

EXEMPLAR

PORTFOLIOS



AUDITED FINANCIAL STATEMENTS DECEMBER 2009

EXEMPLAR CANADIAN FOCUS PORTFOLIO | EXEMPLAR GLOBAL OPPORTUNITIES PORTFOLIO | EXEMPLAR DIVERSIFIED PORTFOLIO

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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,

"Victor Koloshuk"

President and Chief Executive Officer
BluMont Capital Corporation
March 26, 2010

AUDITORS' REPORT

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

We have audited the statements of investments and other net assets of each of the Portfolios as at December 31, 2009, the statements of net assets as of December 31, 2009 and 2008 (as applicable) and the statements of operations and changes in net assets for the periods as indicated in Note 1. 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, 2009 and 2008 (as applicable) and the results of each of their operations and the changes in each of their net assets for the periods as indicated in Note 1 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
March 26, 2010

STATEMENT OF NET ASSETS
As at December 31,

EXEMPLAR CANADIAN FOCUS PORTFOLIO

	2009	2008
ASSETS		
Long positions at fair value*		
Canadian equities	\$ 23,117,268	\$ 1,769,192
U.S. equities	1,892,306	105,484
Global equities	<u>556,488</u>	<u>-</u>
	25,566,062	1,874,676
Cash and broker deposits	2,199,651	7,233,962
Short-term investments	1,988,840	-
Accrued investment income	46,521	7,544
Accounts receivable:		
Subscriptions receivable	8,000	77,149
Receivable from investment sales	161,158	-
Income tax receivable	277,491	-
Future income taxes	<u>26,115</u>	<u>-</u>
Total Assets	<u>30,273,838</u>	<u>9,193,331</u>
LIABILITIES		
Short positions at fair value**		
Canadian equities	74,360	162,144
U.S. equities	<u>-</u>	<u>38,940</u>
	74,360	201,084
Accounts payable:		
Fees and operating expenses	56,845	13,545
Performance fees payable	347,395	22,113
Dividends payable	-	146
Payable for investment purchases	357,209	-
Commissions payable	8,209	-
Redemptions payable	52,146	15,991
Income tax payable	5,000	-
Capital tax payable	<u>10,976</u>	<u>12,807</u>
Total Liabilities	<u>912,140</u>	<u>265,686</u>
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY[†]		
Series A	14,563,616	7,211,585
Series F	2,948,459	846,762
Series I	1,176,093	869,298
Series R	<u>10,673,530</u>	<u>-</u>
	<u>\$ 29,361,698</u>	<u>\$ 8,927,645</u>

[†]Net assets representing shareholders' equity carried forward to next page

STATEMENT OF NET ASSETS - CONTINUED
As at December 31,

EXEMPLAR CANADIAN FOCUS PORTFOLIO

	2009	2008
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY[†]		
†Net assets representing shareholders' equity carried forward from previous page		
Series A	14,563,616	7,211,585
Series F	2,948,459	846,762
Series I	1,176,093	869,298
Series R	10,673,530	-
	<u>\$ 29,361,698</u>	<u>\$ 8,927,645</u>
NUMBER OF SHARES OUTSTANDING (Note 4)		
Series A	1,208,323	686,977
Series F	241,507	80,325
Series I	99,165	85,351
Series R	1,058,226	-
	<u>1,058,226</u>	<u>-</u>
NET ASSETS PER SHARE		
Series A	\$ 12.05	\$ 10.50
Series F	\$ 12.21	\$ 10.54
Series I	\$ 11.86	\$ 10.18
Series R	\$ 10.09	\$ -
	<u>\$ 23,052,530</u>	<u>\$ 1,808,328</u>
*Long positions, at cost	<u>\$ 23,052,530</u>	<u>\$ 1,808,328</u>
**Proceeds on short positions	<u>\$ (62,345)</u>	<u>\$ (179,920)</u>

Approved by the Board of Directors of BluMont Capital Corporation

“Veronika Hirsch”

Veronika Hirsch
Director

“Stephen Johnson”

Stephen Johnson
Director

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

STATEMENT OF OPERATIONS

For the year ended December 31, 2009 and for the period from May 20, 2008 to December 31, 2008

EXEMPLAR CANADIAN FOCUS PORTFOLIO*

	2009	2008
INVESTMENT INCOME		
Dividends	\$ 180,340	\$ 19,170
Less: Foreign withholding taxes	<u>1,021</u>	<u>-</u>
	179,319	19,170
Interest	<u>28,820</u>	<u>54,947</u>
	<u>208,139</u>	<u>74,117</u>
EXPENSES (Notes 6 and 7)		
Management fees	224,224	37,809
Performance fees	330,853	21,060
General operating expenses	250,404	105,518
Dividends paid on investments sold short	7,731	557
Audit fees	21,807	19,000
Legal fees	34,150	880
Securityholders' reporting costs	47,664	50,162
Capital tax expense	9,064	12,807
Custodian and Trustees' fees	1,232	96
Interest expense	<u>2,583</u>	<u>143</u>
	929,712	248,032
Less: Expenses absorbed by the Manager	<u>243,123</u>	<u>155,909</u>
	<u>686,589</u>	<u>92,123</u>
INVESTMENT LOSS BEFORE INCOME TAXES	<u>(478,450)</u>	<u>(18,006)</u>
PROVISION FOR INCOME TAXES (RECOVERY)		
Future	(26,115)	-
Current	<u>4,156</u>	<u>-</u>
	<u>(21,959)</u>	<u>-</u>
NET INVESTMENT LOSS	<u>(456,491)</u>	<u>(18,006)</u>
NET REALIZED GAIN ON INVESTMENT TRANSACTIONS	495,838	166,066
TRANSACTION COSTS (Notes 2(II) and 7)	(78,825)	(34,512)
NET CHANGE IN UNREALIZED APPRECIATION OF INVESTMENTS	2,456,333	45,184
EXCHANGE GAIN ON FOREIGN CURRENCIES AND OTHER NET ASSETS	<u>63,890</u>	<u>25,435</u>
NET GAIN ON INVESTMENTS AND TRANSACTION COSTS	<u>2,937,236</u>	<u>202,173</u>
NET INCREASE IN NET ASSETS FROM OPERATIONS		
Series A	1,843,435	116,840
Series F	348,255	47,515
Series I	165,845	19,812
Series R	<u>123,210</u>	<u>-</u>
	<u>\$ 2,480,745</u>	<u>\$ 184,167</u>
NET INCREASE IN NET ASSETS FROM OPERATIONS PER SHARE (Note 2(VII))		
Series A	\$ 1.72	\$ 0.37
Series F	\$ 1.94	\$ 0.44
Series I	\$ 1.79	\$ 0.25
Series R	<u>\$ 0.11</u>	<u>\$ -</u>

*The Portfolio commenced operations on May 20, 2008.
The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2009 and for the period from May 20, 2008 to December 31, 2008

EXEMPLAR CANADIAN FOCUS PORTFOLIO*

	2009	2008
Net Assets, Beginning of Period		
Series A	7,211,585	-
Series F	846,762	-
Series I	869,298	-
Series R	-	-
	<u>\$ 8,927,645</u>	<u>\$ -</u>
Net Increase in Net Assets from Operations		
Series A	1,843,435	116,840
Series F	348,255	47,515
Series I	165,845	19,812
Series R	123,210	-
	<u>2,480,745</u>	<u>184,167</u>
From Capital Share Transactions: (Note 4)		
Proceeds from issue of shares		
Series A	8,589,264	7,263,221
Series F	2,195,445	1,885,697
Series I	140,950	982,152
Series R	11,252,251	-
	<u>22,177,910</u>	<u>10,131,070</u>
Consideration paid for redemptions of shares		
Series A	(3,080,262)	(168,325)
Series F	(441,153)	(1,086,449)
Series I	-	(132,662)
Series R	(701,927)	-
	<u>(4,223,342)</u>	<u>(1,387,436)</u>
Reinvestment of dividends		
Series A	49,065	6,243
Series F	9,166	1,596
Series I	3,976	1,006
Series R	36,192	-
	<u>98,399</u>	<u>8,845</u>
	<u>18,052,967</u>	<u>8,752,479</u>
From Dividends to Shareholders:		
From net investment income		
Series A	(49,471)	(6,395)
Series F	(10,016)	(1,597)
Series I	(3,976)	(1,009)
Series R	(36,196)	-
	<u>(99,659)</u>	<u>(9,001)</u>
Net Assets, End of Period		
Series A	14,563,616	7,211,585
Series F	2,948,459	846,762
Series I	1,176,093	869,298
Series R	10,673,530	-
	<u>\$ 29,361,698</u>	<u>\$ 8,927,645</u>

*The Portfolio commenced operations on May 20, 2008.

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

EXEMPLAR CANADIAN FOCUS PORTFOLIO
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As December 31, 2009

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
LONG POSITIONS				
Canadian Equities				
Energy				
Advantage Oil & Gas Limited	37,000	\$ 251,530	\$ 253,450	
Arcan Resources Limited	50,000	62,500	70,000	
Calfrac Well Services Limited	15,900	294,361	327,063	
Canadian Natural Resources Limited	6,000	431,700	453,900	
Cequence Energy Limited	50,000	153,500	180,000	
Crescent Point Energy Corporation	6,000	234,600	236,700	
Crew Energy Inc.	20,100	269,129	291,450	
Daylight Resources Trust	24,200	230,766	246,114	
EnCana Corporation	12,000	378,172	408,600	
Fairborne Energy Limited	75,000	327,124	355,500	
Legacy Oil + Gas Inc.	18,000	177,731	172,980	
Nexen Inc.	16,000	361,094	402,240	
Pacific Rubiales Energy Corporation	30,000	342,919	462,000	
Petrobank Energy and Resources Limited	12,000	497,200	612,000	
Progress Energy Resources Corporation	16,800	210,318	235,704	
Talisman Energy Inc.	24,000	414,102	469,200	
Trilogy Energy Trust	2,000	15,580	17,100	
Uranium World Energy Inc. ²	1,400,000	-	-	
Wild Stream Exploration Inc.	15,207	78,194	65,390	
		4,730,520	5,259,391	17.9
Basic Materials				
Agrium Inc.	6,500	439,207	420,550	
Alamos Gold Inc.	10,000	124,504	125,000	
Banro Corporation	65,400	160,443	132,108	
Bravo Venture Group Inc.	900,000	387,000	373,500	
CanAlaska Uranium Limited Warrant	735,300	-	1	
Centamin Egypt Limited	185,000	373,640	377,400	
Colossus Minerals Inc.	31,000	170,172	177,320	
Detour Gold Corporation	64,000	858,639	1,139,840	
Dundee Precious Metals Inc.	70,000	216,300	250,600	
Explor Resources Inc. Warrants	600,000	174,000	408,000	
Goldcorp Inc.	9,600	410,182	396,576	
Inmet Mining Corporation	10,800	645,648	685,260	
International Tower Hill Mines Limited	48,000	222,915	353,760	
Kinross Gold Corporation	20,000	442,510	386,600	
Labrador Iron Ore Royalty Trust	12,100	468,744	525,261	
Lake Shore Gold Corporation	100,000	330,534	408,000	
Lundin Mining Corporation	104,000	469,130	443,040	
New Gold Inc.	75,000	270,714	283,500	

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
Basic Materials Cont'd				
Osisko Mining Corporation	32,000	\$ 228,895	\$ 269,760	
Polaris Minerals Corporation	42,500	68,850	71,400	
Potash One Inc.	20,000	51,400	50,600	
Quadra Mining Limited	30,000	399,346	435,000	
Red Back Mining Inc.	32,400	495,911	481,140	
Rockport Mining Corporation ²	470,589	235,295	235,295	
Romarco Minerals Inc.	214,000	294,687	359,520	
Royal Nickel Corporation ²	160,000	320,000	320,000	
Rubicon Minerals Corporation	61,000	279,990	301,340	
Rukwa Uranium Limited ²	750,000	37,500	37,500	
San Gold Corporation	144,000	452,056	524,160	
Silver Wheaton Corporation	25,000	350,820	394,500	
Thompson Creek Metals Limited	16,000	202,720	196,800	
Ventana Gold Corporation	54,800	335,750	439,496	
Victoria Gold Corporation	165,000	112,200	110,550	
		10,029,702	11,113,377	37.8
Industrials				
Aecon Group Inc.	12,100	135,041	181,137	
The Churchill Corporation 'A'	11,400	209,373	218,310	
		344,414	399,447	1.4
Consumer Discretionary				
Astral Media Inc. 'A'	15,200	492,393	503,120	1.7
Consumer Staples				
George Weston Limited	2,000	118,339	133,640	
Metro Inc. 'A'	11,100	377,099	434,787	
		495,438	568,427	1.9
Health Care				
Biovail Corporation	17,000	246,760	248,540	
Paladin Labs Inc.	10,000	170,000	196,900	
		416,760	445,440	1.5
Financials				
Canadian Western Bank	21,900	488,534	479,610	
Gluskin Sheff + Associates Inc.	19,000	287,929	390,450	
GMP Capital Inc.	26,000	258,234	326,560	
National Bank of Canada	2,000	119,106	119,920	
Royal Bank of Canada	5,800	325,866	326,830	
		1,479,669	1,643,370	5.6

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
Information Technology				
Bridgewater Systems	19,500	\$ 178,245	\$ 163,995	
CGI Group Inc. 'A'	14,000	180,555	198,800	
Onex Corporation	13,500	280,475	317,520	
Open Text Corporation	6,000	246,897	254,640	
Research in Motion Limited	1,400	104,434	98,901	
SXC Health Solutions Corporation	6,000	158,610	340,200	
The Descartes Systems Group Inc.	43,000	239,717	270,900	
		1,388,933	1,644,956	5.6
Telecommunication Services				
BCE Inc.	40,000	1,022,388	1,157,600	3.9
Index Equivalents				
iShares CDN S&P/TSX 60 Index Fund	22,000	377,777	382,140	1.3
Total Canadian Equities - Long		20,777,994	23,117,268	78.6
U.S. Equities				
Basic Materials				
Allied Nevada Gold Corporation	16,000	219,968	250,560	
Rio Tinto PLC ADR	3,200	688,177	721,242	
iShares Silver Trust	16,000	272,612	276,255	
		1,180,757	1,248,057	4.2
Information Technology				
International Business Machines Corporation	4,400	567,798	602,373	
Seagate Technology	2,200	41,246	41,876	
		609,044	644,249	2.2
Total U.S. Equities - Long		1,789,801	1,892,306	6.4
Global Equities				
Australia				
Andean Resources Limited	119,500	253,695	286,800	0.1
United Kingdom				
GlaxoSmithKline PLC ADR	6,100	252,985	269,688	0.9
Total Global Equities - Long		506,680	556,488	1.9
Total Long Positions Including Transaction Costs		23,074,475	25,566,062	87.0
Transaction Costs		(21,945)	-	-
Total Long Positions Before Transaction Costs		23,052,530	25,566,062	87.0

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
SHORT POSITIONS				
Canadian Equities				
Index Equivalents				
iShares CDN S&P/TSX Completion	(4,000)	\$ (62,259)	\$ (74,360)	(0.3)
Total Canadian Equities - Short		(62,259)	(74,360)	(0.3)
Total Short Positions Including Transaction Costs		(62,259)	(74,360)	(0.3)
Transaction Costs		(86)	-	-
Total Short Positions Before Transaction Costs		(62,345)	(74,360)	(0.3)
TOTAL INVESTMENT PORTFOLIO		\$ 22,990,185	25,491,702	86.8
Other Assets Net of Liabilities ¹			3,869,996	13.2
TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY			\$ 29,361,698	100.00

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

²Private and illiquid securities.

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

EXEMPLAR CANADIAN FOCUS PORTFOLIO
DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)
December 31, 2009 and 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 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 may engage in short selling of securities which the 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 holds cash and invests in short term securities for the purpose of preserving capital and/or maintaining liquidity, based upon the 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 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 INSTRUMENTS RISK MANAGEMENT on page 41.

B. CREDIT RISK

As at December 31, 2009, and December 31, 2008, the Portfolio had no investments in debt instruments and/or derivatives, and therefore was not subject to related credit risk.

C. LIQUIDITY RISK

The following table outlines cash flows associated with the maturities of the Portfolio's financial assets and liabilities as of:

December 31, 2009

	Less than 1 year (\$)	1 - 3 years (\$)	3 - 5 Years (\$)	No maturity date (\$)
Financial Assets				
Equities - Long	-	-	-	25,566,062
Other receivables	519,285	-	-	-
Cash and short-term investments	4,188,491	-	-	-
Total	4,707,776	-	-	25,566,062
Liabilities				
Equities - Short	-	-	-	(74,360)
Other liabilities	(837,780)	-	-	-
Total	(837,780)	-	-	(74,360)

December 31, 2008

	Less than 1 year (\$)	1 - 3 years (\$)	3 - 5 Years (\$)	No maturity date (\$)
Financial Assets				
Equities - Long	-	-	-	1,874,676
Other receivables	84,693	-	-	-
Cash and short-term investments	7,233,962	-	-	-
Total	7,318,655	-	-	1,874,676
Liabilities				
Equities - Short	-	-	-	201,084
Other liabilities	64,602	-	-	-
Total	64,602	-	-	201,084

D. INTEREST RATE RISK

As at December 31, 2009, and December 31, 2008, the Portfolio did not hold any interest-bearing securities, and therefore was not subject to significant interest rate risk.

E. 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 5 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, 2009, and 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 20 data points (2008 – 8 data points) based on the monthly net returns of the Portfolio.

Benchmark	Impact on Net Assets	
	December 31, 2009	December 31, 2008
S&P/TSX Total Return Index	\$170,000	\$32,000

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

F. CURRENCY RISK

Currencies to which the Portfolio had exposure as at December 31, 2009, and December 31, 2008, are as follows:

Currency	As at December 31, 2009		As at December 31, 2008	
	Financial Instruments (\$)	Percentage of Net Assets (%)	Financial Instruments (\$)	Percentage of Net Assets (%)
United States Dollar (long)	2,079,725	7.1	105,484	1.7
United States Dollar (short)	-	-	(38,940)	(0.4)

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 and financial liabilities that are denominated in foreign currencies do not expose the Portfolio to significant currency risk.

As at December 31, 2009, if the Canadian dollar had strengthened or weakened by 5 percent in relation to all currencies, with all other variables held constant, Net Assets would have increased or decreased, respectively, by approximately \$104,000 (2008 – \$5,600).

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

G. FAIR VALUE ESTIMATION

The following table analyzes the Portfolio's financial assets and liabilities within the fair value hierarchy measured at fair value at December 31, 2009.

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Assets				
Equity securities - long	24,565,267	408,000	592,795	25,566,062
Treasury bills	-	1,988,840	-	1,988,840
Total Assets	24,565,267	2,396,840	592,795	27,554,902
Liabilities				
Equity securities - short	(74,360)	-	-	(74,360)
Total Liabilities	(74,360)	-	-	(74,360)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Manager does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include government treasury bills. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As observable prices are not available for these securities, the Manager has used its best judgment to derive the fair value.

The level 3 equity amount consists of several private equity positions. The Manager considers original transaction price, recent transactions in the same or similar instruments and completed third-party transactions in comparable instruments and adjusts the prices as deemed necessary.

A sensitivity analysis was performed for each individual security by multiplying the price from the latest private issuance of each security and the change in the Hedge Fund Research Private Issue Index (the "Index") between the time of the latest issuance and December 31, 2009. The impact on Net Assets was not significant.

The following table presents the movement in level 3 instruments for the year ended December 31, 2009 by class of financial instrument.

	Equity Securities (\$)	Total (\$)
Opening balance	-	-
Net purchases and sales	592,795	592,795
Net transfers in (out)	-	-
Realized	-	-
Unrealized	-	-
Closing balance	592,795	592,795

There were no movements between levels during the year.

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

STATEMENT OF NET ASSETS
As at December 31,

EXEMPLAR GLOBAL OPPORTUNITIES PORTFOLIO

	2009	2008
ASSETS		
Long positions at fair value*		
Canadian equities	\$ 693,599	\$ 362,562
U.S. equities	4,709,571	1,638,119
Global equities	2,468,574	845,433
Canadian bonds	168,630	22,800
U.S. bonds	1,365,880	944,772
Global bonds	45,059	137,921
U.S. options	24,224	-
	<u>9,475,537</u>	<u>3,951,607</u>
Cash and broker deposits	7,822,032	3,193,195
Accrued investment income	32,300	24,073
Accounts receivable:		
Receivable from investment sales	321,487	-
Subscriptions receivable	-	70,520
Income tax receivable	55,742	-
Future income taxes	26,091	-
Total Assets	<u>17,733,189</u>	<u>7,239,395</u>
LIABILITIES		
Short positions at fair value**		
U.S. equities	1,722,455	637,464
U.S. options	487,135	94,549
	<u>2,209,590</u>	<u>732,013</u>
Accounts payable:		
Fees and operating expenses	26,600	10,099
Performance fees payable	6,139	-
Dividends payable	377	-
Payable for investment purchases	269,276	-
Capital tax payable	9,024	5,559
Total Liabilities	<u>2,521,006</u>	<u>747,671</u>
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY[†]		
Series A	9,820,880	3,087,983
Series F	5,391,303	3,403,741
	<u>\$ 15,212,183</u>	<u>\$ 6,491,724</u>

[†]Net assets representing shareholders' equity carried forward to next page

STATEMENT OF NET ASSETS – CONTINUED
As at December 31,

EXEMPLAR GLOBAL OPPORTUNITIES PORTFOLIO

	2009	2008
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY[†]		
†Net assets representing shareholders' equity carried forward from previous page		
Series A	9,820,880	3,087,983
Series F	5,391,303	3,403,741
	<u>\$ 15,212,183</u>	<u>\$ 6,491,724</u>
NUMBER OF SHARES OUTSTANDING (Note 4)		
Series A	942,789	315,461
Series F	508,459	344,594
NET ASSETS PER SHARE		
Series A	\$ 10.42	\$ 9.79
Series F	\$ 10.60	\$ 9.88
*Long positions, at cost	<u>\$ 8,577,217</u>	<u>\$ 4,699,677</u>
**Proceeds on short positions	<u>\$ (2,037,775)</u>	<u>\$ (782,488)</u>

Approved by the Board of Directors of BluMont Capital Corporation

“Veronika Hirsch”

Veronika Hirsch
Director

“Stephen Johnson”

Stephen Johnson
Director

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

STATEMENT OF OPERATIONS

For the year ended December 31, 2009 and for the period from May 20, 2008 to December 31, 2008

EXEMPLAR GLOBAL OPPORTUNITIES PORTFOLIO*

	2009	2008
INVESTMENT INCOME		
Dividends	\$ 119,382	\$ 44,539
Less: Foreign withholding taxes	<u>16,384</u>	<u>9,455</u>
	102,998	35,084
Interest	<u>199,476</u>	<u>100,427</u>
	<u>302,474</u>	<u>135,511</u>
EXPENSES (Notes 6 and 7)		
Management fees	165,183	41,419
Performance fees	5,846	-
General operating expenses	229,358	104,820
Dividends paid on investments sold short	6,256	3,288
Audit fees	22,835	19,000
Legal fees	22,633	880
Securityholders' reporting costs	2,511	49,352
Custodian and Trustees' fees	126	122
Capital tax expense	<u>11,388</u>	<u>5,559</u>
	466,136	224,440
Less: Expenses absorbed by the Manager	<u>192,652</u>	<u>147,406</u>
	<u>273,484</u>	<u>77,034</u>
INVESTMENT GAIN BEFORE INCOME TAXES	<u>28,990</u>	<u>58,477</u>
PROVISION FOR INCOME TAXES (RECOVERY)		
Future	(26,091)	-
Current	<u>124,405</u>	<u>-</u>
	<u>98,314</u>	<u>-</u>
NET INVESTMENT GAIN (LOSS)	<u>(69,324)</u>	<u>58,477</u>
NET REALIZED GAIN ON INVESTMENT TRANSACTIONS	163,215	170,743
TRANSACTION COSTS (Notes 2(II) and 7)	(18,140)	(9,275)
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS	1,424,100	(697,595)
EXCHANGE GAIN (LOSS) ON FOREIGN CURRENCIES AND OTHER NET ASSETS	<u>(954,748)</u>	<u>274,931</u>
NET GAIN (LOSS) ON INVESTMENTS AND TRANSACTION COSTS	<u>614,427</u>	<u>(261,196)</u>
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A	298,276	(77,688)
Series F	<u>246,827</u>	<u>(125,031)</u>
	\$ 545,103	\$ (202,719)
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE (Note 2(VII))		
Series A	\$ 0.44	\$ (0.53)
Series F	<u>\$ 0.61</u>	<u>\$ (0.26)</u>

*The Portfolio commenced operations on May 20, 2008.

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

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2009 and for the period from May 20, 2008 to December 31, 2008

EXEMPLAR GLOBAL OPPORTUNITIES PORTFOLIO*

	2009	2008
Net Assets, Beginning of Period		
Series A	3,087,983	-
Series F	3,403,741	-
	<u>\$ 6,491,724</u>	<u>\$ -</u>
Net Increase (Decrease) in Net Assets from Operations		
Series A	298,276	(77,688)
Series F	246,827	(125,031)
	<u>545,103</u>	<u>(202,719)</u>
From Capital Share Transactions: (Note 4)		
Proceeds from issue of shares		
Series A	8,071,829	3,202,176
Series F	4,411,231	6,770,841
	<u>12,483,060</u>	<u>9,973,017</u>
Consideration paid for redemptions of shares		
Series A	(1,637,083)	(36,440)
Series F	(2,670,413)	(3,242,070)
	<u>(4,307,496)</u>	<u>(3,278,510)</u>
Reinvestment of dividends		
Series A	3,453	640
Series F	1,876	1,648
	<u>5,329</u>	<u>2,288</u>
	<u>8,180,893</u>	<u>6,696,795</u>
From Dividends to Shareholders:		
From net investment income		
Series A	(3,578)	(704)
Series F	(1,959)	(1,648)
	<u>(5,537)</u>	<u>(2,352)</u>
Net Assets, End of Period		
Series A	9,820,880	3,087,983
Series F	5,391,303	3,403,741
	<u>\$ 15,212,183</u>	<u>\$ 6,491,724</u>

*The Portfolio commenced operations on May 20, 2008.

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, 2009

	Number of Shares/Options /Par Value	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
LONG POSITIONS				
Canadian Equities				
Basic Materials				
Barrick Gold Corporation	13,200	\$ 518,608	\$ 543,945	
Cameco Corporation	3,174	74,480	106,847	
Ivanhoe Mines Limited	2,800	26,779	42,807	
Total Canadian Equities - Long		619,867	693,599	4.5
Canadian Bonds				
First Uranium Corporation 4.25% June 30, 2012	231,000	181,412	168,630	1.1
Total Canadian Bonds - Long		181,412	168,630	1.1
U.S. Equities				
Energy				
Arch Coal Inc.	15,600	279,268	363,212	
BJ Services Company	7,250	173,279	141,110	
BP PLC ADR	6,100	368,269	370,032	
Chevron Corporation	1,200	94,630	96,639	
Nexen Inc.	5,050	131,699	126,456	
Tesoro Corporation	6,200	84,921	87,910	
		1,132,066	1,185,359	7.8
Basic Materials				
AngloGold Ashanti Limited ADR	6,200	233,117	260,680	
Newmont Mining Corporation	12,400	575,418	613,875	
NovaGold Resources Inc.	89,490	180,244	571,228	
		988,779	1,445,783	9.5
Consumer Discretionary				
eBay Inc.	8,050	128,070	198,125	1.3
Consumer Staples				
Smithfield Foods Inc.	17,200	222,184	273,396	
Tyson Foods Inc. 'A'	32,000	408,606	410,866	
Wal-Mart Stores Inc.	900	48,409	50,319	
		679,199	734,581	4.8

	Number of Shares/Options /Par Value	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
Financials				
Loews Corporation	1,655	\$ 50,943	\$ 62,952	0.4
Health Care				
Aetna Inc.	4,200	117,289	139,013	
AstraZeneca PLC ADR	2,200	95,509	107,970	
Health Net Inc.	6,500	120,413	158,412	
Pfizer Inc.	10,100	172,647	192,247	
		505,858	597,642	3.9
Information Technology				
Microsoft Corporation	300	6,611	9,568	
Tech Data Corporation	2,225	67,812	108,638	
		74,423	118,206	0.8
Telecommunication Services				
Lucent Technologies Preferred	235	187,941	189,595	
Deutsche Telekom AG ADR	5,975	73,439	91,910	
		261,380	281,505	1.9
Utilities				
Ameren Corporation	1,600	62,910	46,796	
Progress Energy Inc.	900	37,956	38,622	
		100,866	85,418	0.6
Total U.S. Equities - Long		3,921,584	4,709,571	31.0
U.S. Bonds				
Alcoa Inc. 5.375% January 15, 2013	44,000	46,486	47,321	
Calfrac Holdings LP 7.75% February 15, 2015	80,000	69,628	81,227	
Delta Petroleum 3.75% Convertible May 1, 2037	184,000	81,952	138,054	
Delta Petroleum Corporation 7.00% April 1, 2015	123,000	54,082	90,418	
Fannie Mae FNS 334 22 5.00% February 01, 2018	330,544	41,391	39,474	
Fannie Mae 4.50% March 25, 2034	753,883	106,207	65,447	
Freddie Mac 5.50% March 15, 2033 Series 2581 Class IL	387,386	168,891	111,897	
Freddie Mac 6.00% May 15, 2031 Series 2479 Class PE	41,551	45,406	43,480	
Gold Reserve Inc. 5.50% June 15, 2022 Convertible	87,000	44,630	52,802	
Jetblue Airways Corporation 3.75% March 15, 2035 Convertible	269,000	271,519	281,501	
Jetblue Airways Corporation 6.75% October 15, 2039 Series B	54,000	62,477	76,849	
NII Holdings 3.125% June 15, 2012 Convertible	85,000	53,079	81,425	
Office Depot Inc. 6.25% August 15, 2013	51,000	45,847	47,880	
Scholastic Corporation 5.0% April 15, 2013	45,000	44,943	43,728	
Smithfield Foods Inc. 7.00% August 1, 2011	113,000	104,845	117,654	
Tesoro Corporation 6.625% November 01, 2015	47,000	41,905	46,723	
Total U.S. Bonds - Long		1,283,288	1,365,880	9.0

	Number of Shares/Options /Par Value	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
Global Equities				
Australia				
Lihir Gold Limited	60,900	\$ 159,864	\$ 187,564	
Minara Resources Limited	61,500	54,246	46,776	
		214,110	234,340	1.5
Brazil				
Centrais Eletricas Brasileiras S.A. ADR Preferred	4,400	70,452	85,777	0.6
France				
Electricite de France	925	51,837	57,589	
Sanofi-Aventis ADR	1,300	44,591	53,421	
Thales SA	1,175	67,152	62,844	
		163,580	173,854	1.1
Italy				
Telecom Italia SpA - RNC	179,450	234,931	207,242	1.4
Japan				
Nippon Telegraph & Telephone - ADR	25,700	600,614	530,598	
Mitsui & Company Limited	7,900	107,501	116,417	
Takeda Pharmaceutical Company Limited	3,100	133,495	133,111	
Toppan Printing Company Limited	5,000	56,774	42,152	
		898,384	822,278	5.4
Luxembourg				
Stolt-Nielsen SA	1,000	21,140	14,492	0.1
Russia				
OAO Gazprom ADR	2,630	41,920	70,178	0.5
South Africa				
Gold Fields Limited ADR	12,800	164,974	175,598	1.1
South Korea				
KT Corporation ADR	2,050	35,624	36,017	
Korea Electric Power Corporation ADR	11,000	174,270	167,019	
		209,894	203,036	1.3

	Number of Shares/Options /Par Value	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
Sweden				
Ericsson (LM) Tel - SP ADR	3,500	\$ 38,428	\$ 33,585	0.2
Switzerland				
UBS AG - Registered	1,500	34,817	24,282	0.2
Thailand				
Bangkok Bank Public Company Limited	13,100	33,610	47,879	
Krung Thai Bank Public Company Limited	138,100	19,330	41,592	
		52,940	89,471	0.6
United Kingdom				
Royal Dutch Shell PLC - ADR	5,500	356,155	334,441	2.2
Total Global Equities - Long		2,501,725	2,468,574	16.2
Global Bonds				
Telecom Italia Capital 4.875% October 1, 2010	42,000	45,692	45,059	0.3
Total Global Bonds - Long		45,692	45,059	0.3
U.S. Put Options				
Autozone Inc., Put Option \$150, January 2010	5	9,002	6,435	
P.F. Chang's China B, Put Option \$35, July 2010	18	6,594	5,651	
Urban Outfitters Inc, Put Option \$33, June 2010	40	17,552	12,138	
Total U.S. Options - Long		33,148	24,224	0.2
Total Long Positions Including Transaction Costs		8,586,716	9,475,537	62.3
Transaction Costs		(9,499)	-	-
Total Long Positions Before Transaction Costs		8,577,217	9,475,537	62.3
SHORT POSITIONS				
U.S. Equities				
Basic Materials				
Sigma-Aldrich Corporation	(2,920)	(161,026)	(155,130)	(1.0)
Consumer Discretionary				
Amazon.com Inc.	(1,360)	(185,793)	(191,724)	
Autozone Inc.	(1,565)	(254,548)	(259,092)	
Chipotle Mexican Grill Inc.	(865)	(82,617)	(79,807)	
Green Mountain Coffee Roasters Inc.	(2,500)	(204,669)	(213,522)	
International Game Technology	(6,000)	(131,415)	(117,973)	
Urban Outfitters Inc.	(12,049)	(397,428)	(445,577)	
		(1,256,470)	(1,307,695)	(8.6)

	Number of Shares/Options /Par Value	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
Consumer Staples				
Strayer Education Inc.	(725)	\$ (173,089)	\$ (161,798)	(1.1)
Health Care				
C.R. Bard Inc.	(1,200)	(115,308)	(97,832)	(0.6)
Total U.S. Equities - Short		(1,705,893)	(1,722,455)	(11.3)

U.S Written Call Options

Aetna Inc., Written Call Option \$27, Jan 2010	(42)	(10,517)	(21,535)
AngloGold Ashanti Limited., Written Call Option \$35, Jan 2010	(22)	(10,208)	(12,662)
AngloGold Ashanti Limited., Written Call Option \$40, Jan 2010	(9)	(3,819)	(1,413)
Arch Coal Inc., Written Call Option \$16, Jan 2010	(117)	(18,823)	(78,356)
AstraZeneca PLC ADR, Written Call Option \$40, Jan 2010	(22)	(10,937)	(16,345)
Barrick Gold Corporation, Written Call Option \$36, Jan 2010	(42)	(13,331)	(16,481)
Barrick Gold Corporation, Written Call Option \$50, Jan 2010	(24)	(16,839)	(25)
BJ Services Company, Written Call Option \$15, Jan 2010	(27)	(5,663)	(10,736)
BP PLC ADR, Written Call Option \$50, Jan 2010	(1)	(458)	(842)
BP PLC ADR, Written Call Option \$55, Jan 2010	(51)	(10,507)	(17,078)
BP PLC ADR, Written Call Option \$60, Jan 2010	(9)	(1,455)	(226)
Cameco Corporation, Written Call Option \$30, Jan 2010	(16)	(5,211)	(4,102)
Chevron Corporation, Written Call Option \$100, Jan 2010	(3)	(689)	(6)
Chevron Corporation, Written Call Option \$75, Jan 2010	(7)	(1,516)	(1,831)
Chevron Corporation, Written Call Option \$85, Jan 2010	(2)	(1,365)	(6)
Deutsche Telekom AG, Written Call Option \$13, Jan 2010	(59)	(4,709)	(14,509)
eBay Inc., Written Call Option \$20, January 2010	(60)	(10,796)	(22,603)
Ericsson (LM) Tel - SP ADR, Written Call Option \$10, Jan 2010	(35)	(3,355)	(183)
Gold Fields Limited., Written Call Option \$13, Jan 2010	(64)	(8,944)	(6,027)
Health Net Inc. Written Call Option \$18, Jan 2010	(48)	(5,895)	(30,137)
Health Net Inc., Written Call Option \$20, Jan 2010	(17)	(3,239)	(6,226)
Ivanhoe Mines Limited, Written Call Option \$18, Jan 2010	(14)	(2,770)	(10,694)
Korea Electric Power, Written Call Option \$13, Mar 2010	(55)	(8,564)	(13,525)
Loews Corporation, Written Call Option \$30, Jan 2010	(16)	(3,988)	(10,883)
Microsoft Corporation, Written Call Option \$18, Jan 2010	(1)	(303)	(1,366)
Microsoft Corporation, Written Call Option \$20, Jan 2010	(2)	(389)	(2,208)
Newmont Mining Corporation, Written Call Option \$42, Jan 2010	(14)	(4,814)	(8,057)
Newmont Mining Corporation, Written Call Option, Jan 2010	(25)	(7,539)	(7,560)
Newmont Mining Corporation, Written Call Option \$55, Jan 2010	(23)	(13,978)	(193)
Nippon Telegraph & Telecom., Written Call Option \$20, Jun 2010	(163)	(32,796)	(17,057)
Nippon Telegraph & Telecom., Written Call Option \$20, Mar 2010	(24)	(4,857)	(1,758)
Nippon Telegraph & Telecom., Written Call Option \$23, Mar 2010	(70)	(12,881)	(1,465)
Pfizer Inc., Written Call Option \$15, Jan 2010	(87)	(13,660)	(29,588)
Pfizer Inc., Written Call Option \$16, Jan 2010	(14)	(1,747)	(3,311)
Royal Dutch Shell PLC, Written Call Option \$55, Jan 2010	(39)	(9,808)	(15,100)
Sanofi-Aventis ADR, Written Call Option \$35, Jan 2010	(13)	(2,215)	(6,122)
Smithfield Foods Inc., Written Call Option \$13, Jan 2010	(129)	(17,566)	(37,797)

	Number of Shares/Options /Par Value	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
U.S Written Call Options – cont'd				
Tech Data Corporation, Written Call Option \$30, Jan 2010	(22)	\$ (8,978)	\$ (38,906)	
Tesoro Corporation, Written Call Option \$14, Jan 2010	(62)	(6,869)	(1,622)	
Tyson Foods Inc. 'A', Written Call Option \$10, Jan 2010	(50)	(10,042)	(12,295)	
Tyson Foods Inc. 'A', Written Call Option \$13, Jan 2010	(110)	(8,758)	(2,878)	
UBS AG - Registered, Written Call Option \$18, Jan 2010	(15)	(2,772)	(78)	
Wal-Mart Stores Inc., Written Call Option \$50, Jan 2010	(9)	(2,181)	(3,343)	
Total U.S. Options - Short		(325,570)	(487,135)	(3.2)
Total Short Positions Including Transaction Costs		(2,030,644)	(2,209,590)	(14.5)
Transaction Costs		(6,131)	-	-
Total Short Positions Before Transaction Costs		(2,037,775)	(2,209,590)	(14.5)
TOTAL INVESTMENT PORTFOLIO		\$ 6,539,442	7,265,947	47.8
Other Assets Net of Liabilities ¹			7,946,236	52.2
TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY			\$ 15,212,183	100.0

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

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

EXEMPLAR GLOBAL OPPORTUNITIES PORTFOLIO
DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)
December 31, 2009 and 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 predominantly invests 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 Manager'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 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 INSTRUMENTS RISK MANAGEMENT on page 41.

B. CREDIT RISK

As at December 31, 2009, and 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 (%)	
	As at December 31, 2009	As at December 31, 2008
AAA	1.7	6.7
AA	-	1.6
BBB	0.6	0.7
BB	0.6	1.7
B	1.1	0.5
CCC	4.9	1.3
CC	-	0.5
Not Rated	1.4	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. LIQUIDITY RISK

The following table outlines cash flows associated with the maturities of the Portfolio's financial assets and liabilities as of:

December 31, 2009

	Less than 1 year (\$)	1 - 3 years (\$)	3 - 5 years (\$)	Longer than 5 years (\$)	No maturity date (\$)
Financial Assets					
Equities - Long	-	-	-	-	7,871,744
Put options	24,224	-	-	-	-
Bonds	45,059	506,639	218,368	809,503	-
Other receivables	435,620	-	-	-	-
Cash and cash equivalents	7,822,032	-	-	-	-
Total	8,326,935	506,639	218,368	809,503	7,871,744
Liabilities					
Equities - Short	-	-	-	-	(1,722,455)
Call options	(487,135)	-	-	-	-
Other liabilities	(311,416)	-	-	-	-
Total	(798,551)	-	-	-	(1,722,455)

December 31, 2009

	Less than 1 year (\$)	1 - 3 years (\$)	3 - 5 years (\$)	Longer than 5 years (\$)	No maturity date (\$)
Financial Assets					
Equities - Long	-	-	-	-	2,846,114
Bonds	61,233	251,614	184,721	607,925	-
Other receivables	94,593	-	-	-	-
Cash and cash equivalents	3,193,195	-	-	-	-
Total	3,349,021	251,614	184,721	607,925	2,846,114
Liabilities					
Equities - Short	-	-	-	-	(637,464)
Call options	(94,549)	-	-	-	-
Other liabilities	(15,658)	-	-	-	-
Total	(110,207)	-	-	-	(637,464)

D. INTEREST RATE RISK

As at December 31, 2009, and December 31, 2008, the Portfolio held the following interest-bearing securities:

Debt Instruments by Maturity	Financial Instruments	
	As at December 31, 2009 (\$)	As at December 31, 2008 (\$)
Less than 1 year	45,059	61,233
1-3 years	506,639	251,615
3-5 years	218,368	184,721
Greater than 5 years	809,503	607,924

As at December 31, 2009, 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 \$12,400 (2008 - \$7,810).

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

E. 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 5 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, 2009, and 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 20 data points (2008 - 8 data points) based on the monthly net returns of the Portfolio.

Benchmark	Impact on Net Assets	
	December 31, 2009	December 31, 2008
MSCI All Cap World Index	\$147,000	\$145,000

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

F. CURRENCY RISK

Currencies to which the Portfolio had exposure as at December 31, 2009, and December 31, 2008, are as follows:

Currencies	As at December 31, 2009		As at December 31, 2008	
	Financial Instruments (\$)	Percentage of Net Assets (%)	Financial Instruments (\$)	Percentage of Net Assets (%)
Australian Dollar	234,340	1.5	162,979	2.5
Euro Currency	328,247	2.2	139,281	2.2
British Pound Sterling	-	-	91,683	1.4
Norwegian Krone	14,492	0.1	12,401	0.2
Japanese Yen	291,680	1.9	70,256	1.1
Thai Baht	89,471	0.6	-	-
United States Dollar (long)	10,116,043	66.5	3,447,014	53.8
United States Dollar (short)	(2,209,590)	(14.5)	(732,013)	(11.3)

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 and financial liabilities that are denominated in foreign currencies do not expose the Portfolio to significant currency risk.

As at December 31, 2009, if the Canadian dollar had strengthened or weakened by 5 percent in relation to all currencies, with all other variables held constant, Net Assets would have increased or decreased, respectively, by approximately \$443,000 (2008 - \$162,000).

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

G. FAIR VALUE ESTIMATION

The following table analyzes the Portfolio's financial assets and liabilities within the fair value hierarchy measured at fair value at December 31, 2009.

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Assets				
Equity securities	7,871,744	-	-	7,871,744
Bonds	-	1,579,569	-	1,579,570
Options	24,224	-	-	24,224
Total assets	7,895,967	1,579,569	-	9,475,537
Liabilities				
Equity securities sold short	(1,722,456)	-	-	(1,722,456)
Options	(487,135)	-	-	(487,135)
Total liabilities	(2,209,590)	-	-	(2,209,590)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and exchange traded derivatives. The Manager does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include investment-grade corporate bonds. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

There were no movements between levels during the year.

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

STATEMENT OF NET ASSETS
As at December 31, 2009

	EXEMPLAR DIVERSIFIED PORTFOLIO[†]
ASSETS	
Futures deposits	\$ 991,926
Futures contracts – receivable	24,538
Cash and short-term investments	7,812,045
Subscriptions receivable	14,356
Total Assets	<u>8,842,865</u>
LIABILITIES	
Accounts payable:	
Fees and operating expenses	13,219
Performance fees payable	31,694
Total Liabilities	<u>44,913</u>
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY	
Series A	3,686,174
Series F	5,111,778
	<u>\$ 8,797,952</u>
NUMBER OF SHARES OUTSTANDING (Note 4)	
Series A	343,949
Series F	473,389
	<u> </u>
NET ASSETS PER SHARE	
Series A	\$ 10.72
Series F	<u>\$ 10.80</u>

[†]The Portfolio commenced operations on May 4, 2009, and as a result, comparative information is not available.

Approved by the Board of Directors of BluMont Capital Corporation

“Veronika Hirsch”

Veronika Hirsch
Director

“Stephen Johnson”

Stephen Johnson
Director

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

STATEMENT OF OPERATIONS

For the period from May 4, 2009 to December 31, 2009

	EXEMPLAR DIVERSIFIED PORTFOLIO[†]
INVESTMENT INCOME	
Derivative income	\$ <u>235,902</u>
EXPENSES (Notes 6 and 7)	
Management fees	32,971
Performance fees	30,185
Operating expenses	77,777
Audit fees	15,599
Legal fees	99
Securityholders' reporting costs	1,109
Interest expense	<u>15</u>
	157,755
Less: Expenses absorbed by the Manager	<u>81,519</u>
	<u>76,236</u>
NET INVESTMENT GAIN	<u>159,666</u>
TRANSACTION COSTS (Notes 2(II) and 7)	-
EXCHANGE LOSS ON FOREIGN CURRENCIES AND OTHER NET ASSETS	<u>(6,439)</u>
NET LOSS ON INVESTMENTS AND TRANSACTION COSTS	<u>(6,439)</u>
NET INCREASE IN NET ASSETS FROM OPERATIONS	
Series A	18,181
Series F	<u>135,046</u>
	\$ <u>153,227</u>
NET INCREASE IN NET ASSETS FROM OPERATIONS PER SHARE (Note 2(VII))	
Series A	\$ 0.18
Series F	\$ <u>0.52</u>

[†]The Portfolio commenced operations on May 4, 2009 and as a result, comparative information is not available.

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

STATEMENT OF CHANGES IN NET ASSETS
For the period from May 4, 2009 to December 31, 2009

**EXEMPLAR DIVERSIFIED
PORTFOLIO[†]**

Net Assets, Beginning of Period

Series A	-
Series F	-
	<u> -</u>
	\$ <u> -</u>

Net Increase in Net Assets from Operations

Series A	18,181
Series F	135,046
	<u> 153,227</u>

From Capital Share Transactions: (Note 4)

Proceeds from issue of shares

Series A	3,685,524
Series F	5,200,682
	<u> 8,886,206</u>

Consideration paid for redemptions of shares

Series A	(17,531)
Series F	(223,950)
	<u> (241,481)</u>
	<u> 8,644,726</u>

Net Assets, End of Period

Series A	3,686,174
Series F	5,111,778
	<u> 8,797,952</u>
	\$ <u> 8,797,952</u>

[†]The Portfolio commenced operations on May 4, 2009 and as a result, comparative information is not available.

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

EXEMPLAR DIVERSIFIED PORTFOLIO
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at December 31, 2009

	Number of contracts	Fair Value	% of Total Net Assets
LONG POSITIONS			
Commodity Futures			
3 Month EURO EURIBOR June 2010	33	\$ (6,806)	
Cocoa Futures March 2010	9	(27,259)	
Coffee Futures March 2010	4	(20,798)	
Copper Futures March 2010	7	27,115	
Gasoline RBOB Futures February 2010	2	11,735	
Gold Futures February 2010	2	(14,399)	
LME Nickel Futures March 2010	1	(40)	
LME PRI Aluminum Futures March 2010	3	3,793	
LME Zinc Futures March 2010	9	39,247	
Long Gilt Futures March 2010	5	(33,269)	
Natural Gas Futures September 2010	4	(7,032)	
Rubber Futures TCOM May 2010	36	8,329	
Silver Futures March 2010	3	(27,495)	
Soybean Futures March 2010	5	10,203	
Sugar (World) Futures March 2010	16	38,207	
White Sugar Futures (LIF) March 2010	21	75,311	
WTI Crude Futures February 2010	5	18,773	
		95,615	1.1
Currency Futures			
90 Day Euro\$ Futures March 2010	40	3,231	
90 Day Sterling Futures June 2010	17	1,543	
90 Day Bank Bill March 2010	14	(960)	
A\$ Currency Futures March 2010	6	(9,052)	
C\$ Currency Futures March 2010	12	(5,703)	
CHF Currency Futures March 2010	6	(6,789)	
EURO FX Currency Futures March 2010	4	(20,955)	
Euro-Bobl Futures March 2010	15	(16,708)	
Euro-Bund Futures March 2010	8	(15,268)	
JPN YEN Currency Futures March 2010	5	(28,253)	
Mexican PESO Futures March 2010	14	(10,857)	
		(109,771)	(1.2)
Index Futures			
DAX Index Futures March 2010	2	22,685	
FTSE/JSE Top 40 Futures March 2010	4	3,565	
Hang Seng Index Futures January 2010	3	16,910	
Mini HSI Index Futures January 2010	5	5,634	
NASDAQ 100 E-Mini March 2010	13	16,753	
S&P EMINI Futures March 2010	6	6,938	

	Number of contracts	Fair Value	% of Total Net Assets
Index Futures – cont'd			
S&P/TSX 60 Index Futures March 2010	4	\$ 11,700	
SPI 200 Futures March 2010	5	30,400	
		114,585	1.3
Bond Futures			
Canada 10 Yr Bond Futures March 2010	9	(30,900)	
US Long Bond (CBT) March 2010	1	(7,325)	
US 10 YR Note (CBT) March 2010	8	(27,010)	
US 5 YR Note (CBT) March 2010	14	(27,762)	
		(92,997)	(1.1)
Total Long Positions		7,432	0.1
SHORT POSITIONS			
Bond Futures			
AUST 10 Year Bond Futures March 2010	(16)	8,947	0.1
Commodity Futures			
Coff Robusta March 2010	(31)	1,182	
Gas Oil Futures (ICE) February 2010	(1)	497	
Live Cattle Futures February 2010	(17)	(3,558)	
Natural Gas Futures February 2010	(3)	7,451	
Soybean Oil Futures March 2010	(2)	(1,670)	
Wheat Futures March 2010	(8)	8,725	
		12,627	0.2
Currency Futures			
EURO/JPY Futures March 2010	(2)	(4,468)	(0.1)
Total Short Positions		17,106	0.2
TOTAL INVESTMENT PORTFOLIO		24,538	0.3
Other Assets Net of Liabilities ¹		8,773,414	99.7
TOTAL NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY		\$ 8,797,952	100.0

¹This amount is comprised of futures deposits plus cash and short-term investments plus subscriptions receivable less accounts payable.

EXEMPLAR DIVERSIFIED PORTFOLIO
DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)
December 31, 2009

A. FINANCIAL RISK MANAGEMENT

The investment objective of the Exemplar Diversified Portfolio (the "Portfolio") is to seek superior long term absolute and risk-adjusted returns with the potential for low correlation to global equity and fixed-income market returns through the selection and management of long and short positions in a globally diversified portfolio of futures, options, forward contracts and other financial derivative instruments on agricultural and soft commodities, metals, energies, currencies, interest rates and equity indices.

The core investment strategy of the Portfolio is based on a risk budgeting strategy of allocating capital to markets and utilizing that capital based on the amount of risk premium being priced into markets. As a result of this allocation methodology, generally 50% of the portfolio risk budget is allocated to globally-traded industrial and agricultural commodity futures markets, and 50% is allocated to global currency, treasury debt and equity index futures markets.

The Portfolio transacts on highly liquid exchanges globally that may include, but are not limited to, all futures exchanges in the United States and Canada, the London Metals Exchange (LME), Euronext-LIFFE (LIFFE), the Eurex Deutschland (EUREX), The International Petroleum Exchange of London Limited (IPE), the Singapore International Monetary Exchange (SIMEX), the Sydney Futures Exchange Ltd. (SFE) and The Tokyo Commodities Exchange (TCE).

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 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'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 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 INSTRUMENTS RISK MANAGEMENT on page 41.

B. CREDIT RISK

As at December 31, 2009, the Portfolio had no investments in debt instruments and therefore was not subject to related credit risk. The Portfolio holds derivatives, however, the risk of default is considered minimal as the counterparty to all listed securities transactions are exchange clearinghouses. The trade will fail if the exchange clearinghouse fails to meet its obligation.

C. LIQUIDITY RISK

The following table outlines cash flows associated with the maturities of the Portfolio's financial assets and liabilities as of December 31, 2009:

	Less than 3 months (\$)	3 months to 1 year (\$)	Greater than 1 year (\$)	Total (\$)
Financial Assets				
Futures contracts - receivable	24,538	-	-	24,538
Other receivables	14,356	-	-	14,356
Cash and futures deposits	8,803,971	-	-	8,803,971
Total	8,825,759	-	-	8,825,759
Liabilities				
Other liabilities	(44,913)	-	-	(44,913)
Total	(44,913)	-	-	(44,913)

D. INTEREST RATE RISK

As at December 31, 2009, the Portfolio did not hold any interest-bearing securities, and therefore was not subject to significant interest rate risk.

E. 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 5 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, 2009, 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
New Edge Commodity Trading Index	\$142,000

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

F. CURRENCY RISK

Currencies to which the Portfolio had exposure as at December 31, 2009, are as follows:

Currencies	Financial Instruments (\$)	Percentage of Net Assets (%)
United States Dollar	364,401	4.14
Japanese Yen	18,697	0.21
Euro Currency	24,683	0.28
Australian Dollar	(9,117)	(0.1)
Hong Kong Dollar	58,685	0.67
British Pound	(15,658)	(0.18)
Swiss Franc	(13,157)	(0.15)
South African Rand	27,811	0.32

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 and financial liabilities that are denominated in foreign currencies do not expose the Portfolio to significant currency risk.

As at December 31, 2009, if the Canadian dollar had strengthened or weakened by 5 percent in relation to all currencies, with all other variables held constant, Net Assets would have increased or decreased, respectively, by approximately \$22,800.

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

G. FAIR VALUE ESTIMATION

The following table analyzes the Portfolio's financial assets and liabilities within the fair value hierarchy measured at fair value at December 31, 2009.

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Futures Contracts	24,538	-	-	24,538

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include exchange traded derivatives. The Manager does not adjust the quoted price for these instruments.

There were no movements between levels during the year.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. THE PORTFOLIOS

(I) 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 three classes of the Company: Exemplar Canadian Focus Portfolio (the "Canadian Focus Portfolio"), Exemplar Global Opportunities Portfolio (the "Global Opportunities Portfolio") and Exemplar Diversified Portfolio (the "Diversified Portfolio"), individually a "Portfolio" and collectively the "Portfolios".

On April 24, 2009, the Company launched the Diversified Portfolio. The financial statements of this Portfolio are prepared as at December 31, 2009 for the period from commencement of operations on May 4, 2009 to December 31, 2009.

The financial statements of the Canadian Focus Portfolio and Global Opportunities Portfolio are for the year ended December 31, 2009 and for the period of May 20, 2008 (commencement of operations) to December 31, 2008.

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

(II) Fund Merger

Effective November 24, 2009, BluMont Augen Resource Strategy Fund (the "RS Fund"), was merged with the Canadian Focus Portfolio. The Manager afforded shareholders of the RS Fund the ability to participate in the wind-up of the RS Fund by way of an in-kind transfer of their investment to the Canadian Focus Portfolio. The termination of the RS Fund did not occur on a tax-deferred basis.

Details of the merger are as follows:

Net assets acquired by the Canadian Focus Portfolio	\$11,252,251
Series R shares issued by the Canadian Focus Portfolio	1,125,225

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

A summary of the significant accounting policies is summarized below.

(I) Adoption of New Accounting Policies – Amendment to Section 3862, Financial Instruments – Disclosure

The Canadian Institute of Chartered Accountants' ("CICA") has issued amendments to CICA 3862, "Financial Instruments – Disclosures" to align with International Financial Reporting Standards ("IFRS") 7, "Financial Instruments – Disclosures". The amendments require all financial instruments measured at fair value to be classified into one of three levels that distinguish fair value measurements by the inputs used for valuation (as further discussed in Note 3(vi)). The amendments are effective for annual financial statements relating to

fiscal years ending after September 30, 2009. The Portfolios adopted these amendments effective December 31, 2009. Please refer to Discussion of Financial Instruments Risk Management (an addendum to Note 3 on pages 12, 26 and 35 of this report) for each Portfolio's specific disclosure.

Adoption of the new standard did not impact the daily price of the Portfolios' securities for subscription and redemption purposes, nor for the calculation of Net Assets.

(II) Valuation of Investments

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

The fair value of financial instruments, which are actively traded, is measured based on the bid price for long positions and ask price for short positions. Prior to January 1, 2007, 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 assets for financial reporting ("Net Assets") and each Portfolio's net assets for purposes other than financial reporting, such as subscriptions and redemptions, ("Net Asset Value") has been provided in Note 8. The Portfolios continue to use the last traded price for investments and securities sold short for Net Asset Value calculations.

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by each Portfolio are charged to net increase (decrease) in net assets from operations in the period. Accordingly, these costs are 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, including notes and money market instruments, are carried at fair value.

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

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

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

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

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

(III) Options

The premium received upon writing a call option is recorded as a deferred credit. Upon expiry of the option or when the option is exercised by its holder, the premium is recognized as a gain and is included in “Net realized gain (loss) on investment transactions”.

The premium paid upon purchasing a put option is recorded as a deferred debit. Upon expiry of the option or when the option is exercised by the Manager, the premium is recognized as a reduction in the gain and is included in “Net realized gain (loss) on investment transactions”.

(IV) 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 and expense is recorded on the ex-dividend date. Interest income and expense is recorded daily as it is earned and incurred. Realized gains and losses from security transactions are calculated using the average cost basis.

(V) 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 per Series of each Portfolio is determined by dividing the total market value of each Portfolio's Net Asset Value attributable to that Series by the number of shares outstanding of that Series.

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.

(VI) Foreign Currency Translation

Assets, including fair 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 and expense 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.

(VII) 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.

(VIII) 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 INSTRUMENTS RISK MANAGEMENT

In accordance with 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.

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 12, 26 and 35 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 Net Asset Value 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 Asset Value 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 Asset Values 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.

(VI) Fair Value Estimation

The amendments to CICA 3862, “Financial Instruments – Disclosures” require the Portfolios to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgment by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

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 Asset Value that the investor holds. On November 24, 2009 the BluMont Augen Resource Strategy Fund Inc. (the “RS Fund”) merged with the Canadian Focus Portfolio. All shareholders of the RS Fund received shares of a newly created series – Series R – of the Canadian Focus Portfolio. Series R Shares are not open to new investors, nor for additional purchases.

Shares of the Portfolios are issued and redeemed (excluding Series R Shares of the Canadian Focus Portfolio, which can only be redeemed) at the then current Net Asset Value

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 the Net Asset Value is summarized as follows:

Canadian Focus Portfolio – Series A

	<u>2009</u>	<u>2008</u>
Balance at January 1	686,977	-
Shares issued for cash	797,213	702,583
Shares issued on reinvestment of distributions	4,053	594
Shares redeemed	<u>(279,920)</u>	<u>(16,200)</u>
Shares issued and outstanding at December 31	<u>1,208,323</u>	<u>686,977</u>

Canadian Focus Portfolio – Series F

	<u>2009</u>	<u>2008</u>
Balance at January 1	80,325	-
Shares issued for cash	199,039	185,566
Shares issued on reinvestment of distributions	747	151
Shares redeemed	<u>(38,604)</u>	<u>(105,392)</u>
Shares issued and outstanding at December 31	<u>241,507</u>	<u>80,325</u>

Canadian Focus Portfolio – Series I

	<u>2009</u>	<u>2008</u>
Balance at January 1	85,351	-
Shares issued for cash	13,481	98,519
Shares issued on reinvestment of distributions	333	98
Shares redeemed	<u>-</u>	<u>(13,266)</u>
Shares issued and outstanding at December 31	<u>99,165</u>	<u>85,351</u>

Canadian Focus Portfolio – Series R

	<u>2009</u>	<u>2008</u>
Balance at January 1	-	-
Shares issued upon fund merger	1,125,225	-
Shares issued on reinvestment of distributions	3,567	-
Shares redeemed	<u>(70,566)</u>	<u>-</u>
Shares issued and outstanding at December 31	<u>1,058,226</u>	<u>-</u>

Global Opportunities Portfolio – Series A

	<u>2009</u>	<u>2008</u>
Balance at January 1	315,461	-
Shares issued for cash	784,186	319,222
Shares issued on reinvestment of distributions	330	65
Shares redeemed	<u>(157,188)</u>	<u>(3,826)</u>
Shares issued and outstanding at December 31	<u>942,789</u>	<u>315,461</u>

Global Opportunities Portfolio – Series F

	<u>2009</u>	<u>2008</u>
Balance at January 1	344,594	-
Shares issued for cash	422,395	671,284
Shares issued on reinvestment of distributions	175	166
Shares redeemed	<u>(258,705)</u>	<u>(326,856)</u>
Shares issued and outstanding at December 31	<u>508,459</u>	<u>344,594</u>

Diversified Portfolio – Series A

	<u>2009</u>	<u>2008</u>
Balance at January 1	-	-
Shares issued for cash	345,591	-
Shares redeemed	<u>(1,642)</u>	<u>-</u>
Shares issued and outstanding at December 31	<u>343,949</u>	<u>-</u>

Diversified Portfolio – Series F

	<u>2009</u>	<u>2008</u>
Balance at January 1	-	-
Shares issued for cash	494,112	-
Shares redeemed	<u>(20,723)</u>	<u>-</u>
Shares issued and outstanding at December 31	<u>473,389</u>	<u>-</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.

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.

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, 2009, 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 and Series R 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. The management fee paid to the Manager by the Diversified Portfolio is 2.00% per annum on Series A Shares and 1.00% 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:

	<u>2009</u>	<u>2008</u>
Canadian Focus Portfolio	\$78,825	\$34,512
Global Opportunities Portfolio	\$18,140	\$9,275
Diversified Portfolio	\$ -	\$ -

8. RECONCILIATION OF NET ASSET VALUE PER SHARE TO NET ASSETS PER SHARE

As at December 31, 2009

	Per Share (\$)		
	Net Asset Value	Sec. 3855 Adjustment	Net Assets
Canadian Focus Portfolio - Series A	\$12.12	\$(0.07)	\$12.05
Canadian Focus Portfolio - Series F	\$12.28	\$(0.07)	\$12.21
Canadian Focus Portfolio - Series I	\$11.93	\$(0.07)	\$11.86
Canadian Focus Portfolio - Series R	\$10.15	\$(0.06)	\$10.09
Global Opportunities Portfolio - Series A	\$10.50	\$(0.08)	\$10.42
Global Opportunities Portfolio - Series F	\$10.69	\$(0.09)	\$10.60
Diversified Portfolio - Series A	\$10.80	\$(0.08)	\$10.72
Diversified Portfolio - Series F	\$10.88	\$(0.08)	\$10.80

As at December 31, 2008

	Per Share (\$)		
	Net Asset Value	Sec. 3855 Adjustment	Net Assets
Canadian Focus Portfolio - Series A	\$10.50	\$ -	\$10.50
Canadian Focus Portfolio - Series F	\$10.55	\$(0.01)	\$10.54
Canadian Focus Portfolio - Series I	\$10.19	\$(0.01)	\$10.18
Global Opportunities Portfolio - Series A	\$9.80	\$(0.01)	\$9.79
Global Opportunities Portfolio - Series F	\$9.89	\$(0.01)	\$9.88

9. FUTURE ACCOUNTING CHANGE

The CICA Accounting Standards Board (“AcSB”) confirmed in February 2008 that IFRS will replace Canadian GAAP in 2011 for profit oriented Canadian publicly accountable enterprises, including investment funds. The Portfolios will adopt IFRS on January 1, 2011. The Manager has commenced activities to identify key issues and the likely impacts resulting from the adoption of IFRS and is in the process of developing a changeover plan, which will include identifying differences between the Portfolios’ current accounting policies and those it expects to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact. Management has presently determined that the impact of IFRS would be limited to additional note disclosures and modifications to the financial statement presentation. It is anticipated that there would be no significant impact to the Portfolios’ Net Asset Value per unit as a result of the changeover to IFRS. However, this present determination is subject to changes resulting from the issuance of new standards or new interpretations of existing standards.

PORTFOLIO INFORMATION

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