



AUDITED FINANCIAL STATEMENTS
BLUMONT CANADIAN FUND | BLUMONT NORTH AMERICAN FUND

DECEMBER 2007



CONTENTS

Management's Statement on Financial Reporting	2
Auditors' Report	3
BluMont Canadian Fund	
Statement of Net Assets	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Investments and Other Net Assets	7
BluMont North American Fund	
Statement of Net Assets	10
Statement of Operations	11
Statement of Changes in Net Assets	12
Statement of Investments and Other Net Assets	13
Notes to the Financial Statements	16
Fund Information	21

MANAGEMENT'S STATEMENT ON FINANCIAL REPORTING

BluMont Capital Corporation (the "Manager") is responsible for the accompanying financial statements and all information in this report. The financial statements have been approved by the Board of Directors of the Manager. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and, where appropriate, reflect management's judgment and best estimates.

Management has established systems of internal control that provide assurance that assets are safeguarded from loss or unauthorized use and produce reliable accounting records for the preparation of financial information. The systems of internal controls meet management's responsibilities for the integrity of the financial statements.

The Board of Directors of the Manager meets with management and the auditors to discuss the Funds' financial reporting and internal control. The Board of Directors reviews the results of the audits by the auditors and their audit report. The external auditors have unrestricted access to the Board of Directors.

The Manager recognizes its responsibility to conduct the Funds' affairs in the best interest of its unitholders.

Respectfully,

"Paul J. Perrow"

President and Chief Executive Officer
BluMont Capital Corporation
March 24, 2008

AUDITORS' REPORT

TO THE UNITHOLDERS OF BLUMONT CANADIAN FUND (FORMERLY HALCYON OPPORTUNISTIC CANADIAN FUND) AND BLUMONT NORTH AMERICAN FUND (FORMERLY HALCYON HIRSCH OPPORTUNISTIC TACTICAL ALLOCATION FUND) (COLLECTIVELY "THE FUNDS")

We have audited the statements of net assets and investments and other net assets of each of the Funds as at December 31, 2007 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Trustee and the Manager of the Funds. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of each of the Funds as at December 31, 2007 and each of their results of operations and the changes in each of their net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements of each of the Funds as at and for the year ended December 31, 2006 were audited by other auditors who expressed an opinion without reservation in this report dated February 9, 2007.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
March 24, 2008

STATEMENT OF NET ASSETS

As at December 31,

BLUMONT CANADIAN FUND

	2007	2006
ASSETS		
Investments, at market value*		
Canadian equities	\$ 15,615,403	\$ 19,448,134
U.S. equities	<u>822,451</u>	<u>-</u>
	16,437,854	19,448,134
Cash and short-term investments	4,056,043	1,023,433
Accrued investment income	13,275	47,363
Subscriptions receivable	<u>12,019</u>	<u>-</u>
Total Assets	<u>20,519,191</u>	<u>20,518,930</u>
LIABILITIES		
Accounts payable:		
Fees and operating expenses	101,075	69,451
Redemptions payable	<u>1,558</u>	<u>-</u>
Total Liabilities	<u>102,633</u>	<u>69,451</u>
NET ASSETS REPRESENTING UNITHOLDERS' EQUITY	<u>\$ 20,416,558</u>	<u>\$ 20,449,479</u>
NUMBER OF UNITS OUTSTANDING (Note 3)	<u>873,091</u>	<u>944,370</u>
NET ASSET VALUE PER UNIT	<u>\$ 23.38</u>	<u>\$ 21.65</u>
*Investments, at cost	<u>\$ 12,342,226</u>	<u>\$ 15,534,136</u>

Approved by the Board of Directors of BluMont Capital Corporation

"Veronika Hirsch"

Veronika Hirsch
Director

"Stephen Johnson"

Stephen Johnson
Director

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS

Year Ended December 31,

BLUMONT CANADIAN FUND

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 221,870	\$ 354,590
Less: Foreign withholding taxes	<u>1,327</u>	<u>483</u>
	220,543	354,107
Interest, net of interest expense	<u>5,875</u>	<u>5,943</u>
	<u>226,418</u>	<u>360,050</u>
EXPENSES (Notes 5 and 6)		
Management fees	423,459	440,922
Operating expenses	231,606	265,314
Audit fees	26,653	15,805
Legal fees	37,975	46,003
Custodian and Trustees' fees	<u>12,426</u>	<u>28,582</u>
	732,119	796,626
Less: Expenses absorbed by the Manager	<u>4,187</u>	<u>24,197</u>
	<u>727,932</u>	<u>772,429</u>
NET INVESTMENT LOSS	<u>(501,514)</u>	<u>(412,379)</u>
NET REALIZED GAIN ON INVESTMENT TRANSACTIONS	2,685,367	2,177,243
TRANSACTION COSTS (Note 2(l))	(49,468)	-
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS	200,957	(49,480)
EXCHANGE GAIN ON FOREIGN CURRENCIES AND OTHER NET ASSETS	<u>1,122</u>	<u>33</u>
NET GAIN ON INVESTMENTS AND TRANSACTION COSTS	<u>2,837,978</u>	<u>2,127,796</u>
NET INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$ 2,336,464</u>	<u>\$ 1,715,417</u>
AVERAGE NUMBER OF UNITS OUTSTANDING	<u>842,890</u>	<u>962,952</u>
INCREASE IN NET ASSETS FROM OPERATIONS PER UNIT	<u>\$ 2.77</u>	<u>\$ 1.78</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
Year Ended December 31,

BLUMONT CANADIAN FUND

	2007	2006
Net Assets, Beginning of Period	\$ 20,449,479	\$ 20,539,742
Change in accounting policy <i>(Note 2(I))</i>	<u>(45,114)</u>	<u>-</u>
	<u>20,404,365</u>	<u>20,539,742</u>
Net Increase in Net Assets from Operations	2,336,464	1,715,417
From Capital Unit Transactions: <i>(Note 3)</i>		
Proceeds from issue of units	1,689,754	1,256,954
Consideration paid for redemptions of units	(4,011,990)	(3,058,348)
Reinvestment of distributions	<u>723,272</u>	<u>497,484</u>
	<u>(1,598,964)</u>	<u>(1,303,910)</u>
From Distributions to Unitholders:		
From realized gains	<u>(725,307)</u>	<u>(501,770)</u>
Net Assets, End of Period	<u>\$ 20,416,558</u>	<u>\$ 20,449,479</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
BLUMONT CANADIAN FUND

As at December 31, 2007

	Number of Shares	Average Cost	Market Value	% of Total Market Value
Canadian Equities				
Energy				
Bankers Petroleum Limited	20,000	\$ 17,368	\$ 17,000	
Connacher Oil and Gas Limited	22,000	91,916	82,720	
Nexen Inc.	3,000	93,016	96,180	
Niko Resources Limited	6,600	341,664	587,796	
Oilexco Inc.	10,000	80,334	131,800	
Peerless Energy Inc. 'A'	10,000	52,250	55,900	
Petrobank Energy and Resources Limited	15,200	326,045	884,944	
Petrominerales Limited	6,000	98,171	119,700	
ShawCor Limited 'A'	3,000	99,871	105,750	
Trican Well Service Limited	16,500	83,781	316,635	
Verenex Energy Inc.	22,000	190,201	187,000	
Zongshen Pem Power Systems Inc.	10,600	37,683	33,178	
		1,512,300	2,618,603	12.82

Basic Materials

Agrium Inc.	5,700	354,492	407,891	
Allen-Vanguard Corporation	20,000	177,120	106,400	
Altius Minerals Corporation	6,800	180,448	195,636	
Andina Minerals Inc.	40,000	169,662	183,200	
Aurelian Resources Inc.	30,400	266,633	232,864	
Breakwater Resources Limited	26,000	83,317	44,460	
CCL Industries Inc. 'B'	6,000	125,916	231,660	
Centamin Egypt Limited	70,600	81,000	84,720	
Consolidated Thompson Iron Mines Limited	19,000	102,433	120,840	
Detour Gold Corporation	48,000	210,000	583,200	
Eastern Platinum Limited	40,000	82,950	114,400	
Equinox Minerals Limited	66,100	117,264	360,906	
Erdene Gold Inc.	20,000	28,152	22,000	
Farallon Resources Limited	65,000	49,085	44,850	
FNX Mining Company Inc.	5,000	110,831	150,650	
Fording Canadian Coal Trust	2,000	63,955	76,740	
Gold Eagle Mines Limited	25,000	188,567	206,250	
Goldcorp Inc.	5,000	157,350	168,750	
HudBay Minerals Inc.	24,000	235,311	468,000	
Inmet Mining Corporation	2,000	196,294	160,760	
Keegan Resources Inc.	10,000	44,350	43,000	
Labrador Iron Mines Holdings Limited	9,900	38,479	36,630	
Labrador Iron Ore Royalty Trust	2,900	108,271	137,141	
MAG Silver Corporation	7,300	98,660	107,894	
Mercator Minerals Limited	14,000	122,474	126,700	

	Number of Shares		Average Cost	Market Value	% of Total Market Value
Basic Materials cont'd					
Mirabela Nickel Limited	25,000	\$	124,893	\$ 147,500	
Miramar Mining Corporation	29,000		170,890	180,670	
Red Back Mining Inc.	25,000		153,133	174,500	
Sherwood Copper Corporation	11,500		73,945	62,445	
Silver Standard Resources Inc.	6,800		209,757	244,596	
Silver Wheaton Corporation	6,800		97,626	114,240	
Solana Resources Limited	20,200		47,711	46,864	
Taseko Mines Limited	40,000		208,000	201,600	
Thompson Creek Metals Limited	10,000		130,767	169,700	
Yamana Gold Inc.	6,000		79,200	76,860	
			4,688,936	5,834,517	28.58
Industrials					
Aecon Group Inc.	10,000		182,003	230,500	
AG Growth Income Fund	8,000		203,312	264,400	
BFI Canada Income Fund	11,400		301,713	303,240	
Bombardier Inc. 'B'	25,000		158,483	149,000	
Day4 Energy Inc.	9,000		65,250	61,470	
Intermap Technologies Corporation	25,000		200,625	258,500	
Lockerbie & Hole Inc.	8,000		82,000	103,840	
Russel Metals Inc.	11,000		310,552	279,950	
Stantech Inc.	16,000		163,785	622,240	
			1,667,723	2,273,140	11.13
Consumer Discretionary					
Canadian Tire Corporation 'A'	5,700		316,884	421,629	
Cogeco Cable Inc.	3,800		163,275	180,918	
Corus Entertainment Inc. 'B'	3,000		119,717	144,870	
Gildan Activewear Inc.	8,000		173,291	327,440	
Shaw Communications Inc. 'B'	16,200		279,623	382,158	
			1,052,790	1,457,015	7.14
Consumer Staples					
Metro Inc. 'A'	5,500		178,986	144,650	
Saskatchewan Wheat Pool Inc.	15,000		171,929	199,500	
			350,915	344,150	1.68
Financials					
AGF Management Limited 'B'	6,000		202,164	174,240	
Canaccord Capital Corporation	14,000		286,272	213,920	
DundeeWealth Inc.	10,000		189,625	179,600	
TSX Group Inc.	10,000		309,719	528,000	
			987,780	1,095,760	5.37

	Number of Shares	Average Cost	Market Value	% of Total Market Value
Information Technology				
Absolute Software Corporation	5,000	\$ 150,345	\$ 183,050	
Cognos Inc.	3,600	152,518	205,632	
DragonWave Inc.	15,000	93,750	71,100	
Gemcom Software International Inc.	91,600	147,293	216,176	
Research In Motion Limited	3,000	206,776	337,680	
Sandvine Corporation	25,000	103,250	95,500	
		853,932	1,109,138	5.43
Telecommunication Services				
Rogers Communications Inc. 'B'	18,000	347,329	809,820	3.97
Utilities				
Northland Power Income Fund	6,000	83,953	73,260	0.36
Total Canadian Equities		11,545,658	15,615,403	76.48
U.S. Equities				
Basic Materials				
Alcoa Inc.	5,200	247,190	187,825	
General Moly Inc.	8,000	56,151	92,338	
		303,341	280,163	1.37
Industrials				
Deere & Company	2,000	149,341	184,003	0.90
Consumer Discretionary				
Tim Hortons Inc.	6,000	195,750	219,660	1.08
Health Care				
PDL BioPharma Inc.	8,000	169,903	138,625	0.68
Total U.S. Equities		818,335	822,451	4.03
Total Positions Including Transaction Costs		12,363,993	16,437,854	80.51
Transaction costs		(21,767)	-	-
TOTAL INVESTMENT PORTFOLIO		12,342,226	16,437,854	80.51
Other Assets Net of Liabilities ¹		3,978,704	3,978,704	19.49
TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY		\$ 16,320,930	\$ 20,416,558	100.00

¹This amount is comprised of cash and short-term investments plus accrued investment income plus subscriptions receivable less accounts payable.

The accompanying notes are an integral part of these financial statements.

STATEMENT OF NET ASSETS

As at December 31,

BLUMONT NORTH AMERICAN FUND

	2007	2006
ASSETS		
Investments, at market value*		
Canadian equities	\$ 3,890,663	\$ 6,642,847
U.S. equities	1,841,200	-
Canadian bonds	-	1,566,334
	<u>5,731,863</u>	<u>8,209,181</u>
Cash and short-term investments	1,549,095	448,056
Accrued investment income	2,843	28,611
Subscriptions receivable	-	600
Total Assets	<u>7,283,801</u>	<u>8,686,448</u>
LIABILITIES		
Accounts payable:		
Fees and operating expenses	31,964	25,051
Payable for investment purchases	101,389	-
Redemptions payable	2,500	-
Total Liabilities	<u>135,853</u>	<u>25,051</u>
NET ASSETS REPRESENTING UNITHOLDERS' EQUITY	<u>\$ 7,147,948</u>	<u>\$ 8,661,397</u>
NUMBER OF UNITS OUTSTANDING (Note 3)	<u>295,997</u>	<u>350,973</u>
NET ASSET VALUE PER UNIT	<u>\$ 24.15</u>	<u>\$ 24.68</u>
*Investments, at cost	<u>\$ 4,755,288</u>	<u>\$ 6,648,866</u>

Approved by the Board of Directors of BluMont Capital Corporation

"Veronika Hirsch"

Veronika Hirsch
Director

"Stephen Johnson"

Stephen Johnson
Director

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS

Year Ended December 31,

BLUMONT NORTH AMERICAN FUND

	2007	2006
INVESTMENT INCOME		
Dividends	\$ 71,910	\$ 137,112
Less: Foreign withholding taxes	<u>676</u>	<u>96</u>
	71,234	137,016
Interest, net of interest expense	<u>94,258</u>	<u>62,104</u>
	<u>165,492</u>	<u>199,120</u>
EXPENSES (Notes 5 and 6)		
Management fees	147,156	168,539
Performance fees	-	148,317
Operating expenses	154,970	114,997
Audit fees	27,654	15,805
Legal fees	65,428	19,900
Custodian and Trustees' fees	<u>9,057</u>	<u>13,771</u>
	404,265	481,329
Less: Expenses absorbed by the Manager	<u>140,683</u>	<u>18,923</u>
	<u>263,582</u>	<u>462,406</u>
NET INVESTMENT LOSS	<u>(98,090)</u>	<u>(263,286)</u>
NET REALIZED GAIN ON INVESTMENT TRANSACTIONS	1,202,935	807,531
TRANSACTION COSTS (Note 2(l))	(20,904)	-
NET CHANGE IN UNREALIZED DEPRECIATION OF INVESTMENTS	(579,337)	(8,307)
EXCHANGE GAIN (LOSS) ON FOREIGN CURRENCIES AND OTHER NET ASSETS	<u>(26,748)</u>	<u>113</u>
NET GAIN ON INVESTMENTS AND TRANSACTION COSTS	<u>575,946</u>	<u>799,337</u>
NET INCREASE IN NET ASSETS FROM OPERATIONS	\$ <u>477,856</u>	\$ <u>536,051</u>
AVERAGE NUMBER OF UNITS OUTSTANDING	<u>301,905</u>	<u>373,233</u>
INCREASE IN NET ASSETS FROM OPERATIONS PER UNIT	\$ <u>1.58</u>	\$ <u>1.44</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
Year Ended December 31,

BLUMONT NORTH AMERICAN FUND

	2007	2006
Net Assets, Beginning of Period	\$ 8,661,397	\$ 8,716,400
Change in accounting policy <i>(Note 2(I))</i>	<u>(13,619)</u>	<u>-</u>
	<u>8,647,778</u>	<u>8,716,400</u>
Net Increase in Net Assets from Operations	477,856	536,051
From Capital Unit Transactions: <i>(Note 3)</i>		
Proceeds from issue of units	283,663	852,495
Consideration paid for redemptions of units	(2,261,024)	(1,443,549)
Reinvestment of distributions	<u>536,959</u>	<u>-</u>
	<u>(1,440,402)</u>	<u>(591,054)</u>
From Distributions to Unitholders:		
From realized gains	<u>(537,284)</u>	<u>-</u>
Net Assets, End of Period	<u>\$ 7,147,948</u>	<u>\$ 8,661,397</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
BLUMONT NORTH AMERICAN FUND

As at December 31, 2007

	Number of Shares	Average Cost	Market Value	% of Total Market Value
Canadian Equities				
Energy				
Bankers Petroleum Limited	80,000	\$ 67,440	\$ 68,000	
Bronco Energy Limited	2,500	28,695	27,450	
Niko Resources Limited	1,500	77,452	133,590	
OPTI Canada Inc.	5,000	98,563	82,950	
Orca Exploration Group Inc. 'B'	5,000	70,150	52,600	
Petrobank Energy and Resources Limited	3,000	54,694	174,660	
TriStar Oil & Gas Limited	12,000	129,140	150,240	
Zongshen Pem Power Systems Inc.	5,900	20,507	18,467	
		546,641	707,957	9.90
Basic Materials				
Agrium Inc.	1,000	57,912	71,485	
Allen-Vanguard Corporation	7,000	66,500	37,240	
Andina Minerals Inc.	13,000	49,232	59,540	
Consolidated Thompson Iron Mines Limited	20,500	120,734	130,380	
Continental Minerals Corporation	50,000	73,775	76,000	
Detour Gold Corporation	16,000	70,000	194,400	
Eastern Platinum Limited	15,000	31,000	42,900	
Equinox Minerals Limited	26,000	72,500	141,960	
FNX Mining Company Inc.	2,000	42,378	60,260	
Hanfeng Evergreen Inc.	5,000	67,025	73,000	
HudBay Minerals Inc.	8,000	58,943	156,000	
Labrador Iron Ore Royalty Trust	1,000	42,649	47,290	
MAG Silver Corporation	3,400	48,181	50,252	
Mercator Minerals Limited	4,000	35,598	36,200	
Migao Corporation	4,000	36,120	45,640	
Petro Rubiales Energy Corporation	60,000	72,600	85,200	
Silver Standard Resources Inc.	2,800	89,190	100,717	
Thompson Creek Metals Limited	4,000	73,149	67,880	
Yamana Gold Inc.	4,000	52,800	51,240	
		1,160,286	1,527,584	21.37
Industrials				
AG Growth Income Fund	3,300	84,385	109,065	
Lockerbie & Hole Inc.	3,000	30,750	38,940	
Mecachrome International	3,000	42,000	35,850	
Russel Metals Inc.	2,800	76,578	71,260	
Stantech Inc.	6,800	74,256	264,452	
WestJet Airlines Limited	2,000	38,280	45,000	
		346,249	564,567	7.90

	Number of Shares	Average Cost	Market Value	% of Total Market Value
Consumer Discretionary				
Cogeco Cable Inc.	2,500	\$ 114,634	\$ 119,025	
Gildan Activewear Inc.	3,600	67,210	147,348	
Quebecor Inc. 'B'	4,500	160,031	160,650	
		341,875	427,023	5.98
Consumer Staples				
Alimentation Couche-Tard Inc. 'B'	4,000	72,120	72,480	
Metro Inc. 'A'	2,000	64,713	52,600	
Saskatchewan Wheat Pool Inc.	3,000	35,730	39,900	
		172,563	164,980	2.31
Health Care				
TSO3 Inc.	25,000	59,945	65,250	0.91
Financials				
Canaccord Capital Corporation	2,500	41,550	38,200	
Dundee Corporation 'A'	7,000	141,710	131,950	
TSX Group Inc.	2,900	58,400	153,120	
		241,660	323,270	4.52
Information Technology				
Cognos Inc.	1,100	46,630	62,832	
Gemcom Software International Inc.	20,000	32,160	47,200	
		78,790	110,032	1.54
Total Canadian Equities		2,948,009	3,890,663	54.43
U.S. Equities				
Energy				
VeraSun Energy Corporation	10,000	135,197	151,127	2.11
Basic Materials				
Compass Minerals International Inc.	2,000	72,825	81,003	
General Moly Inc.	2,000	14,099	23,084	
Minerals Technologies Inc.	2,300	154,107	152,276	
		241,031	256,363	3.59
Industrials				
MWI Veterinary Supply Inc.	2,000	78,163	78,728	
Owens-Illinois Inc.	1,600	68,993	78,301	

	Number of Shares	Average Cost	Market Value	% of Total Market Value
Industrials cont'd				
Quanta Services Inc.	1,800	\$ 46,951	\$ 46,626	
		194,107	203,655	2.85
Consumer Discretionary				
American Axle & Manufacturing Holdings Inc.	3,000	71,410	55,248	
Nu Skin Enterprises Inc. 'A'	2,000	34,637	32,500	
Orient-Express Hotel Limited 'A'	1,500	82,149	85,157	
Retail Ventures Inc.	12,000	98,232	60,174	
Tenneco Inc.	1,000	31,008	25,785	
		317,436	258,864	3.62
Consumer Staples				
Dean Foods Company	5,000	131,694	127,884	
McCormick & Company Inc. Non Voting Shares	3,500	125,795	130,990	
		257,489	258,874	3.62
Health Care				
Adams Respiratory Therapeutics Inc.	3,000	125,143	177,139	
AMAG Pharmaceuticals Inc.	1,200	72,435	71,212	
Henry Schein Inc.	600	36,316	36,419	
PDL BioPharma Inc.	5,200	105,942	90,107	
		339,836	374,877	5.24
Financials				
CBIZ Inc.	5,000	45,915	48,365	0.68
Telecommunication Services				
NTELOS Holdings Corporation	4,500	124,656	131,430	1.84
Utilities				
Equitable Resources Inc.	3,000	158,789	157,645	2.21
Total U.S. Equities		1,814,456	1,841,200	25.76
Total Positions Including Transaction Costs		4,762,465	5,731,863	80.19
Transaction costs		(7,177)	-	-
TOTAL INVESTMENT PORTFOLIO		4,755,288	5,731,863	80.19
Other Assets Net of Liabilities ¹		1,416,085	1,416,085	19.81
TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY		\$ 6,171,373	\$ 7,147,948	100.00

¹ This amount is comprised of cash and short-term investments plus accrued investment income plus subscriptions receivable less accounts payable.

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

1. THE FUNDS

BluMont Canadian Fund ("Canadian Fund") and BluMont North American Fund ("North American Fund"), individually a "Fund" and collectively the "Funds", are unincorporated open-end investment fund trusts created under the laws of the Province of Ontario pursuant to declarations of trust dated November 8, 2007, as amended from time to time (the "Declarations of Trust").

BluMont Canadian Fund, formerly known as Halcyon Hirsch Opportunistic Canadian Fund, was created on August 25, 1997. BluMont North American Fund, formerly known as Halcyon Hirsch Opportunistic Tactical Allocation Fund, was created on May 5, 1998.

On November 7, 2007, Halcyon Canadian Demographic Fund was merged into Halcyon Hirsch Opportunistic Canadian Fund. On November 8, 2007, Halcyon Fund Management Inc. resigned as trustee of the Funds and BluMont Capital Corporation ("BluMont Capital") was appointed as the manager (the "Manager") and trustee (the "Trustee").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

A summary of the significant accounting policies is summarized below.

(I) Valuation of Investments

Investments are recorded in the accounts at their market value, determined as follows:

The Canadian Institute of Chartered Accountants' (CICA) Handbook Section 3855, Financial Instruments – Recognition and Measurement, which applies to the fiscal years beginning on or after October 1, 2006, requires that the fair value of financial instruments, which are actively traded, be measured based on the bid price for the security. Prior to that, fair value for GAAP was based on the last traded price for the day, when available. For financial reporting purposes, effective January 1, 2007, each Fund adopted the amended valuation policy for actively traded securities held by that Fund retroactively without restatement of prior periods. Accordingly, the January 1, 2007 opening net asset value adjustment is disclosed in the Statements of Changes in Net Assets. In addition, a reconciliation as at December 31, 2007 between each Fund's net asset value for financial reporting ("GAAP NAV") and each Fund's net asset value for purposes other than financial reporting, such as purchases and redemptions, ("Trading NAV") has been provided in Note 7.

Section 3855 also requires that transaction costs, such as brokerage

commissions, incurred in the purchase and sale of securities by each Fund be charged to net income in the period. Accordingly, these costs must be expensed and are included in "Transaction costs" in the Statements of Operations. Until December 31, 2006, each Fund's policy has been to add these expenses to the cost of securities purchased or deduct them from the proceeds of sale. Effective January 1, 2007, each Fund adopted the new accounting policy retroactively, without restatement of prior periods.

Securities listed upon a recognized public stock exchange are valued at their bid prices on the financial statement date. Securities with no bid prices are valued at their closing sale prices. Securities not listed upon a recognized public stock exchange are valued using valuation techniques, on such basis and in such manner established by the Manager.

Short-term investments are recorded at fair market value.

The difference between market value and the average cost is shown as the net change in unrealized appreciation (depreciation) of investments.

(II) Investment Transactions and Income Recognition

Investment transactions are accounted for as of the trade date. Income and expenses are recorded on an accrual basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded daily as it is earned. Realized gains and losses from security transactions are calculated using the average cost basis.

(III) Valuation of Fund Units

The Funds' units are issued and redeemed at the net asset value per unit, which is determined as of the close of Valuation Day. A "Valuation Day" is any day that the Toronto Stock Exchange is open for business or such other trading day or days as the Manager may determine.

The net asset value per unit of each Fund is determined by dividing the total market value of each Fund's net assets by the number of units outstanding.

For each Fund unit sold, the Fund receives an amount equal to the net asset value per unit on the date of sale, which is included in unitholders' equity. Units are redeemable at the option of the unitholders at their net asset value on any Valuation Day. For each unit redeemed, the number of issued and outstanding units is reduced and the equity in the Fund is reduced by the related net asset value on the date of redemption.

(IV) Foreign Currency Translation

Assets, including market value of investments and liabilities denominated in foreign currencies, are converted to Canadian dollars at the rates of exchange established on each Valuation Day.

Purchases and sales of investments, dividends and interest income denominated in foreign currencies are converted into Canadian dollars at the rates of exchange prevailing on the respective dates of such transactions.

Realized exchange gains (losses) on investments are included in "Net Realized Gain on Investment Transactions" in the Statements of Operations.

Unrealized exchange gains (losses) on investments are included in “Net Change in Unrealized Appreciation (Depreciation) of Investments” in the Statements of Operations.

Realized and unrealized exchange gains (losses) on assets (other than investments), liabilities and investment income denominated in foreign currencies are included in “Exchange Gain (Loss) on Foreign Currencies and Other Net Assets” in the Statements of Operations.

(V) Use of Estimates

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of certain assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of certain revenue and expenses during the period. Actual results could differ from these estimates.

(VI) Increase in Net Assets from Operations Per Unit

Increase in Net Assets from Operations per Unit amount is determined by dividing the Net Increase in Net Assets from Operations by the average number of units outstanding during the year.

3. UNIT TRANSACTIONS

The units authorized for issuance are unlimited in number, have no nominal or par value and are issued and redeemed at their net asset value.

The number of Units issued and redeemed at net asset value is summarized as follows:

	Canadian Fund	
	2007	2006
Balance at beginning of year	944,370	1,004,594
Units issued for cash	70,417	59,684
Units issued on reinvestment of distributions	32,280	23,231
Units redeemed	(173,976)	(143,139)
Units issued and outstanding at end of year	<u>873,091</u>	<u>944,370</u>

	North American Fund	
	2007	2006
Balance at beginning of year	350,973	376,428
Units issued for cash	11,053	35,604
Units issued on reinvestment of distributions	22,813	-
Units redeemed	(88,842)	(61,059)
Units issued and outstanding at end of year	<u>295,997</u>	<u>350,973</u>

4. INCOME TAXES

As at December 31, 2007, the Canadian Fund and the North American Fund qualified as mutual fund trusts. The Funds are subject to tax under the Income Tax Act (Canada) (the "Act") on all of its taxable income for the year (including net taxable capital gains) and are permitted a deduction in computing taxable income for all amounts which are paid or payable in the year to their unitholders. It is the policy of each Fund, to the extent practicable, to distribute to the unitholders all income of the Fund for the year so that it generally will not pay any Canadian federal income tax under Part 1 of the Act. Accordingly no provision for income taxes has been made in these financial statements.

5. RELATED PARTY TRANSACTIONS

Under the terms of agreements between the Funds and the Manager, and in return for investment management and administrative services, the Manager receives monthly management fees from each Fund, calculated daily and payable monthly.

The Canadian Fund pays management fees at the rate of 2.15% per year. In addition, the Canadian Fund pays the Manager performance fees equal to 20% of the amount by which the Fund outperforms the S&P/TSX Composite Index.

The North American Fund pays management fees at the rate of 1.9% per year. In addition, the North American Fund pays the Manager performance fees equal to 20% of the amount by which the Fund outperforms its benchmark. As of November 12, 2007, this benchmark was revised from a weighting of 45% of the S&P/TSX Total Return Index, 45% of the Scotia Capital Markets Universe Bond Index and 10% of the S&P's 500 Total Return Index, to a weighting of 50% of the S&P/TSX Small Cap Index and 50% of the S&P MidCap 400.

Performance fees will be payable in all circumstances where the performance of the Fund exceeds that of its applicable benchmark, even in circumstances where the overall performance of the Fund has declined. Performance fees will be calculated and accrued (and payable by the Fund) daily such that, to the extent possible, the unit price each day will reflect any performance fees payable as at the end of such day.

If the performance of a Fund for the period being measured is less than the performance of its benchmark for such period (a "Return Deficiency"), then no performance fees will be payable until the performance of the Fund thereafter relative to its benchmark has exceeded the amount of the Return Deficiency.

The Manager may, on its own accord, pay for certain operating expenses of each of the Funds in order to maintain each Fund's management expense ratio at a competitive level. These absorptions may be terminated at any time by the Manager, and at the Manager's direction may be continued indefinitely. The absorbed amounts are shown in the Statements of Operations.

6. FEES AND OPERATING EXPENSES

Each Fund is responsible, on a separate basis, for the payment of all fees and expenses including, but not limited to, brokerage commissions on portfolio transactions, all regulatory filing fees, registrar and transfer agent fees, audit, accounting, administration, record keeping and legal fees and expenses, custody and safekeeping charges, all taxes, and all other fees relating to the purchase and sale of the assets of the respective Fund. There were no soft dollar commissions for the Funds during the period.

The total brokerage commissions paid by the Funds with respect to security transactions for the years ended December 31 were:

	<u>2007</u>	<u>2006</u>
Canadian Fund	\$ 49,468	\$ 44,315
North American Fund	\$ 20,904	\$ 15,324

7. RECONCILIATION OF TRADING NAV TO GAAP NAV

As at December 31, 2006

	Net Asset Value (\$)			Net Asset Value per Unit (\$)		
	Trading NAV	Sec. 3855 Adjustment	GAAP NAV	Trading NAV	Sec. 3855 Adjustment	GAAP NAV
Canadian Fund	\$20,449,479	\$(45,114)	\$20,404,365	\$21.65	\$(0.05)	\$21.60
North American Fund	\$8,661,397	\$(13,619)	\$8,647,778	\$24.68	\$(0.04)	\$24.64

As at December 31, 2007

	Net Asset Value (\$)			Net Asset Value per Unit (\$)		
	Trading NAV	Sec. 3855 Adjustment	GAAP NAV	Trading NAV	Sec. 3855 Adjustment	GAAP NAV
Canadian Fund	\$20,457,772	\$(41,214)	\$20,416,558	\$23.43	\$(0.05)	\$23.38
North American Fund	\$7,167,877	\$(19,929)	\$7,147,948	\$24.22	\$(0.07)	\$24.15

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statements presentation.

FUND INFORMATION

MANAGER AND PRINCIPAL DISTRIBUTOR

BluMont Capital Corporation
70 University Avenue
Suite 1200, P.O. Box 16
Toronto, ON M5J 2M4
Telephone: (416) 216-3566
Fax: (416) 360-1102
Toll Free: 1 (866) 473-7376

REGISTRAR

Citigroup Fund Services Canada, Inc.
2920 Matheson Blvd. East
Mississauga, ON L4W 5J4

PRIME BROKER

CIBC Mellon Global Securities Services Company
320 Bay Street, P.O. Box 1
Toronto, ON
M5H 4A6

AUDITORS

PricewaterhouseCoopers LLP
Suite 3000 Box 82
Royal Trust Tower TD Centre
Toronto, ON M5K 1G8

LEGAL COUNSEL

Goodmans LLP
2400-250 Yonge Street
Toronto, ON M5B 2M6
Telephone: (416) 597-4236
Fax: (416) 979-1234



COVER PRINTED ON 80LB
SUPREME MATTE COVER,
TEXT PRINTED ON 50LB
PLAINFIELD