QUARTERLY REPORT

2017: Third Quarter Highlights

FOSTER & ASSOCIATES

The third quarter of 2017 saw the model portfolio continuing to grow nicely, with a gain of 1.2%. The themes of this quarter were very similar to our last report, with our alternative investments performing as designed, although the stock portfolio was held back slightly by the declining US dollar.

Our alternative investments (alts) continued to shine this quarter, appreciating by 1.8%. We are quite happy with the 8.7% they have returned since the inception of the program in August 2016. While we remain focused on the diversification benefits they bring to the overall portfolio, it is nice to see strong gains in some of the individual investments. We would love to see Kensington Private Equity Fund rise another 12.2% in 2018.

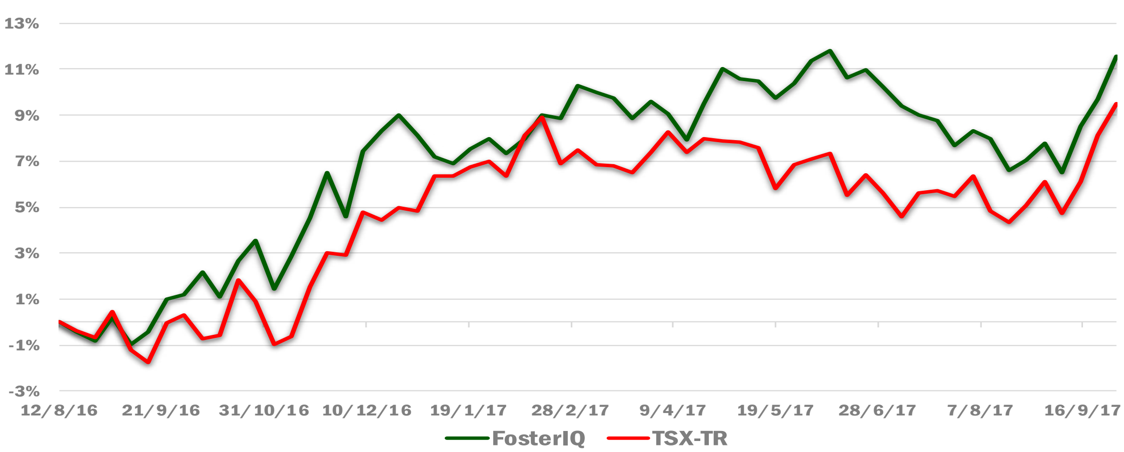
For the second straight quarter our performance was impacted by the weak USD, which declined by 3.8% versus the CAD. We firmly believe our USD exposure gives Canadian investors some much needed diversification away from home, and that in the long-term hedging is unnecessarily expensive. It does, however, take discipline to stick to these ideals when the currency is eating into our gains.

See our 1 year review on page 4

	2017 Q3	Since Inception (Aug 2016)
FIQ Model Portfolio	**1.21%**	**11.58%**
S&P/TSX-TR	3.68%	9.51%
FIQBM Index	1.54%	12.32%

FosterIQ Model Portfolio compared to S&P/TSX-TR Index

Since inception of the FIQ Model Portfolio in August 2016



DISCLAIMER: Net returns are stated in Canadian dollars and are the actual returns of the first portfolio in our FosterIQ Managed Account Program (the Model Account). This account is charged a 1% per year management fee, accrued monthly (standard on investments over C$ 1.0 mil). Different portfolios' performance in this program will be higher or lower than the above reported performance of the program depending on several factors, such as fee levels, starting point, investment amount, asset allocation, government taxes (if any).

The S&P/TSX Composite Total Return Index (S&P/TSX-TR) is a capitalization-weighted index of stocks traded on the TSX. It is not an investable index and as such is not a direct comparison to an investment in the FosterIQ program, and should therefore the returns should be considered hypothetical in nature and for illustrative purposes only.

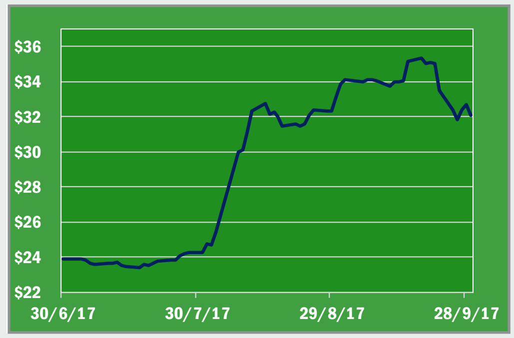
EQUITY MARKETS

Equities currently account for 68.7% of the overall model portfolio. US market exposure is currently 56.9%, with Canada at 34.6% and International exposure at 6.6%. These percentages are almost unchanged compared to Q2. Please be reminded, that this equity exposure is designed for our more aggressive investors. An investor with a shorter time horizon or lower risk appetite would have a lower exposure to equities.

A few highlights from Q3:

Great Canadian Gaming (GC-TSX) $32

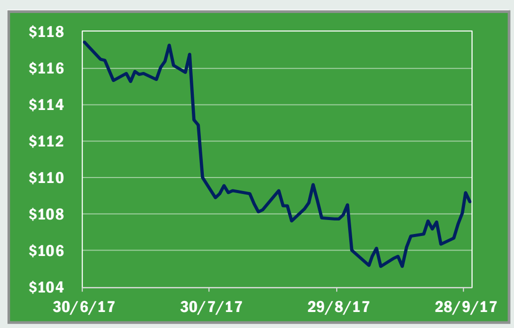
Great Canadian Gaming became one of our best performing stocks after they landed a lucrative contract to redevelop and operate casinos in the Greater Toronto Area. This contract was in partnership with Brookfield Business Partners and allows Great Canadian Gaming to operate the properties for a minimum of 22 years. Investors are excited about the GTA investment as the company is a proven operator, running a near monopoly in the B.C. gambling market for many years. The Toronto public has spoken very loudly in the recent past about its opposition to a casino closer to the downtown core of the city, making it appear like Great Canadian Gaming is locking down another regional monopoly. Great Canadian shareholders are hoping for steady profits from the GTA area for many years to come.



All amounts in C$

George Weston (GW-TSX) $108.50

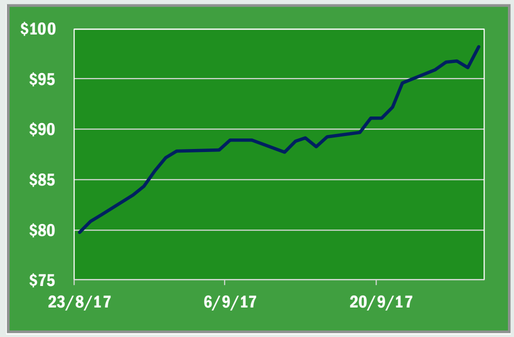
On June 15th the North American grocery market was turned on its head when Amazon bought Whole Foods for $13.7 billion. When Amazon enters a new industry investors become concerned that they will 'disrupt' the current way of doing business, and for good reason. Amazon has completely upended the retail and cloud servicing markets in the past. While we are concerned, this time does seem different...so far. Whole Foods operates 13 locations in Canada, whereas through its subsidiaries George Weston has an ownership interest in over 2,000 stores. We will watch the entire industry closely, as we do not like to do long-term investing in an industry that is going through massive technological change and may be in permanent decline.



All amounts in C$

Universal Forest Products (UFPI-NASDAQ) $98

A wood and wood alternatives company, Universal Forest Products was the perfect storm in our portfolio. Purchased on August 23rd at just under $80, the forces of nature quickly turned UFPI into a profitable investment when, on August 25th, Texas experienced its first hurricane in 12 years. Leaving little time for the United States to recover, on September 10th a destructive category 4 hurricane named Irma slammed into the west coast of Florida. One of the realities of the business world is some companies see increased demand for their products in times of tragedy. Lots of wood will be required to rebuild parts of Texas and Florida and Universal Forest Products' wood will be in high demand. The large gains in the stock price can be attributed to this new demand.



All amounts in US$

ALTERNATIVES

Our Alternatives allocation remains at 30%, which is close to our preferred target exposure.

Our approach to alternatives is what makes FosterIQ an institutional-style program. While many investors are attracted to alternative investments for the high-octane returns they can sometimes offer, our interest is in the protection and diversification they can provide. So, while we obviously want to make money, we look to them to moderate declines in our overall account values during times of stress.

For that reason, you typically won't see any double-digit returns in our alternative investments. But ideally, we will see slow and steady returns through thick and thin.

Before we allocate to any alternative investment, we subject the manager to a thorough due diligence process before being approved by our Investment Committee. Currently, our allocations are to the following funds:

Polar Multi-Strategy Fund LP
Sprott Bridging Finance Trust
Sprott Private Credit Trust II
Westboro Mortgage Company Inc.
Kensington Private Equity Fund
Timbercreek Four Quadrant Fund

BOND MARKETS

Our fixed income exposure is currently at zero. Our view of traditional notes and bonds is that they don't present enough reward to compensate for the multi-year marked-to-market losses they could suffer if yields continue to trudge higher.

MONEY MARKETS

At the end of the quarter cash was about 1.34% of our portfolio. Cash is expected to fluctuate between 1-3% of portfolios until the end of the year. Our preferred cash instrument is currently the NBC200 which yields 1.2% per annum.

First Year Review

In August we passed the one year anniversary of FosterIQ being open to the investing public and although we are very pleased with the results, we continuously work to improve the program.

A number of changes have been made to FosterIQ in the past year including; multiple alternative investment options added to our platform, an allocation to international equity markets through exchange traded funds (ETFs), and multiple small changes to our equity selection model, which we expect to improve returns.

Alternative Assets

For many years the largest institutional asset managers in the world have been investing in the alternative investment market with great success. In the United States high net worth investors have also embraced them turning alternative asset managers such as Blackrock and Bridgewater Associates into some of the largest companies on the planet. In this time alts have been proven to be a great diversifier in portfolios and something all investors should pay serious attention too. Which is why it's disappointing that Canadian asset managers have been so slow to utilize them. A heavy allocation to alterative assets is what separates FosterIQ from many other portfolio management products.

We started FosterIQ with 5 great alts – Polar Multi-Strategy Fund LP, Sprott Bridging Income Finance Trust, Sprott Private Credit Trust II, Westboro Mortgage Company Inc. and the Kensington Private Equity Fund.

All have performed reasonable well over the past 12 months and provided the benefits we planned for, lower overall volatility in the portfolio without significantly diluting returns. Very worth noting is the financial theory that appeared in our alternative returns, the funds with the more punitive liquidity restrictions had the highest returns.

We are now up to 7 different approved alts on the platform after adding the NextEdge Private Debt Fund and Timbercreek Four Quadrant Fund. We are excited about adding the Timbercreek Four Quadrant Fund to portfolios in Q4.

International Markets

In December 2016 the European and Japanese markets were trading at a discount to the United States, which presented an investment opportunity. To take advantage of the situation we decided the best way to get the exposure we wanted was through equity ETFs. The ETFs hold shares in many different companies, giving us the diversification in these markets that we would be unable to achieve without them. We continue the policy of only investing in developed markets – for example you'll never see a South American investment in our portfolio.

Equity Selection Model

While the core of the FosterIQ equity selection model has stayed the same, we made multiple small changes to the model that we are very excited about.

The largest change was to the Energy and Financial sectors where we were able to identify new factors that allow us to view those sectors separately from the rest of the market.

What defines a FosterIQ Managed Portfolio?

"I" stands for an institutional approach to diversification. "Q" stands for a quantitative and disciplined approach to stock selection.

The FosterIQ Managed Portfolio program is focused strongly on True Diversification.

For us, that means holding a carefully selected portfolio of traditional assets and alternative investments that attempts to provide stable performance for the long term. It's not a fund, but rather an overall approach that can be implemented across a variety of different client portfolios – RRSPs, TFSAs, taxable accounts, etc.

We divide our investment universe into Four Pillars:

Equities,
Alternatives,
Fixed Income
and, Cash

and we very carefully allocate among them.

New investors may be surprised by the prominence we give to Alternatives, but it's our belief that carefully selected alternative investments can provide much-needed shelter in times of stress, and thereby improve investor outcomes.

FosterIQ Investment Definitions

Traditional Investments:

- Stocks
- Bonds
- Notes and preferred shares
- Money market instruments

Alternative Investments:

- Real Estate
- Alternative Lending
- Multi-Strategy Funds
- Mortgage Investment Companies
- Precious Metals
- Private Equity

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