



AUDITED FINANCIAL STATEMENTS

CANADIAN OPPORTUNITIES FUND

DECEMBER 2008



BLUMONT CANADIAN OPPORTUNITIES FUND
CANADIAN FOCUS WITH INCREASED DIVERSIFICATION.



BLUMONT
CAPITAL

CONTENTS

Management's Statement on Financial Reporting	2
Auditors' Report	3
Statement of Net Assets	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Investments and Other Net Assets	7
Notes to the Financial Statements	8
Fund Information	17

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 meets with management and the auditors to discuss the Fund's 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 Fund's affairs in the best interest of its unitholders.

Respectfully,

"Paul J. Perrow"

President and Chief Executive Officer
BluMont Capital Corporation
March 27, 2009

AUDITORS' REPORT

TO THE UNITHOLDERS OF BLUMONT CANADIAN OPPORTUNITIES FUND ("THE FUND")

We have audited the statement of investments and other net assets of the Fund as at December 31, 2008, the statements of net assets as at December 31, 2008 and 2007 and the statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Trustee and the Manager of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 the Fund as at December 31, 2008 and 2007 and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
March 27, 2009

STATEMENT OF NET ASSETS
As at December 31,

BLUMONT CANADIAN OPPORTUNITIES FUND

	2008	2007
ASSETS		
Investments at fair value*		
Canadian equities	\$ 236	\$ 10,850
Investment funds	<u>20,472,770</u>	<u>45,738,594</u>
	20,473,006	45,749,444
Cash and short-term investments	179,347	264,480
Accrued investment income	-	2,055
Receivable from investment sales	<u>-</u>	<u>72,000</u>
Total Assets	<u>20,652,353</u>	<u>46,087,979</u>
LIABILITIES		
Accounts payable:		
Fees and operating expenses	11,169	25,499
Performance fees payable	-	304,128
Redemptions payable	<u>44,179</u>	<u>30,485</u>
Total Liabilities	<u>55,348</u>	<u>360,112</u>
NET ASSETS REPRESENTING UNITHOLDERS' EQUITY	<u>\$ 20,597,005</u>	<u>\$ 45,727,867</u>
NUMBER OF UNITS OUTSTANDING (Note 4)	<u>186,996</u>	<u>270,609</u>
NET ASSET VALUE PER UNIT	<u>\$ 110.15</u>	<u>\$ 168.98</u>
*Investments, at cost	<u>\$ 30,850,601</u>	<u>\$ 42,376,569</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 OPPORTUNITIES FUND

	2008	2007
INVESTMENT INCOME		
Dividends	\$ -	\$ 59,663
Less: Foreign withholding taxes	-	72
	<u>-</u>	<u>59,591</u>
Interest	<u>13,669</u>	<u>234,537</u>
	<u>13,669</u>	<u>294,128</u>
EXPENSES (Note 6)		
Management fees	110,767	291,487
Performance fees	-	953,850
Dividends paid on investments sold short	-	42,792
General operating expenses	288,022	570,113
Audit fees	24,151	31,800
Legal fees	27,443	26,879
Trustees' fees	1,717	3,037
Securityholders' reporting costs	8,252	7,302
Interest expense	25	25,437
	<u>460,377</u>	<u>1,952,697</u>
Less: Expenses absorbed by the Manager	<u>220,030</u>	<u>341,794</u>
	<u>240,347</u>	<u>1,610,903</u>
NET INVESTMENT LOSS	<u>(226,678)</u>	<u>(1,316,775)</u>
NET REALIZED GAIN ON INVESTMENT TRANSACTIONS	230,589	5,708,968
TRANSACTION COSTS (Notes 2(11) and 6)	-	(50,418)
NET CHANGE IN UNREALIZED DEPRECIATION OF INVESTMENTS	(13,750,470)	(701,777)
EXCHANGE LOSS ON FOREIGN CURRENCIES AND OTHER NET ASSETS	-	(97,413)
	<u>(13,519,881)</u>	<u>4,859,360</u>
NET GAIN (LOSS) ON INVESTMENTS AND TRANSACTION COSTS	<u>(13,519,881)</u>	<u>4,859,360</u>
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	<u>\$ (13,746,559)</u>	<u>\$ 3,542,585</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT	<u>\$ (57.74)</u>	<u>\$ 10.50</u>

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

STATEMENT OF CHANGES IN NET ASSETS
Year ended December 31,

BLUMONT CANADIAN OPPORTUNITIES FUND

	2008	2007
Net Assets, Beginning of Period	\$ 45,727,867	\$ 81,540,181
Change in Accounting Policy <i>(Note 2(II))</i>	<u>-</u>	<u>(23,347)</u>
	<u>45,727,867</u>	<u>81,516,834</u>
 Net Increase (Decrease) in Net Assets from Operations	 <u>(13,746,559)</u>	 <u>3,542,585</u>
 From Capital Unit Transactions: <i>(Note 4)</i>		
Proceeds from issue of units	1,607,952	443,710
Consideration paid for redemptions of units	<u>(12,992,255)</u>	<u>(39,775,262)</u>
	<u>(11,384,303)</u>	<u>(39,331,552)</u>
 Net Assets, End of Period	 <u>\$ 20,597,005</u>	 <u>\$ 45,727,867</u>

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

BLUMONT CANADIAN OPPORTUNITIES FUND
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS

As at December 31, 2008

	Number of Shares/Units	Average Cost	Fair Value	% of Total Net Asset Value
Canadian Equities				
Basic Materials				
Geovic Mining Corporation Warrants	11,794	\$ 1	\$ 236	0.0
Total Canadian Equities		1	236	0.0
Investment Funds				
BluMont Core Hedge Fund 'A' Units	92,429	9,364,033	8,587,369	
BluMont Hirsch Long/Short Fund 'A' Units	77,089	11,102,194	9,012,333	
Salida Multi Strategy Hedge Fund Units	879,609	10,384,373	2,873,068	99.4
Total Investment Funds		30,850,600	20,472,770	99.4
Total Positions Including Transaction Costs		30,850,601	20,473,006	99.4
Transaction Costs		-	-	-
Total Positions Before Transaction Costs		30,850,601	20,473,006	99.4
TOTAL INVESTMENT PORTFOLIO		\$ 30,850,601	20,473,006	99.4
Other Assets Net of Liabilities ¹			123,999	0.6
TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY		\$	20,597,005	100.0

¹This amount is comprised of cash and short-term investments less accounts payable.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

1. THE FUND

BluMont Canadian Opportunities Fund (the “Fund”), is an unincorporated open-ended mutual fund trust created under the laws of the Province of Ontario pursuant to a Declaration of Trust, as amended from time to time, dated as of December 22, 2000.

The Fund began operations on January 2, 2001.

BluMont Capital Corporation is the manager (the “Manager”) of the Fund and is responsible for the day-to-day business of the Fund, including management of the Fund’s investment portfolio on the advice of the Fund’s investment advisors. Equity Transfer & Trust Company is the trustee of the Fund.

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) Adoption of New Accounting Policies – Section 1535, Capital Disclosures, Section 3862, Financial Instruments – Disclosure and Section 3863, Financial Instruments – Presentation

On January 1, 2008, the Fund adopted Canadian Institute of Chartered Accountants’ (CICA) Handbook Section 3862, “Financial Instruments – Disclosure” and Section 3863, “Financial Instruments – Presentation”. These new sections replace Section 3861, “Financial Instruments – Disclosure and Presentation” and establish standards regarding the comprehensive disclosure and presentation of risks associated with financial instruments and how those risks are managed. Please refer to Note 3 for specific Fund disclosure.

Adoption of the new standards did not impact the weekly price of the Fund’s securities for subscription and redemption purposes, nor for the calculation of Net Assets.

The Fund also adopted Canadian Institute of Chartered Accountants’ (CICA) Handbook Section 1535, “Capital Disclosures” which establishes standards for disclosing information about an entity’s capital and how it is managed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Please refer to Note 4 for a discussion of the Fund’s capital and how it is managed.

(II) Valuation of Investments

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

The Canadian Institute of Chartered Accountants’ (CICA) Handbook Section 3855, “Financial Instruments – Recognition and Measurement”, (“Section 3855”) 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 long positions and ask price for short positions. 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, the Fund adopted the amended valuation policy for actively traded securities held by the Fund on a retroactive basis without restatement of prior periods. Accordingly, the January 1, 2007 opening net asset value adjustment is disclosed in the Statement of Changes in Net Assets. In addition, a reconciliation as at December 31, 2008 between the Fund's net asset value for financial reporting ("GAAP NAV") and the Fund's net asset value for purposes other than financial reporting, such as purchases and redemptions, ("Trading NAV") has been provided in Note 7. The Fund has not changed its valuation methodology in its investments in Investment Funds and continues to value the Investment Funds at Trading NAV as of the valuation date. The adoption of Section 3855 has had no impact on the NAV per unit of the Investment Funds held since they are the most readily and regularly available prices as no bid prices are available.

Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund be charged to net increase (decrease) in net assets from operations in the period. Accordingly, these costs must be expensed and are included in "Transaction costs" in the Statement of Operations. Until December 31, 2006, the Fund's policy had been to add these expenses to the cost of the securities purchased or deduct them from the proceeds of sale. Effective January 1, 2007, the 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/ask prices on the valuation date. Securities with no bid/ask 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 including notes and money market instruments are carried at fair value.

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

When the Fund sells a security short, it will borrow that security from a broker to complete the sale. The Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which the Fund closes out its short position by buying that security. The Fund will realize a gain if that security declines in price between those dates.

The maximum gain that the Fund can realize on a short position is the proceeds received, while the loss that could be realized is unlimited.

There can be no assurance that the Fund will be able to close out a short position at an acceptable time or price. Until the Fund replaces a borrowed security it will maintain a margin account with a broker containing cash and liquid securities.

Short positions are valued based on the cost that would be incurred to close out the position at the last ask price as of every Valuation Day (as defined below).

(III) 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 and unrealized gains and losses from security transactions are calculated using the average cost basis.

(IV) Valuation of Fund Units

The Fund's units are issued and redeemed at the Trading NAV per unit, which is determined as of the close of each Valuation Day. A "Valuation Day" is the last trading day of each week on which the Toronto Stock Exchange is open for business or such other trading day or days as the Manager may determine.

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

For each Fund unit sold, the Fund receives an amount equal to the Trading NAV per unit on the date of sale, which is included in unitholders' equity. Units are redeemable at the option of the unitholders at their Trading NAV 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.

(V) 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 (Loss) on Investment Transactions" in the Statement of Operations.

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

(VI) 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.

(VII) Increase (Decrease) in Net Assets from Operations Per Unit

Increase (Decrease) in net assets from operations per unit amount is determined by dividing the net increase (decrease) in net assets from operations by the average number of units outstanding during the period.

3. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Fund is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk) that could result in a reduction in the value of the Fund's net assets. The value of

investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions and market and company news related to specific securities within the Fund. The level of risk depends on the Fund's investment objectives and the type of securities it invests in.

The investment objective of the Fund is to strive to deliver consistently positive returns each year independent of the performance of the S&P/TSX Total Return Index by investing in multiple investment styles with a low correlation to each other, which mitigate the overall risk of the portfolio through various hedging strategies.

The majority of the Fund's net assets are invested in three managed portfolios (the "Underlying Funds"); the BluMont Core Hedge Fund, BluMont Hirsch Long/Short Fund and the Salida Multi Strategy Hedge Fund. The analysis of risks (credit risk, interest rate risk and currency risk) on the following page are those risks arising from the Fund's investment in the Underlying Funds and excludes the impact of the Salida Multi Strategy Hedge Fund (as the information is not readily available) which represents 14% of the total net asset value of the Fund.

To achieve its investment objective, the Fund may employ the following strategies: 1) combine the skills of several investment advisors, each using different hedging strategies including qualitative, quantitative, directional and managed futures; 2) invest the majority of assets in equities or equity equivalents of Canadian and U.S. issuers; and 3) when market conditions warrant it, invest in debt obligations and rely on money market instruments for the preservation of capital and the maintenance of liquidity.

The investment advisors will invest the majority of the portfolio in equities and other securities traded on a recognized stock exchange. The investment advisors may also invest: 1) in small to mid-cap unlisted stocks which an investment advisor believes have potential for significant price appreciation; 2) in listed securities, including futures and options on futures, that may be considered more risky than traditional investments; 3) in options on stocks, bonds, currencies or market indexes which allow the Fund to leverage its returns to specific securities or to hedge against unpredictable market fluctuations; 4) for arbitrage purposes, up to 20% (at the time of investment) of the net assets of the Fund in other funds, structured products or other investment vehicles managed by third parties or by the Manager or an affiliate or strategic partner of the Manager; and 5) in other derivative instruments that are consistent with the Fund's investment objective.

To the extent that the Fund uses leverage, it will leverage to a maximum of 200% (at the time of investment), in the aggregate, of the Fund's net assets. The Fund may take short positions in respect to securities that trade on recognized stock exchanges, for up to 100% (at the time of investment) of the Fund's net assets and so long as the margined short sales meet minimum margin requirements of the applicable regulatory authorities.

The Fund's overall risk management program seeks to minimize the potentially adverse effect of risk on the Fund's financial performance in a manner consistent with the Fund's investment objective. The Manager manages the potential effects of these financial risks on the Fund's performance by employing and overseeing professional and experienced investment advisors that monitor the Fund's investments and market events on a daily basis.

(I) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

Where the Fund invests in debt instruments and derivatives, this represents the main concentration of credit risk. The market value of debt instruments and

derivatives includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Fund.

All transactions executed by the Fund in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

As at December 31, 2008, the Fund had no investments in debt instruments and/or derivatives, and therefore was not subject to credit risk.

(II) Liquidity Risk

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligation on time or at a reasonable price.

The Fund is exposed to weekly cash redemptions of redeemable units. The units of the Fund are issued and redeemed weekly at the Fund's Trading NAV per unit at the option of the unitholder.

Liquidity risk is managed by investing the majority of the Fund's assets in investments whose underlying investments are traded in an active market and can be readily disposed. Units of the underlying funds are subject to specific redemption privileges. Units of the BluMont Hirsch Long/Short Fund and BluMont Core Hedge Fund can be redeemed on a weekly basis, while units of the Salida Multi Strategy Fund can be redeemed on a monthly basis with a 3 month notice period. The Fund relies on the liquidity of the underlying funds for the purpose of processing unitholder redemptions and as a result, is subject to liquidity risk.

The Fund may, from time to time, invest in securities that are not traded in an active market and may be illiquid. Such investments are identified as private and illiquid securities in the Fund's Statement of Investments and Other Net Assets. As at December 31, 2008, the Fund did not hold any such securities.

The Fund may employ the use of derivatives to moderate certain risk exposures. There is no guarantee that a market will exist for some derivatives and it is possible that the exchanges may impose limits on trading of derivatives.

(III) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents, invested at short-term market interest rates.

As at December 31, 2008, the Fund's sensitivity to interest rate changes was minimal.

(IV) Other Price Risk

Other price risk is the risk that the market value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

All investments represent a risk of loss of capital. The investment advisors of the Fund moderate this risk through a careful selection and diversification of securities and other financial instruments within the limits of the Fund's investment objectives and strategy. The maximum risk resulting from financial instruments is determined by the market value of the financial instruments, unless the Fund holds short positions in financial instruments, as further described below. The Fund's overall market positions are monitored on a daily basis by the Manager. Financial instruments held by the Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The Fund has the ability to take short positions. There are risks associated with short selling, namely that the securities will rise in value or not decline enough to cover the Fund's costs, or that market conditions will cause difficulties in the sale or repurchase of the securities. The Fund did not have short positions at year end or during the year.

The Statement of Investments and Other Net Assets classifies securities by market segment.

The impact on net assets of the Fund due to a 1 percent change in benchmark, using historical correlation between the Fund's return as compared to the return of the Fund's benchmark, as at December 31, 2008, with all other variables held constant, is included in the following table. Regression analysis has been utilized to estimate the historical correlation. The analysis uses 96 data points based on the monthly net returns of the Fund.

Benchmark	Impact on NAV
S&P/TSX Total Return Index	\$ 119,170

The historical correlation may not be representative of the future correlation, and accordingly the impact on net assets could be materially different.

(V) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Fund. The Fund may enter into foreign exchange contracts for hedging purposes to reduce its foreign currency exposure, or to establish exposure to foreign currencies.

Currencies to which the Fund had exposure as at December 31, 2008, are as follows:

Currencies	Financial Instruments	Percentage of NAV
United States Dollar	\$699,627	3.4%

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash and cash equivalents). Other financial assets (including accrued investment income and receivables from investment sales) and financial liabilities (including accounts payable) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

As at December 31, 2008, if the Canadian dollar had strengthened or weakened by 1 percent in relation to all currencies, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$7,000.

In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

4. UNIT TRANSACTIONS

Units issued and outstanding represent the capital of the Fund. The units authorized for issuance are unlimited in number, have no nominal or par value and are issued and redeemed at their Trading NAV per unit. Units of the Fund are offered on an initial sales charge, reduced sales charge or a deferred sales charge basis. Unitholders are entitled to distributions when declared. Distributions on units of the Fund are reinvested in additional units of the Fund. The characterization of the distributions is based on management's estimate of the actual income for the year. The Fund has no restrictions or specific capital requirements on the subscription and redemption of units, other than minimum subscription requirements. The Statement of Changes in Net Assets identifies changes in the Fund's capital during the period. The Manager manages the capital of the Fund in accordance with the Fund's investment objectives, including managing its liquidity in order to be able to meet redemptions as discussed in Note 3.

The number of units issued and redeemed at the Trading NAV is summarized as follows:

	Canadian Opportunities	
	2008	2007
Balance at beginning of year	270,609	509,318
Units issued for cash	10,184	2,725
Units issued on reinvestment of distributions	-	2,352
Units redeemed	(93,797)	(243,786)
Units issued and outstanding at end of year	<u>186,996</u>	<u>270,609</u>

5. INCOME TAXES

As at December 31, 2008, the Fund qualified as a mutual fund trust. The Fund is subject to tax under the *Income Tax Act* (Canada) (the "Act") on all of their 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 the 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.

As of December 31, 2008, the Fund had no unused capital or non-capital losses.

6. RELATED PARTY TRANSACTIONS

Under the terms of agreements between the Fund and the Manager, and in return for investment management and administrative services, the Manager receives monthly management fees from the Fund, calculated daily and payable monthly. The management fee paid by the Fund is at an annual rate of 2.50% per annum of the net asset value of the Fund.

To ensure there is no duplication of management or performance fees charged, the Fund's holdings of the BluMont Hirsch Long/Short Fund and the BluMont Core Hedge Fund, which are also managed by the Manager, are not subject to management or performance fees.

The Fund also pays the Manager a performance fee payable on a semi-annual basis. The Manager may change the frequency of this payment upon prior notification to unitholders.

Effective April 11, 2007, the performance fee methodology was changed for the Fund in order to bring the calculations more closely in line with industry practice. Performance fees for the Fund equal 20% of the net gain of each sub-advisor's separate investment account in the Fund with such fee being applied at either the Fund level or the underlying fund investment level, as the case may be.

To the extent that the performance fee in respect of the investment in any period is negative, the negative amount is carried forward and deducted from any positive performance fee in respect of the unitholder's investment in future periods. No performance fee is applied to the Fund's holdings of the BluMont Hirsch Long/Short Fund and the BluMont Core Hedge Fund.

The Fund is responsible 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 (including advertising, marketing and promotional expenses), 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 Fund.

The Manager may, on its own accord, pay for certain operating expenses of the Fund in order to maintain the Fund's management expense ratio at a competitive level. The Manager may recover a portion or all of such operating expenses paid for by the Manager within a five-year period. These absorptions may be terminated at any time by the Manager, and at the Manager's direction may be continued indefinitely. The absorbed or recovered amounts are shown in the Statement of Operations. There were no soft dollar commissions for the Fund during the period.

The total brokerage commissions paid by the Fund with respect to security transactions for the period ended December were:

Canadian Opportunities	
2008	2007
\$ -	\$ 50,418

The Fund may invest in other funds managed by the Manager and, in this case, will ensure there is no duplication of management or performance fees charged. As at December 31, 2008, the Fund had invested approximately \$9.0 million in the Hirsch Long/Short Fund and \$8.6 million in the Core Hedge Fund. From time to time, the Fund may also invest in other funds managed by the same sub-advisors as the Fund. In these cases, the fees normally charged for investing in these funds will be either waived or rebated.

7. RECONCILIATION OF TRADING NAV TO GAAP NAV

As at December 31, 2008

Net Asset Value (\$)			Net Asset Value per Unit (\$)		
Trading NAV	Sec. 3855 Adjustment	GAAP NAV	Trading NAV	Sec. 3855 Adjustment	GAAP NAV
\$ 20,597,005	\$-	\$20,597,005	\$110.15	\$-	\$ 110.15

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
\$ 45,729,636	\$ (1,769)	\$ 45,727,867	\$ 168.99	\$ (0.01)	\$ 168.98

8. USE OF LEVERAGE

Leverage is defined as the degree in which a fund is using borrowed money and/or securities. If a fund is said to leverage up to 200%, then for every \$1 of assets, the fund can borrow \$2 of money and/or securities such that there will be a total of \$3 of assets employed by the fund. The leverage employed in the Fund for the period ended December 31, 2008 is summarized as follows:

Minimum Leverage	Maximum Leverage	Leverage End of Period
0.00%	0.18%	0.00%

9. FUTURE ACCOUNTING CHANGE

In January 2006, the CICA Accounting Standards Board (“AcSB”) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February 2008 that International Financial Reporting Standards will replace Canadian GAAP in 2011 for profit oriented Canadian publicly accountable enterprises. The Manager is currently evaluating the impacts of this change and developing its plan for the Fund.

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year’s financial statement presentation.

FUND INFORMATION

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