EXEMPLAR CANADIAN FOCUS PORTFOLIO
ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2010

This annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements for Exemplar Canadian Focus Portfolio (the "Portfolio"). 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 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 Portfolio's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the Portfolio.

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 Portfolio. 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 Portfolio 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 Portfolio'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 Portfolio 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 investment objective of the Exemplar Canadian Focus Portfolio is to achieve superior capital appreciation over both short and long-term horizons primarily through the selection and management of a concentrated group of long and short positions in Canadian equity securities and equity derivative securities.

The Portfolio invests predominantly in large and mid capitalization companies. The Portfolio may also invest in bonds and other debt instruments if warranted by financial conditions. The Portfolio does not specialize in any one industry other than to concentrate investments in those industries that offer the best opportunities for exceptional returns at each stage of the economic and market cycle. The Portfolio may also invest in options, including put options or call options either in respect of a specific security or in respect of a stock exchange index as a means to reduce volatility.

The Portfolio engages in short selling of securities which the portfolio manager believes are overvalued, especially securities of issuers with deteriorating fundamentals and weak balance sheets. Short positions of index securities such as exchange traded funds may also be employed for capital preservation and hedging purposes. Short positions in total may not exceed 40% of the Net Asset Value of the Portfolio. The Portfolio may hold cash or invest in short-term securities for the purpose of preserving capital and/or maintaining liquidity, based upon the portfolio manager's ongoing evaluation of current and anticipated economic and market conditions. The Portfolio may also invest in foreign securities of the same type and characteristics as described above. The Portfolio may invest in derivatives for hedging and non-hedging purposes as permitted by applicable securities laws. The Portfolio may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income or as a short-term cash management tool.

Investment Risk

The risks of investing in the Portfolio remain as stated in the Portfolio's prospectus dated April 23, 2010 (please see "Risk Factors" pages 30 – 36). The principal risks associated with the Portfolio are stock market risk, specific issuer risk, short selling risk, foreign security risk, currency risk and liquidity risk.

The Portfolio 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, 2010, Exemplar Canadian Focus Portfolio Series A Shares of the delivered a gain of 22.0% while its benchmark, the S&P/TSX Total Return Index, delivered a gain of 17.6% over the same period. Please refer to the Past Performance section for the performance of the other series. The performance of the other series offered by the Fund differs from Series A due largely to varying level of expenses charged to each series, as explained in the Management Fees section.

Maximizing risk-adjusted returns over time is the true objective of this portfolio and as such we were as proud of our ability to protect capital in 2008 as being able to beat the market (which we are not tied to) in 2010, while keeping a firm eye on risk and a healthy amount of cash. Combining both of these achievements means that we are delivering on something that we feel to be meaningful to our investors: focus on return of their capital followed by focus on the return on their capital. Frankly, we are not paid to beat or match the market but rather to make you money.

Many decisions in the course of a year contribute toward portfolio performance, but 2010 is probably easier to analyze than most years. The best decision we made last year was to accumulate a large weight in gold stocks (Precious Metals sub group had an 86% return), the second best decision was to concentrate on stocks with exceptional growth potential. In the case of our most successful gold stock picks, the market rewarded companies with excellent reserve growth which in many cases became attractive to larger gold companies and thus our stock picks received a subsequent boost when they became acquisition targets. We also did well in the stock picking department. Out of the 'Top 10 Stocks' in the S&P/TSX Index, we owned 6 (NGD, SLW, RBI, PRE, CLM, MG) and we managed to avoid all the 'Bottom 10 Stocks'. Better yet, we had a short position in Gammon Gold (one of the 'Bottom 10 Stocks'). Another major decision that worked well was to have a low weight in Financials (second worst performing index group) while picking high yielding stocks from other sectors.

As at December 31, 2010, 75.1% of the Portfolio's net assets were held in Canadian equities, 2.9% in US equities, 3.8% in global equities and the remaining 16.7% in cash. The Portfolio took a more defensive stance in early May and increased its cash position from 12.0% to 27.3%. We maintained a high level of cash during the summer months and deployed cash in November as we saw opportunities arise. During the period, the Portfolio was overweight in materials, specifically gold, as compared to the benchmark, and has benefitted from gold's steady climb over the period, as well as increased M&A activity in the sector. Our top contributors for the year were Red Back Mining, Pacific Rubiales Energy and Silver Wheaton. Our bottom contributors during were Lake Shore Gold, Cequence Energy and SouthGobi Resources.

Looking forward, we are increasing exposure to resources other than precious metals to benefit from the increasing health of the world economy. We have replaced Consolidated Thomson with new iron ore companies and are adding to the energy service sector, which we prefer to producers, whose valuations in many cases are pricing in too much of their growth prospects. We are in the early stages of the process and have to admit that we are rarely satisfied with the entire portfolio and thus the job of repositioning is a continuous process.

To balance the risk of this exposure we are continuing to invest in companies that have strong and rising dividends. This is likely where the money will flow in the event of volatility in the commodity area and as such provides a natural offset. This also helps to protect against inflation (not CPI but the things we buy every day) which for a portfolio designed to grow and protect your spending power (real wealth) is a critical part of the equation.

Recent Developments

Exemplar Portfolios Ltd. added a new class to its structure when it filed its prospectus in April 2010. Added to the Exemplar Canadian Focus Portfolio, the Exemplar Global Opportunities Portfolio and the Exemplar Diversified Portfolio is the Exemplar Leaders Portfolio, a portfolio that seeks to maximize return on investment primarily through securities selection and asset allocation in equity, debt, and derivative securities of North American companies.

Related Party Transactions

On April 24, 2008, BluMont Capital seeded the Portfolio with permanent capital of $50,000 in Series A Shares. BluMont Capital currently holds 5,000 Series A Shares of the Portfolio.

Management Fees

BluMont Capital Corporation (the "Manager") receives a monthly management fee (the "Management Fee"), calculated as a percentage of the Portfolio's net asset value and is accrued daily and payable monthly. The Management Fee rate applicable to the Portfolio is 1.65% per annum in respect of Series A and Series R Shares and 0.65% per annum in respect of the Series F Shares. For the year ended December 31, 2010 the total Management Fee equaled $561,848. The management fee is paid in consideration of investment management and administration services. No breakdown of such services was specified in the Management Agreement dated March 24, 2010. 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 Portfolio. A portion of the Management Fee paid by the Portfolio is for trailer fees paid to dealers whose clients hold Shares of the Portfolio. The trailer fees are a percentage of the net asset value of the Portfolio, calculated and payable monthly. The table below outlines the Portfolio's annual Management Fees and trailer fees.

	Series A Shares	Series R Shares	Series F Shares	Series I Shares
Management Fees (Annual Rate %)	1.65%	1.65%	0.65%	Negotiable
Trailer Fees (rate as % of Management Fees)	37.7%	14.5%	0%	0%

In addition, the Portfolio pays BluMont Capital performance fees ("Performance Fees") equal to 20% of the amount by which the Portfolio return in a year is in excess of the high water mark (the "High Water Mark"), and no Performance Fee is payable unless a hurdle rate of 6% is achieved in that year. Performance Fees will be payable in all circumstances where the performance of the Portfolio exceeds that of its High Water Mark and its hurdle rate. Please refer to the Portfolio's long form prospectus dated April 23, 2010, for further details relating to Performance Fees. The High Water Mark set as of December 31, 2009 was $12.1235 for Series A Shares, $12.2802 for Series F Shares, $11.9294 for Series I Shares and $10.1453 for Series R Shares. Performance Fees accrued for the year ended December 31, 2010 totaled $1,651,904. Performance Fees are calculated and accrued daily such that, to the extent possible, the share price each day will reflect any Performance Fees payable as at the end of such day. Performance Fees for the Portfolio will be calculated and accrued each day, but will only be payable following the end of the fiscal year of the Portfolio based on the actual annual performance of the Portfolio.

The Manager incurs operating expenses on behalf of the Portfolio and charges these expenses to the Portfolio. For the year ended December 31, 2010, the Manager has, in its discretion agreed to absorb $224,134 of operating expenses associated with the Portfolio.

Financial Highlights

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

SERIES A NET ASSETS PER SHARE
For the years ended December 31,

	2010	2009	2008†
Net Assets, beginning of period[1]	$ 12.05	$ 10.50	$ 10.00
Increase from operations:			
Total revenue	0.19	0.14	0.15
Total expenses	(0.95)	(0.47)	(0.23)
Realized gains for the period	0.78	0.32	0.31
Unrealized gains for the period	3.00	1.73	0.14
Total increase from operations[1]:	3.02	1.72	0.37
Distributions[2]:			
From income (excluding dividends)	(0.09)	-	(0.01)
From dividends	-	(0.04)	-
Total distributions	(0.09)	(0.04)	(0.01)
Net Assets, end of period[1]	$ 14.66	$ 12.05	$ 10.50

RATIOS AND SUPPLEMENTAL DATA[7]
For the years ended December 31,

	2010	2009	2008†
Net Asset Value ("NAV") (000s)[1]	$36,965	$14,469	$7,209
Number of shares outstanding	2,515,307	1,208,323	686,977
Management expense ratio[3]	6.6%	4.50%	1.41%*
Management expense ratio before waivers or absorptions[4]	7.21%	6.10%	3.26%*
Portfolio turnover rate[5]	107.67%	158.64%	1,502.00%*
Trading expense ratio[6]	0.25%	0.31%	0.41%*

†Series A commenced operations on May 20, 2008.

SERIES F NET ASSETS PER SHARE
For the years ended December 31,

	2010	2009	2008†
Net Assets, beginning of period[1]	$ 12.21	$ 10.54	$ 10.00
Increase from operations:			
Total revenue	0.19	0.15	0.14
Total expenses	(0.87)	(0.41)	(0.12)
Realized gains for the period	0.81	0.32	0.44
Unrealized gains (losses) for the period	3.05	1.89	(0.02)
Total increase from operations[1]:	3.18	1.95	0.44
Distributions[2]:			
From income (excluding dividends)	(0.09)	-	(0.02)
From dividends	-	(0.04)	-
Total distributions	(0.09)	(0.04)	(0.02)
Net Assets, end of period[1]	$ 14.97	$ 12.21	$ 10.54

RATIOS AND SUPPLEMENTAL DATA[7]
For the years ended December 31,

	2010	2009	2008†
Net Asset Value ("NAV") (000s)[1]	$6,975	$2,966	$846
Number of shares outstanding	464,840	241,507	80,325
Management expense ratio[3]	5.9%	3.93%	0.70%*
Management expense ratio before waivers or absorptions[4]	6.51%	5.32%	2.55%*
Portfolio turnover rate[5]	107.67%	158.64%	1,502.00%*
Trading expense ratio[6]	0.25%	0.31%	0.41%*

†Series F commenced operations on May 20, 2008.

SERIES I NET ASSETS PER SHARE
For the years ended December 31,

	2010	2009	2008†
Net Assets, beginning of period[1]	$ 11.86	$ 10.18	$ 10.00
Increase from operations:			
Total revenue	0.17	0.13	0.11
Total expenses	(0.69)	(0.30)	(0.04)
Realized gains for the period	0.78	0.31	0.13
Unrealized gains for the period	2.60	1.66	0.05
Total increase from operations[1]:	2.86	1.80	0.25
Distributions[2]:			
From income (excluding dividends)	(0.09)	-	(0.01)
From dividends	-	(0.04)	-
Total distributions	(0.09)	(0.04)	(0.01)
Net Assets, end of period[1]	$ 14.63	$ 11.86	$ 10.18

RATIOS AND SUPPLEMENTAL DATA[7]
For the years ended December 31,

	2010	2009	2008†
Net Asset Value ("NAV") (000s)[1]	$1,523	$1,183	$869
Number of shares outstanding	103,836	99,165	85,351
Management expense ratio[3]	4.8%	3.01%	0.21%*
Management expense ratio before waivers or absorptions[4]	5.39%	4.07%	2.11%*
Portfolio turnover rate[5]	107.67%	158.64%	1,502.00%*
Trading expense ratio[6]	0.25%	0.31%	0.41%*

†Series I commenced operations on July 3, 2008.

SERIES R NET ASSETS PER SHARE

For the years ended December 31,

	2010	2009†
Net Assets, beginning of period[1]	$ 10.09	$ 10.00
Increase from operations:		
Total revenue	0.14	0.02
Total expenses	(0.67)	(0.04)
Realized gains for the period	0.63	0.05
Unrealized gains for the period	1.94	0.09
Total increase from operations[1]:	2.04	0.12
Distributions[2]:		
From income (excluding dividends)	(0.09)	-
From dividends	-	(0.03)
Total distributions	(0.09)	(0.03)
Net Assets, end of period[1]	$ 12.26	$ 10.09

RATIOS AND SUPPLEMENTAL DATA[7]

For the years ended December 31,

	2010	2009†
Net Asset Value ("NAV")(000s)[1]	$7,257	$10,736
Number of shares outstanding	590,234	1,058,226
Management expense ratio[3]	5.6%	3.82%*
Management expense ratio before waivers or absorptions[4]	6.26%	5.18%*
Portfolio turnover rate[5]	107.67%	158.64%*
Trading expense ratio[6]	0.25%	0.31%*

†Series R commenced operations on November 30, 2009.
*Ratios have been annualized.

1. The nets assets per share are referenced to Net Assets in accordance with Canadian generally accepted accounting principles ("GAAP") and are derived from the Portfolio's financial statements. The Net Assets presented in the financial statements may differ from the Net Asset Value ("NAV") calculated for Portfolio pricing purposes. NAV is calculated using fair value measures as defined by National Instrument 81-106 ("NI 81-106") whereas, 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 shares outstanding at the relevant time. The increase from operations is based on the weighted average number of shares outstanding over the financial year. This table is not intended to be a reconciliation of beginning to ending Net Assets per share.
2. Distributions were reinvested in additional shares of the Portfolio.
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 Portfolio. 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 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 Portfolio buying and selling all of its securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Portfolio 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 Portfolio.

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 Portfolio.

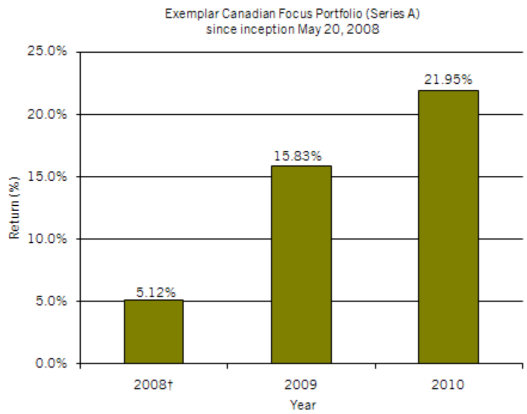
Past Performance

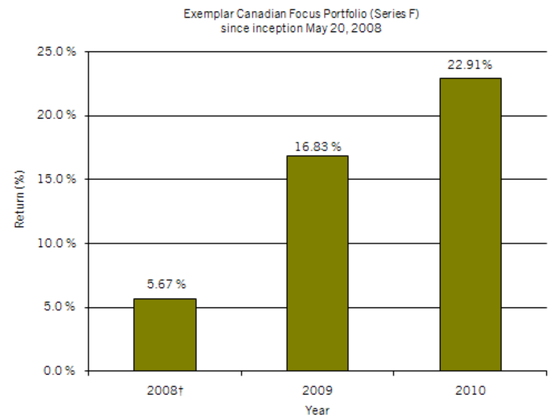
The performance information shown below assumes that all distributions, if any, made by the Portfolio in the periods shown were reinvested in additional shares of the Portfolio. If you hold the Portfolio outside a registered plan, you will be taxed on distributions. Distributions of income the Portfolio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

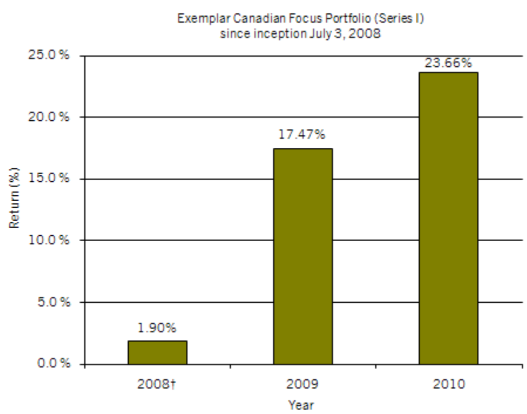
The indicated rates of return are historical annual compounded total returns including changes in share value and do not take into account sale, redemption, distribution or other optional charges, that, if applicable, would have reduced returns or performance. An investment in the Portfolio is not guaranteed.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

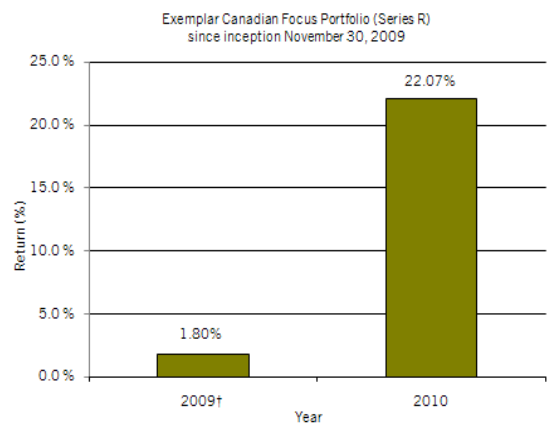
Year-By-Year Returns

The bar chart below illustrates the Portfolio's annual performance for each of the year(s) shown, and indicates how the Portfolio'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.









†Returns are based on a partial year from inception.

Annual Compound Returns (Compound Performance)

The following table shows the annual compound total returns of the Portfolio, and for the S&P/TSX Total Return Index Value ("S&P/TSX TRIV") (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, 2010. The Relative Performance returns show the performance of the Portfolio as compared to the benchmark S&P/TSX TRIV.

	1 Month	3 Month	6 Month	1 Year	Annualized Since Inception	Cumulative Total Return
Series A	2.74%	9.66%	19.61%	21.95%	16.31%	48.48%
Series F	2.80%	9.86%	20.05%	22.91%	17.28%	51.73%
Series I	2.85%	9.99%	20.32%	23.66%	16.17%	48.02%
Series R	2.76%	9.68%	19.63%	22.07%	21.80%	24.26%
S&P/TSX TRIV	4.09%	9.45%	20.68%	17.61%	1.78%	4.71%

Summary of Investment Portfolio as at December 31, 2010

The summary of investment portfolio below includes information regarding the Portfolio as a whole. This summary may change due to ongoing portfolio transactions of the Portfolio 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*	% of Net Assets
Long Positions	
Detour Gold Corporation	3.3%
BCE Inc.	2.9%
National Bank of Canada	2.6%
Magna International Inc.	2.2%
Pacific Rubiales Energy Corporation	2.1%
Rainy River Resources Limited	1.9%
Silver Wheaton Corporation	1.9%
Canadian Imperial Bank of Commerce	1.8%
Labrador Iron Ore Royalty Corporation Units	1.7%
Canadian Western Bank	1.5%
Agrium Inc.	1.5%
Imperial Metals Corporation	1.5%
Detour Gold Corporation 5.50% November 30, 2017	1.4%
Balmoral Resources Limited Restricted	1.3%
Sulliden Exploration Inc.	1.3%
Intrepid Mines Limited	1.2%
Copper Mountain Mining Corporation	1.2%
Telus Corporation 'A' Non Voting	1.2%
Freeport-McMoRan Copper & Gold Inc.	1.2%
ARC Energy Trust	1.2%
HudBay Minerals Inc.	1.1%
SXC Health Solutions Corporation	1.1%
Cineplex Galaxy Income Fund	1.0%
Astral Media Inc. 'A'	1.0%
Short Positions	
Telus Corporation	(1.0)%
Total Net Assets	**$52,585,549**

*Excludes cash and cash equivalents

Regional Weightings*	% of Net Assets
Long Positions	
Canada	76.6%
U.S.	2.9%
Global	3.8%
Short Positions	
Canada	(1.5)%

Sector Weightings*	% of Net Assets
Long Positions	
Materials	32.0%
Energy	20.4%
Information Technology	4.6%
Financials	7.8%
Telecommunication Services	4.1%
Health Care	0.6%
Consumer Staples	1.6%
Consumer Discretionary	5.7%
Industrials	4.2%
Short Positions	
Materials	(0.3)%
Telecommunication Services	(1.0)%
Financials	(0.2)%