

MARTIN, LUCAS & SEAGRAM LTD.
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January 26, 2017

Rec'd Jan 27/17.

Mr. Patrick Mahoney,
Axxima,
36 Toronto Street, Suite 510
Toronto ON M5C 2C5

Dear Patrick:

Re: Canadian Lawyers Liability Assurance Society

Please find enclosed our quarterly investment report for the period ending December 31 last on the Short and Long Term Fund last for CLLAS, together with a copy of our accounts, the originals of which have been sent to RBC Dexia Investor Services for payment.

After showing little net change early in the fourth quarter, domestic bond prices fell back immediately following the U.S. election and prices continued to soften over the balance of the quarter. As a result, the valuation of the Long Term Investment Fund moved lower.

During the quarter in the Long Term Investment Fund, a corporate and government bond matured, and the resulting proceeds, along with a portion of the cash reserve in the Short Term Fund, were used to introduce two new medium term corporate bonds to the list, as well as a new medium term government and provincial issue. Further activity involved the roll-over of maturities in the Short Term Investment Fund.

Turning to compliance matters, as required under new regulations, which are referred to as the "Client Relationship Model, Phase 2", detailed reports must be provided annually setting out each portfolio's investment management fee and investment performance, calculated using the money-weighted method. Accordingly, additional schedules have been attached to this report to meet these requirements and going forward these schedules will be provided annually with the December quarterly report. This performance methodology takes into account the impact of the investor's contributions to or withdrawals from the portfolio and means that the returns shown are personal to the investor.

Please let us know if you have any questions or comments on the report.

With best regards,

Yours sincerely,



RWB/mab
Enclosures

CLLAS
CANADIAN LAWYERS LIABILITY
ASSURANCE SOCIETY

INVESTMENT REPORT
DECEMBER 31, 2016

MARTIN, LUCAS & SEAGRAM LTD.
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CANADIAN LAWYERS LIABILITY
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COMMENTARY FOR THE QUARTER ENDING DECEMBER 31, 2016

Review of Market Yields

Following an uptick early in the fourth quarter, bond yields held fairly steady until the U.S. elections. Yields then moved sharply higher and continued to climb until late in December. While the 3-Month Treasury Bill yield ended the quarter slightly lower, the balance of the curve shifted higher, and the increase in yields rose as the term increased. As a result, the 10-year Canada yield experienced the largest increase, with a gain of 72 basis points.

The slight downtick at the short end of the curve and the significant rise in 10-year yields caused a noticeable steeping in the yield curve. At the end of December, the yield advantage of 10-year issues over Treasury Bills had increased to 126 basis points, compared to just 47 basis points three months earlier.

	Jan. 1/95	Jun. 30/16	Sep. 30/16	Dec. 31/16
3-Month Treasury Bills	6.80%	0.48%	0.53%	0.46%
5-year Canadas	8.99%	0.57%	0.62%	1.11%
10-year Canadas	9.09%	1.06%	1.00%	1.72%

During the quarter, in the Short Term Investment Fund, activity involved the roll-over of money market securities.

In the Long Term Investment Fund, a corporate and government bond matured, and the resulting proceeds, along with a portion of the cash reserve in the Short Term Fund, were used to introduce two new medium term corporate bonds to the list, as well as a new medium term government and provincial issue.

During the fourth quarter, the market value of the Long Term Investment Fund holdings declined by \$102,346, which represents a capital decrease of 2.1%.

At December 31, 2016, the average term to maturity of the Long Term Investment Fund stood at 4.6 years.

The table below shows the distribution of the assets held in both the Short and Long Term Investment Funds at December 31.

<i>Distribution at December 31, 2016</i>	<i>Valuation</i>	<i>%</i>
Short Term Investment Fund	\$11,621,795	69.3%
Long Term Investment Fund	5,150,310	30.7%
TOTAL COMBINED VALUATION	\$16,772,106	100.0%

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CANADIAN LAWYERS LIABILITY **ASSURANCE SOCIETY**

The following pages set out tables, commentary and schedules on the items listed below:

- Total Returns vs. Benchmarks - Gross and Net of Fees
- Distribution of Securities in the Long Term Investment Fund by Credit Risk and by Maturity
- Compliance Statement
- Quarterly Performance Report - Gross of Fees: Long Term Investment Fund
- Bond Market Commentary and Future Policy
- Security Holdings in the Short and Long Term Investment Funds Listed and Valued Separately as at December 31, 2016
- Security Purchases and Sales
- Cash Reconciliations
- External Individual Credit Rating Report

CLLAS

LONG TERM INVESTMENT FUND

TIME-WEIGHTED RATES OF TOTAL RETURN FOR PERIODS ENDING DECEMBER 31, 2016

	3 Years	2 Years*	1 Year	Last 3 months
Long Term Investment Fund – Gross of Fees	3.01%	2.23%	0.96%	-1.44%
Long Term Investment Fund – Net of Fees	2.72%	1.93%	0.67%	-1.51%
Benchmark Portfolio **	3.40%	2.38%	1.26%	-1.55%

* Annualized

** The Benchmark Portfolio is based on the sum of the following total return indices:

60% Canada Short Bond Index
40% Canada Mid Bond Index

SHORT TERM INVESTMENT FUND

TIME-WEIGHTED RATES OF TOTAL RETURN FOR PERIODS ENDING DECEMBER 31, 2016

	Since Inception Oct. 1/08 *	3 Years*	2 Years *	1 Year	Last 3 Months
Short Term Investment Fund – Gross of Fees	0.77%	0.67%	0.56%	0.57%	0.14%
Short Term Investment Fund – Net of Fees	0.65%	0.56%	0.45%	0.46%	0.12%
Benchmark Portfolio **	0.73%	0.64%	0.52%	0.47%	0.12%

* Annualized

** The Benchmark Portfolio, adopted from October 1, 2008, is based 100% on the total return index of the 30-day Treasury Bill Index

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LONG TERM INVESTMENT FUND

DISTRIBUTION OF SECURITIES BY CREDIT RISK
(Based on Market Values)

	Dec. 17/13	Mar. 31/16	Jun. 30/16	Sep. 30/16	Dec. 31/16
Bonds, Treasury Bills & Cash Less than 1 year term	100.0%	16.8%	16.6%	21.2%	10.4%
Canadas Greater than 1 year term		19.5%	19.6%	19.2%	23.8%
Provincials Greater than 1 year term		31.2%	31.3%	31.6%	31.9%
Corporates Greater than 1 year term		32.5%	32.5%	28.0%	33.9%
TOTAL PORTFOLIO	100.0%	100.0%	100.0%	100.0%	100.0%

LONG TERM INVESTMENT FUND

DISTRIBUTION OF SECURITIES BY MATURITY
(Based on Market Values)

	Mar. 31/16	Jun. 30/16	Sep. 30/16	Dec. 31/16
Under 1 year	16.8%	16.6%	21.2%	10.4%
1 - 3 years	28.2%	33.4%	26.2%	24.7%
3 - 5 years	21.6%	20.7%	16.2%	20.4%
5 - 7 years	23.6%	19.3%	23.4%	24.0%
7 - 10 years	9.8%	10.0%	13.0%	20.5%
TOTAL	100.0%	100.0%	100.0%	100.0%
Average Maturity (yrs)	3.70	3.47	3.91	4.55
Average Duration (yrs)	3.43	3.23	3.61	4.19

SHORT TERM INVESTMENT FUND

	Mar. 31/16	Jun. 30/16	Sep. 30/16	Dec. 31/16
Short Term Average Duration (yrs)	0.07	0.14	0.08	0.07

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COMPLIANCE WITH INVESTMENT POLICY STATEMENT

AT DECEMBER 31, 2016

	Investment Limits	Investment Funds	Compliance
<i>Short Term Investment Fund</i>			
Maximum Term of Any Issue	1 year	0.1 years	Yes
Minimum Percentage of Total Fund (Short & Long)	40% of Total	69.3%	Yes
Minimum Canada & Provincial Percentage	50%	51.8%	Yes
Minimum Provincial Quality	A	N/A	Yes
Minimum Bank CD & BA Quality	R1 (high)	R1 (high)	Yes
<i>Long Term Investment Fund</i>			
Maximum Term of Any Issue	10 years	9.5 years	Yes
Maximum Percentage of Total Fund (Short & Long)	60% of Total	30.7%	Yes
Minimum Canada Percentage	20%	23.8%	Yes
Maximum Provincial Percentage	40%	38.4%	Yes
Minimum Canada & Provincial Percentage	60%	62.2%	Yes
Minimum Provincial Quality *	A	AA (low)	Yes
Maximum Corporate Percentage	40%	37.8%	Yes
Minimum Corporate Quality *	A	AA	Yes

** At time of purchase*

This will confirm that during the fourth quarter the Long Term Investment Fund was managed in compliance with the Investment Policy limits provided on December 3, 2013.

Similarly, during the same period the Short Term Fund remained in compliance with the Investment Policy Statement that became effective on May 5, 2012.

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Martin, Lucas & Seagram Ltd.
PERFORMANCE REPORT
GROSS OF FEES
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 09-30-16 to 12-31-16

Portfolio Value on 09-30-16	4,890,611
Accrued Interest	28,103
Contributions	365,405
Withdrawals	-39,989
Realized Gains	-968
Unrealized Gains	-101,377
Interest	36,628
Dividends	0
Change in Accrued Interest	-6,981
Portfolio Value on 12-31-16	5,150,310
Accrued Interest	21,122
Average Capital	5,069,376
Total Gain before Fees	-72,698
IRR for 0.25 Years	-1.43%

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BOND MARKET COMMENTARY AND FUTURE POLICY

Despite widespread predictions that the equity markets faced dire consequences in the unlikely event that Mr. Trump became president, following only a brief selloff immediately after the outcome became clear, stocks have rallied higher. Bond prices, on the other hand, experienced a sharp selloff and yields have continued to climb higher since the election. While equity markets often strengthen shortly after a presidential election, as this eliminates one source of uncertainty, the consensus felt Mr. Trump's vague and inconsistent policies would heighten rather than alleviate the degree of uncertainty. However, investors quickly reconsidered the risks and have since focused on campaign pledges that would boost economic growth and possibly inflation, thus fuelling the weakness in bond prices. These include infrastructure spending, tax reform centred on cuts and a rollback of regulatory measures. For the time being, investors are putting much less emphasis on Mr. Trump's hostile stands toward immigration, free trade and his seeming indifference to the implications for the budget deficit and interest rates, which could suppress the expansion.

Clarity on the legislative front will take some time, given that Mr. Trump's populist economic policies are lacking in detail and many conflict with cornerstone principles of his party, including free trade, changes in Social Security and more isolationist foreign policies. As a result, the Republican-controlled Congress is expected to focus first on an agenda that implements Mr. Trump's more expansionary policies, since these parallel those of his party. Meanwhile, it is hoped that the more destabilizing and anti-growth elements of his election platform are less likely to be enacted. However, this should not be ruled out as Mr. Trump does have considerable leeway to act unilaterally on trade and immigration, which were policies backed by many of his most fervent supporters. Executive orders issued since the inauguration suggests that some anti-growth policies may not be tempered.

Meanwhile, most U.S. economic data has been strengthening. Aggregate growth accelerated to 3.5% in the third quarter, compared to an average quarterly gain of just 1.1% in the first half of 2016. This was largely due to a rebound in inventory investment and improvements in trade and consumer spending. In the aftermath of the election, consumer and business sentiment has also shown a significant improvement. Given the pickup in growth, ongoing gains in employment and a brightening economic outlook, Federal Reserve policy makers concluded last month that the economy was strong enough to warrant a quarter percentage point increase, after holding rates steady for close to a year. In addition to approving the much-expected rate hike, Fed officials have indicated that they may accelerate the pace of rate hikes in 2017, given that inflation is approaching their 2% target and that the economy is near full employment. For the time being, the Fed has not factored in how economic policy may change under the new administration, until more details are available.

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The Canadian economy also grew at an annualized rate of 3.5% in the third quarter, which more than recouped the ground lost during the previous quarter, when the economy contracted 1.3% in the wake of the Alberta wildfires and slump in non-energy exports. Since then, a stronger U.S. economy has helped boost the export sector to provide Canada's first trade surplus in more than two years. Domestic demand has also been supported by increased government spending and a strong rebound in employment growth, which has exceeded expectations for each of the last 5 months; however, numerous structural economic headwinds remain. These include low productivity growth, excess capacity, the ongoing decline in business investment, an overextended consumer and signs of a cooling real estate market. The U.S. election results cloud the outlook further. Mr. Trump's promise to renegotiate the North American free-trade agreement could damage Canada's critical trade sector, which relies on the U.S. market for three-quarters of its exports. On the other hand, the new administration is much more supportive of fossil fuels and has conditionally approved the Keystone pipeline, which is positive for the domestic energy sector. Furthermore, the proposed tax cuts and infrastructure spending could also bring positive spinoffs to Canada further down the road. Given the benign inflation backdrop in Canada, coupled with the uncertainty surrounding the eventual impact from the Trump presidency, suggests the Bank of Canada is unlikely to move administered rates higher anytime soon.

Economic activity in the Eurozone also picked up during the final quarter of 2016. With industrial production growing significantly ahead of consensus estimates and survey data indicating a continued expansion of the service sector, confidence in the economic performance of the euro area has strengthened. This has led to a decision by the European Central Bank to moderately scale back its monthly quantitative easing program. This ultra-loose monetary policy has allowed for a more competitive euro to drive the export surge seen in Germany and France, the area's two largest economies. Germany has reported GDP growth of 1.9% for 2016, its highest rate in 5 years. This was led by a strong labour market, an improvement in bank lending conditions, and an increase in government spending. However, heightened uncertainties surrounding Brexit and this year's upcoming elections in Italy, the Netherlands, Germany and France present significant downside risks as Eurosceptic sentiment gains momentum.

Moving to the world's second largest economy, China finished 2016 with strong retail sales and industrial production figures supporting a GDP growth rate of 6.7%. While still within the government's target range of 6.5% to 7.0%, this marks the country's sixth consecutive decline in GDP growth. Thus far, China remains on track towards its objective of rebalancing towards an economy driven increasingly by domestic demand. The export sector's contribution to China's economy has now fallen to its lowest level since 1999. This reduced dependence on trade offers some protection against the incoming U.S. administration's call for increased protectionist measures. However, Mr. Trump's antagonistic remarks towards China could prove destabilizing depending on the policies adopted and how China reacts. Meanwhile, third quarter growth in Japan surprised to the downside, expanding at an annualized pace of just 1.3%, compared with a preliminary figure of 2.2%. Despite this, the final quarter of 2016 looks promising with output, new orders, and employment all increasing at a faster pace, while fiscal and monetary policies remain highly supportive of future growth.

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The International Monetary Fund now estimates that global economic growth for 2016 was 3.1%, the slowest pace since 2009, and expects a modest improvement to a 3.4% rate in 2017. The latter is supported by a projected pickup in developing economies as conditions normalize. However, while the global expansion is expected to remain intact, we believe investors continue to face a challenging environment in light of the fragile global backdrop and a variety of near-term event risks that could rattle investor confidence. Chief among these are a myriad of question marks surrounding the political environment following one of the most extraordinary regime changes in the world's largest economy. While there is considerable upside potential for the economy under the new regime, there is also significant downside risk. These political uncertainties are compounded by elections across much of Europe in 2017, where a disruption of the status quo by populist forces should not be ruled out in the wake of Brexit and the U.S. election.

Possible shifts in the major central banks' strategies going forward could also have a sizeable impact on the financial landscape. Until very recently, the consensus view expected monetary policy would remain highly stimulative and that interest rates would stay depressed for an extended period. However, following the U.S. election, the surge in government bond yields have called into question these expectations and it remains to be seen how investors and the economy will react to the opposing forces of pro-growth policies against the rise in interest rates.

Given the degree of uncertainty, coupled with stretched valuations in the equity markets, we believe the markets remain susceptible to unpredictable swings in sentiment. We expect volatility in the equity markets would spill into the fixed income markets, as investors vacillate between risk-on and risk-off trades. Many of the proposed expansionary policies, such as tax reform and infrastructure spending, will take some time to implement, and will have little near-term impact. While few expect Mr. Trump to follow through with his more extreme campaign promises, the antagonistic rhetoric used to address global trade, immigration, energy, and defence policies validate elevated concerns for global economic prospects going forward. That being said, we believe the U.S. political system will temper these extreme positions and note that some of Mr. Trump's appointees support a more judicious approach on a range of issues. In weighing the conflicting crosscurrents, we believe domestic bond yields may consolidate around current levels over the near term. However, unless there is increasing evidence that the global expansion could be derailed, we believe that U.S. yields will remain on an upward trend, which will pull domestic yields gradually higher this year. As a result, we think the portfolio's defensive posture, given the 4.2 year duration and laddered maturity structure, remains warranted.

RWB/mab
January 26, 2017

As stipulated in our Investment Management Agreement, please let ML&S know if there are major changes in your financial circumstances, income needs or risk tolerance in order for us to review the suitability of your investment objectives.

Martin, Lucas & Seagram Ltd.

CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at December 31, 2016

<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Annual Income</u>
CASH					
	Cash Account			36,689	0
MONEY MARKET ISSUES					
605,000	Royal Bank BA .698% due January 3, 2017	99.89	99.99	604,944	4,218
550,000	Bank of Nova Scotia BA .75% due January 5, 2017	99.84	99.99	549,924	4,118
510,000	Bank of Nova Scotia BA .751% due January 5, 2017	99.85	99.99	509,930	3,824
1,775,000	Canada Treasury Bill .42% due January 12, 2017	99.94	99.99	1,774,755	7,450
1,125,000	Toronto Dominion Bank BA .78% due January 13, 2017	99.95	99.97	1,124,638	8,771
415,000	Royal Bank BA .74% due January 16, 2017	99.85	99.96	414,838	3,066
885,000	CIBC BA .729% due January 25, 2017	99.83	99.94	884,471	6,441
1,755,000	Canada Treasury Bill .41% due January 26, 2017	99.91	99.97	1,754,493	7,189
600,000	CIBC BA .718% due January 31, 2017	99.84	99.93	599,557	4,301
1,005,000	Canada Treasury Bill .40% due February 9, 2017	99.94	99.95	1,004,504	4,018
880,000	FirstBank BA .718% due February 15, 2017	99.83	99.89	879,050	6,307
1,485,000	Canada Treasury Bill .45% due February 23, 2017	99.90	99.93	1,484,004	6,676
				<u>11,585,106</u>	<u>66,379</u>
TOTAL PORTFOLIO				11,621,795	66,379

Disclosures:

1. Please note that the securities listed herein are held on your behalf by the above noted custodian. You may wish to contact them directly to determine if your account is covered by any recognized Investor Protection Plan and/or for information on how these securities are held.
2. The cost of each position shown in the account is the book cost (original cost adjusted for distributions, capital returns and re-orgs). For unit costs marked with an *, the book cost cannot be determined and the value shown is based on the closing market price on July 15, 2015.

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
From 10-01-16 To 12-31-16

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
10-04-16	10-05-16	500,000	Bank of Nova Scotia BA .699% due October 31, 2016	99.95	499,751.00
10-05-16	10-06-16	1,475,000	Canada Treasury Bill .399% due December 1, 2016	99.94	1,474,095.82
10-17-16	10-18-16	550,000	Bank of Nova Scotia BA .75% due January 5, 2017	99.84	549,109.00
10-19-16	10-20-16	1,005,000	Canada Treasury Bill .42% due December 15, 2016	99.94	1,004,352.78
10-20-16	10-21-16	880,000	FirstBank BA .703% due November 17, 2016	99.95	879,542.40
10-24-16	10-25-16	510,000	Bank of Nova Scotia BA .751% due January 5, 2017	99.85	509,245.20
10-28-16	10-31-16	885,000	CIBC BA .729% due January 25, 2017	99.83	883,480.46
10-31-16	11-01-16	415,000	Royal Bank BA .74% due January 16, 2017	99.85	414,360.90
11-02-16	11-03-16	1,755,000	Canada Treasury Bill .41% due January 26, 2017	99.91	1,753,345.04
11-07-16	11-08-16	600,000	CIBC BA .718% due January 31, 2017	99.84	599,010.00
11-07-16	11-08-16	605,000	Royal Bank BA .698% due January 3, 2017	99.89	604,352.65
11-17-16	11-18-16	1,775,000	Canada Treasury Bill .42% due January 12, 2017	99.94	1,773,878.20
11-17-16	11-18-16	880,000	FirstBank BA .718% due February 15, 2017	99.83	878,460.00
11-22-16	11-23-16	1,125,000	Toronto Dominion Bank BA .705% due December 22, 2016	99.94	1,124,370.00
11-30-16	12-01-16	1,485,000	Canada Treasury Bill .45% due February 23, 2017	99.90	1,483,463.03
12-14-16	12-15-16	1,005,000	Canada Treasury Bill .40% due February 9, 2017	99.94	1,004,383.94
12-21-16	12-22-16	1,125,000	Toronto Dominion Bank BA .78% due January 13, 2017	99.95	1,124,471.25
					16,559,671.67
SALES					
10-05-16	10-05-16	500,000	Bank of Nova Scotia BA .717% due October 5, 2016	100.00	500,000.00
10-06-16	10-06-16	1,475,000	Canada Treasury Bill .409% due October 6, 2016	100.00	1,475,000.00

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
From 10-01-16 To 12-31-16

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
10-18-16	10-18-16	550,000	Royal Bank BA .71% due October 18, 2016	100.00	550,000.00
10-20-16	10-20-16	1,005,000	Canada Treasury Bill .40% due October 20, 2016	100.00	1,005,000.00
10-21-16	10-21-16	885,000	CIBC BA .701% due October 21, 2016	100.00	885,000.00
10-25-16	10-25-16	510,000	Bank of Nova Scotia BA .715% due October 25, 2016	100.00	510,000.00
10-31-16	10-31-16	500,000	Bank of Nova Scotia BA .699% due October 31, 2016	100.00	500,000.00
11-01-16	11-01-16	795,000	FirstBank BA .72% due November 1, 2016	100.00	795,000.00
11-03-16	11-03-16	1,755,000	Canada Treasury Bill .419% due November 3, 2016	100.00	1,755,000.00
11-08-16	11-08-16	430,000	CIBC BA .70% due November 8, 2016	100.00	430,000.00
11-08-16	11-08-16	835,000	CIBC BA .739% due November 8, 2016	100.00	835,000.00
11-17-16	11-17-16	1,775,000	Canada Treasury Bill .44% due November 17, 2016	100.00	1,775,000.00
11-17-16	11-17-16	880,000	FirstBank BA .703% due November 17, 2016	100.00	880,000.00
11-23-16	11-23-16	1,430,000	Toronto Dominion Bank BA .70% due November 23, 2016	100.00	1,430,000.00
12-01-16	12-01-16	1,475,000	Canada Treasury Bill .399% due December 1, 2016	100.00	1,475,000.00
12-15-16	12-15-16	1,005,000	Canada Treasury Bill .42% due December 15, 2016	100.00	1,005,000.00
12-22-16	12-22-16	1,125,000	Toronto Dominion Bank BA .705% due December 22, 2016	100.00	1,125,000.00
					16,930,000.00

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Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
From 10-01-16 to 12-31-16

Cash Balance at October 1, 2016			3,226.97
ADD: Proceeds from Sales	16,930,000.00		
Bond Interest Credited (from Long Term Investment Fund)	39,988.75		
Bank Interest Credited	10.97	<u>16,969,999.72</u>	
			16,973,226.69
LESS: Cost of Purchases	16,559,671.67		
Transfer to Long Term Investment Fund	365,405.48		
Investment Counsel Fees - Short Term Investment Fund	3,373.50		
Investment Counsel Fees - Long Term Investment Fund	3,453.99		
Trust Company Charges	4,632.92	<u>16,936,537.56</u>	
Cash Balance at December 31, 2016			36,689.13

Martin, Lucas & Seagram Ltd.
INVESTMENT PERFORMANCE
 Net of Fees
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
 December 31, 2016

Investment account RBCD-K.Habal-107611-001

CLLAS - SHORT TERM INVESTMENT FUND
 c/o Axxima
 36 Toronto Street, Suite 510
 Toronto, Ontario M5C 2C5

This report tells you how this portfolio has performed in the reporting period. It can help you assess your progress toward meeting your investment goals.

Speak to your representative if you have questions about this report. It is important that you tell your representative if your personal or financial circumstances have changed. Your representative can recommend adjustments to your investments to keep you on track to meeting your goals.

Total Value Summary

Your investments have changed by 71,699 since the inception date. Note: In this report, the inception date is July 15, 2015 or the portfolio's start date if the account was opened after July 15, 2015.

Your investments have changed by 52,042 during the past year.

Amount invested since 07-15-15	-305,759
Market value of portfolio on 12-31-16	11,621,795

Change In Portfolio Value

This table is a summary of the activity in your portfolio. It shows how the value of your portfolio has changed based on the type of activity.

From Date	Latest 1 Year	Inception To Date
	12-31-15	07-15-15
Opening Market Value	8,415,692	11,855,855
Contributions	3,918,337	3,974,517
Withdrawals	-764,275	-4,280,276
Realized Gains	0	0
Unrealized Gains	7,546	7,546
Interest	57,004	83,366
Dividends	0	0
Portfolio Fees	-12,509	-19,214
Closing Market Value	11,621,795	11,621,795
Total Fees	-12,509	-19,214

Martin, Lucas & Seagram Ltd.
INVESTMENT PERFORMANCE
Net of Fees
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
December 31, 2016

Personal Rates of Return

The table below shows the total percentage return of this portfolio for the reporting period. Returns are calculated after charges have been deducted. These include charges you pay for advice, transaction charges and portfolio related charges, but not income tax.

Keep in mind your returns reflect the mix of investments and risk level of your portfolio. When assessing your returns, consider your investment goals, the amount of risk you are comfortable with, and the value of the advice and services you receive.

	Annualized Latest 1 Year	Annualized Latest 3 Years	Annualized Latest 5 Years	Annualized Latest 10 Years	Annualized Inception To Date
This Portfolio	0.46%	-	-	-	0.43%

What is a total percentage return?

This represents gains and losses of an investment over a specified period of time, including realized and unrealized capital gains and losses plus income, expressed as a percentage.

Calculation method

The returns have been calculated on a money-weighted basis. This means that the percent return is an average of the monthly returns over the investment period, weighted by the value of the portfolio at the beginning of each month. This average monthly return has then been adjusted and showed as an average annual return.

The returns for each reported period reflect the average over that term.

The reported returns reflect investment income and changes in value of the underlying stocks, bonds and other securities due to changes in economic, market and security specific factors as well as the timing and amounts that have been deposited or withdrawn from this portfolio.

As a result, the returns in this table provide you with your personal rates of return for this portfolio and shows how the portfolio is performing in light of decisions you have made to deposit or withdraw funds over a set period. This calculation is provided to you in compliance with the Regulators.

Please note that performance returns shown in the quarterly investment reports were calculated on a time weighted basis and will accordingly differ from the above returns. Time weighted returns are the average returns of a portfolio independent of the amount that was invested during each period of the performance period.

Time weighted performance is a better measure for evaluating an asset manager as such performance is not influenced by the amount invested during the period.

Performance returns and changing values over various investment periods allows you to better evaluate whether your Investment goals are being met and assess the long term performance of your portfolio.

Please note that your portfolio's past performance may not be reflective of future performance.

Martin, Lucas & Seagram Ltd.

EXTERNAL INDIVIDUAL CREDIT RATING REPORT - DECEMBER 31, 2016

CLLAS - SHORT TERM INVESTMENT FUND

Quantity	Security		Rating	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
CASH								
	Cash Account				36,689		36,689	0.3
MONEY MARKET ISSUES								
605,000	Royal Bank BA .698%	due January 3, 2017	R-1 (high)	99.89	604,353	99.99	604,944	5.2
550,000	Bank of Nova Scotia BA .75%	due January 5, 2017	R-1 (high)	99.84	549,109	99.99	549,924	4.7
510,000	Bank of Nova Scotia BA .75%	due January 5, 2017	R-1 (high)	99.85	509,245	99.99	509,930	4.4
1,775,000	Canada Treasury Bill .42%	due January 12, 2017	R-1 (high)	99.94	1,773,878	99.99	1,774,755	15.3
1,125,000	Toronto Dominion Bank BA .78%	due January 13, 2017	R-1 (high)	99.95	1,124,471	99.97	1,124,638	9.7
415,000	Royal Bank BA .74%	due January 16, 2017	R-1 (high)	99.85	414,361	99.96	414,838	3.6
885,000	CIBC BA .729%	due January 25, 2017	R-1 (high)	99.83	883,480	99.94	884,471	7.6
1,755,000	Canada Treasury Bill .41%	due January 26, 2017	R-1 (high)	99.91	1,753,345	99.97	1,754,493	15.1
600,000	CIBC BA .718%	due January 31, 2017	R-1 (high)	99.84	599,010	99.93	599,557	5.2
1,005,000	Canada Treasury Bill .40%	due February 9, 2017	R-1 (high)	99.94	1,004,384	99.95	1,004,504	8.6
880,000	FirstBank BA .718%	due February 15, 2017	R-1 (high)	99.83	878,460	99.89	879,050	7.6
1,485,000	Canada Treasury Bill .45%	due February 23, 2017	R-1 (high)	99.90	1,483,463	99.93	1,484,004	12.8
					11,577,560		11,585,106	99.7
TOTAL PORTFOLIO					11,614,249		11,621,795	100.0

CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at December 31, 2016

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
GOVERNMENT BONDS					
250,000	Canada Housing Trust 1.75% due June 15, 2018	100.11	101.39	253,473	4,375
250,000	Canada Housing Trust 1.95% due June 15, 2019	100.10	102.20	255,500	4,875
200,000	Canada Housing Trust 2.4% Series 48 due December 15, 2022	100.37	103.85	207,696	4,800
200,000	Canada Housing Trust 2.35% due September 15, 2023	105.62	103.22	206,442	4,700
300,000	Canada Housing Trust Ser. 70 2.25% due December 15, 2025	100.98	100.85	302,535	6,750
				<hr/> 1,225,646	<hr/> 25,500
PROVINCIAL BONDS					
330,000	Ontario 1.90% due September 8, 2017	100.18	100.81	332,666	6,270
350,000	Ontario 2.1% due September 8, 2018	99.57	101.85	356,458	7,350
250,000	British Columbia 3.25% due December 18, 2021	102.30	107.57	268,918	8,125
250,000	Ontario 3.15% due June 2, 2022	99.04	106.69	266,725	7,875
400,000	Ontario 2.60% due June 2, 2025	101.08	101.66	406,644	10,400
350,000	British Columbia 2.3% due June 18, 2026	104.40	99.33	347,652	8,050
				<hr/> 1,979,062	<hr/> 48,070
CORPORATE BONDS					
200,000	Toronto Dominion Bank Dep. Note 2.433% due August 15, 2017	100.73	100.86	201,710	4,866
200,000	Royal Bank Dep. Note 2.26% due March 12, 2018	99.28	101.25	202,490	4,520
200,000	Wells Fargo Canada 2.944% due July 25, 2019	100.02	103.27	206,544	5,888
300,000	Bank of Montreal 2.84% due June 4, 2020	101.77	103.52	310,572	8,520
250,000	Toronto Dominion Bank Dep. Note 2.563% due June 24, 2020	104.57	102.58	256,458	6,408
200,000	Bank of Montreal 3.4% due April 23, 2021	100.65	105.93	211,860	6,800

Martin, Lucas & Seagram Ltd.

CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at December 31, 2016

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
150,000	Royal Bank 1.968% due March 2, 2022	100.05	99.05	148,572	2,952
250,000	National Bank of Canada 2.105% due March 18, 2022	102.04	99.52	248,788	5,263
150,000	Wells Fargo 3.46% due January 24, 2023	102.36	105.74	158,610	5,190
				1,945,603	50,406
TOTAL PORTFOLIO				5,150,310	123,976

Disclosures:

1. Please note that the securities listed herein are held on your behalf by the above noted custodian. You may wish to contact them directly to determine if your account is covered by any recognized Investor Protection Plan and/or for information on how these securities are held.
2. The cost of each position shown in the account is the book cost (original cost adjusted for distributions, capital returns and re-orgs). For unit costs marked with an *, the book cost cannot be determined and the value shown is based on the closing market price on July 15, 2015.

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 10-01-16 To 12-31-16

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
11-07-16	11-10-16	250,000	National Bank of Canada 2.105% due March 18, 2022	102.04	255,100.00
11-18-16	11-23-16	150,000	Ontario 2.60% due June 2, 2025	102.62	153,930.00
11-18-16	11-23-16	150,000	Royal Bank 1.968% due March 2, 2022	100.05	150,075.00
12-14-16	12-19-16	300,000	Canada Housing Trust Ser. 70 2.25% due December 15, 2025	100.98	302,940.00
					862,045.00
SALES					
11-08-16	11-08-16	200,000	Bank of Nova Scotia Dep. Note 2.1% due November 8, 2016	100.00	200,000.00
12-15-16	12-15-16	300,000	Canada Housing Trust 1.85% Series 43 due December 15, 2016	100.00	300,000.00
					500,000.00

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Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - LONG TERM INVESTMENT FUND
From 10-01-16 to 12-31-16

Cash Balance at October 1, 2016		0.00
ADD: Proceeds from Bond Sales	500,000.00	
Transfer from Short Term Investment Fund	<u>365,405.48</u>	<u>865,405.48</u>
LESS: Cost of Purchases	862,045.00	
Accrued Bond Interest on Purchases	<u>3,360.48</u>	<u>865,405.48</u>
Cash Balance at December 31, 2016		0.00

Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 09-30-16 to 12-31-16

Security	09-30-16 Market Value	Additions Withdrawals	12-31-16 Market Value	12-31-16 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
CASH								
Cash Account	0	0	0	0				
GOVERNMENT BONDS								
Canada Housing Trust 1.85% Series 43 due December 15, 2016	300,750	-302,775	0	0	-3,900	-750	0	0
Canada Housing Trust 1.75% due June 15, 2018	254,635	-2,188	253,473	250,275	0	0	3,198	-1,163
Canada Housing Trust 1.95% due June 15, 2019	257,963	-2,438	255,500	250,238	0	0	5,263	-2,463
Canada Housing Trust 2.4% Series 48 due December 15, 2022	214,644	-2,400	207,696	200,740	0	0	6,956	-6,948
Canada Housing Trust 2.35% due September 15, 2023	214,730	0	206,442	211,240	0	0	-4,798	-8,288
Canada Housing Trust Ser. 70 2.25% due December 15, 2025	0	303,014	302,535	302,940	0	0	-405	-405
GOVERNMENT BONDS Total	<u>1,242,722</u>		<u>1,225,646</u>	<u>1,215,433</u>	<u>-3,900</u>	<u>-750</u>	<u>10,213</u>	<u>-19,266</u>
PROVINCIAL BONDS								
Ontario 1.90% due September 8, 2017	333,848	0	332,666	330,594	0	0	2,072	-1,181
Ontario 2.1% due September 8, 2018	358,715	0	356,458	348,495	0	0	7,963	-2,258
British Columbia 3.25% due December 18, 2021	276,068	-4,063	268,918	255,750	0	0	13,168	-7,150
Ontario 3.15% due June 2, 2022	274,880	-3,938	266,725	247,600	0	0	19,125	-8,155
Ontario 2.60% due June 2, 2025	267,683	150,589	406,644	404,305	0	0	2,339	-14,969
British Columbia 2.3% due June 18, 2026	367,385	-4,025	347,652	365,400	0	0	-17,749	-19,733
PROVINCIAL BONDS Total	<u>1,878,577</u>		<u>1,979,062</u>	<u>1,952,144</u>	<u>0</u>	<u>0</u>	<u>26,918</u>	<u>-53,445</u>
CORPORATE BONDS								
Bank of Nova Scotia Dep. Note 2.1% due November 8, 2016	200,218	-202,100	0	0	-640	-218	0	0
Toronto Dominion Bank Dep. Note 2.433% due August 15, 2017	202,466	0	201,710	201,460	0	0	250	-756
Royal Bank Dep. Note 2.26% due March 12, 2018	203,054	0	202,490	198,560	0	0	3,930	-564
Wells Fargo Canada 2.944% due July 25, 2019	208,228	0	206,544	200,040	0	0	6,504	-1,684
Bank of Montreal 2.84% due June 4, 2020	315,303	-4,260	310,572	305,307	0	0	5,265	-4,731
Toronto Dominion Bank Dep. Note 2.563% due June 24, 2020	260,323	-3,204	256,458	261,425	0	0	-4,968	-3,865
Bank of Montreal 3.4% due April 23, 2021	216,714	-3,400	211,860	201,300	0	0	10,560	-4,854
Royal Bank 1.968% due March 2, 2022	0	150,738	148,572	150,075	0	0	-1,503	-1,503
National Bank of Canada 2.105% due March 18, 2022	0	255,864	248,788	255,100	0	0	-6,313	-6,313

Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 09-30-16 to 12-31-16

Security	09-30-16 Market Value	Additions Withdrawals	12-31-16 Market Value	12-31-16 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
Wells Fargo 3.46% due January 24, 2023	163,007	0	158,610	153,542	0	0	5,069	-4,397
CORPORATE BONDS Total	1,769,312		1,945,603	1,926,809	-640	-218	18,795	-28,666
TOTAL PORTFOLIO	4,890,611		5,150,310	5,094,385	4,540	-968	55,925	-101,377
TOTAL DATE TO DATE GAIN OR LOSS								-102,345
% CHANGE DURING PERIOD								-2.09

Martin, Lucas & Seagram Ltd.
INVESTMENT PERFORMANCE
 Net of Fees
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
 December 31, 2016

Investment account RBCD-107611-001

CLLAS - LONG TERM INVESTMENT FUND
 c/o Axxima
 36 Toronto Street, Suite 510
 Toronto, Ontario M5C 2C5

This report tells you how this portfolio has performed in the reporting period. It can help you assess your progress toward meeting your investment goals.

Speak to your representative if you have questions about this report. It is important that you tell your representative if your personal or financial circumstances have changed. Your representative can recommend adjustments to your investments to keep you on track to meeting your goals.

Total Value Summary

Your investments have changed by 67,708 since the inception date. Note: In this report, the inception date is July 15, 2015 or the portfolio's start date if the account was opened after July 15, 2015.
 Your investments have changed by 43,610 during the past year.

Amount invested since 07-15-15	258,097
Market value of portfolio on 12-31-16	5,171,432

Change In Portfolio Value

This table is a summary of the activity in your portfolio. It shows how the value of your portfolio has changed based on the type of activity.

From Date	Latest 1 Year	Inception To Date
	12-31-15	07-15-15
Opening Market Value	4,813,545	4,845,628
Contributions	732,614	732,614
Withdrawals	-418,337	-474,517
Realized Gains	-7,697	-12,278
Unrealized Gains	-62,530	-85,720
Interest	113,168	169,348
Dividends	0	0
Change in Accrued Interest	669	-3,642
Closing Market Value	5,171,432	5,171,432
Portfolio Fees Paid By Client	-13,895	-20,660
Total Fees	-13,895	-20,660

Martin, Lucas & Seagram Ltd.
INVESTMENT PERFORMANCE
Net of Fees
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
December 31, 2016

Personal Rates of Return

The table below shows the total percentage return of this portfolio for the reporting period. Returns are calculated after charges have been deducted. These include charges you pay for advice, transaction charges and portfolio related charges, but not income tax.

Keep in mind your returns reflect the mix of investments and risk level of your portfolio. When assessing your returns, consider your investment goals, the amount of risk you are comfortable with, and the value of the advice and services you receive.

	Annualized Latest 1 Year	Annualized Latest 3 Years	Annualized Latest 5 Years	Annualized Latest 10 Years	Annualized Inception To Date
This Portfolio	0.62%	-	-	-	0.67%

What is a total percentage return?

This represents gains and losses of an investment over a specified period of time, including realized and unrealized capital gains and losses plus income, expressed as a percentage.

Calculation method

The returns have been calculated on a money-weighted basis. This means that the percent return is an average of the monthly returns over the investment period, weighted by the value of the portfolio at the beginning of each month. This average monthly return has then been adjusted and showed as an average annual return.

The returns for each reported period reflect the average over that term.

The reported returns reflect investment income and changes in value of the underlying stocks, bonds and other securities due to changes in economic, market and security specific factors as well as the timing and amounts that have been deposited or withdrawn from this portfolio.

As a result, the returns in this table provide you with your personal rates of return for this portfolio and shows how the portfolio is performing in light of decisions you have made to deposit or withdraw funds over a set period. This calculation is provided to you in compliance with the Regulators.

Please note that performance returns shown in the quarterly investment reports were calculated on a time weighted basis and will accordingly differ from the above returns. Time weighted returns are the average returns of a portfolio independent of the amount that was invested during each period of the performance period.

Time weighted performance is a better measure for evaluating an asset manager as such performance is not influenced by the amount invested during the period.

Performance returns and changing values over various investment periods allows you to better evaluate whether your Investment goals are being met and assess the long term performance of your portfolio.

Please note that your portfolio's past performance may not be reflective of future performance.

Martin, Lucas & Seagram Ltd.

EXTERNAL INDIVIDUAL CREDIT RATING REPORT - DECEMBER 31, 2016

CLLAS - LONG TERM INVESTMENT FUND

Quantity	Security		Rating	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
GOVERNMENT BONDS								
250,000	Canada Housing Trust 1.75%	due June 15, 2018	AAA	100.11	250,275	101.39	253,473	4.9
250,000	Canada Housing Trust 1.95%	due June 15, 2019	AAA	100.10	250,238	102.20	255,500	5.0
200,000	Canada Housing Trust 2.4% Series 48	due December 15, 2022	AAA	100.37	200,740	103.85	207,696	4.0
200,000	Canada Housing Trust 2.35%	due September 15, 2023	AAA	105.62	211,240	103.22	206,442	4
300,000	Canada Housing Trust Ser. 70 2.25%	due December 15, 2025	AAA	100.98	302,940	100.85	302,535	5.9
					1,215,433		1,225,646	23.8
PROVINCIAL BONDS								
330,000	Ontario 1.90%	due September 8, 2017	AA (low)	100.18	330,594	100.81	332,666	6.5
350,000	Ontario 2.1%	due September 8, 2018	AA (low)	99.57	348,495	101.85	356,458	6.9
250,000	British Columbia 3.25%	due December 18, 2021	AA (high)	102.30	255,750	107.57	268,918	5.2
250,000	Ontario 3.15%	due June 2, 2022	AA (low)	99.04	247,600	106.69	266,725	5.2
250,000	Ontario 2.60%	due June 2, 2025	AA (low)	100.15	404,305	101.66	406,644	7.9
350,000	British Columbia 2.3%	due June 18, 2026	AA (high)	104.40	365,400	99.33	347,652	6.8
					1,952,144		1,979,062	38.4
CORPORATE BONDS								
200,000	Toronto Dominion Bank Dep. Note 2.433%	due August 15, 2017	AA	100.73	201,460	100.86	201,710	3.9
200,000	Royal Bank Dep. Note 2.26%	due March 12, 2018	AA	99.28	198,560	101.25	202,490	3.9
200,000	Wells Fargo Canada 2.944%	due July 25, 2019	AA	100.02	200,040	103.27	206,544	4.0
300,000	Bank of Montreal 2.84%	due June 4, 2020	AA	101.77	305,307	103.52	310,572	6.0
250,000	Toronto Dominion Bank Dep. Note 2.563%	due June 24, 2020	AA	104.57	261,425	102.58	256,458	5.0
200,000	Bank of Montreal 3.4%	due April 23, 2021	AA	100.65	201,300	105.93	211,860	4.1
150,000	Royal Bank 1.968%	due Mar 2, 2022	AA	100.05	150,075	99.05	148,572	2.9
250,000	National Bank of Canada 2.105%	due March 18, 2022	AA (low)	102.04	255,100	99.52	248,788	4.8
150,000	Wells Fargo 3.46%	due January 24, 2023	AA	102.36	153,542	105.74	158,610	3.1
					1,926,809		1,945,603	37.8
TOTAL PORTFOLIO					5,094,385		5,150,310	100.0