

EXEMPLAR

PORTFOLIOS



AUDITED FINANCIAL STATEMENTS DECEMBER 2008

EXEMPLAR CANADIAN FOCUS PORTFOLIO | EXEMPLAR GLOBAL OPPORTUNITIES PORTFOLIO

CONTENTS

Management's Statement on Financial Reporting	2
Auditors' Report	3
Exemplar Canadian Focus Portfolio	
Statement of Net Assets	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Investments and Other Net Assets	7
Discussion of Financial Risk Management	9
Exemplar Global Opportunities Portfolio	
Statement of Net Assets	11
Statement of Operations	12
Statement of Changes in Net Assets	13
Statement of Investments and Other Net Assets	14
Discussion of Financial Risk Management	19
Notes to the Financial Statements	22
Portfolio Information	30

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 of the Manager meets with management and the auditors to discuss the Portfolios' 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 Portfolios' affairs in the best interest of its shareholders.

Respectfully,

"Paul J. Perrow"

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

AUDITORS' REPORT

TO THE SHAREHOLDERS OF EXEMPLAR CANADIAN FOCUS PORTFOLIO AND EXEMPLAR GLOBAL OPPORTUNITIES PORTFOLIO (COLLECTIVELY THE "PORTFOLIOS")

We have audited the statements of net assets and investments and other net assets of each of the Portfolios as at December 31, 2008 and the statements of operations and changes in net assets for the period from May 20, 2008 (commencement of operations) to December 31, 2008. These financial statements are the responsibility of the Trustee and the Manager of the Portfolios. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 each of the Portfolios as at December 31, 2008 and the results of each of their operations and the changes in each of their net assets for the period from May 20, 2008 to December 31, 2008 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, 2008

**EXEMPLAR CANADIAN FOCUS
PORTFOLIO*****

ASSETS

Long positions at fair value*

Canadian equities

U.S. equities

\$ 1,769,192
105,484

1,874,676

Cash and short-term investments

7,233,962

Accrued investment income

7,544

Subscriptions receivable

77,149

Total Assets

9,193,331

LIABILITIES

Short positions at fair value**

Canadian equities

162,144

U.S. equities

38,940

201,084

Accounts payable:

Fees and operating expenses

13,545

Performance fees payable

22,113

Dividends payable

146

Redemptions payable

15,991

Capital tax payable

12,807

Total Liabilities

265,686

7,211,585¹

846,762²

869,298³

NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY

\$ 8,927,645

686,977¹

80,325²

NUMBER OF SHARES OUTSTANDING (Note 4)

85,351³

\$ 10.50¹

\$ 10.54²

NET ASSET VALUE PER SHARE

\$ 10.18³

*Long positions, at cost

\$ 1,808,328

**Proceeds on short positions

\$ (179,920)

***The Portfolio commenced operations on May 20, 2008 and as a result, comparative information is not available.

¹ Series "A"

² Series "F"

³ Series "I"

Approved by the Board of Directors of BluMont Capital Corporation

"Veronika Hirsch"

"Stephen Johnson"

Veronika Hirsch

Stephen Johnson

Director

Director

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

STATEMENT OF OPERATIONS

For the period from May 20, 2008 to December 31, 2008

**EXEMPLAR CANADIAN FOCUS
PORTFOLIO*******INVESTMENT INCOME**

Dividends	\$	19,170
Interest		54,947
		<u>74,117</u>

EXPENSES (Notes 6 and 7)

Management fees		37,809
Performance fees		21,060
Operating expenses		105,518
Dividends paid on investments sold short		557
Audit fees		19,000
Legal fees		880
Securityholders' reporting costs		50,162
Capital tax expense		12,807
Custodian and Trustees' fees		96
Interest expense		143
		<u>248,032</u>

Less: Expenses absorbed by the Manager		155,909
		<u>92,123</u>

NET INVESTMENT LOSS(18,006)**NET REALIZED GAIN ON INVESTMENT TRANSACTIONS**

166,066

TRANSACTION COSTS (Note 2(II))

(34,512)

NET CHANGE IN UNREALIZED APPRECIATION OF INVESTMENTS

45,184

EXCHANGE GAIN ON FOREIGN CURRENCIES AND OTHER NET ASSETS25,435**NET GAIN ON INVESTMENTS AND TRANSACTION COSTS**202,173116,840¹47,515²19,812³**NET INCREASE IN NET ASSETS FROM OPERATIONS**\$ 184,167\$ 0.37¹\$ 0.44²**INCREASE IN NET ASSETS FROM OPERATIONS PER SHARE**\$ 0.25³

***The Portfolio commenced operations on May 20, 2008 and as a result, comparative information is not available.

¹ Series "A"² Series "F"³ Series "I"

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

STATEMENT OF CHANGES IN NET ASSETS
For the period from May 20, 2008 to December 31, 2008

**EXEMPLAR CANADIAN FOCUS
PORTFOLIO*****

	_1
	_2
	_3
Net Assets, Beginning of Period	<u>\$ -</u>
	116,840 ¹
	47,515 ²
	19,812 ³
Net Increase in Net Assets from Operations	<u>184,167</u>
From Capital Share Transactions: (Note 4)	
	7,263,221 ¹
	1,885,697 ²
	982,152 ³
Proceeds from issue of shares	<u>10,131,070</u>
	(168,325) ¹
	(1,086,449) ²
	(132,662) ³
Consideration paid for redemptions of shares	<u>(1,387,436)</u>
	6,243 ¹
	1,596 ²
	1,006 ³
Reinvestment of distributions	<u>8,845</u>
	<u>8,752,479</u>
From Dividends to Shareholders:	
	(6,395) ¹
	(1,597) ²
	(1,009) ³
From net income	<u>(9,001)</u>
	7,211,585 ¹
	846,762 ²
	869,298 ³
Net Assets, End of Period	<u>\$ 8,927,645</u>

***The Portfolio commenced operations on May 20, 2008 and as a result, comparative information is not available.

¹ Series "A"

² Series "F"

³ Series "I"

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

EXEMPLAR CANADIAN FOCUS PORTFOLIO
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at December 31, 2008

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Asset Value
LONG POSITIONS				
Canadian Equities				
Energy				
Nexen Inc.	7,000	\$ 156,854	\$ 149,240	
Progress Energy Trust	5,000	45,150	44,300	
TransCanada Corporation	3,200	109,060	105,856	
Vermilion Energy Trust	600	14,358	15,018	
		325,422	314,414	3.5
Basic Materials				
iShares CDN S&P/TSX Global Gold Index Fund	2,000	33,860	38,400	
Potash Corporation of Saskatchewan Inc.	1,000	90,290	89,540	
		124,150	127,940	1.4
Industrials				
Westshore Terminals Income Fund	3,200	43,490	30,528	0.3
Consumer Staples				
George Weston Limited	2,800	156,266	166,993	
Metro Inc. 'A'	6,200	180,741	229,090	
Shoppers Drug Mart Corporation	6,300	298,209	302,589	
		635,216	698,672	7.9
Financials				
CI Financial Income Fund	7,100	116,115	102,808	
Sprott Inc.	7,900	28,132	33,970	
TMX Group Inc.	1,000	24,030	25,170	
		168,277	161,948	1.8
Index Equivalents				
iShares CDN S&P/TSX 60 Index Fund	21,000	280,190	285,390	3.2
Telecommunication Services				
BCE Inc.	6,000	134,052	150,300	1.7
Total Canadian Equities - Long		1,710,797	1,769,192	19.8

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Asset Value
U.S. Equities				
Basic Materials				
SPDR Gold Trust	1,000	\$ 99,168	\$ 105,484	1.2
Total U.S. Equities - Long		99,168	105,484	1.2
Total Long Positions Including Transaction Costs		1,809,965	1,874,676	21.0
Transaction Costs		(1,637)	-	-
Total Long Positions Before Transaction Costs		1,808,328	1,874,676	21.0
SHORT POSITIONS				
Canadian Equities				
Energy				
Progress Energy Resources Corporation	(4,000)	(46,280)	(44,800)	(0.5)
Materials				
Franco-Nevada Corporation	(4,800)	(85,279)	(102,144)	
IAMGOLD Corporation	(2,000)	(12,050)	(15,200)	
		(97,329)	(117,344)	(1.3)
Total Canadian Equities - Short		(143,609)	(162,144)	(1.8)
U.S. Equities				
Financials				
Capital One Financial Corporation	(1,000)	(36,072)	(38,940)	
Total U.S. Equities - Short		(36,072)	(38,940)	(0.4)
Total Short Positions Including Transaction Costs		(179,681)	(201,084)	(2.2)
Transaction Costs		(239)	-	
Total Short Positions Before Transaction Costs		(179,920)	(201,084)	(2.2)
TOTAL INVESTMENT PORTFOLIO		\$ 1,628,408	1,673,592	18.8
Other Assets Net of Liabilities ¹			7,254,053	81.2
TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY			\$ 8,927,645	100.00

¹This amount is comprised of cash and short-term investments plus accrued investment income plus subscriptions receivable less accounts payable.

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

EXEMPLAR CANADIAN FOCUS PORTFOLIO
DISCUSSION OF FINANCIAL RISK MANAGEMENT (Note 3)
December 31, 2008

A. FINANCIAL RISK MANAGEMENT

The investment objective of the Exemplar Canadian Focus Portfolio (the "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 will invest 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 will 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 will engage 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 selling positions will not in total exceed 20% 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.

The Portfolio is permitted to leverage its assets. The Portfolio will generally not use leverage in excess of 20% of its net asset value.

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

A general discussion of financial risk management for the Portfolio appears as Note 3: FINANCIAL RISK MANAGEMENT on page 24.

B. CREDIT RISK

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

C. INTEREST RATE RISK

As at December 31, 2008, the Portfolio did not hold any interest-bearing securities, and therefore was not subject to interest rate risk.

D. OTHER PRICE RISK

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

The impact on net assets of the Portfolio due to a 1 percent change in benchmark, using historical correlation between the Portfolio's return as compared to the return of the Portfolio'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 8 data points based on the monthly net returns of the Portfolio.

Benchmark	Impact on net assets
S&P/TSX Total Return Index	\$6,400

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

E. CURRENCY RISK

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

Currencies	Financial Instruments	Percentage of net assets
United States Dollar	\$112,812	1.3%

The amounts in the above table are based on the fair value of the Portfolio's financial instruments (including cash and cash equivalents). Other financial assets (including accrued investment income) and financial liabilities (including payable for investments purchased) that are denominated in foreign currencies do not expose the Portfolio 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 \$1,100.

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

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

STATEMENT OF NET ASSETS
As at December 31, 2008

**EXEMPLAR GLOBAL
OPPORTUNITIES PORTFOLIO*****

ASSETS

Long positions at fair value*

Canadian equities	\$	362,562
U.S. equities		1,638,119
Global equities		845,433
Canadian bonds		22,800
U.S. bonds		944,772
Global bonds		137,921

3,951,607

Cash and short-term investments

3,193,195

Accrued investment income

24,073

Subscriptions receivable

70,520

Total Assets

7,239,395

LIABILITIES

Short positions at fair value**

U.S. equities		637,464
U.S. options		94,549

732,013

Accounts payable:

Fees and operating expenses		10,099
-----------------------------	--	--------

Capital tax payable		5,559
---------------------	--	-------

Total Liabilities

747,671

3,087,983¹

3,403,741²

NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY

\$ 6,491,724

315,461¹

NUMBER OF SHARES OUTSTANDING (Note 4)

344,594²

\$ 9.79¹

NET ASSET VALUE PER SHARE

\$ 9.88²

*Long positions, at cost

\$ 4,699,677

**Proceeds on short positions

\$ (782,488)

***The Portfolio commenced operations on May 20, 2008 and as a result, comparative information is not available.

¹ Series "A"

² Series "F"

Approved by the Board of Directors of BluMont Capital Corporation

"Veronika Hirsch"

"Stephen Johnson"

Veronika Hirsch

Stephen Johnson

Director

Director

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

STATEMENT OF OPERATIONS

For the period from May 20, 2008 to December 31, 2008

**EXEMPLAR GLOBAL
OPPORTUNITIES PORTFOLIO*******INVESTMENT INCOME**

Dividends	\$	44,539
Less: Foreign withholding taxes		9,455
		<u>35,084</u>
Interest		<u>100,427</u>
		<u>135,511</u>

EXPENSES (Notes 6 and 7)

Management fees		41,419
Operating expenses		104,820
Dividends paid on investments sold short		3,288
Audit fees		19,000
Legal fees		880
Securityholders' reporting costs		49,352
Custodian and Trustees' fees		122
Capital tax expense		5,559
		<u>224,440</u>
Less: Expenses absorbed by the Manager		<u>147,406</u>
		<u>77,034</u>

NET INVESTMENT GAIN

	<u>58,477</u>
--	---------------

NET REALIZED GAIN ON INVESTMENT TRANSACTIONS

170,743

TRANSACTION COSTS (Note 2(II))

(9,275)

NET CHANGE IN UNREALIZED DEPRECIATION OF INVESTMENTS

(697,595)

EXCHANGE GAIN ON FOREIGN CURRENCIES AND OTHER NET ASSETS

274,931

NET LOSS ON INVESTMENTS AND TRANSACTION COSTS

(261,196)

(77,688)¹(125,031)²**NET DECREASE IN NET ASSETS FROM OPERATIONS**

\$ (202,719)

DECREASE IN NET ASSETS FROM OPERATIONS PER SHARE\$ (0.53)¹\$ (0.26)²

***The Portfolio commenced operations on May 20, 2008 and as a result, comparative information is not available.

¹ Series "A"² Series "F"

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

STATEMENT OF CHANGES IN NET ASSETS
For the period from May 20, 2008 to December 31, 2008

**EXEMPLAR GLOBAL
OPPORTUNITIES PORTFOLIO*****

	_1
	_2
Net Assets, Beginning of Period	<u>\$ -</u>
	(77,688) ¹
	<u>(125,031)²</u>
Net Increase in Net Assets from Operations	<u>(202,719)</u>
From Capital Share Transactions: (Note 4)	
	3,202,176 ¹
	<u>6,770,841²</u>
Proceeds from issue of shares	<u>9,973,017</u>
	(36,440) ¹
	<u>(3,242,070)²</u>
Consideration paid for redemptions of shares	<u>(3,278,510)</u>
	640 ¹
	<u>1,648²</u>
Reinvestment of distributions	<u>2,288</u>
	<u>6,696,795</u>
From Dividends to Shareholders:	
	(704) ¹
	<u>(1,648)²</u>
From net income	<u>(2,352)</u>
	3,087,983 ¹
	<u>3,403,741²</u>
Net Assets, End of Period	<u>\$ 6,491,724</u>

***The Portfolio commenced operations on May 20, 2008 and as a result, comparative information is not available.

¹ Series "A"

² Series "F"

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

EXEMPLAR GLOBAL OPPORTUNITIES PORTFOLIO
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at December 31, 2008

	Number of Shares/ Par Value	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Asset Value
LONG POSITIONS				
Canadian Equities				
Basic Materials				
Barrick Gold Corporation	5,400	\$ 224,159	\$ 241,536	
Cameco Corporation	2,500	80,495	52,498	
Crystallex International Corporation	10,500	7,924	2,048	
Ivanhoe Mines Limited	2,800	26,779	8,975	
NovaGold Resources Inc.	4,800	44,379	8,600	
		383,736	313,657	4.8
Energy				
Progress Energy Inc.	900	37,956	43,711	0.7
Health Care				
Patheon Inc.	2,350	9,470	5,194	0.1
Total Canadian Equities - Long		431,162	362,562	5.6
Canadian Bonds				
Magna International Inc. 6.50% March 31, 2010 Convertible	24,000	24,000	22,800	
Total Canadian Bonds - Long		24,000	22,800	0.4
U.S. Equities				
Energy				
Arch Coal Inc.	4,500	106,384	88,958	
BJ Services Company	5,300	163,322	75,188	
BP PLC ADR	1,800	128,142	102,406	
Chevron Corporation	500	42,669	44,924	
Nexen Inc.	1,400	52,571	29,860	
		493,088	341,336	5.2
Basic Materials				
Alumina Limited ADR	1,750	30,619	8,766	
AngloGold Ashanti Limited ADR	4,486	160,605	151,174	
Newmont Mining Corporation	4,600	224,250	228,179	
		415,474	388,119	6.0
Industrials				
Republic Services Inc.	4,500	122,858	135,795	2.1

	Number of Shares/ Par Value	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Asset Value
Consumer Discretionary				
eBay Inc.	1,200	\$ 35,011	\$ 20,300	
Scholastic Corporation	100	2,895	1,654	
		37,906	21,954	0.3
Consumer Staples				
Smithfield Foods Inc.	6,000	144,455	102,450	
Tyson Foods Inc. 'A'	10,000	137,769	106,765	
		282,224	209,215	3.2
Health Care				
Amgen Inc.	1,700	71,925	119,114	
AstraZeneca PLC ADR	2,200	95,509	110,013	
Health Net Inc.	1,700	38,397	22,708	
		205,831	251,835	3.9
Information Technology				
Microsoft Corporation	1,100	29,402	25,901	
Tech Data Corporation	1,400	48,963	29,843	
		78,365	55,744	0.9
Telecommunication Services				
Lucent Technologies Preferred	235	187,941	97,380	
Sprint Nextel Corporation	5,000	40,447	11,213	
		228,388	108,593	1.7
Utilities				
Ameren Corporation	800	36,127	32,429	
IDACORP Inc.	2,600	77,044	93,099	
		113,171	125,528	1.9
Total U.S. Equities - Long		1,977,305	1,638,119	25.2
U.S. Bonds				
Alcoa Inc. 5.375% January 15, 2013	44,000	46,486	48,139	
CA Inc. 4.75% December 1, 2009	52,000	61,555	61,234	
Calfrac Holdings LP 7.75% February 15, 2015	80,000	69,628	51,676	
Coeur D'alene Mines Corporation 1.25% January 15, 2024 Convertible	99,000	80,194	33,531	
Delta Petroleum 3.75% May 1, 2037 Convertible	68,000	45,878	37,151	
Freddie Mac 5.50% March 15, 2033 Series 2581 Class IL	387,386	168,891	100,702	
Fannie Mae 4.50% March 25, 2034	753,883	106,207	91,413	
Freddie Mac 6.00% May 15, 2031 Series 2479 Class PE	41,551	45,406	51,074	
Gold Reserve Inc. 5.50% June 15, 2022 Convertible	87,000	44,630	15,905	
Interpublic GRP March 15, 2023 Convertible	51,000	40,621	40,558	

	Number of Shares/ Par Value	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Asset Value
U.S. Bonds cont'd				
Jetblue Airways Corporation 3.75% March 15, 2035 Convertible	52,000	\$ 37,244	\$ 49,066	
NII Holdings 3.125% Convertible June 15, 2012	85,000	53,079	62,714	
Office Depot Inc. 6.25% August 15, 2013	51,000	45,847	32,662	
Scholastic Corporation 5.0% April 15, 2013	42,000	42,037	41,207	
Smithfield Foods Inc. 7.00% August 1, 2011	113,000	104,845	90,896	
Tesoro Corporation 6.625% November 01, 2015	47,000	41,905	31,792	
Toyota Motor Credit Corporation 10.00% May 04, 2022 Variable	100,000	100,465	105,052	
Total U.S. Bonds - Long		1,134,918	944,772	14.6
Global Equities				
Australia				
Lihir Gold Limited	60,900	159,863	156,389	
Minara Resources Limited	27,500	23,833	6,591	
		183,696	162,980	2.5
Brazil				
Centrais Eletricas Brasileiras S.A. ADR Preferred	4,400	70,452	57,272	0.9
France				
Sanofi-Aventis ADR	1,100	36,027	43,088	
Thales SA	1,175	67,152	59,525	
		103,179	102,613	1.6
Italy				
Telecom Italia SpA - RNC	59,450	85,928	79,756	1.2
Japan				
Paramount Bed Company Limited	1,500	19,818	24,472	
Toppan Printing Company Limited	5,000	56,774	45,784	
		76,592	70,256	1.1
Luxembourg				
Stolt-Nielsen SA	1,000	21,140	12,401	0.2
South Africa				
Gold Fields Limited ADR	7,000	86,310	84,375	1.3
South Korea				
Korea Electric Power Corporation ADR	5,800	102,309	81,999	1.2

	Number of Shares/ Par Value	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Asset Value
Sweden				
Ericsson (LM) Tel - SP ADR	3,500	\$ 38,428	\$ 33,230	0.5
Switzerland				
UBS AG - Registered	1,500	34,817	25,996	0.4
United Kingdom				
Royal Dutch Shell PLC- ADR	2,150	171,410	134,555	2.1
Total Global Equities - Long		974,261	845,433	13.0
Global Bonds				
Punch Taverns Redwood 5.00% December 14, 2010 Convertible	78,000	116,764	91,683	
Telecom Italia Capital 4.875% October 1, 2010	42,000	45,692	46,238	
		162,456	137,921	2.1
Total Global Bonds - Long		162,456	137,921	2.1
Total Long Positions Including Transaction Costs		4,704,102	3,951,607	60.9
Transaction Costs		(4,425)	-	-
Total Long Positions Before Transaction Costs		4,699,677	3,951,607	60.9
SHORT POSITIONS				
U.S. Equities				
Basic Materials				
Sigma-Aldrich Corporation	(1,100)	(64,432)	(56,629)	(0.9)
Consumer Discretionary				
Autozone Inc.	(525)	(68,099)	(89,426)	(1.4)
Consumer Staples				
Chattem Inc.	(500)	(32,793)	(43,595)	
Strayer Education Inc.	(235)	(63,795)	(62,481)	
		(96,588)	(106,076)	(1.6)
Health Care				
Abbott Laboratories Inc.	(4,025)	(230,807)	(262,102)	
C.R. Bard Inc.	(1,200)	(115,308)	(123,231)	
		(346,115)	(385,333)	(5.9)
Total U.S. Equities - Short		(575,234)	(637,464)	(9.8)

	Number of Options	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Asset Value
U.S Written Call Options				
Republic Services Inc., Written Call Option \$13, January 2009	(100)	\$ (9,926)	\$ (3,047)	
Ameren Corporation, Written Call Option \$35, June 2009	(8)	(1,625)	(1,609)	
Amgen Inc., Written Call Option \$50, January 2009	(17)	(2,917)	(16,845)	
AngloGold Ashanti Limited, Written Call Option \$40, January 2009	(18)	(5,182)	(110)	
Arch Coal Inc., Written Call Option \$15, April 2009	(37)	(15,722)	(16,775)	
Arch Coal Inc., Written Call Option \$50, January 2009	(8)	(7,580)	(49)	
AstraZeneca Group PLC ADR, Written Call Option \$50, January 2009	(22)	(3,839)	(134)	
Barrick Gold Corporation, Written Call Option \$43, January 2009	(10)	(2,701)	(353)	
Barrick Gold Corporation, Written Call Option \$50, January 2009	(44)	(13,674)	(268)	
BP PLC ADR, Written Call Option \$70, January 2009	(18)	(10,749)	(110)	
BJ Services Company, Written Call Option \$33, January 2009	(53)	(16,367)	(323)	
Cameco Corporation, Written Call Option \$50, January 2009	(12)	(5,781)	(73)	
Cameco Corporation, Written Call Option \$30, March 2009	(13)	(3,556)	(158)	
Chevron Corporation, Written Call Option \$85, January 2009	(5)	(2,904)	(55)	
eBay Inc., Written Call Option \$30, January 2009	(12)	(3,491)	(15)	
Ericsson (LM) Tel - SP ADR, Written Call Option \$11, January 2009	(35)	(3,970)	(213)	
Gold Fields Limited, Written Call Option \$13, January 2009	(16)	(1,076)	(195)	
Gold Fields Limited, Written Call Option \$15, January 2009	(19)	(2,946)	(116)	
Health Net Inc., Written Call Option \$25, January 2009	(17)	(3,838)	(104)	
Ivanhoe Mines Limited, Written Call Option \$13, January 2009	(28)	(3,782)	(171)	
Microsoft Corporation, Written Call Option \$28, January 2009	(11)	(2,217)	(13)	
Newmont Mining Corporation, Written Call Option \$50, January 2009	(10)	(5,355)	(171)	
Newmont Mining Corporation, Written Call Option \$55, January 2009	(36)	(12,870)	(219)	
Nexen Inc., Written Call Option \$40, January 2009	(14)	(5,309)	(171)	
Progress Energy Inc., Written Call Option \$40, January 2009	(9)	(2,674)	(658)	
Royal Dutch Shell PLC, Written Call Option \$75, January 2009	(16)	(5,776)	(585)	
Sanofi-Aventis ADR, Written Call Option \$35, January 2009	(11)	(2,035)	(268)	
Smithfield Foods Inc., Written Call Option \$25, January 2009	(30)	(6,922)	(183)	
Sprint Nextel Corporation, Written Call Option \$8, February 2009	(50)	(7,242)	(305)	
Tech Data Corporation, Written Call Option \$35, January 2009	(14)	(3,857)	(256)	
Tyson Foods Inc. 'A', Written Call Option \$15, January 2009	(100)	(12,626)	(609)	
UBS AG - Registered, Written Call Option \$25, January 2009	(15)	(3,235)	(91)	
		(191,744)	(44,252)	(0.7)

U.S. Written Put Options

Apex Silver Mines Limited, Written Put Option \$5, January 2009	(86)	(9,865)	(45,909)	
PNM Resources Inc., Written Put Option \$10, February 2009	(36)	(3,210)	(4,388)	
		(13,075)	(50,297)	(0.8)
Total U.S. Options - Short		(204,819)	(94,549)	(1.5)
Total Short Positions Including Transaction Costs		(780,053)	(732,013)	(11.3)
Transaction Costs		(2,435)	-	-
Total Short Positions Before Transaction Costs		(782,488)	(732,013)	(11.3)
TOTAL INVESTMENT PORTFOLIO		\$ 3,917,189	3,219,594	49.6
Other Assets Net of Liabilities ¹			3,272,130	50.4
TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY			\$ 6,491,724	100.0

¹This amount is comprised of cash and short-term investments plus accrued investment income plus subscriptions receivable less accounts payable. The accompanying notes are an integral part of these financial statements.

EXEMPLAR GLOBAL OPPORTUNITIES PORTFOLIO
DISCUSSION OF FINANCIAL RISK MANAGEMENT (Note 3)
December 31, 2008

A. FINANCIAL RISK MANAGEMENT

The investment objective of Exemplar Global Opportunities Portfolio (the "Portfolio") is to seek superior capital appreciation over both short and long term horizons primarily through the selection and management of long and short positions in equity, debt and derivative securities globally.

The Portfolio will predominantly invest in global equity securities, including American Depository Receipts, that the portfolio advisor's research process has identified as undervalued. The Portfolio will also invest in bonds and other debt instruments from time to time. The Portfolio may also invest in convertible securities, put and call options and other equity derivatives that represent better value than a direct exposure to a particular company.

The Portfolio may hold cash or invest in short term securities for the purpose of preserving capital and/or maintaining liquidity, based upon the Investment Sub-Advisor's ongoing evaluation of current and anticipated economic and market conditions.

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.

The Portfolio is permitted to leverage its assets. The Portfolio will generally not use leverage in excess of 20% of its net asset value.

The Portfolio also has the ability to take short positions, in total not exceeding 20% of the net asset value of the Portfolio.

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

A general discussion of financial risk management for the Portfolio appears as Note 3: FINANCIAL RISK MANAGEMENT on page 24.

B. CREDIT RISK

As at December 31, 2008, the Portfolio invested in debt instruments and/or derivatives with the following credit ratings:

Debt Instruments by Credit Rating	Percentage of net assets (%)
AAA	6.7
AA	1.6
BBB	0.7
BB	1.7
B	0.5
CCC	1.3
CC	0.5
Not Rated	3.0

Credit ratings are obtained from Standard & Poor's, Moody's and/or Dominion Bond Rating Services. Where multiple ratings were obtained for a security, the lowest rating has been used.

C. INTEREST RATE RISK

As at December 31, 2008, the Portfolio held the following interest-bearing securities:

Debt Instruments by Maturity	Financial Instruments (\$)
Less than 1 year	61,233
1-3 years	251,615
3-5 years	184,721
Greater than 5 years	607,924

As at December 31, 2008, if the yield curve shifted in parallel by 25 basis points, with all other variables held constant, Net Assets would have increased or decreased, respectively, by approximately \$7,810.

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

D. OTHER PRICE RISK

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

The impact on net assets of the Portfolio due to a 1 percent change in benchmark, using historical correlation between the Portfolio's return as compared to the return of the Portfolio'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 8 data points based on the monthly net returns of the Portfolio.

Benchmark	Impact on net assets (\$)
MSCI All Cap World Index	29,000

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

E. CURRENCY RISK

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

Currencies	Financial Instruments (\$)	Percentage of net assets (%)
Australian Dollar	162,979	2.5
Euro Currency	139,281	2.2
British Pound Sterling	91,683	1.4
Norwegian Krone	12,401	0.2
Japanese Yen	70,256	1.1
United States Dollar	2,761,269	42.6

The amounts in the above table are based on the market value of the Portfolio's financial instruments (including cash and cash equivalents). Other financial assets (including accrued investment income) and financial liabilities that are denominated in foreign currencies do not expose the Portfolio 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 \$32,000.

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. THE PORTFOLIOS

Exemplar Portfolios Ltd. (the "Company") is a mutual fund corporation incorporated under the Business Corporations Act (Ontario). The Company was incorporated on March 18, 2008. These financial statements represent the financial positions of two classes of the Company: Exemplar Canadian Focus Portfolio (the "Canadian Focus Portfolio") and Exemplar Global Opportunities Portfolio (the "Global Opportunities Portfolio"), individually a "Portfolio" and collectively the "Portfolios".

BluMont Capital Corporation ("BluMont Capital") is the Manager and Investment Advisor of the Portfolios.

The financial statements of the Portfolios are prepared as at December 31, 2008 for the period from commencement of operations on May 20, 2008 to December 31, 2008.

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) 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. A reconciliation as at December 31 between each Portfolio's net asset value for financial reporting ("GAAP NAV") and each Portfolio's net asset value for purposes other than financial reporting, such as purchases and redemptions, ("Trading NAV") has been provided in Note 8.

Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by each Portfolio be charged to net income in the period. Accordingly, these costs must be expensed and are included in "Transaction Costs" in the Statements of Operations.

Securities listed upon a recognized public stock exchange are valued at their bid/ask prices on the financial statement 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 are recorded at fair market value.

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

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

(III) Valuation of Portfolio Shares

The Portfolios' shares are issued and redeemed at the net asset value per share, per Series, which is determined as of the close of Valuation Day. A "Valuation Day" is any day that the Toronto Stock Exchange is open for business or such other trading day or days as the Manager may determine.

The net asset value per share of each Portfolio is determined by dividing the total market value of each Portfolio's net assets by the number of shares outstanding.

For each Portfolio share sold, the Portfolio receives an amount equal to the net asset value per share on the date of sale, which is included in shareholders' equity. Shares are redeemable at the option of the shareholders at their net asset value on any Valuation Day. For each share redeemed, the number of issued and outstanding shares is reduced and the equity in the Portfolio is reduced by the related net asset value on the date of redemption.

(IV) 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 Statements of Operations.

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

(V) 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.

(VI) Increase (Decrease) in Net Assets from Operations Per Share

Increase (Decrease) in Net Assets from Operations per Share (per Series) amount is determined by dividing the Net Increase (Decrease) in Net Assets from Operations by the average number of shares outstanding in each Series during the period.

3. FINANCIAL RISK MANAGEMENT

In accordance with Canadian Institute of Chartered Accountants' (CICA) Handbook Section 3862, "Financial Instruments – Disclosure" and Section 3863, "Financial Instruments – Presentation", the Portfolios provide comprehensive disclosure and presentation of risks associated with financial instruments and how those risks are managed. The new standards do not impact the daily price of the Portfolios' securities, nor the calculation of Net Assets.

In the normal course of business, each Portfolio 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 Portfolios' net assets. The value of investments within a Portfolio's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, market and company news related to specific securities within the Portfolio. The level of risk depends on the Portfolio's investment objectives and the type of securities it invests in. Please refer to Discussion of Financial Risk Management (an addendum to Note 3 on pages 9 and 19 of this report) for each Portfolio's specific risk disclosure.

(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 a Portfolio.

Where a Portfolio 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 Portfolio.

All transactions executed by a Portfolio 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.

(II) Liquidity Risk

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

Each Portfolio is exposed to daily cash redemptions of redeemable shares. The shares of each Portfolio are issued and redeemed daily at the Portfolio's Trading NAV per share at the option of the shareholder.

Liquidity risk is managed by investing the majority of each Portfolio's assets in investments that are traded in an active market and can be readily disposed. Each Portfolio aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its net assets for the purpose of funding redemptions.

Each Portfolio 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 each Portfolio's Statement of Investments and Other Net Assets.

The Portfolios 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 a Portfolio invests in interest-bearing financial instruments. A Portfolio 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.

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

Each Portfolio has received approval from the Canadian securities regulators to short sell securities on a limited and controlled basis.

The aggregate market value of all securities sold short by each Portfolio will not exceed 20% of its respective total net assets on a daily marked-to-market basis. No proceeds from short sales will be used by the Portfolios to purchase long positions other than cash cover.

There are risks associated with short selling, namely that the securities will rise in value or not decline enough to cover a Portfolio's costs, or that market conditions will cause difficulties in the sale or repurchase of the securities.

(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 Portfolios. Each Portfolio may enter into foreign exchange contracts for hedging purposes to reduce its foreign currency exposure, or to establish exposure to foreign currencies.

4. SHARE TRANSACTIONS

In accordance with Canadian Institute of Chartered Accountants' (CICA) Handbook Section 1535, "Capital Disclosures", the Portfolios disclose information about the Portfolios' capital and how it is managed.

The shares authorized for issuance are unlimited in number, have no nominal or par value and are issued and redeemed at their net asset value. Each Portfolio offers three series of shares. Series A Shares are offered on an initial sales charge basis. Series F Shares are

available to investors who participate in fee-based programs through their broker, dealer or advisor. Series I Shares are charged an annual service fee based on the aggregate net assets value that the investor holds.

Shares of each Series issued and outstanding represent the capital of each Portfolio. The Company can issue an unlimited number of Series A, Series F and Series I shares in respect of each Portfolio. Series A shares are offered to investors on an initial sales charge basis. Series F shares are offered to retail investors participating in programs that do not require the payment of sales charges by investors and do not require the payment of service fees to registered dealers or investment professionals. Shareholders holding Series I shares of a Portfolio pay a negotiated management fee directly to the Manager. Shares of the Portfolios are issued and redeemed at the then current Trading NAV per share at the option of the shareholder. Shareholders are entitled to dividends when declared. The Portfolios have no restrictions or specific capital requirements on the subscription and redemption of shares, other than minimum subscription requirements. The Statements of Changes in Net Assets identify changes in each Portfolio's capital during the period. The Manager manages the capital of the Portfolios in accordance with the Portfolios' investment objectives, including managing their liquidity in order to be able to meet redemptions as discussed in Note 3.

The number of shares issued and redeemed at net asset value is summarized as follows:

	Canadian Focus Portfolio – Series A
Balance at beginning of period	-
Shares issued for cash	702,583
Shares issued on reinvestment of distributions	594
Shares redeemed	(16,200)
Shares issued and outstanding at end of period	<u>686,977</u>

	Canadian Focus Portfolio – Series F
Balance at beginning of period	-
Shares issued for cash	185,566
Shares issued on reinvestment of distributions	151
Shares redeemed	(105,392)
Shares issued and outstanding at end of period	<u>80,325</u>

	Canadian Focus Portfolio – Series I
Balance at beginning of period	-
Shares issued for cash	98,519
Shares issued on reinvestment of distributions	98
Shares redeemed	(13,266)
Shares issued and outstanding at end of period	<u>85,351</u>

	Global Opportunities Portfolio – Series A
Balance at beginning of period	-
Shares issued for cash	319,222
Shares issued on reinvestment of distributions	65
Shares redeemed	<u>(3,826)</u>
Shares issued and outstanding at end of period	<u>315,461</u>
	Global Opportunities Portfolio – Series F
Balance at beginning of period	-
Shares issued for cash	671,284
Shares issued on reinvestment of distributions	166
Shares redeemed	<u>(326,856)</u>
Shares issued and outstanding at end of period	<u>344,594</u>

5. INCOME TAXES

The Portfolios are classes of the Company, which qualifies as a mutual fund corporation under the Income Tax Act (Canada) (the "Tax Act"). The general income tax rules associated with a public corporation also apply to a mutual fund corporation with the exception that income taxes payable on realized capital gains are refundable on a formula basis when shares are redeemed or capital gains dividends are paid.

At December 31, 2008, the Company has income taxes payable on capital gains realized during the period of approximately \$48,000. The Company can reclaim these taxes payable in the future at its discretion by a payment of a capital gains dividend. As a result, the Company has recognized an offsetting income tax asset in the amount of \$48,000 which has been applied against the income taxes payable. There is no impact to the net assets or NAV of the Company.

All of a Portfolio's expenses including expenses common to all series of the Portfolio and management and performance fees and other expenses specific to a particular series of a Portfolio, will be taken into account in determining the income or loss of a Portfolio as a whole and applicable taxes payable by the Portfolio as a whole.

Interest and foreign income are taxed at normal corporate rates and can be reduced by permitted deductions for tax purposes.

The Portfolios are subject to Ontario capital tax. Such tax is included in "Capital tax" in the Statement of Operations for each Portfolio.

For the period from May 20, 2008 to December 31, 2008, the Portfolios did not qualify as investment corporations for tax purposes and were therefore subject to refundable Part IV tax on dividends received from certain Canadian corporations.

Temporary differences between the carrying values of assets and liabilities for accounting and income tax purposes give rise to future income tax assets and liabilities. The most significant temporary difference is that between the reported fair value of each Portfolio's investment portfolio and its adjusted cost base ("ACB") for income tax purposes. To the extent that the fair value of a Portfolio's securities exceeds its ACB, a future tax liability arises. Since capital gains taxes payable by the Portfolios are refundable under the relevant provisions of the Tax Act, the future tax liability is fully offset by these future refundable

taxes. Conversely, when the ACB exceeds the fair value of the securities, a future tax asset is generated. In such cases, a full valuation allowance is taken to offset this asset given the uncertainty that such future tax assets will ultimately be realized.

As at December 31, 2008, the Portfolios had no unused capital or non-capital losses.

6. RELATED PARTY TRANSACTIONS

Under the terms of agreements between the Portfolios and the Manager, and in return for investment management and administrative services, the Manager receives monthly management fees from each Portfolio, calculated daily and payable monthly.

The management fee paid to the Manager by the Canadian Focus Portfolio is 1.65% per annum on Series A Shares and 0.65% per annum on Series F Shares. The management fee paid to the Manager by the Global Opportunities Portfolio is 1.85% per annum on Series A Shares and 0.85% per annum on Series F Shares.

No portion of the management fee charged to a Portfolio is borne by Series I Shares of the Portfolio. A holder of Series I Shares of a Portfolio pays a negotiated management fee directly to the Manager.

Each Portfolio pays to the Manager in respect of each fiscal year of the Portfolio ended December 31 a performance bonus per Share (the "Performance Bonus") equal to 20% of the amount by which the Adjusted Net Asset Value per Share at the end of the fiscal year exceeds the highest year end Adjusted Net Asset Value per Share previously achieved. For these purposes, "Adjusted Net Asset Value per Share" of any series of shares of a Portfolio means the Net Asset Value per Share of that series at the end of a fiscal year without giving effect to the accrual of any Performance Bonus, plus the aggregate amount of all distributions previously declared on a per Share basis in respect of such series of Shares. The Performance Bonus for a Portfolio is calculated and accrued each day the Net Asset Value of the Portfolio is calculated, but is only payable following the end of the fiscal year of the Portfolio based on the actual annual performance of the Portfolio.

Notwithstanding the foregoing, no Performance Bonus is payable with respect to any fiscal year of a Portfolio unless the Adjusted Net Asset Value per Share at the end of such fiscal year exceeds the Net Asset Value per Share at the end of the preceding year (or on the date the Shares are first issued), plus the aggregate amount of all distributions previously declared on a per share basis, by a minimum of 6%.

The Performance Bonus is estimated and accrued each Valuation Date, calculated as at the end of each fiscal year-end of the Portfolios and paid within 15 business days thereafter.

The Manager may, on its own accord, pay for certain operating expenses of each of the Portfolios in order to maintain each Portfolio's management expense ratio at a competitive level. These absorptions may be terminated at any time by the Manager, and at the Manager's direction may be continued indefinitely. The absorbed amounts are shown in the Statements of Operations.

7. FEES AND OPERATING EXPENSES

Each Portfolio is responsible, on a separate basis, 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, 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 respective Portfolio. There were no soft dollar commissions for the Portfolios during the period.

The total brokerage commissions paid by the Portfolios with respect to security transactions for the periods ended December 31 were:

2008

Canadian Focus Portfolio	\$ 34,512
Global Opportunities Portfolio	\$ 9,275

8. RECONCILIATION OF TRADING NAV TO GAAP NAV

As at December 31, 2008

	Net Asset Value (\$)			Net Asset Value per Share (\$)		
	Trading NAV	Sec. 3855 Adjustment	GAAP NAV	Trading NAV	Sec. 3855 Adjustment	GAAP NAV
Canadian Focus Portfolio Series A	\$7,214,926	\$(3,341)	\$7,211,585	\$10.50	\$ -	\$10.50
Canadian Focus Portfolio Series F	\$847,154	\$(392)	\$846,762	\$10.55	\$(0.01)	\$10.54
Canadian Focus Portfolio Series I	\$869,701	\$(403)	\$869,298	\$10.19	\$(0.01)	\$10.18
Global Opportunities Portfolio Series A	\$3,092,228	\$(4,245)	\$3,087,983	\$9.80	\$(0.01)	\$9.79
Global Opportunities Portfolio Series F	\$3,408,419	\$(4,678)	\$3,403,741	\$9.89	\$(0.01)	\$9.88

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 Portfolios.

PORTFOLIO INFORMATION

MANAGER AND PRINCIPAL DISTRIBUTOR

BluMont Capital Corporation
70 University Avenue
Suite 1200, P.O. Box 16
Toronto, ON M5J 2M4
Telephone: (416) 216-3566
Fax: (416) 360-1102
Toll Free: 1 (866) 473-7376

REGISTRAR

Citigroup Fund Services Canada, Inc.
2920 Matheson Blvd. East
Mississauga, ON L4W 5J4

PRIME BROKER

BMO Nesbitt Burns
1 First Canadian Place, 50th Floor
Toronto, ON M5X 1H3

AUDITORS

PricewaterhouseCoopers LLP
Suite 3000 Box 82
Royal Trust Tower TD Centre
Toronto, ON M5K 1G8

LEGAL COUNSEL

Fasken Martineau DuMoulin LLP
Barristers & Solicitors
66 Wellington Street West
P.O. Box 20
Toronto, ON M5K 1N6



BLUMONT
CAPITAL

70 University Avenue, Suite 1200 P.O. Box 16 Toronto, ON M5J 2M4 | Tel: 416.216.3566 | 1.866.473.7376 | Fax: 416.360.1102 | blumontcapital.com

VANCOUVER | CALGARY | TORONTO | MONTRÉAL