

ROMC TRUST

2016

MANAGEMENT REPORT OF FUND PERFORMANCE

For the period June 3, 2016 (commencement of operations) to December 31, 2016

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-866-261-6669, by writing to McLean Asset Management Ltd., 1 Richmond Street West, Suite 800, Toronto, Ontario M5H 3W4 or by visiting www.mamgmt.com or SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

About ROMC Trust

ROMC Trust (ROMC or "the fund") is a Canadian reporting issuer unit trust founded in 2016.

ROMC's goal is to generate a positive return on investor capital, principally through ownership in common equity investments. ROMC's manager believes that a good business generates a high economic return on its own capital. A good investment results from acquiring an interest in a good business at a sensible price, thereby producing an attractive economic return on investor capital. Economic returns typically take the form of earnings, dividends and interest income but can also derive from rising asset values.

ROMC's manager encourages unitholders to focus on economic results, believing that attractive economic returns lead to positive market returns, which help investors maintain their purchasing power over time. Given the detrimental effects of long-term inflation and taxes, maintaining purchasing power is easier said than done. The great fund manager John Templeton said, "For all long-term investors, there is only one objective: maximum total real return after taxes." This truism lies at the heart of what ROMC does.

ROMC has concentrated positions. ROMC's fiscal year follows the calendar year. Valuations are currently performed daily (on each business day). Unitholders are entitled to receive an annual management report of fund performance, together with annual audited financial statements, as well as an interim management report of fund performance, together with interim financial statements. Unitholders can contact us to request a copy of ROMC's proxy voting policies and procedures, proxy voting record, and quarterly portfolio disclosure.

ROMC's service providers:

Administrator

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135 Commerce Valley Drive East
Thornhill, Ontario L3T 7T4
Tel. 905-707-5998

Auditor

KPMG LLP
333 Bay Street, Suite 4600
Toronto, Ontario M5H 2S5
Tel. 416-777-8500

Fund Manager

McLean Asset Management Ltd
1 Richmond Street West, Suite 800
Toronto, Ontario M5H 3W4
Tel. 416-488-0547

For more information, including ROMC's Prospectus, historical performance results and contact details, please visit ROMC's website at www.mamgmt.com or contact the fund manager directly by phone at 416-488-0547, or by email at davidmclean@mamgmt.com.

The report you are about to read contains opinions of the author as well as estimates and unaudited figures. The author has attempted accuracy. This report is not intended to be a forecast of future events, a guarantee of future returns or investment advice. Any recommendations contained or implied herein may not be suitable for all investors.

Investors have the right to cancel a subscription, have their money returned and/or claim damages if information provided to them by management misrepresents facts about ROMC. More details about investor rights can be found in the Ontario Securities Act, under section 130.1(1).

Table 1. ROMC Trust calendar-year data

	2016 *
ROMC Trust series A return **	10.95%
Management expense ratio (MER)	2.39%
ROMC Trust series F return	11.32%
Management expense ratio (MER)	1.31%
MSCI World Equity Index (C\$ gross return) ***	8.37%
Net assets at year end (000's)	\$4,927
Units outstanding at year end	444,036
MER (A) before waivers	3.49%
MER (F) before waivers	2.44%
Portfolio turnover rate	7.45%
Trading expense ratio	0.23%

* 2016 represents the period June 3, 2016 to December 31, 2016

** Initial seed capital received May 25, 2016

*** Source: www.msci.com

Notes:

Data is presented in Canadian dollars, net of expenses and withholding taxes. Rates of return are historical total returns that include changes in unit prices, and assume the reinvestment of all distributions. These annual returns don't take into account any sales charges, redemption fees, other optional expenses or income taxes that you have to pay and that could reduce these returns. The returns are not guaranteed. The Fund's past performance does not necessarily indicate future performance. The table is used only to illustrate and is not intended to reflect future values of the mutual fund or returns on the mutual fund. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing.

Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average assets during the period.

The fund's portfolio turnover rate indicates how actively the fund's portfolio adviser manages its portfolio of investments. A portfolio turnover rate of 100 per cent 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 trading costs payable by a fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year.

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

To the unitholders of ROMC Trust:

From June 3 to December 31, 2016, representing the initial period of operation of ROMC Trust (ROMC), our net asset value increased \$2.2 million. On a per-unit basis, our gain was 10.95 per cent for series A and 11.32 per cent for series F. Since inception, our per-unit net asset value has increased from \$10 to \$11.09 for series A and to \$11.13 for series F.

When you think of ROMC, think of the fund as a holding company whose job is to earn an economic return on investor capital. We will generally do this through ownership in common equity investments, or as I like to think, ownership in business. At year end, we were part owners in 11 such businesses.

This report, including the enclosed financial statements, is the only formal management reporting I have planned for unitholders. It will be sent to you twice per year, using December 31 as yearend and June 30 as an interim period. In the letter, I will try to inform you about material issues relevant to ROMC. Experience suggests that there are four areas of material relevance: (i) economic progress; (ii) expenses; (iii) taxes; and last, but not least (iv) partnership.

Economic progress

Without a doubt, the most material issue will be our economic progress. If we can acquire ownership in productive assets—usually stocks—that generate attractive economic returns on our capital over long periods of time, we should succeed. If not, we shouldn't. One year's progress, or lack thereof, will not make or break ROMC. But our progress over a period of five or so years will be telling.

In the book “The Intelligent Investor,” author Benjamin Graham described how the relationship between business value and stock prices can, at times, vary—sometimes enormously. He stated: “In the short run, the market is a voting machine but in the long run it is a weighing machine.” He meant that stock prices (votes) fluctuate and, at times, even detach from economic reality (weight). The intelligent investor remains focused on economics. It is my job to add “weight” to ROMC. In business, fewer things are considered healthier than a large and expanding girth.

There isn't a lot to say about our economic progress in 2016 as we were only at it for a few months. What I can tell you is that using 2016 company earnings on a portfolio-weighted-average basis, the earnings yield on our common stock purchases was about 10 per cent. I like to think in terms of yield. Financial markets are competitive and asset classes within compete for investor capital. They do this mainly through yield. Table 2 shows you how things look out there at time of writing, broadly speaking.

Table 2. Asset class relative yields

S&P 500 Index earnings yield *	4.0%
10-year treasury bond yield to maturity **	1.6%
91-day Treasury bill yield (annualized) **	0.5%

* Source: www.us.spindices.com & using 2016 earnings

** Source: www.bankofcanada.ca

While none of the above yields appear enticing, equities do look better, especially when you consider that inflation is currently eating up our purchasing power by almost two per cent annually.

Expenses

In Table 1, unitholders can see ROMC's management expense ratio (MER). The MER is calculated using the fund's operating expenses. The MER is the cost of ROMC ownership and is determined by adding up all relevant expenses charged against the fund and dividing them by the fund's average daily net assets over the same period. Since we operated for a little over 200 days in 2016, the figure has been annualized.

Over time, I will work to reduce our MER. That is how you, the investor, can make more money. Jack Bogle, of Vanguard fame, suggests: "In investing, you get what you don't pay for."

Taxes

There was no income to report in 2016 so no tax filing for you. Being new, we pretty much just bought securities and dividends that we received didn't amount to much.

Unitholders should know that portfolio turnover is not high on ROMC's list of priorities. By keeping turnover low and compounding economic value over the long term, we should enjoy a rising market value. If so, keeping gains unrealized will allow us to defer the tax we must someday pay. By deferring taxes, we effectively keep more capital at work. Think of it as a loan from the government, at zero interest for as long as we hold.

Partnership

While ROMC's performance results matter, unitholders should read and consider the full contents of this report. Why? Because on occasion, the numbers in Table 1 aren't going to be much to write home about. On those occasions, by referring to these pages, you should understand how it is that we go about this business and act productively—I dare say patiently—to take advantage.

While our jobs are different, one is not less important than the other. To succeed, a manager needs the right investors (and, of course, vice versa). I don't know all of you but I assume that you are the right stuff and I trust that you will do your bit to learn about your fund.

March 29, 2017

David McLean

Management Discussion of Fund Performance

Investment objectives & Strategies

To achieve the ROMC's objectives, your manager selects securities that offer a perceived discount to those offered generally in securities markets. It is his belief that a good investment is generally determined by acquiring a productive asset that generates an attractive economic return on investor capital. Economic returns typically take the form of earnings, dividends and interest income but can also derive from rising asset values.

To do this, ROMC will tend to focus on only a handful securities at one time. There are few moments when most securities are available at perceived discounts, even when looking globally. As a result, we will tend to concentrate our positions. A closet indexer ROMC is not.

Risk

ROMC started operations in June of 2016. During the year, we invested a fair amount of our capital in equities of financial services providers, mainly US banks. It was felt that their valuations were compelling. After our purchases, their market values increased materially and by year end, their valuations were less attractive which could mean increased volatility for their stocks in 2017—unless, of course, their earnings rise to keep pace.

At year end, ROMC held a large cash position. If stock and bond valuations are not compelling, and at present they do not appear compelling, we will hold cash. If the stock market continues to rise strongly, holding cash will limit the fund's ability to keep up. Unitholders should know that ROMC's focus is on value for money. A lack of it will likely see us do little to chase the market and that may mean periods of underperformance.

Risks involved with an investment fund with a global mandate like ROMC include: securities market risk, foreign-currency risk, security-issuer risk, political & legal risk, broker/dealer risk, tax risk, net asset value fluctuation, limited operating history, key personnel risk, multi-class risk, no guaranteed return, loss of limited liability, and a reliance on historical data risk. It's a good idea for all investors, whether existing or prospective, to read the fund's most recent prospectus and consider the fund's risks.

Results of operations

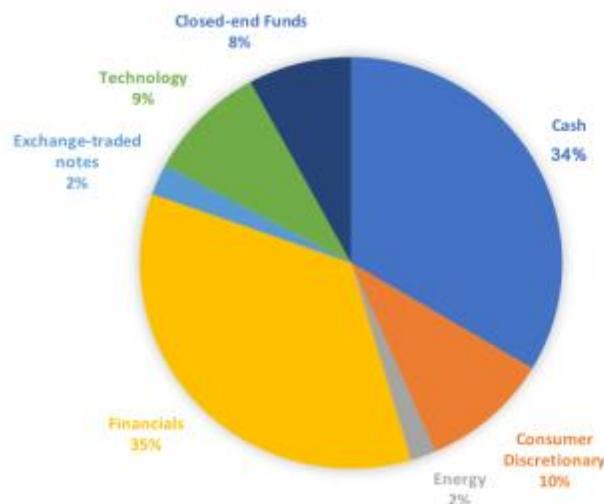
From inception on June 3 to December 31, 2016, series A units and series F units of the fund returned 10.95 per cent and 11.32 per cent, respectively. There were no distributions to unitholders over the period. By comparison, the MSCI World Equity Index (in Canadian dollars) returned 8.37 per cent on a gross basis.

During our initial operating period, we earned \$447,250 in comprehensive income (including unrealized gains of \$427,234). Gross operating expenses were \$85,090 but management fee absorptions/waivers brought the net operating expense figure down to \$61,838. Because most of our income was in the form of unrealized gains, there was no distribution to unitholders in 2016.

As we only began our adventure on June 3rd of last year, there isn't a lot to report. We purchased stocks throughout the second half of the year, mostly in the third quarter, and mostly in the US. At year end, ROMC had the following allocations:

<u>ROMC Trust asset mix</u>	<u>31-Dec-16</u>
US equities	53%
International equities	2%
European equities	12%
Cash & equivalents	31%
Other assets less liabilities	2%

ROMC Trust Sector allocation at 31-Dec-16



As mentioned, we held a large portion of ROMC’s assets in US financials and even though we had a large holding in cash, we still managed to outperform the MSCI World Equity Index—as shown in Table 1, on page three.

Last summer, valuations looked decent for US banks: the earnings yield on our group as a whole—at time of purchase, and using what we now know are 2016 earnings—was over 10 per cent. At time of writing, and again using 2016 earnings, the group yields seven per cent. On average, our stocks have appreciated by more than 35 per cent.

Our other holdings, as a group, did not rise by as much and some even declined. Our cash position did not rise, nor did it decline.

One might be inclined to suggest that the US election, in the fall of last year, had much to do with recent performance in US financials. That may be true to some extent but compelling earnings yields typically do the most talking, even if we usually have to wait more patiently for a revaluation.

Recent developments

With valuations in the market where they presently are, and since your manager expects subscriptions to outpace redemptions in the near-term, we may continue to maintain a larger-than-normal cash position. Of course, that will change when value appears somewhere and in something that your manager feels he may understand.

For the inquisitive unitholder, you can keep up with goings on at ROMC by viewing our fund’s portfolio holdings—updated quarterly at www.mamgmt.com, by clicking on “ROMC Trust” and then on “Reporting.” Also, while you are there, you can find the most recent report from the Independent Review Committee and other reporting details that might help you better understand your fund.

Related party transactions

McLean Asset Management Ltd. (the manager) is a related party and provides or arranges for the provision of all general management and administrative services rendered by ROMC Trust (the fund) in its day-to-day

operations, including providing investment advice and arranging for the provision of record-keeping services for the fund. The manager also acts as trustee to the fund.

In providing or arranging for the provision of investment advisory and management services, the manager is entitled to receive an investment management fee from investors in the fund. Management fees are expensed against the net assets of the fund on each valuation day and paid out monthly or quarterly, at the option of the manager. In 2016, the manager waived its share of management fees.

ROMC's manager is also an unitholder and all transactions between the manager (and any parties related to the manager) with the fund are done on an arm's length basis, on the same terms as any unitholder.

Financial Highlights

Table 3 shows selected financial data for ROMC that is intended to help you understand your fund's financial performance last year. This information is derived from the fund's audited annual financial statements.

Table 3: ROMC Trust financial highlights

	2016	
	Series A	Series F
Net asset value, beginning *	10.00	10.00
Increase (decrease) from operations:		
Total revenue	0.10	0.05
Total expenses	(0.16)	(0.09)
Realized gains (losses) for the period	(0.04)	0.01
Unrealized gains (losses) for the period	1.24	1.15
Total increase (decrease) from operations	1.14	1.12
Distributions	-	-
Net asset value at December 31	11.09	11.13

* For 2016, beginning was June 3, 2016

Net asset values shown above 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 period. Differences between the two methods of calculation can create inconsistent results, as happened in 2016. If I were you, I would focus on the net asset value of ROMC because that is what you pay when you buy or receive if you were to sell.

Management fees

In consideration for the provision of management services to ROMC, McLean Asset Management Ltd. (the manager) receives a management fee at the annual rate of 1 per cent, plus applicable sales taxes, of the net asset value of the fund's series F units and 1.5 per cent, plus applicable sales taxes, of the net asset value of the fund's series A units, calculated and accrued daily and payable monthly or quarterly in arrears.

The manager will pay to registered dealers a service fee equal to 0.5 per cent per year of the net asset value of the series A units held by clients of the registered dealer. No service fees are paid to registered dealers in respect of the series F units.

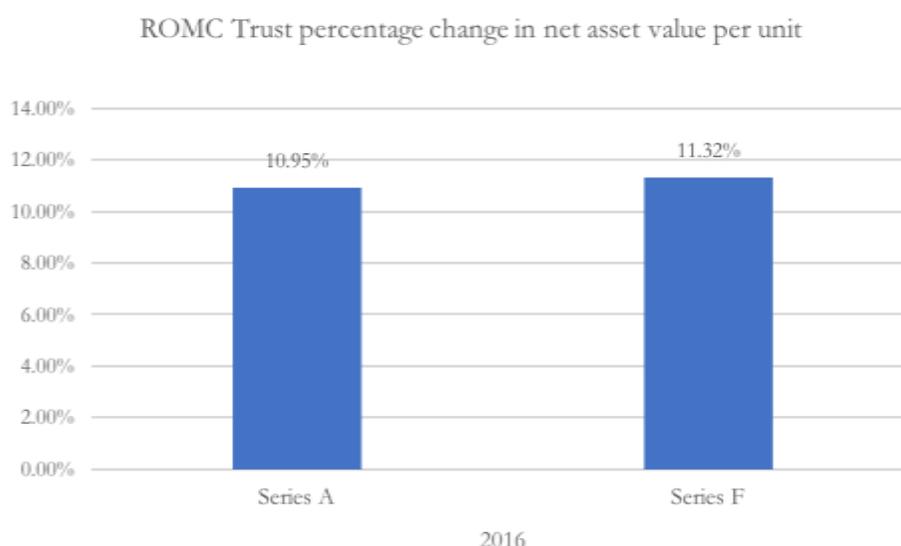
In 2016, total management fees for both series were \$34,762 of which \$23,252 was waived/absorbed by the manager. The net amount was paid to registered dealers.

Past performance

Commissions, trailing commissions, management fees and expenses all may be associated with an investment in the fund. Please read the prospectus before investing. The indicated rates of return are the historical total returns including changes in unit value and reinvestment of all distributions (if any), and do not take into account sales, redemptions, distributions or optional charges or income taxes payable by any investor that would have reduced returns. An investment in the fund is not guaranteed. Its value changes frequently and past performance may not be repeated. The fund's performance numbers assume that all distributions are reinvested in additional units of the fund. If you hold the fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional units. The amount of the reinvested taxable distributions is added to the adjusted cost base of the units that you own. This would decrease your capital gain or increase your capital loss when you later redeem from the fund, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

Year-by-year returns

The following chart shows the fund's performance for the period ended December 31, 2016. The chart shows, in percentage terms, how much an investment made on the first day of the financial period (June 3, 2016) would have increased or decreased by the last day of the financial period.

Annual compound returns

The following table compares the fund's unannualized compounded total return from inception on June 3, 2016 to December 31, 2016 along with a comparable market index. The table is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the fund or future returns on investments in the fund.

	ROMC Trust		<u>MSCI World Equity Index</u>
	<u>Series A</u>	<u>Series F</u>	
Since inception	10.95%	11.32%	8.37%

Summary of investment portfolio

Asset Allocation as at:	31-Dec-16	% of fund net assets
Cash & equivalents		34%
Common equities & equivalents		66%
Total - ROMC Trust		4,927,283

Common equities & equivalents as at:	31-Dec-16	% of fund net assets
American Express Company		6%
Apple Inc		4%
Banco Santander, SA		7%
Bank of America Corp		11%
Berkshire Hathaway Inc, class B		5%
Frontline Ltd		2%
IBM Corp		5%
iPath S&P 500 VIX Short-term Futures ETN		2%
Nomad Foods Ltd		5%
Pershing Square Holdings Ltd		8%
Sports Direct International Plc		5%
Wells Fargo & Company		6%
Total - Equities		66%

Total net asset value of ROMC Trust as at:	31-Dec-16	\$4,927,283
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The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund and a quarterly update is available.