

Return On Innovation Advisors Ltd. is the portfolio advisor of the Fund and manages the Fund's venture portfolio and securities portfolio.

Financial Performance

Total net assets at December 31, 2017 were \$63,934,297 down from \$67,952,699 at prior year end.

During the year ended December 31, 2017, the Fund had redemptions of \$12,907,684 and an increase in net assets from operations of \$8,889,282. The Fund is no longer accepting new subscriptions.

Investment Performance

For the year ended December 31, 2017, Series I returned 15.22%, Series II 14.92% and Series III 15.18%. Please refer to the past performance section for additional performance information.

The increase in net assets from operations was composed of a \$4,414,729 loss from operations and \$13,304,011 in realized and unrealized gains on investments. The realized and unrealized gains on investments are made up of \$3,002,493 in net realized gains on investments and a \$10,301,518 net change in unrealized gains.

Investment Activity

At December 31, 2017, the Fund had one remaining venture investment valued at \$19,180,283. The venture portfolio represented 30.00% of the total net asset value ("NAV") of the Fund, while the securities portfolio consisting of cash and foreign currencies, marketable securities, other securities, short term investments and other net liabilities represented the remaining 70.00%.

The securities investments consist of short-term investments, convertible unsecured subordinated debentures and publicly traded equities totaling \$45,831,708.

The Fund invests its venture investment portfolio in companies considered to be in established stages. Companies in established stages have been in business for more than two years and have an established record of profitability and a stable customer base.

At December 31, 2017, the Fund held venture investments with a cost of \$14,033,539 and a fair value of \$19,180,283. At December 31, 2016 the Fund held venture investments with a cost of \$14,033,539 and a fair value of \$10,249,006. The increase in the fair value of the portfolio is due to unrealized gains of \$8,931,277 on the investment in Toronto Waterfront Studios Inc. The venture portfolio appreciated in value by 87.14% in 2017. The venture investment is performing well as Toronto Waterfront Studios continues to see strong demand for occupancy and as the facility continues to expand and pay down debt. In addition to the unrealized gains noted above, the venture portfolio had realized gains of \$350,609 due to recoveries in investments that were previously written down to zero as no recovery was expected.

Fair value adjustments reflect the change in value in the venture portfolio. These revaluations have been made to reflect current company specific and market conditions.

The securities portfolio is invested in a balanced portfolio. The portfolio is comprised of large cap Canadian stocks (24.83%), large cap U.S. stock (23.13%), Canadian Real Estate Investment Trusts (19.99%), cash (17.35%), short-term Canadian bonds (10.54%), and senior unsecured and

convertible debentures (4.16%). The large portion of cash is maintained in anticipation of upcoming redemptions.

The realized gains and change in unrealized gains from the liquid securities portfolio were \$4,012,659. The major factor for the gains was the Fund's investment in large cap US equities. The Fund had a large investment in Apple Inc., starting the year at 24.82% of the liquid portfolio and ending the year at 23.12% of the liquid portfolio. Apple Inc. stock price went up in value by 36.50% in Canadian dollars in 2017. The Fund can hedge a portion of the U.S. currency exposure but the Fund did not hedge any currency exposure to take advantage of the falling Canadian dollar. The remaining gains came from the ETFs invested in large cap Canadian stocks and REITs which were offset by modest declines in bonds.

There was no income from the venture portfolio as the remaining venture investment is an equity investment with no current pay feature. The Fund continues to hold core positions in Apple Inc., Canadian Large Cap stocks and Canadian Real Estate Investment Trust as well as some short-term bonds and cash. It is typical for the Fund to hold about 50% of its portfolio in equities and 50% in cash and bonds but the asset mix can vary from time to time. The Manager continues to monitor the venture portfolio with a view of creating value and having a focus on liquidity.

Going forward, the portfolio advisor will consider new venture investments prudently in order to meet pacing requirements. Generally, available cash will be invested in public securities, which will provide flexibility and liquidity for the Fund in order to fulfill redemption requests in the future.

Fees and Expenses

The Fund had total expenses of \$5,398,646 down from \$5,806,213 in the prior year. While most expenses decreased with the decline in NAV, the increase was primarily due to an increase in other expenses as described below. The composition of the Fund's expenses does not change significantly year to year due to the fact that most of the expenses (management fees, advisor fees, sponsor fees, sales commission financing and trailer fees) are contractual arrangements that are based on a percentage of the NAV.

The Fund's overall management expense ("MER") ratio did increase to 8.53% from 7.98% for the prior year. The increase was due to the impact of a declining NAV of the Fund and an increase in other expenses as described below.

RECENT DEVELOPMENTS

Pacing Requirements

The Fund is required to invest a prescribed portion of its assets in eligible venture investments as defined in the Community Small Business Investment Funds Act (Ontario) and the Income Tax Act (Canada). As at December 31, 2017, the Fund has not met these requirements. As a result, investment level taxes totaling \$498,211 have been accrued in other expenses by the Fund. These amounts, as well as \$160,233 in investment level taxes previously paid are eligible to be rebated to the Fund as the Fund had returned to compliance in the first quarter of 2018.

The portfolio manager of the Fund, Return On Innovation Advisors Ltd. will only seek suitable eligible venture investments for the Fund in order to continue to meet the investment pacing requirements of the Community Small Business

Investment Funds Act (Ontario) and the Income Tax Act (Canada).

Federal and Provincial Tax Credits

The Government of Ontario ended its involvement with the Labour-Sponsored Investment Fund (“LSIF”) tax credit program with the elimination of the provincial tax credit in 2012. The Federal government also ended its involvement in the

program with the phase-out of the tax credit after 2016.

Related Party Transactions

The Manager, Advisor and ACTRA Toronto Performers (the “Sponsor”) are deemed to be related parties. Please refer to the section titled “Advisor, Sponsor and Management Fees” which outlines fees paid to these related parties.

Financial Highlights

The following tables show selected key financial information about Series I, II, III of the Fund and are intended to help you understand the series' financial performance.

Class A Series I Net assets attributable to holders of redeemable units per unit^{1,2,3}

	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units, Beginning of year	6.92	6.76	7.31	7.24	7.52
Increase (Decrease) in net assets attributable to holders of redeemable units					
Total Revenue	0.11	0.15	0.26	0.33	0.38
Total Expenses	(0.61)	(0.53)	(0.54)	(0.47)	(0.54)
Realized gains (losses) for the year	0.36	0.09	–	0.33	(0.03)
Unrealized gains (losses) for the year	1.17	0.40	(0.19)	(0.11)	(0.09)
Increase (decrease) in net assets attributable to holders of redeemable shares²	1.03	0.11	(0.47)	0.08	(0.28)
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
Total Annual Distributions²	–	–	–	–	–
Net assets attributable to holders of redeemable units	7.97	6.92	6.76	7.31	7.24
Ratios and Supplemental Data					
Total Net assets attributable to holders of redeemable units (000's) ³	32,052	35,660	45,842	62,812	72,943
Number of units outstanding ³	4,019,935	5,153,142	6,776,394	8,594,536	10,074,834
Management expense ratio ⁴	8.39%	7.89%	7.46%	6.41%	7.21%
Management expense ratio before waivers or absorptions	8.39%	7.89%	7.46%	7.48%	7.21%
Trading expense ratio ⁵	.01%	–	–	–	–
Portfolio turnover rate ⁶	25.91%	7.25%	2.62%	22.44%	4.30%
Net assets attributable to holders of redeemable units per unit	7.97	6.92	6.76	7.31	7.24

Class A Series II Net assets attributable to holders of redeemable units per unit^{1,2,3}

	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units, Beginning of year	6.76	6.62	7.16	7.10	7.38
Increase (Decrease) in net assets attributable to holders of redeemable units					
Total Revenue	0.11	0.14	0.24	0.32	0.37
Total Expenses	(0.62)	(0.53)	(0.54)	(0.47)	(0.53)
Realized gains (losses) for the year	0.34	0.09	–	0.32	(0.03)
Unrealized gains (losses) for the year	1.17	0.41	(0.19)	(0.09)	(0.09)
Increase (decrease) in net assets attributable to holders of redeemable shares²	1.00	0.11	(0.49)	0.08	(0.28)
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
Total Annual Distributions²	–	–	–	–	–
Net assets attributable to holders of redeemable units	7.77	6.76	6.62	7.16	7.10
Ratios and Supplemental Data					
Total Net assets attributable to holders of redeemable units (000's) ³	31,194	31,356	37,500	49,151	56,412
Number of units outstanding ³	4,014,528	4,637,658	5,662,983	6,862,958	7,946,574
Management expense ratio ⁴	8.67%	8.08%	7.57%	6.47%	7.25%
Management expense ratio before waivers or absorptions	8.67%	8.08%	7.57%	7.54%	7.25%
Trading expense ratio ⁵	.01%	–	–	–	–
Portfolio turnover rate ⁶	25.91%	7.25%	2.62%	22.44%	4.30%
Net assets attributable to holders of redeemable units per unit	7.77	6.76	6.62	7.16	7.10

Class A Series III Net assets attributable to holders of redeemable units per unit^{1,2,3}

	2017	2016	2015	2014	2013
Net assets attributable to holders of redeemable units, Beginning of year	7.08	6.91	7.45	7.36	7.63
Increase (Decrease) in net assets attributable to holders of redeemable units					
Total Revenue	0.11	0.15	0.26	0.34	0.39
Total Expenses	(0.62)	(0.53)	(0.55)	(0.46)	(0.52)
Realized gains (losses) for the year	0.40	0.09	0.03	0.33	(0.03)
Unrealized gains (losses) for the year	1.15	0.39	(0.18)	(0.09)	(0.09)
Increase (decrease) in net assets attributable to holders of redeemable shares²	1.04	0.10	(0.43)	0.12	(0.25)
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
Total Annual Distributions²	–	–	–	–	–
Net assets attributable to holders of redeemable units	8.15	7.08	6.91	7.45	7.36
Ratios and Supplemental Data					
Total Net assets attributable to holders of redeemable units (000's) ³	688	936	1,395	2,137	2,726
Number of units outstanding ³	84,457	132,263	201,904	286,709	370,235
Management expense ratio ⁴	8.36%	7.77%	7.32%	6.14%	6.82%
Management expense ratio before waivers or absorptions	8.36%	7.77%	7.32%	7.21%	6.82%
Trading expense ratio ⁵	0.01%	–	–	–	–
Portfolio turnover rate ⁶	25.91%	7.25%	2.62%	22.44%	4.30%
Net assets attributable to holders of redeemable units per unit	8.15	7.08	6.91	7.45	7.36

1. This information is derived from the Fund's audited annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").
2. The increase (decrease) from operations is based on the weighted average number of shares outstanding during the financial year. Distributions per share are based on the actual number of shares outstanding at the relevant time. This table is not intended to be a reconciliation of beginning to ending net assets per share. Distributions were paid in cash and either received in cash by the shareholder or reinvested in additional shares of the Fund.
3. This information is provided as at December 31 of the year shown.
4. Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the year.
5. 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.
6. 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 rate in a year, the greater the 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 a fund.

Advisor, Sponsor and Management Fees

The Manager has been retained by the Fund to manage the Fund’s investment portfolio. As compensation for the services to be provided for and on behalf of the Fund by the Manager, the Fund has agreed to pay to the Manager an annual advisor fee of 1.0% of the NAV of the Fund.

ACTRA Toronto Performers has agreed to be the Sponsor of the Fund. The Sponsor owns all of the Class B Shares in the capital of the Fund and is required under the Ontario Act to elect a majority of the Board of Directors. The Fund pays the Sponsor an annual fee of 0.25% of the NAV of the Fund, calculated and paid monthly in arrears.

The Manager has been retained by the Fund to develop and implement all aspects of the Fund’s sales, marketing, distribution and communications strategies; organize the retention and supervision of service providers; develop and refine the investment strategy; and manage the ongoing business and administrative affairs of the Fund. As compensation for the services, the ROI Fund has agreed to pay to the Manager an annual management fee of 2.5% of the NAV of the Fund. The major services paid by the management fees by series expressed as an approximate percentage of the management fees are summarized as follows:

Series	I	II	III
Dealer Costs	0.00%	0.00%	0.00%
Other Fees*	100.00%	100.00%	100.00%

* Includes general and administration fees, marketing fees, and profit.

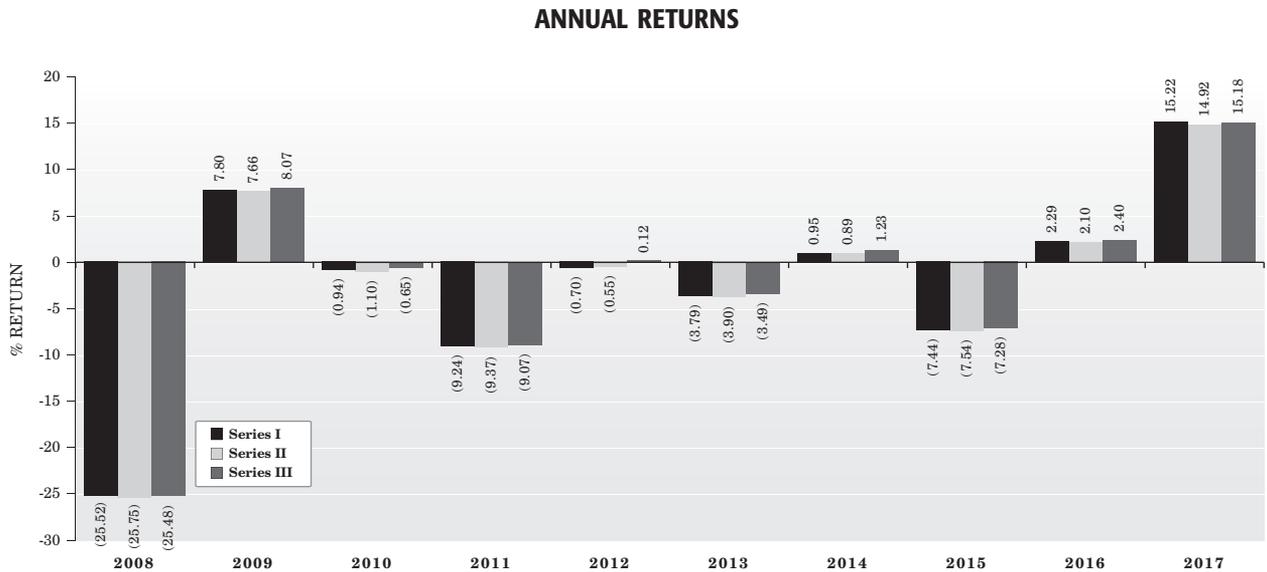
The Manager has also been retained by the ROI Fund to pay sales commissions on behalf of the Fund and provide services in connection therewith. As compensation for these services, the Fund has agreed to pay to the Manager an annual financing fee of 0.4% of the NAV of the Fund, as well as an annual base financing fee equal to the aggregate of 1.25% of the original purchase price of Class A Shares, Series I and 0.75% of the original purchase price of Class A Shares, Series II issued after January 1, 2004 that remain issued and unredeemed, provided that such fee ceases for any such shares retained for more than eight years.

Past Performance

The performance presented below is historical. The past performance information shown includes changes in security value; assumes the reinvestment of all dividends in the periods shown in additional shares of the Fund; and does not take into account sales, redemptions, dividend or optional charges, or income taxes payable by any investor, which would have reduced returns. It is important to note that past performance of the Fund does not represent how well the Fund will perform in the future.

Year-by-Year Returns

The following bar chart shows the Fund’s annual performance for each of the years shown and illustrates how the Fund’s performance changes year to year. The chart shows in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



Annual Compound Returns

The table below summarizes the ROI Fund’s historical compound total returns at December 31, 2017. As a basis of comparison, we have provided the returns of the Canadian Investment Funds Standard Committee Retail Venture Capital Index (“CIFSC Retail Venture Capital Index”) and the S&P/TSX SmallCap Index as at December 31, 2017. The CIFSC Retail Venture Capital Index is an equally weighted average of mutual funds within the Labour-Sponsored Investment Fund asset class. The S&P TSX SmallCap Index is a portfolio index of the Smallcap market segment of the Canadian equity market.

COMPOUND RETURNS – %	5 YEARS	3 YEARS	1 YEAR
Series I	1.02%	2.94%	15.22%
Series II	0.92%	2.76%	14.92%
Series III	1.29%	3.03%	15.18%
S&P/TSX Small Cap Index	5.32%	7.24%	2.75%
CIFSC Retail Venture Capital	(4.95%)	(5.01%)	(0.47%)

Summary of Investment Portfolio as at December 31, 2017

The summary of investment portfolio will change due to ongoing portfolio transactions of the investment fund.

Asset Mix	% of Series I, II, III Net Asset Value
Marketable Securities	56.26%
Short-term investments	12.44%
Venture portfolio	30.00%
Other investments	2.98%
Liabilities, net of other assets	(1.68%)
Total	100.00%

TOP 25 HOLDINGS

(Note: Fund only has 8 holdings)

TOP 25 HOLDINGS (Note: Fund only has 8 holdings)	% of Series I, II, III Net Asset Value
Toronto Waterfront Studios Inc., – Class A common shares	30.00%
iShares S&P/TSX 60 Index ETF	17.79%
Apple Inc.	16.58%
iShares S&P/TSX Capped REIT Index ETF	14.33%
CIBC Mellon Trust Demand Deposit, variable rate	12.43%
iShares Core Canadian Short Term Bond Index ETF	7.56%
Dorel Industries, 5.50%	2.98%
BNY Mellon US\$ Deposit Trust Reserve, variable rate	0.01%
Total holdings as a percentage of net asset attributable to holders of redeemable units	101.68%
Total Fund Net Asset Value	\$63,934,297

The most recent annual report or semi-annual report is available at no cost by calling 1-866-764-3863, by writing to us at 43 Front Street East, Suite 301, Toronto, Ontario M5E 1B3 or by visiting our website at www.roicapital.ca.

Caution Regarding Forward-looking Statements

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates” or negative versions thereof. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors. Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events. It should be noted that the above-mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Furthermore, the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.



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