

**EXEMPLAR LEADERS FUND
(FORMERLY NORTHERN RIVERS CONSERVATIVE GROWTH FUND)
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 Leaders 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 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 investment objective of the Fund is to maximize absolute returns on investments through securities selection and asset allocation. The Fund focuses on achieving growth of capital through superior securities selection and pursues a long-term investment program with the aim of generating capital gains. The Fund attempts to reduce volatility through diversifying the portfolio across both economic sectors as well as across market capitalizations (company size and liquidity). The Fund invests primarily in equity and equity-related securities of North American companies. The Fund may also invest in international companies.

To achieve the investment objectives of the Fund, the Manager: (i) makes long term investments of securities of issuers which the Manager believes present the greatest opportunity for capital appreciation; and (ii) manages the portfolio's sector allocation, increasing and decreasing exposure to different sectors of the market as appropriate.

In selecting investments for the Fund, the Manager primarily focuses on the securities (equity and equity derivatives) of companies which the Manager believes trade at a discount to their intrinsic value. The Fund is invested according to the following guidelines: the assets of the Fund are allocated at the discretion of the Manager to those investment strategies that balance risk, return and liquidity. The portfolio will be positioned in accordance with the Manager's market view. Geographic and sector allocations will vary significantly over time.

The Fund may follow a more concentrated investment approach and, from time to time, over weight certain geographic regions, including North America, and industry sectors such as energy or financial sectors when deemed appropriate by the Manager. This may result in the Fund's portfolio weightings being substantially different from the weightings of the S&P/TSX Composite Total Return Index (or its successor index). The Fund may use specified derivatives, such as calls and puts, warrants, index futures, exchange traded funds.

The Fund may also engage in short selling as a result of relief it obtained from the Canadian securities regulatory authorities. The Fund will engage in short selling only within certain limits and conditions including: (i) the Fund will short sell only liquid securities that are traded on a stock exchange or certain government bonds, (ii) the Fund will limit its short sale exposure to any single issuer to 5% of the Fund's net assets and its aggregate short exposure to 20% of its net assets, (iii) the Fund will hold cash cover in an amount (including the Fund's assets deposited with lenders) that is at least 150% of the aggregate market value of all securities sold short, and (iv) the Fund will deposit collateral only with lenders which are regulated financial institutions or registered dealers in Canada.

The Fund may hold all or a portion of its assets in cash or money market securities while seeking investment opportunities or for defensive purposes.

Investment Risk

The risks of investing in the Fund remain as stated in the Fund's simplified prospectus. There were no material changes to the Fund over the period that affected the overall level or risk.

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

Results of Operations

For the year ended December 31, 2010, Series A units of the Exemplar Leaders Fund (the "Fund") returned 19.3% (net of expenses) while the S&P/TSX Composite Total Return Index returned 17.6%. 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 units due largely to a varying level of expenses charged to each series, as explained in the Management Fees section.

The second half of 2010 was an excellent period for the both the Fund and the broader equity markets, with the Series A units of the Fund rising 26.5% and the S&P/TSX Composite Total Return Index rising 20.7% during this

period. The second half of the year finished strongly on the back of the US Federal Reserve's 2nd course of Quantitative Easing (QE2) and a continued rebound in global economies. QE2 brought the stock markets out of the mid-year correction which had started due to increasing concerns over sovereign debt quality, especially in Europe's PIGS (Portugal, Ireland, Greece, and Spain).

Specific detractors from Fund performance were very few as the vast majority of holdings rose in value. The only negative influence to fund performance occurred due to a temporary increase in gold weightings that occurred as a result of the November 26th merger of the Blumont Canadian Fund with the Exemplar Leaders Fund. As a result of the merger, new positions in Centamin Egypt, Detour Gold, Ivanhoe Mines, Labrador Iron Ore Royalty, Osisko, and Romarco became part of the portfolio on November 26th. These six positions declined somewhat in value by the end of the year. However, even with this drag the Fund still had an excellent second half, relative to its benchmark, the S&P/TSX Composite Total Return Index.

Positive contributors were plentiful in the Fund, as the vast majority of holdings rose in the second half of the year. Most notable positive contributions were made by Horizon North Logistics, Magna International, Neptune Technologies, Coca-Cola, Canyon Well Service, Kirkland Lake Gold, TMX group, Neo Materials, and Flint Energy Services. All of these stocks rose 30% or more during the second half of 2010 and were the biggest contributors to Fund's strong results in the second half of 2010.

The single largest contributor to the fund returns in the last six months was Horizon North Logistics. Horizon is a provider of critical infrastructure and services for remote and difficult to access areas for resource development. The company has 3 main businesses: Camps & Catering, Matting, and Marine. Horizon owns some extremely strategic assets that are positioned to generate increasing profits over the coming years, as resource development continues in increasingly remote and difficult to access areas, such as Northern Alberta and the Northwest Territories.

2010 saw some excellent developments for Horizon, which will bear fruit over the coming years. Horizon had several major contract announcements with developers of oil sands deposits during 2010 and we expect many more to come. Horizon is one of the few providers that can take on these large-scale projects. These projects will generate substantial incremental revenues and margins for this company. We expect further appreciation in future years from this excellent, but undervalued company.

Amid the up and down markets in the middle of 2010, we took advantage of share price weakness in several excellent businesses to add to existing core positions and also to establish new positions. The most important new positions are Gilead Sciences, Flint Energy Services, Neo Materials, and Canyon Well Services. We are very confident about the long-term prospects for these holdings in the Fund, all of which are trading at discounted valuations.

The most notable of the new holdings purchased is Gilead Sciences, the world's leading provider of HIV drugs to treat the ever increasing global AIDS population. Gilead is generating increasing free cash flows, while the stock trades at a large discount to its intrinsic value. We expect a significant contribution to the portfolio from the stock over the coming year as the market narrows the discount to the company's intrinsic value.

A number of holdings were sold during the second half of 2010, due to either their reaching our price objectives or to shortfalls in their performance. The largest holdings sold were Chinook Energy, Just Energy, TransCanada Corp, and Manulife Financial.

Overall portfolio structure is designed to take advantage of a continued slow recovery from the great recession of 2008-2009 and is fully invested in undervalued equities. The portfolio finished the year well diversified, with no one industry sector representing over 20% of the Fund. The largest sector weightings were energy at 20%, materials at 19%, and financials at 10%.

Recent Developments

2010 was a year of global recovery from the “Great Recession” of 2008-09. While fiscal and debt problems are still apparent in a number of developed economies, the global economy is slowly gathering steam as the emerging middle class of the developing economies drives consumption upwards.

Global equity markets grudgingly confirmed the recovery with solid, but choppy returns in 2010. The positive year was missed by many investors as they were scared off by the mid-year correction caused by sovereign debt concerns from Europe’s PIGS (Portugal, Ireland, Greece & Spain). Our portfolio prospered in this environment as we used the mid-year correction to increase a number of core holdings on weakness and to initiate a number of new ones.

2011 will see a continuation of the slow global economic recovery we witnessed in 2010. The emerging middle class in developing markets will drive continued consumption growth in global trade, benefiting all countries. Due to the media’s consistent focus on the negatives, news stories will continue to focus on the fiscal and monetary problems in many western economies and again miss out on the continued emergence of the rest of the world economically.

Global equity markets will once again have positive, if unexciting returns. The continued fiscal and economic problems in some economies will cause at least one correction, scaring many investors out of the market at the wrong time. Large volatility and divergence in individual stock performance will provide another year of opportunity for those disciplined investors willing to focus on buying fundamentally strong and inexpensive businesses. In this environment, we expect the Exemplar Leaders fund to do very well.

Fund Merger

On February 23, 2010, BluMont Capital Corporation (“BluMont Capital” or the “Manager”) acquired all of the shares of Northern Rivers Capital Management Inc. (“Northern Rivers”) which was the manager of the Fund’s investment portfolio and the principal distributor of the Units. Effective April 1st, 2010, Northern Rivers and BluMont Capital were amalgamated to form one entity under the continuing entity, BluMont Capital.

Effective November 26, 2010, BluMont Canadian Fund (the “Canadian Fund”) was merged with the Northern Rivers Conservative Growth Fund (the “Conservative Growth Fund”). The Conservative Growth Fund name was then changed to the Exemplar Leaders Fund. The Manager afforded unitholders of the Canadian Fund the ability to participate in the wind-up of the Canadian Fund by way of an in-kind transfer of their investment to the Fund. The termination of the Canadian Fund did not occur on a tax-deferred basis.

Related Party Transactions

There are no related party transactions to report for the period ended December 31, 2010 other than the fund merger and the management and related fees as discussed below.

Management Fees

BluMont Capital Corporation (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 is 1.80% per annum for Series A units and 1.50% per annum for Series F units. Prior to November 26, 2010, the Management Fee rate applicable to Series A units was 2.50%. For the year ended December 31, 2010, Management Fees charged to the Fund equaled \$116,831. 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 and payable monthly. The table below outlines the Fund’s annual Management Fees and trailer fees.

ANNUAL RATE (%)	Series A	Series F
Management Fees	1.80%	1.50%
Trailer Fees	1.00%	-%

In addition, the Fund will pay the Manager annually an incentive fee, subject to GST or HST (and any other applicable sales taxes), equal to a percentage of the average net asset value of Series A units and Series F units of the Fund. Such percentage will be equal to 20% of the difference by which the return in the net asset value per unit of the applicable Series of the Fund from January 1 to December 31 exceeds the greater of: i) 0% and ii) the percentage return of the S&P/TSX Composite Total Return Index for the same period. If the performance of a Series of the Fund in any year is less than the performance of the applicable index described above (the "Deficiency"), then no incentive fee will be payable in any subsequent year until the performance of the applicable Series of the applicable Fund, on a cumulative basis calculated from the first of such subsequent years has exceeded the amount of the Deficiency. For the year ended December 31, 2010, no incentive fees were charged to the Fund.

The Manager incurs operating expenses on behalf of the Fund and charges these expenses to the Fund. For the year ended December 31, 2010, the Manager has, in its discretion, agreed to absorb \$122,618 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 four years. This information is derived from the Fund's financial statements, and is represented net of expenses which have been charged to the Fund.

THE FUND'S NET ASSETS PER SERIES A UNIT

For the years ended December 31,

	2010	2009	2008	2007 [†]
Net assets, beginning of period ¹	\$ 25.09	\$ 19.73	\$ 31.73	\$ 25.00
Increase (decrease) from operations				
Total revenue	0.92	0.67	0.47	0.12
Total expenses	(0.86)	(0.78)	(0.77)	(2.04)
Realized gains (losses) for the year	3.97	0.11	(2.23)	0.16
Unrealized gains (losses) for the year	5.59	6.43	(9.32)	7.37
Total increase (decrease) from operations ¹	\$ 9.62	\$ 6.43	\$ (11.85)	\$ 5.61
Distributions ²				
From income (excluding dividends)	-	-	-	0.02
From dividends	-	-	-	0.01
From capital gains	1.94	-	-	0.10
Total distributions	1.94	-	-	0.13
Net assets, end of period ¹	\$ 27.95	\$ 25.09	\$ 19.73	\$ 31.73

RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2010	2009	2008	2007 [†]
Net asset value (000s)	17,928	1,727	672	331
Number of units outstanding	641,742	68,818	33,577	10,364
Management expense ratio ³	3.22%	3.53%	2.95%	8.75%*
Management expense ratio before waivers or absorptions ⁴	5.24%	6.22%	7.17%	15.79%*
Portfolio turnover rate ⁵	73.34%	73.60%	97.52%	36.91%*
Trading expense ratio ⁶	0.12%	0.37%	0.52%	1.25%*

THE FUND'S NET ASSETS PER SERIES F UNIT

For the years ended December 31,

	2010	2009	2008	2007 [†]
Net assets, beginning of period ¹	\$ 25.28	\$ 19.69	\$ 31.33	\$ 25.00
Increase (decrease) from operations				
Total revenue	0.69	0.67	0.42	0.15
Total expenses	(0.66)	(0.55)	(0.50)	(1.96)
Realized gains (losses) for the year	1.98	(0.04)	(1.72)	0.15
Unrealized gains (losses) for the year	2.79	6.43	(10.01)	6.07
Total increase (decrease) from operations ¹	\$ 4.80	\$ 6.51	\$ (11.81)	\$ 4.41
Distributions ²				
From income (excluding dividends)	-	-	-	0.03
From dividends	-	-	-	0.02
From capital gains	2.43	-	-	0.17
Total distributions	2.43	-	-	0.22
Net assets, end of period ¹	\$ 27.96	\$ 25.28	\$ 19.69	\$ 31.33

RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2010	2009	2008	2007 [†]
Net asset value (000s)	3,628	3,096	1,297	1,764
Number of units outstanding	129,977	122,467	64,978	56,009
Management expense ratio ³	2.54%	2.48%	1.90%	7.92%
Management expense ratio before waivers or absorptions ⁴	4.13%	5.16%	6.13%	16.96%
Portfolio turnover rate ⁵	73.34%	73.60%	97.52%	36.91%*
Trading expense ratio ⁶	0.12%	0.37%	0.52%	1.25%*

*Ratios have been annualized.

[†]The Fund commenced operations on August 27, 2007.

1. The net assets per unit shown are referenced to Net Assets determined in accordance with Canadian generally accepted accounting principles ("GAAP") and are derived from the Fund's financial statements. 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.

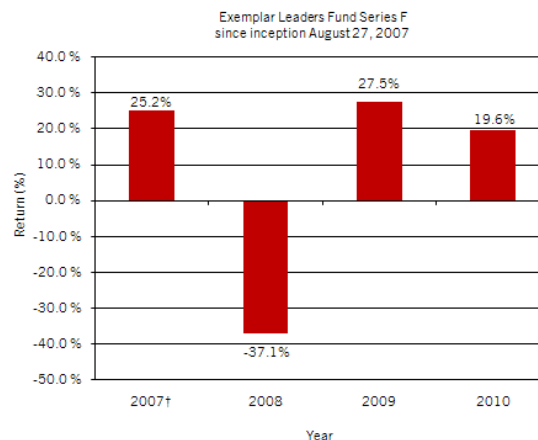
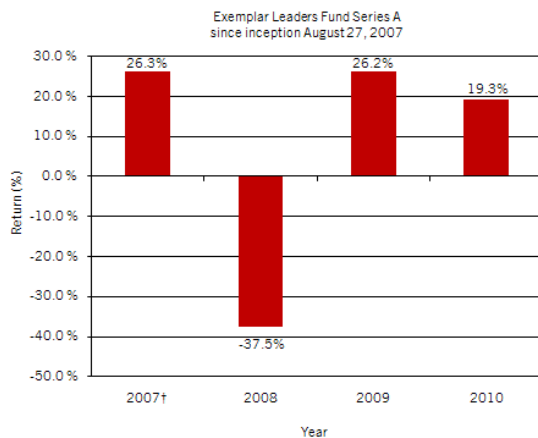
Past Performance

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. An investment in 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 August 27, 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 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, 2010). The Relative Performance returns show the performance of the Fund as compared to the benchmark S&P/TSX Total Return Index.

	1 Month	3 Month	6 Month	1 Year	3 Year	Annualized Since Inception	Cumulative Total Return
Exemplar Leaders Fund – Series A	5.6%	15.1%	26.5%	19.3%	(2.0)%	5.3%	18.9%
Exemplar Leaders Fund – Series F	5.1%	14.5%	26.1%	19.6%	(1.4)%	5.6%	20.1%
S&P/TSX Total Return Index	4.1%	9.4%	20.7%	17.6%	2.1%	2.5%	8.7%

Summary of Investment Portfolio as at December 31, 2010

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*	% of Net Assets	Regional Weightings*	% of Net Assets
Long Positions		Long Positions	
Horizon North Logistics Inc.	5.04%	Canada	81.6
Gilead Sciences Inc.	4.71%	U.S.	9.6
Rogers Communications Inc. 'B'	4.49%		
BCE Inc.	4.43%	Short Positions	
Alaris Royalty Corporation	3.43%	Canada	(1.0)
Detour Gold Corporation	3.25%		
Magna International Inc.	3.08%		
Philip Morris International	2.97%		
Dundee Precious Metals Inc.	2.31%		
Labrador Iron Ore Royalty Corporation	2.25%		
Mullen Group Limited	2.23%	Sector Weightings*	% of Net Assets
Canadian Imperial Bank of Commerce	2.18%		
Rainy River Resources Limited	2.17%	Long Positions	
Canadian Western Bank	2.05%	Basic Materials	18.7
Neptune Technologies & Bioresources Inc.	1.80%	Energy	14.8
CI Financial Corporation	1.56%	Information Technology	5.0
Rocky Mountain Dealership Inc.	1.52%	Financials	10.4
Metro Inc. 'A'	1.47%	Telecommunication Services	9.4
Pacific Rubiales Energy Corporation	1.46%	Health Care	8.2
Fortis Inc.	1.42%	Consumer Staples	1.5
The Descartes Systems Group Inc.	1.36%	Consumer Discretionary	8.2
Osisko Mining Corporation	1.35%	Industrials	12.8
Daylight Energy Limited	1.34%	Utilities	2.2
Agrium Inc.	1.32%		
Baytex Energy Trust	1.30%	Short Positions	
		Basic Materials	(0.4)
		Energy	(0.6)
Total	60.5%		
Total Net Assets	\$21,572,400		

*Excludes cash and cash equivalents

