

BLUMONT CANADIAN FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the Year Ended December 31, 2009

This annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements for BluMont Canadian Fund (the "Fund"). If you have not received a copy of the annual financial statements with the Management Report of Fund Performance, you may obtain a copy of the annual financial statements, at no cost, by calling 1 866-473-7376, by writing to us at BluMont Capital Corporation, 70 University Avenue, Suite 1200, P.O. Box 16 Toronto, Ontario M5J 2M4 or by visiting our website at www.blumontcapital.com or SEDAR at www.sedar.com.

Security holders 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 relating to the Fund.

Forward-Looking Information

This Management Report of Fund Performance contains forward-looking information and statements relating, but not limited to, anticipated or prospective financial performance and results of operations of the Fund. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking information. Without limiting the foregoing, the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "projects", and similar expressions are intended to identify forward-looking information.

Although the Fund believes it has a reasonable basis for making the forecasts or projections included in this Management Report of Fund Performance, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to, those associated with the performance of the equity securities market, expectations about interest rates and factors incorporated by reference herein as risk factors.

The above list of important factors affecting forward-looking information is not exhaustive, and reference should be made to the other risks discussed in the Fund's filings with Canadian securities regulatory authorities. The forward looking information is given as of the date of this Management Report of Fund Performance, and the Fund undertakes no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Management Discussion on Fund Performance

Investment Objective and Strategies

The Fund aims to achieve superior capital appreciation over both short and long-term horizons primarily by investing in Canadian equity securities. The Fund may invest in companies of any capitalization size.

The Fund will seek to achieve its objective primarily by investing in equity securities of Canadian companies, which BluMont Capital Corporation ("BluMont Capital"), in its capacity as portfolio manager ("Portfolio Manager"), believes to have the potential for exceptional returns, encompassing both larger and smaller capitalization companies. The Fund may invest in bonds and other debt instruments from time to time, if determined to be appropriate by BluMont Capital. The Fund will not specialize in any one industry other than to concentrate investments in those industries that BluMont Capital believes offer the best opportunities for exceptional returns at each stage of the economic and market cycle. At the discretion of BluMont Capital, the Fund may also invest in options, including put options (i.e. the option to sell) or call options (i.e. the option to purchase) either in respect of a specific security or in respect of a stock exchange index as a means to reduce volatility.

The Fund may take short positions, mostly in equity securities, in total not exceeding 20% of the net asset value of the Fund. Short positions will be initiated opportunistically, targeting companies with, in the opinion of BluMont Capital, inferior business prospects, poor management track records or severely deteriorated financial prospects.

The Fund may hold cash or invest in short-term securities for the purpose of preserving capital and/or maintaining liquidity, based upon BluMont Capital's ongoing evaluation of current and anticipated economic and market conditions. The Fund may also invest in foreign securities of the same type and characteristics as described above.

Investment Risk

The risks of investing in the Fund remain as stated in the Fund's simplified prospectus. The principal risks associated with the Fund are stock market risk, specific issuer risk, short selling risk, foreign security risk, currency risk and liquidity risk.

The Fund is suitable for clients seeking medium to long-term growth (through capital appreciation) who have a moderate risk tolerance level.

Results of Operations

For the year ended December 31, 2009 the Fund delivered a gain of 17.87%, and its benchmark, the S&P/TSX Total Return Index, posted a positive return of 35.05% over the same period.

As at December 31, 2009, the Fund held approximately 85% (net) of its assets in Canadian stocks and approximately 4% of its assets in US or Foreign stocks. Approximately 8% of its assets were held in cash and short-term investments.

2009 started off with equity markets continuing their decline. Economic news continued to deteriorate and confidence faded. The Fund outperformed its benchmark for the first quarter, as it maintained its conservative stance. The Fund held 40% in cash and one of the largest sector exposures was to conservative consumer staples companies.

In late March and early April, the slide in macroeconomic data slowed, and forecasters began speaking of a bottom and eventual recovery. Investor confidence started improving and equity markets began to rally. A severe depression appeared to have been priced into equity values, and investors perceived attractive risk-reward opportunities. The rally continued into late June, and was one of the most dramatic in capital market history. Cash held in the Fund was gradually deployed to gain exposure to the return of investor confidence.

Long exposure to the markets was increased significantly from 51% to 69% through the second quarter. However, we continued to err on the side of caution with the Fund, as we maintained a 15% cash balance. Long exposure to

the markets continued its significant increase throughout the second half of 2009 reaching 90% by the end of the third quarter and maintaining this for the balance of the year.

Exposure to materials increased to approximately 30% during the second half of 2009, as the Fund increased its exposure to gold just in time for the price to break through the \$1,000 mark for the first time. Throughout the second half of 2009, the exposure to consumer staples was reduced from 9% to just over 2%, closing out positions to lock in profits earned through 2008 and early 2009 in names such as George Weston and Shoppers Drug Mart. The Fund gained exposure to the financial sector predominantly through investment in non-bank financial equities such as Gluskin Sheff + Associates, GMP Capital and CI Financial Corporation which have been positive contributors to the portfolio in the last half of 2009.

In October the Fund switched out of oil companies to some “gassier” names. This paid off as there have been signs of strength in the depressed natural gas market, recently helped by freezing weather and Exxon announcing the acquisition of XTO, a US-based unconventional gas producer. BluMont Capital expect other large firms to look to acquire shale gas plays and hopes to leverage this trend with Canadian holdings such as Encana, Talisman and Progress Energy. Energy represented about 15% of the portfolio at year-end, and the Fund is looking to increase exposure by the spring, as this sector moves into a period of seasonal strength.

In late November, there was the debt crisis in Dubai, when the government of Dubai asked for a six month repayment extension of debt owed by Dubai World, the state investment company. While the initial announcement caused some shocks in the market, there has been minor ramification for the rest of the world and Abu Dhabi has since stepped in and provided financial support of \$10 billion. While the event captured headlines in Canada, BluMont Capital saw no need to hastily react.

December brought a sharp pullback in the price of gold. Gold exposure is over weighted in the Fund relative to the S&P/TSX Index. The Fund will remain over-weighted in gold equities for the near term as the seasonality is extremely favourable into the first quarter of 2010. BluMont Capital is monitoring this exposure on an ongoing basis to determine an alteration in weighting when required. Gold started the year under \$900 and traded in that range for most of the year until September, when it broke out above \$1,000. Gold hit a new high on December 3, 2009 closing at \$1,226, helped by a major reserve purchase by the Indian central bank and Barrick Gold's elimination of its hedge book. However, gold fell abruptly thereafter and has been trading in the \$1,000 to \$1,100 range to the time of writing.

Aside from materials and energy, BluMont Capital likes exposure to Canadian industrial firms that are benefiting from infrastructure spending and government contracts. Firms like Aecon and Churchill have been announcing new contract wins at regular intervals, and those should translate into earnings in 2010. The Fund also has exposure to defensive sectors with stocks such as Metro and BCE.

BluMont Capital cannot tell you with any certainty what the Bank of Canada is going to do with interest rates. However, the consensus seems to be that rates will start to increase in the third quarter of 2010 or at best by the end of the second quarter. What this likely means is that the markets will stay strong for the first half of 2010 and BluMont Capital intends to keep the Fund fully invested in the absence of any unforeseen events.

BluMont Capital expects continued but more selective strength in the market in the first half of 2010 and hope that our stock picking skills will benefit the Fund.

Recent Developments

BluMont Capital merged the BluMont North American Fund (“North American Fund”) into the BluMont Canadian Fund. The termination of the North American Fund was effective October 28, 2009 (the “Effective Date”). In that regard, BluMont Capital afforded unitholders of the North American Fund the ability to participate in the wind-up of the North American Fund as at the Effective Date by way of an in-kind transfer of their investment to the BluMont Canadian Fund.

The exchange ratio, based on the final net asset value of the North American Fund and the October 28, 2009 net asset value of the BluMont Canadian Fund, was 1.1584 units in the BluMont Canadian Fund for every BluMont North American Fund unit held.

Related Party Transactions

There are no related party transactions to report for the period ended December 31, 2009 other than management and related fees as discussed below.

Management Fees

The Manager receives a monthly management fee (the “Management Fee”), calculated as a percentage of the Fund’s net asset value as of the close of business on each business day. The Management Fee rate applicable to the Fund was 2.15% per annum and beginning January 29, 2009, the Management Fee decreased to 1.80% per annum. For the year ended December 31, 2009, Management Fees charged to the Fund equaled \$246,375. For the year ended December 31, 2008, Management Fees equaled \$370,945. The Management Fee is paid in consideration of investment management and administration services. No breakdown of such services was specified in the management agreement. From this Management Fee, the Manager pays fees to the investment advisor (BluMont Capital, in its capacity as such) who provides portfolio management services to the Fund. A portion of the Management Fee paid by the Fund is for trailer fees paid to dealers whose client’s hold units of the Fund. The trailer fees are a percentage of the net asset value of the Fund, calculated and payable monthly. The table below outlines the Fund’s annual Management Fees and trailer fees.

ANNUAL RATE (%)	Front-End Sales Charge	Deferred Sales Charge (“DSC”)
Management Fees	2.15% / 1.80%	2.15% / 1.80%
Trailer Fees (rate as % of Management Fees)	43.28%	5.73%

Note: Management Fees for the Fund decreased effective January 29, 2009. Selling Concessions: Front-End 0-2%; DSC 5% for purchases prior to November 8, 2007

In addition, the Fund pays BluMont Capital performance fees (“Performance Fees”) equal to 20% of the amount by which the Fund outperforms its benchmark, the S&P/TSX Composite Index. Performance Fees will be payable in all circumstances where the performance of the Fund exceeds that of its 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. Effective January 1, 2009, Performance Fees for the Fund will be calculated and accrued each day, but will only be payable following the end of the fiscal year of the Fund based on the actual annual performance of the Fund. No Performance Fees were charged by the Fund in 2008 and 2009.

If the performance of the 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 incurs operating expenses on behalf of the Fund and charges these expenses to the Fund. For the year ended December 31, 2009, the Manager has, in its discretion, agreed to absorb \$181,668 (\$123,701 for the year ended December 31, 2008) of operating expenses associated with the Fund.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help the reader understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited financial statements, and is represented net of expenses which have been charged to the Fund.

THE FUND'S NET ASSETS PER UNIT

For the years ended December 31,

	2009	2008	2007	2006	2005
Net assets, beginning of year ¹	\$ 15.45	\$ 23.38	\$ 21.60	\$ 20.45	\$ 18.42
Increase from operations					
Total revenue	0.19	0.36	0.26	0.37	0.33
Total expenses	(0.42)	(0.56)	(0.86)	(0.80)	(0.74)
Realized gains (losses) for the year	(2.49)	0.20	3.13	2.26	3.05
Unrealized gains (losses) for the year	5.67	(7.94)	0.24	(0.05)	0.88
Total increase (decrease) from operations ¹	\$ 2.95	\$ (7.94)	\$ 2.77	\$ 1.78	\$ 3.52
Distributions ²					
From capital gains	-	-	(0.87)	(0.54)	(1.54)
Total annual distributions	-	-	(0.87)	(0.54)	(1.54)
Net assets, end of year ¹	\$ 18.19	\$ 15.45	\$ 23.38	\$ 21.65	\$ 20.45

RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2009	2008	2007	2006	2005
Net asset value (000s)	\$17,219	\$12,546	\$20,458	\$20,449	\$20,540
Number of units outstanding	942,323	809,284	873,091	944,370	1,004,594
Management expense ratio ³	2.73%	2.79%	3.70%	3.78%	3.75%
Management expense ratio before waivers or absorptions ⁴	4.08%	3.60%	3.72%	3.90%	3.75%
Portfolio turnover rate ⁵	150.71%	139.14%	35.93%	74.54%	116.54%
Trading expense ratio ⁶	0.44%	0.34%	0.25%	0.22%	0.34%

1. The net assets per unit shown for all periods since January 1, 2007 are references to Net Assets determined in accordance with Canadian generally accepted accounting principles ("GAAP") and are derived from the Fund's audited annual financial statements. The Net Assets per unit shown for all periods prior to January 1, 2007 are references to the net asset value ("NAV"). The Net Assets presented in the financial statements may differ from the NAV calculated for fund pricing purposes. NAV is calculated using fair value measures as defined by National Instrument 81-106 ("NI 81-106"), where as Net Assets are calculated in accordance with Canadian GAAP. An explanation of these differences can be found in the notes to the financial statements. Net Assets 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. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

2. Distributions were reinvested in additional units of the Fund.
3. Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratio is calculated in accordance with Part 15 of NI 81-106 and therefore includes performance fees, which were previously reported separately as dollar amounts.
4. The Manager has absorbed certain expenses or waived certain fees otherwise payable by the Fund. The amount of expenses absorbed or waived is determined annually at the discretion of the Manager and the Manager can terminate the absorption or waiver at any time.
5. The Fund's portfolio turnover rate can indicate how actively the investment advisor manages the portfolio of investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of its 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 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 the performance of the Fund.
6. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
7. Ratios and supplemental data, where applicable, are computed using the net asset value of the Fund.

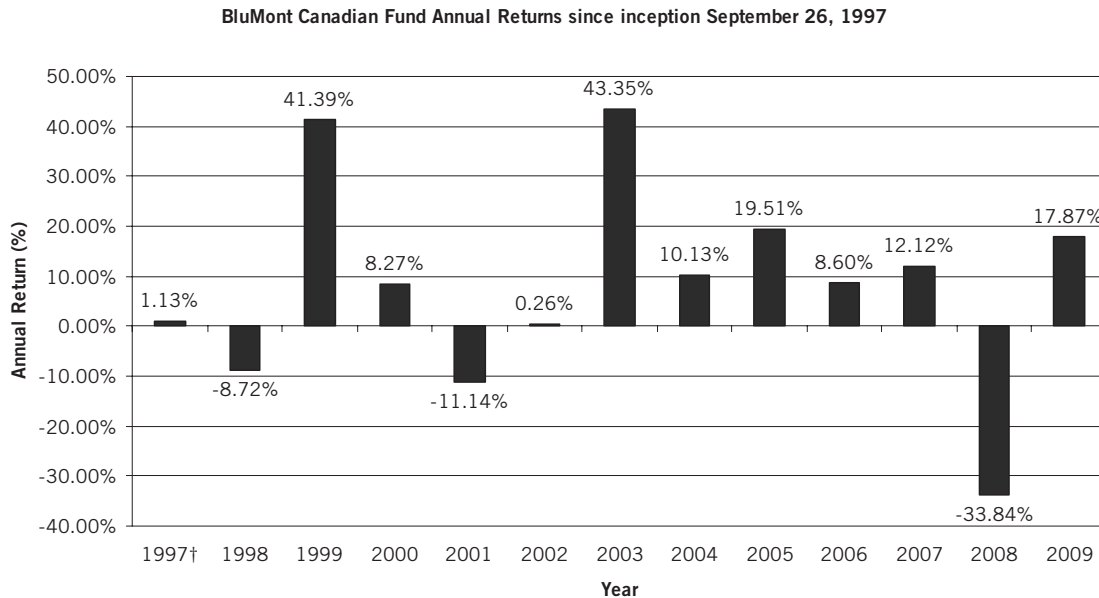
Past Performance

The performance information shown below assumes that all distributions, if any, made by the Fund in the periods shown were reinvested in additional units of the Fund. If you hold the Fund outside a registered plan, you will be taxed on distributions. Distributions of income the Fund earns and capital gains it realizes are taxable in the year received whether received in cash or reinvested in additional units. No adjustment for potential tax consequences to an investor has been made to the performance information.

The indicated rates of return are historical annual compounded total returns including changes in unit value and do not take into account sale, redemption, distribution or other optional charges, that, if applicable, would have reduced returns or performance. The Fund is not guaranteed. Its value changes frequently and how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The bar chart below illustrates the Fund's annual performance for each of the years shown, and indicates how the Fund's performance has changed from year to year. It shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of the financial year.



† Return shown represents a partial year from inception on September 26, 1997 to December 31, 1997.

Annual Compound Returns (Compound Performance)

The following table shows the annual compound total returns of the Fund, and for the S&P/TSX Total Return Index (a price weighted index of 300 of the largest, most widely-held stocks traded on the Toronto Stock Exchange for the periods shown ended December 31, 2009). The Relative Performance returns show the performance of the Fund as compared to the benchmark S&P/TSX Total Return Index.

	1 Year	3 Year	5 Year	10 Year	Since Inception	Cumulative Total Return
BluMont Canadian Fund	17.87%	-4.38%	2.56%	5.62%	6.85%	125.57%
S&P/TSX Total Return Index	35.05%	-0.21%	7.66%	5.61%	6.95%	128.00%

Summary of Investment Portfolio as at December 31, 2009

The summary of investment portfolio below includes information regarding the Fund as a whole. This summary may change due to ongoing portfolio transactions of the Fund and a quarterly update is available by contacting BluMont Capital at 866.473.7376 or by visiting BluMont Capital's website at www.blumontcapital.com or SEDAR's website at www.sedar.com.

Top 25 Holdings

Issuer	Country	Sector	Sub Sector	% of Net Asset Value
Long Positions				
Detour Gold Corp	Canada	Materials	Metals & Mining, Gold	4.0%
ATS Automation Tooling Systems Inc.	Canada	Industrials	Capital Goods, Industrial Machinery	3.5%
BCE Inc.	Canada	Telecommunication Services	Integrated Telecommunications Services	3.4%
Dundee Precious Metals Inc.	Canada	Materials	Metals & Mining, Precious Metals & Minerals	2.9%
Research In Motion Ltd.	Canada	Information Technology	Technology Hardware & Equipment	2.7%
Petrobank Energy & Resources Ltd.	Canada	Energy	Oil & Gas Exploration & Production	2.4%
Paladin Labs Inc.	Canada	Health Care	Pharmaceuticals	2.3%
Metro Inc.	Canada	Consumer Staples	Food Retail	2.3%
Canadian Natural Resources Ltd.	Canada	Energy	Oil & Gas Exploration & Production	2.2%
Royal Bank of Canada	Canada	Financials	Diversified Banks	2.1%
Rocky Mountain Dealership Inc.	Canada	Industrials	Capital Goods, Machinery	2.1%
GMP Capital Inc.	Canada	Financials	Investment Banking & Brokerage	2.1%
Canadian Western Bank	Canada	Financials	Banks, Regional Banks	2.1%
Labrador Iron Ore Royalty Trust	Canada	Materials	Metals & Mining, Steel	2.1%
Semiconductor HOLDRs Trust	United States	Information Technology	Index Equivalents	2.0%
The Churchill Corp	Canada	Industrials	Capital Goods, Construction & Engineering	1.9%
Polaris Minerals Corp	Canada	Materials	Construction Materials	1.9%
COM DEV International Ltd.	Canada	Telecommunication Services	Technology Hardware & Equipment	1.8%
SPDR S&P Retail ETF	United States	Consumer Discretionary	Index Equivalents	1.7%
Fortis Inc.	Canada	Utilities	Electric Utilities	1.7%
Birchcliff Energy Ltd.	Canada	Energy	Oil & Gas Exploration & Production	1.6%
CI Financial Corp	Canada	Financials	Asset Management & Custody Banks	1.6%
Talisman Energy Inc.	Canada	Energy	Oil & Gas Exploration & Production	1.6%
Centamin Egypt Ltd.	Australia	Materials	Metals & Mining, Gold	1.6%
Osisko Mining Corp	Canada	Materials	Metals & Mining, Gold	1.6%
Total				55.2%
Total Net Asset Value (000)				<u>\$17,219</u>

The investments and percentages may have changed by the time an investor may have purchased units of this Fund due to ongoing portfolio transactions of the investment Fund. The top 25 holdings are made available quarterly, within 60 days after quarter-end.

Sector Weightings as at December 31, 2009

Sector	Canadian Exposure	US Exposure	Foreign Exposure	Total Exposure	Total Positions
Materials	26.97%		2.71%	29.68%	27
Energy	14.86%			14.86%	12
Information Technology	9.49%	2.04%		11.53%	8
Industrials	10.89%			10.89%	5
Financials	9.42%			9.42%	5
Telecommunication Services	5.16%			5.16%	2
Health Care	3.83%			3.83%	2
Consumer Discretionary	0.88%	1.73%		2.61%	3
Consumer Staples	2.28%			2.28%	1
Utilities	1.67%			1.67%	1
Total	85.45%	3.77%	2.71%	91.93%	66

Note: Excludes cash & cash equivalents

