

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 as required to meet the pacing requirements of the Fund. 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, and qualified investment contracts.

Investment Strategy

To seek to achieve its investment objective, the ROI Fund endeavors 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 and corporate debt obligations. Although Class A Shares, Series IV – Private Placements will not invest in publicly-traded equity securities, it may acquire such securities as a result of in-kind payments of interest and capital on permitted debt obligations. As the Return On Innovation Advisors Ltd. (the "Manager") believes that a critical component of portfolio risk management is diversification, the ROI Fund will diversify its investments. In all cases, the ROI Fund 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 are primarily subordinated, secured debentures. The fair value of these securities is influenced by interest rates. As such, interest rate risk will always be a factor in this Fund. As at December 31, 2017 there were no venture investments in the Fund.

Credit risk remains a factor as the venture investments, when made, are made in small to medium sized private businesses and are generally subordinated to senior lenders. In addition, the Fund invests in subordinated debentures which are subject to credit risk. In addition, the Fund invests in subordinated debentures which are subject to credit risk.

There are risks associated with investing in these debentures. 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 Fund does not invest in publicly traded equity securities and does not have exposure to foreign securities. 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 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. As at December 31, 2017, there were no assets held for which there is not a published market. 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. The commentary that follows provides a summary of the results of operations for the period ended December 31, 2017.

Financial Performance

Total net assets at December 31, 2017 were \$41,889,212 down from \$47,013,453 at the prior year end.

During the year ended December 31, 2017, the Fund had redemptions of \$2,629,456 and a decrease in net asset from operations of \$2,494,785. The Fund is no longer accepting new subscriptions.

Investment Performance

For the year ended December 31, 2017, the Fund returned (5.55%). Please refer to the past performance section for additional performance information.

Since December 31, 2016, the Fund had a decrease in net assets attributable to holders of

redeemable shares of \$2,494,785. The decrease was composed of a \$1,919,221 loss from operations and \$575,564 in realized and unrealized losses on investments. The realized and unrealized losses on investments are made up of \$1,471,743 in net realized losses on investments and a \$896,179 net change in unrealized gains.

The Fund invests in TSX listed debentures and purchases its interest in these debentures at the Initial Public Offering ("IPO") of the debenture at par or, more frequently, through the secondary market at the prevailing market price. The market price maybe lower or higher than the par value. Typically, a debenture will mature or be repaid early by the issuer at par and investors will experience a gain or a loss on their investment if they purchased the debentures at a discount or a premium to par respectively. Investors in a debenture will also receive interest on their investment from the issuer and the interest income is not considered in the realized or unrealized gain or loss of the securities.

The Manager of the Fund evaluates the interest income or coupon on a bond and the yield to maturity on the bond in assessing the likelihood that the Fund will generate a net gain by investing in the debenture and receiving the interest income and the potential gain or loss. Generally, the Manager holds the debentures until maturity or when they are repaid by the issuer.

During the year the Fund earned \$1,708,890 in interest income offset by \$575,564 in net realized and unrealized losses. It is the long-term view that the interest income will be higher than any realized or unrealized gains on the debenture portfolio on the assumptions that none of the issuers default on their debenture commitments. None of the listed debentures the Fund has invested in to date have incurred a default.

Investment Activity

At December 31, 2017 the Fund had no venture investments remaining. The securities portfolio represented 56.93%, short-term investments represented 47.80% and liabilities, net of other assets represented 4.72% of net assets. The securities portfolio consists primarily of convertible unsecured subordinated debentures of varying maturities totaling \$23,845,982.

The income of the Fund is comprised of interest income on other securities in the amount of \$1,708,890. The income from the securities portfolio was down year over year, as the portfolio size has decreased due to redemptions and to ensure there is liquidity on hand for anticipated redemptions. In addition, the size of the securities portfolio has varied during the year as issuers have repaid their outstanding debentures prior to maturity. The Fund would receive large inflows of cash from the repaying issuers and it would take time to reinvest that cash into new securities given the liquidity constraints of the debenture market.

As at January 1, 2017 the Fund had invested \$38,881,556 in the following debentures, ONEREIT 5.45%, Northwest Healthcare REIT 7.500%, First Capital Reality 5.25%, First Capital Reality 5.40%, First Capital Reality 4.75%, Crombie Real Estate 5.00%, H&R REIT 5.40%, Superior Plus Corporation 6.00% and Killam Apartment REIT 5.45% which represented 88.62% of the securities portfolio. During the period all these securities were repaid by the issuer.

As at December 31, 2017 the Fund has invested \$18,784,392 in the following debentures, AG Growth International Inc. 4.50%, Morguard REIT 4.50%, Exchange Income Fund 5.25%, First Capital Reality 4.45%, Chemtrade Logistic 5.25%, Atrium Mortgage 5.50%, Northwest Healthcare REIT 7.25%, Element Fleet Management 4.25% and Just Energy Group 6.75% which represents 78.77% of

the securities portfolio. During the period all these securities were new securities to the Fund. The Fund also added \$812,840 to existing securities and during the period Smart REIT purchased ONE REIT and in turn, converted one of the debentures that the Fund continues to hold.

As at January 1, 2017 the Fund held \$3,013,058 in cash and short-term investments or approximately 6.41% of the Fund and as at December 31, 2017 the Fund held \$20,020,068 in cash or approximately 47.79% of the Fund. The Fund will utilize the cash to Fund redemption requests and continue to invest in debentures.

As at January 1, 2017 the Fund held \$43,874,906 in debentures or 93.32% of the Fund and as at December 31, 2017 the Fund held \$23,845,982 in debentures or 56.93% of the Fund. The Fund will continue to invest in debentures although, it is anticipated that various issuers will likely repay their debentures in advance of maturity. During 2017 the Fund has increased the number of issuers that it has invested into and invested in more liquid debentures in attempt to diversify and reduce the impact on the Fund in the event that an issuer repays their debenture prior to maturity. Furthermore, the Fund has invested in more debentures that are not real estate back issuers and are backed by an operating business.

Going forward, the portfolio advisor will consider new venture investments when prudent 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 potential redemption requests in the future.

Fees and Expenses

Total expenses for the year were \$3,628,146. On an absolute basis, expenses decreased slightly from \$3,650,828 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 ratio ("MER") increased to 8.15% vs 7.53% in the prior year. The increase was due to the impact of a declining NAV of the Fund and the aforementioned increase in other expenses.

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 had not met these requirements. As a result, investment level taxes totaling \$318,949 were accrued in other expenses by the Fund. These amounts, as well as \$110,858 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 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 IV of the Fund and are intended to help you understand the series' financial performance.

Class A Series IV 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	9.48	9.91	10.08	10.57	10.57
Increase (Decrease) in net assets attributable to holders of redeemable units					
Total Revenue	0.36	0.45	0.57	0.62	0.67
Total Expenses	(0.76)	(0.73)	(0.72)	(0.72)	(0.70)
Realized gains (losses) for the year	(0.31)	0.00	(0.12)	(0.02)	(0.19)
Unrealized gains (losses) for the year	0.19	(0.15)	0.09	(0.07)	(0.08)
Increase (decrease) in net assets attributable to holders of redeemable shares²	(0.52)	(0.43)	(0.18)	(0.19)	(0.30)
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
Total Annual Distributions²	–	–	–	–	–
Net assets attributable to holders of redeemable units	8.95	9.48	9.91	10.08	10.27
Ratios and Supplemental Data					
Total Net assets attributable to holders of redeemable units (000's) ³	41,889	47,013	49,749	51,058	52,385
Number of units outstanding ³	4,680,055	4,960,895	5,022,602	5,063,840	
Management expense ratio ⁴	8.15%	7.53%	7.06%	7.05%	6.64%
Management expense ratio before waivers or absorptions	8.15%	7.53%	7.06%	7.05%	6.86%
Trading expense ratio ⁵	–	0.01%	0.01%	0.03%	–
Portfolio turnover rate ⁶	70.70%	50.92%	13.68%	19.08%	3.88%
Net assets attributable to holders of redeemable units per unit	8.95	9.48	9.91	10.08	10.27

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 of 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 to manage the ongoing business and administrative affairs of the Fund. As compensation for the services, the Fund has agreed to pay to the Manager an annual management fee of 2.3% of the Series IV 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	IV
Dealer Costs	12.99%
Other Fees*	87.01%

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

To the extent that management fees did not fully cover the cost of services provided to the Fund, the difference was funded directly by the Manager.

The Manager has also been retained by the 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 1.5% of the original purchase price of Class A Shares, Series IV (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 IV	(3.36)%	(3.89)%	(5.55)%
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 IV Net Asset Value
Other securities	56.93%
Short-term investments	47.80%
Other Assets, Net of Liabilities	(4.73)%
Total	100.00%

TOP 25 HOLDINGS (Note: Fund only has 13 holdings)	% of Series IV Net Asset Value
CIBC Mellon Trust Demand Deposit, variable rate	47.80%
Morguard REIT, 4.50%	21.11%
Smart REIT, 5.500%	6.53%
Element Fleet Management Corp., 4.25%	5.81%
AG Growth International Inc., 4.50%	4.18%
Crombie REIT, Series 'E', 5.25%	3.70%
Just Energy Group Inc., 6.75%	3.70%
Exchange Income Corp., 5.25%	3.56%
Chemtrade Logistics Income Fund, 5.25%	3.29%
Northwest Healthcare Properties REIT, Series 'F', 5.250%	1.86%
Atrium Mortgage, 5.50%	1.52%
Northwest Healthcare Properties REIT, Series 'C', 7.25%	1.06%
First Capital Realty Inc., 4.45%	0.61%
Total holdings as a percentage of net asset attributable to holders of redeemable units	104.73%
Total Fund Net Asset Value	\$41,889,212

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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