



June 2, 2010

Dear Unitholder of BluMont Core Hedge Fund,

Re: Appointment of New Investment Manager and Change in Performance Fee Calculation

BluMont Capital is pleased to inform you of some improvements being made to the BluMont Core Hedge Fund (the "Fund") in an effort to continue to ensure the quality of your investment both now and in the future.

1. *Appointment of Sherpa Asset Management Inc.*

As manager of the Fund, BluMont Capital is informing you that a decision has been made to award Sherpa Asset Management Inc. ("Sherpa") the exclusive investment management responsibilities of the Fund effective July 1, 2010.

Sherpa based in Vancouver and headed by David Guarasci, will employ a market neutral strategy for the Fund. The strategy involves investing primarily in blue chip North American equities, drawn mostly from S&P 500 and S&P/TSX 60 index holdings, and overlaying options strategies and selecting short positions to generate extra yield as well as to provide portfolio protection during market downturns.

David started his investment career at TD Asset Management in 1993 and progressed to the position of Managing Director and Global Head of Currency Spot and Options Trading at TD Securities. While at TD, David spent ten years developing and executing proprietary trading strategies in the most sophisticated options trading markets in the world and was responsible for billions of dollars in trading. David's unique and highly specialized skill set provides the Fund with a portfolio manager who has been able to significantly outperform his benchmarks throughout his entire career.

Market neutral investments offer a degree of protection through their neutrality from general market movements. They typically exhibit a low, zero or slightly negative correlation to broad-based equity markets as well as to other hedge funds, thus providing valuable diversification benefits to any portfolio.

Furthermore, market neutral funds decrease market risk and the need for market timing, while shifting risk from beta (market) to alpha (manager). This strategy is particularly relevant in periods of high uncertainty in the financial markets.



2. *Change in Performance Fee Calculation*

In connection with the appointment of Sherpa as investment manager of the Fund, BluMont Capital will implement another significant change that involves modifying the manner in which performance fees are calculated in order to bring the Fund more closely in line with industry practice.

Currently, performance fees are charged based on the increase in each investor's investment in the Fund with no accrual being reflected in the weekly net asset value per unit. On July 1, 2010, the Fund will begin to accrue performance fees at the fund level instead of the individual investor level, based on the specific performance of the Fund. BluMont Capital believes that this change is necessary to attract a top-level investment manager, such as Sherpa, to the Fund.

The net asset value per unit from which performance fees will be charged to the Fund will be set at 105% of the net asset value per unit as at June 30, 2010. For greater clarity, if the net asset value per unit of the Fund is \$100 at June 30, 2010, performance fees will not be charged to the Fund until the net asset value per unit of the Fund exceeds \$105.

Using the example from above illustrates the impact. A unitholder with a threshold above \$105 per unit on June 30, 2010 (say \$108 per unit) is currently charged performance fees on gains over \$108 per unit. Effective July 1, 2010, performance fees will be charged on gains over \$105 per unit instead of \$108 per unit.

A unitholder with a threshold below \$105 per unit on June 30, 2010 (say \$100 per unit) is currently charged performance fees on gains over \$100 per unit. Effective July 1, 2010, performance fees will be charged on gains over \$105 per unit instead of \$100 per unit.

The change in the methodology of calculating performance fees may cause some existing unitholders to be charged for a level of performance already received. To more accurately assess the impact to your investment in the Fund, BluMont Capital encourages you to contact us directly at [866.473.7376](tel:866.473.7376) or your investment advisor with any question you may have.

BluMont Capital presented these changes to the BluMont Capital Independent Review Committee ("IRC") for consideration. The IRC is a committee comprised of three individuals, each of whom is independent of BluMont Capital and the Fund. In connection with this notice to unitholders, the IRC has approved these changes to the Fund.

A copy of the latest Amended and Restated Offering Memorandum of the Fund can be obtained by calling BluMont Capital or your investment advisor.