BLUMONT NORTH AMERICAN FUND
ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the Year Ended December 31, 2008

This annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements for BluMont North American 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 time horizons by investing in North American equity securities. The Fund will primarily focus on companies with small-to-mid capitalizations.

The Fund will seek to achieve its investment objective primarily by investing in equity securities of North American companies, which BluMont Capital Corporation ("BluMont Capital"), in its capacity as portfolio manager ("Portfolio Manager"), believes to have the potential for above-average returns, encompassing mainly small-to-mid capitalized 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. The Fund will allocate investments between Canada and the U.S. based on available opportunities. 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-term growth (through capital appreciation) and have a moderate to high risk tolerance level.

Currency risk proved to have a minor positive effect on the Fund's returns, as the Canadian dollar weakened relative to the US dollar, over the six-month period. Currency risk primarily impacted the Fund's investments that had revenue in US dollars. Volatility in currency markets continues to be high, suggesting uncertainty going forward on this front.

Results of Operations

2008 was an unprecedented year. This is likely going to be an often-used and overstated way to describe the events of 2008 but nonetheless very accurate. The year began with a quick retreat in the markets as economic fears and a commodity led downturn soured investor sentiment. During the next 5 months however, we saw one of the largest bull markets in commodities where most commodity prices looked parabolic with no signs of demand response which created a false sense of security.

For the first half of the year ending December 31, 2008 the Fund was positively geared towards resource companies that produced commodities such as fertilizers, iron ore, coking coal, natural gas and base metals. While we were quick to reduce these investments in mid-summer 2008 we were nonetheless exposed to our favourite names that exhibited strong negative price action that began in August. The Fund was over weighted in the US dollar versus its 50/50 benchmark which provided a positive hedge to the benefit of the Fund in the third quarter.

Pressures on the market that began early in the summer were strong and numerous; from a massive de-leveraging trend (which is still going on), to a crisis in confidence, especially in bank-to-bank lending (at first) and then to a full blown investor and consumer confidence crisis (both raising cash) resulting in a brand new recession.

We remained very cautious throughout the third quarter of 2008 with a large percentage of assets being held in cash and a high level of short and long positions in relatively defensive industries such as Health Care. These strategies acted only favorably on a relative basis compared to our benchmarks but more importantly were disappointing on an absolute performance basis.

We have never seen a recession start quite like this. Government stimulus and aid to the financial system in the US and around the world has been unprecedented. We believe these effects are positive as inaction likely would have caused a materially worse environment. We would however, like to caution that unprecedented actions and events ultimately provide consequences which are unforeseen.

The BluMont North American Fund lost 30.6% for the year ended December 31, 2008, hurt by long positions in almost every sector with particular weakness in Energy and Materials investments during the late summer months. The Fund's negative return was partially offset by positive performance from US dollar holdings and short positions. The blended benchmark indicated a negative return of approximately 35.8% which comprised of a 48% drop in the Canadian SmallCap Index, a 37% drop in the S&P 400 MidCap Index, as well as an 18% devaluation of the Canadian dollar relative to the US Dollar.

We have entered into 2009 with a large amount of flexibility built into the portfolio and a posturing that will allow us to take advantage of opportunities that may come to light in the coming months such as; massive fear in financial markets; increasing cash levels; and reasonably attractive equity valuations. There are however, many headwinds such as the continued de-leveraging that is occurring at corporate and consumer levels, and unrealistic high earnings estimates. As of December 31, 2008 we remained very cautious with portfolio weightings of approximately 20% cash, 17% short positions and 70% defensive long positions.

Recent Developments

There are no recent developments to report for the year ended December 31, 2008.

Related Party Transactions

There are no related party transactions for the year ended December 31, 2008 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 1.9% per annum, and for the year ended December 31, 2008, equaled $110,092. Beginning January 29, 2009, the Management Fee decreased to 1.85% per annum. For the year ended December 31, 2007, Management Fees equaled $147,156. 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 clients hold units of the Fund. The trailer fees are a percentage of the net asset value of the Fund, calculated monthly. The table below outlines the Fund's annual Management Fees and the trailer fees.

ANNUAL RATE (%)	Front-End Sales Charge	Deferred Sales Charge ("DSC")
Management Fees	1.9%	1.9%
Trailer Fees (rate as % of Management Fees)	37.07%	7.78%

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, 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 benchmark, even in circumstances where the overall performance of the Fund has declined. Performance Fees will be calculated and accrued (and be 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.

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, 2008, the Manager has, in its discretion, agreed to absorb $107,420 (compared to $140,683 for the year ended December 31, 2007) 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 ASSET VALUE ("NAV") PER UNIT

For the years ended December 31,

	2008	2007	2006	2005	2004
Net asset value, beginning of year[1,7]	$ 24.15	$ 24.64	$ 23.16	$ 20.39	$ 18.82
Increase from operations					
Total revenue	0.52	0.55	0.53	0.49	0.35
Total expenses	(0.54)	(0.87)	(1.23)	(0.75)	(0.69)
Realized gains (losses) for the year	(3.40)	3.82	2.16	2.79	3.09
Unrealized gains (losses) for the year	(3.95)	(1.92)	(0.02)	1.69	(0.96)
Total increase (decrease) from operations[1]	(7.37)	1.58	1.44	4.22	1.79
Distributions					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains[2]	-	(1.95)	-	(1.49)	(0.11)
Return of capital	-	-	-	-	(0.03)
Total annual distributions	-	(1.95)	-	(1.49)	(0.14)
Net asset value, end of year[1]	$ 16.68	$ 24.15	$ 24.68	$ 23.16	$ 20.39

RATIOS AND SUPPLEMENTAL DATA[8]

For the years ended December 31,

	2008	2007	2006	2005	2004
Net assets (000s)	$3,742	$7,168	$8,661	$8,716	$7,384
Number of units outstanding	222,744	295,997	350,973	376,428	362,063
Management expense ratio[3]	2.54%	3.41%	5.23%	3.40%	3.65%
Management expense ratio before waivers or absorptions[4]	4.64%	5.22%	5.44%	3.40%	3.65%
Portfolio turnover rate[5]	246.60%	50.25%	66.34%	109.17%	138.60%
Trading expense ratio[6]	0.81%	0.27%	0.17%	0.32%	0.38%

1. Net asset value is 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 asset value per unit.
2. Distributions were reinvested in additional units of the Fund.
3. Management expense ratio is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net assets during the year. The management expense ratio is

calculated in accordance with Part 15 of National Instrument 81-106 and therefore includes incentive 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 Fund's 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 assets during the period.

7. The relief granted to investment funds by Canadian securities regulatory authorities from complying on an interim basis with CICA Handbook Section 3855 ("Section 3855") results in a difference between the Trading NAV and the GAAP NAV due to the differences in valuation techniques of certain investments. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) or ask prices (for investments sold short) to be used in the fair valuation of investments, rather than the use of closing sales prices currently used for the purpose of determining Trading NAV. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques, rather than the use of valuation techniques by virtue of general practice in the investment funds industry. The provisions of Section 3855 have been applied retroactively without restatement of prior periods. Accordingly, the net asset value at the beginning of the current period has been adjusted.

   The impact of the adoption of Section 3855 on the net asset value per share of the Fund is as follows:

As at December 31, 2008	**Per Unit ($)**
Net asset value (Trading NAV)	16.80
Section 3855 adjustment	(0.12)
Net asset value (GAAP NAV)	16.68

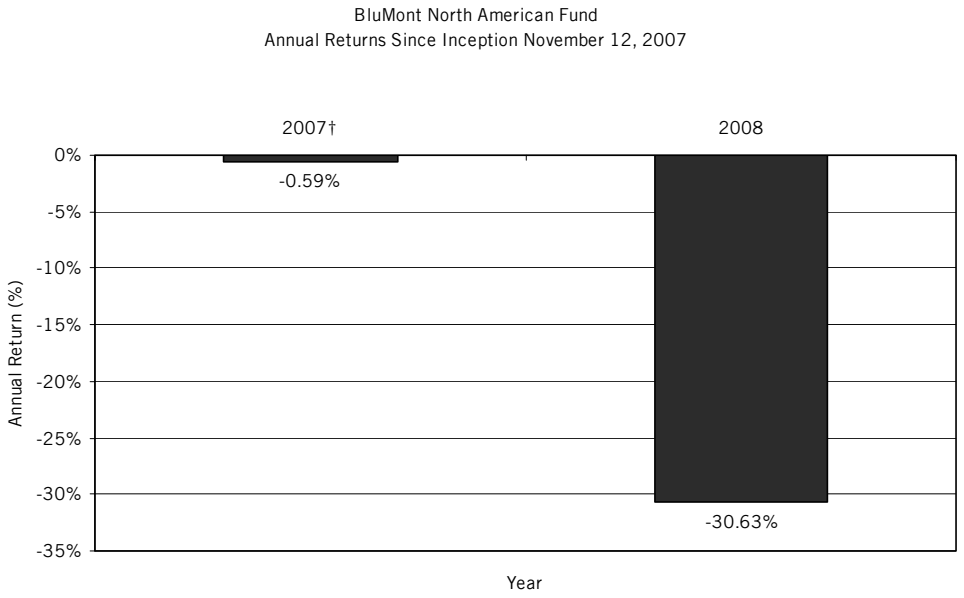
8. Ratios and supplemental data, where applicable, are computed using the trading net asset value of the Fund.

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



† 2007 return represents a partial year from November 12, 2007 to December 31, 2007.

Annual Compound Returns (Compound Performance)

The following table shows the annual compound total returns of the Fund, and for the blended benchmark which is comprised of 50% S&P/TSX Small Cap Index (the S&P/TSX Small Cap index provides an investable index for the Canadian small cap market. It includes common stock and income trust units, and is calculated in real-time) plus 50% S&P 400 MidCap Index (the S&P 400 MidCap is the most widely used index for mid-sized companies covering over 7% of the US equities market), for the periods shown ending December 31, 2008. The Relative Performance returns show the performance of the Fund as compared to the benchmark.

	1 Month	3 Month	6 Month	1 Year	Annualized Since Inception	Total Return
BluMont North American Fund	3.9%	-9.0%	-27.5%	-30.6%	-27.5%	-31.0%
50% S&P/TSX Small Cap Index + 50% S&P 400 MidCap Index (CAD)	4.6%	-21.1%	-34.5%	-35.8%	-34.4%	-38.5%

Summary of Investment Portfolio as at December 31, 2008

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 866.473.7370 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 Assets
Long Positions				
Quebecor Inc. 'B'	Canada	Consumer Discretionary	Commercial Services	7.29%
Uni-Select Inc.	United States	Health Care	Managed Health Care	6.13%
Humana Inc.	Canada	Consumer Discretionary	Distribution Services	6.07%
Heelys Inc.	United States	Consumer Discretionary	Consumer Products	5.55%
Home Diagnostics Inc.	United States	Health Care	Pharmaceuticals	5.47%
Masimo Corporation	United States	Health Care	Biotechnology	4.37%
Service Corporation International Inc.	United States	Consumer Discretionary	Specialized Consumer Services	4.05%
Emergency Medical Services Corporation 'A'	United States	Health Care	Health Care Providers & Services	3.58%
McCormick & Company Inc.	United States	Consumer Staples	Food & Retailing	3.11%
Metro Inc. 'A'	Canada	Consumer Staples	Food & Retailing	2.97%
Core-Mark Holding Company Inc.	United States	Consumer Staples	Food & Retailing	2.80%
Boralex Power Income Fund	Canada	Utilities		2.55%
Everest Re Group Limited	United States	Financials	Insurance	2.48%
Stewart Enterprises Inc. 'A'	United States	Consumer Discretionary	Specialized Consumer Services	2.45%
The Warnaco Group Inc.	United States	Consumer Staples	Textiles	2.24%
Quanta Services Inc.	United States	Industrials	Construction & Engineering	1.61%
PrivateBancorp Inc.	United States	Financials	Financial Services	1.59%
Biogen Idec Inc.	United States	Health Care	Biotechnology	1.55%
Signature Bank	United States	Financials	Commercial Banks	1.40%
Penn National Gaming Inc.	United States	Consumer Discretionary	Hotels, Restaurants & Leisure	1.39%
Total Long Exposure				**68.65%**
Short Positions				
Tractor Supply Company	United States	Consumer Discretionary	Merchandising & Retailing	-3.53%
Psychiatric Solutions Inc.	United States	Health Care	Health Care Providers & Services	-1.81%
Nicor Inc.	United States	Utilities		-1.70%
Lamar Advertising Company	United States	Consumer Discretionary	Advertising	-1.64%
The Pantry Inc.	United States	Consumer Staples	Food & Retailing	-1.40%
Total Short Exposure				**-10.08%**
Total Net Exposure				**58.57%**
Total Transactional Net Asset Value (000)				**$3,742**

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, 2008

Sector	Canadian Exposure (Long)	US Exposure (Long)	Canadian Exposure (Short)	US Exposure (Short)	Net Exposure	Total Positions (Long)	Total Positions (Short)
Health Care		25.9%		-2.3%	23.6%	7	2
Consumer Discretionary	13.4%	9.4%		-4.9%	17.9%	5	2
Consumer Staples	3.0%	5.4%	-1.0%	-1.3%	6.1%	3	2
Financials		7.1%	-1.1%		6.0%	5	1
Materials	2.7%	2.8%	-0.5%	-0.6%	4.4%	5	2
Energy	1.1%	0.7%	-0.9%		0.9%	3	2
Utilities	2.6%			-1.7%	0.9%	1	1
Industrials		2.7%	-1.2%	-0.7%	0.8%	2	2
Telecommunication Services				-1.6%	-1.6%		1
Information Technology			-1.0%	-1.0%	-2.0%		3

Note: Excludes cash and cash equivalents