QUARTERLY REPORT

2018: Second Quarter Highlights

Managed Portfolios

Our FIQ model portfolio returned 3.73% in Q2, after fees, aided somewhat by a 1.5% decline in the value of the Canadian dollar vs the US dollar.

It's certainly a welcome surprise how well financial markets recovered in the second quarter, and in light of the ongoing trade war between the US and pretty much everyone (except Russia) we could have rationally expected much worse results. That said, we fear Canada is vulnerable now to a continuation of these conditions, so are taking steps to get lighten up slightly on our exposure to local markets.

One of the reasons that we hold so much in non-Canadian dollar assets is that - like last quarter - the Canadian dollar can act as a shock-absorber for us, since the Canadian dollar has a tendency to weaken when the skies darken. Q2's decline in the Canadian dollar definitely had President Trump's fingers all over it; crude oil was up $10 per bbl during Q2, which normally would have been a strong tail-wind for the currency, but the threat to NAFTA, and in turn our auto sector, kept the US dollar strong.

Canadian energy stocks were the bright spot in equity markets in Q2, shooting the lights out with a 14% gain, perhaps not a surprise given crude's big rally, and leading the TSX to a 6.7% gain for the month.

	2018 Q2	Since Inception (Aug 2016)
FIQ Model Portfolio*	**3.73%**	**18.01%**
S&P/TSX-TR*	6.77%	16.61%

Generally, we continue to be slightly nervous, but not ready to decrease our equity allocation again quite yet. Our exposure to top-quality and short-dated bonds, and our solid allocation to alternatives makes us confident we can weather whatever storm may come our way.

(continued next page)

FIQ Model Portfolio Performance

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 FIQ Managed Portfolio 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.

Our Alternative Investments continue to be a source of great joy for the portfolio management team, turning in a solid 3% return for the quarter, with very little volatility. One of our holdings, however, the Polar Multi-Strategy Fund, is proving a bit of a worry at the minute. While Polar is a blue-chip Canadian hedge fund operator, with a great long-term track record, it's becoming evident that the arbitrage opportunities they pursue are also being aggressively pursued by number of other international investment groups, such as sovereign wealth funds and some new mega-cap hedge funds. So, for the moment, fruitful opportunities may be drying up. (Other modules (bonds, money market) stay the same.

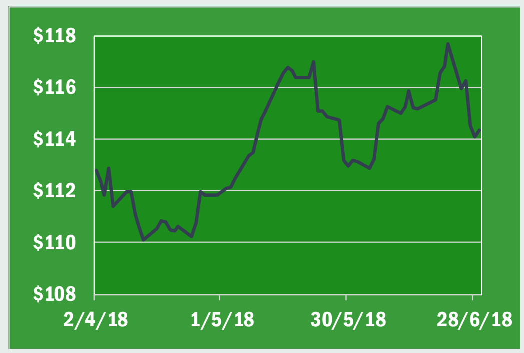
EQUITY MARKETS

Equities currently account for 55.6% of the overall model portfolio. US market exposure is currently 61.4%, with Canada at 32.1% and International exposure at 6.5%. 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 choices from Q2:

Canadian Imperial Bank of Commerce (CM – TSX) $114

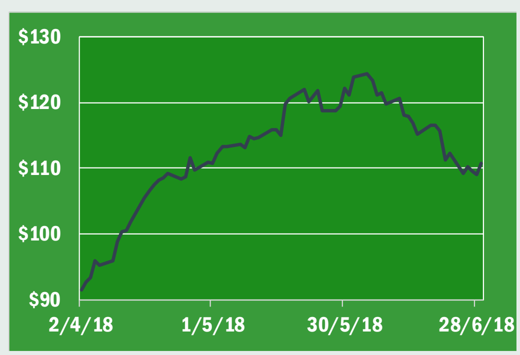
Essentially flat this quarter, CIBC hasn't done much since it was added to portfolios in Q1 2018. Canadian banks in general have lagged over the past year, especially CIBC which has underperformed all of the Big 5 except Scotiabank. As interest rates have started to rise, investors are worried about the state of Canadian's personal finance and the Toronto/Vancouver real estate markets which has been red hot for the last decade. On the positive side, CIBC has a nice capital buffer and has started buying back its own shares.



All amounts in C$

Valero Energy (VLO – NYSE) $111

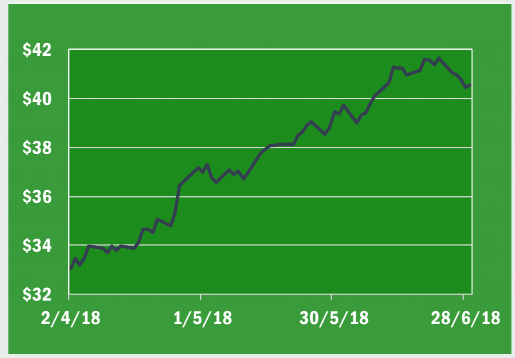
Handily outpacing its peers, Valero benefited from the rise in crude oil prices and continued to be the best performing company in our portfolio. Its strong cash position has afforded the company the ability to use the cash it generates from operations to fund a buyback program. The stock has almost doubled since it was purchased, but management, analysts and investors believe there are more good times ahead.



All amounts in US$

TFI International (TFII – TSX) $40.50

Benefiting from the rise in online deliveries, the multinational trucking company TFI International continued to report strong earnings. While Amazon and the rise of internet retailers have hurt traditional brick and mortar businesses, it has been very profitable to shipping companies like TFI which have seen a dramatic rise in the number of people who want packages delivered directly to their doorstep. TFI has continued to increase in size which will allow it to navigate the quickly changing technological landscape. Advances in engine technology and self driving software will only make TFI more profitable in the long-run



All amounts in C$

ALTERNATIVES

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

Our approach to alternatives is what makes FIQ 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
Ninepoint Bridging Income Fund LP
Westboro Mortgage Company Inc.
Kensington Private Equity Fund
Timbercreek Four Quadrant Fund

BOND MARKETS

Our overall fixed income exposure is 11.3%. We are invested in two fixed income ETFs which provide the diversifying benefits we require. The ETFs are a mix of government and corporate bonds. We do not have any high yield exposure.

MONEY MARKETS

At the end of the quarter cash was about 2.9% of our portfolio. Cash is expected to fluctuate between 1-3% of portfolios. Our preferred cash instrument is currently the DYN6002 which yields 2.0% per annum..

Our core beliefs

We pride ourselves in a disciplined and rigorous approach to Portfolio Management. While Foster continuously invests in technology, we're not robots. Politics, market trends, and the business cycle will all cause us to think differently about the way we invest our clients' money. However, there are a few things you can count on from us, through good markets and bad, through recessions and bouyant recoveries.

Asset Allocation is Key. While some individual securities will do well, and some less well, most of what will make or break your portfolio over time is asset allocation. Of course, we all remember our great buys, and mourn our missteps, but the key to how well you do in the markets will come from how much you owned of various asset classes, and when you owned them.

Markets are Efficient, but not completely. Just buying an index can sometimes be the right decision, especially in far flung markets, but there are still some market inefficiencies that even retail investors can take advantage of. Small companies tend to do better than very large ones, and the market tends to under-price value stocks, to name but two.

Costs matter a Great Deal. Over time, even small increases in costs can lower returns. If you pay us to manage your money, we will pinch your pennies for you. That means wherever possible we will own securities directly, and not use third party fund managers to invest for you. If for whatever reason we need to buy a fund, low-cost ETFs will be the way we go.

We Love Canada, but... it's not where we want to put all your money. The Canadian stock market is heavy on banks and resource companies, making True Diversification hard to achieve. Venturing abroad can improve returns and lower volatility. You'll also find companies where Canada isn't as strong, such as in consumer staples and biotechnology.

Alternatives aren't that Scary. Sure, some hedge funds can be dangerous, but there's more to the Alternatives space than hedge funds. There's private debt, real estate, infrastructure and market-neutral funds, all of which can provide a place of refuge during periods of excessive market volatility.

Liquidity is good, but Illiquidity isn't always Bad. What we mean by that is that investors are often rewarded for a lack of liquidity. Private Equity, for example, has had great returns over the years, and is a good diversifier. Problem is, it can be hard to get out of a private equity investment on short notice. Of course, this is not great if you need access to your money right away. But for a portion of your portfolio that you DON'T need access to right away, the trade-off can be well worth it.

What defines an FIQ Managed Portfolio?

Our Portfolio Managers take both an Intelligent and strong Quantitative approach to investing. We never invest on emotion.

The FIQ Managed Portfolio program isn't a fund. It's an overall approach that can be implemented across a variety of different client accounts – RRSPs, TFSAs, taxable accounts etc. It's a carefully selected, diversified portfolio of traditional assets and alternative investments, all designed to provide our clients with a customized balance of risk and stability.

We carefully divide our asset allocations through the Foster 4, four specific investment pillars:

Equities;
Alternatives;
Fixed Income; and,
Cash.

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.

Our Quantitative approach to stock selection and portfolio building uses a proprietary equity selection model that anlayzes both US and Canadian equities to find the best investments for your portfolio.

FIQ Managed Portfolio 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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