



MANAGEMENT REPORT OF FUND PERFORMANCE

NORREP FUND

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This annual management report of fund performance contains financial highlights but does not contain the annual financial statements of the investment fund. You can get a copy of the Fund's financial statements at your request, and at no cost, by calling toll free (877) 531-9355, by writing us at 1850, 333-7th Avenue SW Calgary, Alberta T2P 2Z1 or by visiting our website at www.norrep.com 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, proxy voting disclosure record, or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

INVESTMENT OBJECTIVE AND STRATEGIES

The investment objective of the Norrep Fund (the "Fund") is to achieve long-term capital appreciation by investing in small and mid-capitalization equities of issuers in Canada and the United States.

The Fund achieves this objective by employing a value approach as the primary methods of securities selection. This means searching for companies with superior long-term earnings and/or cash flow per share growth that exhibit a strong position in the market in which they operate, quality management and balance sheet strength. This analysis is supplemented by quantitative techniques that examine movements in general market trends as well as trends in earnings and the price of securities.

The Fund may invest in a combination of securities including common and preferred shares, income trust units, rights and warrants, convertible securities and government and corporate bonds. The Fund may also invest in permitted derivatives and engage in limited short selling in order to achieve its objective.

RISK

The Fund is suitable for investors seeking long-term capital appreciation with a tolerance for medium to high risk. Investors whose primary concern is preservation of capital should not be invested in this Fund. General risks of an investment in the Norrep Fund are detailed in the simplified prospectus and include among others: equity risk, small and mid-capitalization company risk, liquidity risk and regulatory risk.

The Fund's investments in commodity-related companies, such as those operating in the Energy and Materials sectors, form a portion of the portfolio. As a result, changes in commodity prices such as crude oil, natural gas and metals may have an impact on portfolio returns. Similarly, the Fund's concentration in the Industrials and Consumer Discretionary sectors potentially increase the Fund's sensitivity to changes in GDP, commodity prices, foreign exchange rates, interest rates, stimulus removal, and/or credit conditions.

RESULTS OF OPERATIONS

After a strong 2016, there was optimism that Canadian small cap equities were going to continue their strong returns again this year. At the time commodities were buoyant and risk appetite appeared to favour small caps, however, this optimism soon faded. This underperformance of small cap versus their large cap peers came despite positive economic data and improving commodity prices, both of which generally lead Canadian small caps. However, investors seem to have an avoidance of Canadian small caps, exhibited by fund flows. The exception to this is the speculative marijuana and cryptocurrency companies which have received significant press coverage.

The other area attracting investment dollars is large cap exchange traded funds (ETFs). We call this the complacency trade, where an investor simply wants to get large cap index performance and not worried about trying to outperform. The continual buying of ETFs is causing increased demand for larger and more liquid companies in Canada causing stock prices to rise and therefore attracting more investing dollars. As stock pickers, we look for overlooked and underappreciated companies, striving to take advantage of inefficiencies. Thus, the Fund, and Canadian small caps more generally, are not participating in this type of investing. We become vindicated when the market recognizes the earnings potential of our companies, which has contributed to our performance over the past year.

During the year ended October 31, 2017, the Fund returned 11.1%. This compares favourably to the index which returned 6.8%. Returns were helped by the privatization of two of our holdings in the period. Sector allocation generated mixed results for the Fund. The decision to be underweight the Energy sector added to the Funds outperformance, while being underweight Basic Materials detracted from it. The Fund is nearly always underweight commodity producers compared to the index; instead it invests more heavily in what we consider special situation companies that have a cash generative business with the ability to differentiate themselves. Comparatively, commodity producers have little ability to differentiate themselves.

Our outlook for small caps remains constructive. Global growth around the world is moving in unison for the first time since the recovery, which should provide overall buoyancy in global trade. Excluding the speculative marijuana and cryptocurrency companies, small cap public companies have attracted less investment dollars than large caps, providing interesting valuation opportunities for the Fund which we will look to take advantage of. We remain disciplined in our approach by investing in strong cash generative companies at attractive valuations.

For the year ended October 31, 2017, the Fund earned interest and dividend income amounting to \$49,993 and \$839,390, respectively. The change in unrealized depreciation in current value of investments was a decrease of \$2,237,594. The realized gain on investments was \$10,279,480. Management fees of \$1,392,088 were paid. General and administrative costs of \$468,923, related to the operation of the Fund, were also incurred. As a result of the above, the increase in net assets attributable to holders of redeemable units was \$7,070,258. Net assets attributable to holders of redeemable units at the beginning of the year were \$80,351,635. Proceeds from the issuance of units were \$1,716,043; reinvestment of distributions was \$1,806,475 and redemptions were \$21,476,801. Distributions declared to holders of redeemable units were \$1,933,114. By October 31, 2017, the Fund had net assets attributable to holders of redeemable units of \$67,534,496.

RECENT DEVELOPMENTS

On June 29, 2017, the MF Series was renamed as Series A.

Future accounting pronouncements:

IFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets. The standard contains two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also introduces new requirements to address the impairment of financial assets.

The mandatory effective date of IFRS 9 for the Fund is for the fiscal year beginning November 1, 2018.

The Manager has reviewed the standard and does not anticipate a material impact on the Fund.

RELATED PARTY TRANSACTIONS

Management fees of \$1,392,088 were paid to Norrep, the Fund's Manager and Portfolio Manager. Management fees are 2% for the Series A and 1.25% for the Series F, of the series net asset value of the Fund and are calculated and paid monthly. Administration fees of \$96,070 were paid to Norrep. Administration fees are charged by Norrep at or below cost and relate to accounting, trading, recordkeeping, compliance and other administrative costs.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund's Series A units and are intended to help you understand the Fund's financial performance for the fiscal years indicated. This information is derived from the Fund's audited year-end financial statements.

Net asset value (NAV) per unit ⁽¹⁾⁽²⁾ – Series A	2017	2016	2015	2014	2013
Net Asset Value, beginning of year	\$35.56	\$34.00	\$39.57	\$36.16	\$28.42
Increase (decrease) from operations:					
Total revenue	0.44	0.76	0.66	0.82	0.58
Total expenses	(0.95)	(0.91)	(0.91)	(1.02)	(0.84)
Realized gains (losses) for the year	5.13	1.17	2.30	6.59	(0.40)
Unrealized gains (losses) for the year	(1.09)	0.46	(3.63)	(2.05)	8.33
Total increase (decrease) from operations	3.53	1.48	(1.58)	4.34	7.67
Distributions:					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	Nil	Nil	Nil	Nil	Nil
From capital gains	(0.88)	Nil	(3.82)	(0.58)	Nil
Total distributions ⁽³⁾	(0.88)	Nil	(3.82)	(0.58)	Nil
Net Asset Value, end of year ⁽⁴⁾	\$38.28	\$35.56	\$34.00	\$39.57	\$36.06

(1) This information is provided as at October 31 for the years presented. The information is in accordance with International Financial Reporting Standards with the exception of 2013 which is in accordance with Canadian GAAP. The opening net asset values for 2015 and 2014 are restated in accordance with International Financial Reporting Standards.

(2) The net asset value presented in the financial statements differs from the net asset value calculated for fund pricing purposes for the 2013 year. (An explanation of this difference can be found in the notes to the prior financial statements.)

(3) Distributions, if any, are reinvested in additional units or paid in cash when requested.

(4) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial year. Due to the different methods of calculating individual components of the table, the sum of the individual components will not necessarily equal the ending net asset value.

Ratios and Supplemental Data – Series A ⁽¹⁾	2017	2016	2015	2014	2013
Net Assets (000's of \$)	60,538	70,852	89,614	110,983	109,288
Number of units outstanding	1,581,473	1,992,542	2,635,505	2,804,996	3,030,642
Management expense ratio (MER) ⁽²⁾	2.46%	2.44%	2.36%	2.32%	2.38%
MER before waivers or absorptions ⁽²⁾	2.46%	2.44%	2.36%	2.32%	2.38%
Portfolio turnover rate ⁽³⁾	31.29%	48.72%	23.96%	36.12%	39.36%
Trading expense ratio ⁽⁴⁾	0.20%	0.21%	0.17%	0.16%	0.23%

(1) This information is provided as at October 31 for the years presented. The information is in accordance with International Financial Reporting Standards with the exception of 2013 which is in accordance with Canadian GAAP.

(2) Management expense ratio (MER) is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net asset value of the year.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager 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 a year. The higher the Fund's portfolio turnover rate in a year, the greater the trading 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 performance of the Fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year.

FINANCIAL HIGHLIGHTS (continued)

The following tables show selected key financial information about the Fund's Series F units and are intended to help you understand the Fund's financial performance for the fiscal years indicated. This information is derived from the Fund's audited year-end financial statements.

Net asset value (NAV) per unit ^{(1) (2)} – Series F	2017	2016	2015 ⁽⁴⁾
Net Asset Value, beginning of year	\$36.02	\$34.21	\$37.07
Increase (decrease) from operations:			
Total revenue	0.44	0.72	0.22
Total expenses	(0.68)	(0.66)	(0.20)
Realized gains (losses) for the year	5.04	1.09	0.75
Unrealized gains (losses) for the year	(1.33)	1.88	(1.19)
Total increase (decrease) from operations	3.47	3.03	(0.42)
Distributions:			
From income	Nil	Nil	Nil
From dividends	Nil	Nil	Nil
From capital gains	(0.89)	Nil	Nil
Total distributions ⁽²⁾	(0.89)	Nil	Nil
Net Asset Value, end of year ⁽³⁾	\$39.05	\$36.02	\$34.21

(1) This information is provided as at October 31 for the years presented and is in accordance with International Financial Reporting Standards.

(2) Distributions, if any, are reinvested in additional units or paid in cash when requested.

(3) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial year. Due to the different methods of calculating individual components of the table, the sum of the individual components will not necessarily equal the ending net asset value.

(4) Norrep Fund Series F commenced operations July 6, 2015.

Ratios and Supplemental Data – Series F ⁽¹⁾	2017	2016	2015 ⁽⁵⁾
Net Assets (000's of \$)	6,996	9,499	3,489
Number of units outstanding	179,185	263,719	101,982
Management expense ratio (MER) ⁽²⁾	1.71%	1.74%	1.66%
MER before waivers or absorptions ⁽²⁾	1.71%	1.74%	1.66%
Portfolio turnover rate ⁽³⁾	31.29%	48.72%	23.96%
Trading expense ratio ⁽⁴⁾	0.20%	0.21%	0.17%

(1) This information is provided as at October 31 for the years presented and is in accordance with International Financial Reporting Standards.

(2) The management expense ratio is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net assets of the year.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager 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 a year. The higher the Fund's portfolio turnover rate in a year, the greater the trading 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 performance of the Fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year.

(5) Norrep Fund Series F commenced operations July 6, 2015.

MANAGEMENT FEES

The Fund pays an annual management fee of 1/12 of 2% for the Series A, and 1/12 of 1.25% for the Series F, multiplied by the net asset value of the Fund, to Norrep, the Fund's Manager and Portfolio Manager. The management fee is calculated and paid monthly. For the year ended October 31, 2017 management fees amounted to \$1,392,088. Norrep paid servicing commissions of \$481,162 (i.e. 34.56%) from these management fees to investment dealers. Norrep also received fees for portfolio management and administrative services with respect to this Fund as well as all the other funds in the Norrep group.

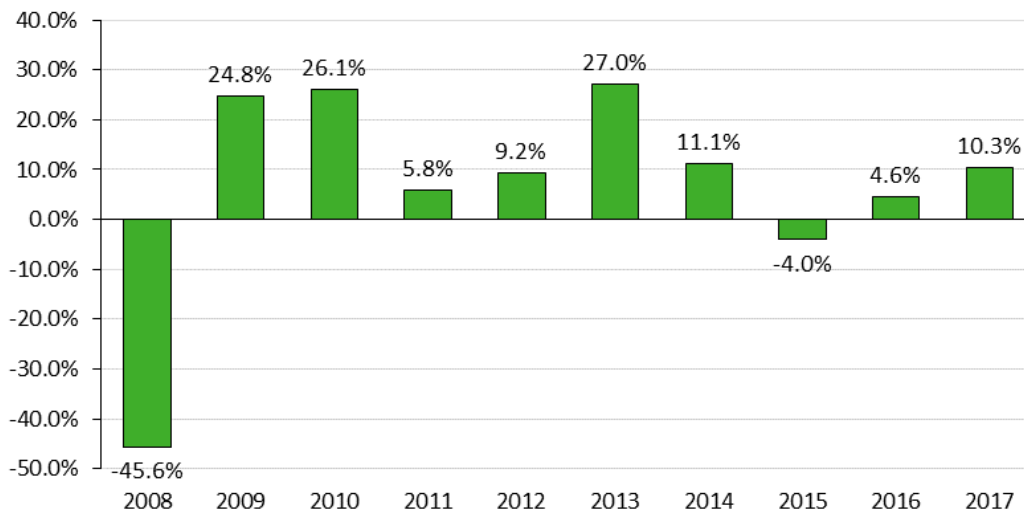
PAST PERFORMANCE

The charts below illustrate the performance of the Fund for its last 10 fiscal years as a public mutual fund. The Series F inception was July 6, 2015. These charts reflect the performance you would have received if you invested in the Fund on the first day of the period through the last day of the period.

They assume that all distributions made by the Fund in the periods shown are reinvested in additional securities of the Fund. They do not take into account sales, redemption, distribution or other optional charges which would have reduced returns or performance. Each period the Fund's performance has changed and past performance does not guarantee future performance.

YEAR BY YEAR RETURNS

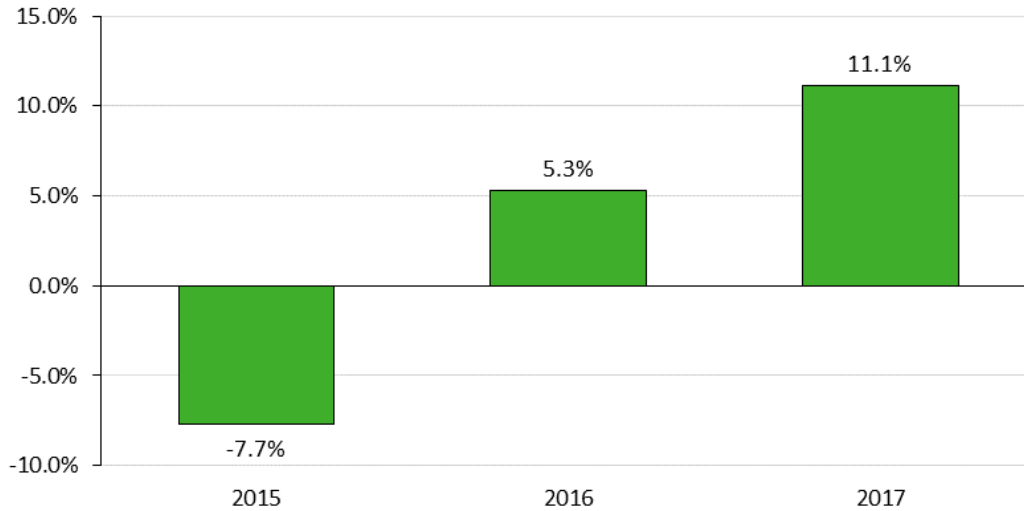
Series A



* November 1 to October 31

YEAR BY YEAR RETURNS (continued)

Series F



* July 6, 2015 to October 31, 2015 and November 1 to October 31 thereafter

ANNUAL COMPOUND RETURNS

The following table shows the percent compounded returns to October 31, 2017 of the Fund for the periods indicated. It also presents the returns for the BMO Small Capitalization Equity Only Weighted Total Return Index which is the Fund's benchmark index.

	Series A	Series F	Index
One year	10.3%	11.1%	6.8%
Three Year*	3.5%		5.4%
Five Year*	9.3%		4.6%
Ten Year*	4.5%		1.6%
Since Inception* – Series A (April 12, 2000)	15.4%		6.5%**
Since Inception* – Series F (July 06, 2015)		3.4%	7.3%**

* annualized

**estimated

SUMMARY OF INVESTMENT PORTFOLIO

The following investments were held by the Fund as at October 31, 2017.

Securities	Percent of net assets
Lundin Mining Corp.	5.2%
Parkland Fuel Corp.	4.5%
FirstService Corp.	4.4%
Chorus Aviation Inc.	4.2%
Major Drilling Group International Inc.	4.0%
Descartes Systems Group Inc. (The)	4.0%
Sleep Country Canada Holdings Inc.	3.9%
Air Canada	3.9%
Altus Group Ltd.	3.9%
Chemtrade Logistics Income Fund	3.5%
Whitecap Resources Inc.	3.3%
Parex Resources Inc.	3.3%
Avigilon Corp.	3.3%
CAE Inc.	3.1%
Superior Plus Corp.	3.0%
EnerCare Inc.	3.0%
Hudbay Minerals Inc.	2.7%
BMO Junior Gold Index EFT	2.6%
Enerflex Ltd.	2.6%
Gildan Activewear Inc.	2.5%
Precision Drilling Corp.	2.4%
Raging River Exploration Inc.	2.4%
Kelt Exploration Ltd.	2.3%
Transcontinental Inc., Class 'A'	2.2%
Uni-Select Inc.	2.2%
Other Securities	14.4%
Total Securities	96.8%
Other	
Cash	3.8%
Other assets - net of liabilities	(0.6)%
Total Net Asset Value	100.0%
Industry Sectors	
Energy	24.1%
Materials	22.1%
Industrials	17.2%
Consumer Discretionary	13.0%
Information Technology	9.1%
Real Estate	8.3%
Utilities	3.0%
Other	3.2%
Total	100.0%

The investments held by the Fund change due to ongoing portfolio transactions. A revised summary is posted on our website at www.norrep.com no later than 60 days after each quarter-end.

OTHER MATERIAL INFORMATION

The simplified prospectus and other Fund related materials can be obtained by calling us toll-free at (877) 531-9355, by writing to us at 1850, 333-7th Avenue SW Calgary, Alberta T2P 2Z1, or on our website at www.norrep.com.

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