



INTERIM FINANCIAL STATEMENTS
PREMIERE STABLE GROWTH FUND

JUNE 2008

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STATEMENT OF NET ASSETS

As at June 30, 2008 and December 31, 2007

Unaudited

PREMIERE STABLE GROWTH FUND

	2008	2007
ASSETS		
Long positions at fair value*		
Canadian equities	\$ 3,229,778	\$ 3,945,915
U.S. equities	277,950	421,802
Global equities	<u>-</u>	<u>119,000</u>
	3,507,728	4,486,717
Cash and short-term investments	2,922,864	331,068
Accrued investment income	5,958	5,096
Accounts receivable:		
Subscriptions receivable	<u>39,600</u>	<u>-</u>
Total Assets	<u>6,476,150</u>	<u>4,822,881</u>
LIABILITIES		
Short positions at fair value**		
Canadian equities	505,531	-
Accounts payable:		
Fees and operating expenses	75,897	12,265
Performance fees payable	57,728	39,476
Payable for investment purchases	<u>127,583</u>	<u>-</u>
Total Liabilities	<u>766,739</u>	<u>51,741</u>
	5,464,597 ¹	4,540,511 ¹
	<u>244,814²</u>	<u>230,629²</u>
NET ASSETS REPRESENTING UNITHOLDERS' EQUITY	<u>\$ 5,709,411</u>	<u>\$ 4,771,140</u>
	49,125 ¹	43,090 ¹
NUMBER OF UNITS OUTSTANDING (Note 4)	<u>2,183²</u>	<u>2,183²</u>
	\$ 111.24 ¹	\$ 105.37 ¹
NET ASSET VALUE PER UNIT	<u>\$ 112.15²</u>	<u>\$ 105.65²</u>
*Long positions, at cost	<u>\$ 2,875,762</u>	<u>\$ 3,813,831</u>
**Short positions, at cost	<u>\$ 516,927</u>	<u>\$ -</u>

¹ Series "A" Units² Series "F" Units

Approved by the Board of Directors of BluMont Capital Corporation

"Veronika Hirsch"

"Stephen Johnson"

Veronika Hirsch
Director

Stephen Johnson
Director

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

STATEMENT OF OPERATIONS

For the six month period ended June 30, 2008 and for the period April 2, 2007 to June 30, 2007

Unaudited

PREMIERE STABLE GROWTH FUND*

	2008	2007
INVESTMENT INCOME		
Dividends, net of dividends paid on investments sold short	\$ 20,562	\$ 2,585
Less: Foreign withholding taxes	<u>55</u>	<u>-</u>
	20,507	2,585
Interest	<u>13,860</u>	<u>2,055</u>
	<u>34,367</u>	<u>4,640</u>
EXPENSES (Notes 6 and 7)		
Management fees	63,057	4,467
Performance fees	54,980	15,847
General operating expenses	44,367	28,165
Audit fees	7,336	4,000
Legal fees	764	127
Trustees' fees	122	51
Securityholders reporting costs	805	106
Interest expense	<u>1,851</u>	<u>25</u>
	173,282	52,788
Less: Expenses absorbed (recovered) by the Manager	<u>(43,441)</u>	<u>30,259</u>
	<u>216,723</u>	<u>22,529</u>
NET INVESTMENT LOSS	<u>(182,356)</u>	<u>(17,889)</u>
NET REALIZED GAIN (LOSS) ON INVESTMENT TRANSACTIONS	613,825	(3,401)
TRANSACTION COSTS (Notes 2(II) and 7)	(57,289)	(10,964)
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS	(29,525)	84,231
EXCHANGE GAIN (LOSS) ON FOREIGN CURRENCIES AND OTHER NET ASSETS	<u>(23,714)</u>	<u>-</u>
NET GAIN ON INVESTMENTS AND TRANSACTION COSTS	<u>503,297</u>	<u>69,866</u>
	306,756 ¹	45,510 ¹
	<u>14,185²</u>	<u>6,467²</u>
NET INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$ 320,941</u>	<u>\$ 51,977</u>
	\$ 6.54 ¹	\$ 4.13 ¹
INCREASE IN NET ASSETS FROM OPERATIONS PER UNIT	<u>\$ 6.50²</u>	<u>\$ 2.89²</u>

*The Fund was launched April 2, 2007.

¹ Series "A" Units

² Series "F" Units

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

STATEMENT OF CHANGES IN NET ASSETS

For the six month period ended June 30, 2008 and for the period April 2, 2007 to June 30, 2007

Unaudited

PREMIERE STABLE GROWTH FUND*

	2008	2007
	\$ 4,540,511 ¹	\$ - ¹
	<u>230,629²</u>	<u>-²</u>
Net Assets, Beginning of Period	<u>4,771,140</u>	<u>-</u>
	306,756 ¹	45,510 ¹
	<u>14,185²</u>	<u>6,467²</u>
Net Increase in Net Assets from Operations	<u>320,941</u>	<u>51,977</u>
From Capital Unit Transactions: (Note 4)		
	1,033,523 ¹	2,853,177 ¹
	<u>-²</u>	<u>222,978²</u>
Proceeds from issue of units	<u>1,033,523</u>	<u>3,076,155</u>
	(416,193) ¹	(3,500) ¹
	<u>-²</u>	<u>-²</u>
Consideration paid for redemptions of units	<u>(416,193)</u>	<u>(3,500)</u>
	<u>617,330</u>	<u>3,072,655</u>
	5,464,597 ¹	2,895,187 ¹
	<u>244,814²</u>	<u>229,445²</u>
Net Assets, End of Period	<u>\$ 5,709,411</u>	<u>\$ 3,124,632</u>

*The Fund was launched April 2, 2007.

¹ Series "A" Units

² Series "F" Units

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

PREMIERE STABLE GROWTH FUND
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at June 30, 2008
Unaudited

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Asset Value
LONG POSITIONS				
Canadian Equities				
Energy				
Bankers Petroleum Limited	54,000	\$ 47,220	\$ 97,740	
Baytex Energy Trust	3,600	82,056	125,208	
Birchcliff Energy Limited	8,500	48,108	130,815	
Cathedral Energy Services Limited	7,400	110,787	114,404	
Delphi Energy Corporation	37,000	79,735	113,590	
Duvernay Oil Corporation	1,000	43,200	62,180	
Iteration Energy Limited	6,800	55,250	56,100	
Ivanhoe Energy Inc.	19,000	57,475	67,450	
Nuvista Energy Limited	3,100	61,923	54,281	
Oilexco Inc.	6,343	80,499	123,371	
Storm Exploration Inc.	3,800	61,427	72,808	
TriStar Oil & Gas Limited	5,800	67,367	119,538	
		795,047	1,137,485	19.9
Basic Materials				
Eldorado Gold Corporation	13,600	91,194	118,184	
European Minerals Corporation Warrants	194,500	80,723	58,350	
Fording Canadian Coal Trust	1,500	79,988	145,500	
Gammon Gold Inc.	11,000	111,650	119,570	
Red Back Mining Inc.	15,200	104,390	130,416	
Timminco Ltd.	2,962	31,161	81,011	
		499,106	653,031	11.5
Industrials				
Bombardier Inc. 'B'	22,300	143,062	163,459	
Chemtrade Logistics Income Fund	7,900	95,982	117,868	
DIRTT Environmental Solutions Units	28,570	100,000	99,995	
SNC-Lavalin Group Inc.	2,400	129,900	133,920	
		468,944	515,242	9.0
Consumer Discretionary				
Imax Corporation	19,600	144,075	137,004	
Garda World Security Corporation	6,700	120,189	94,872	
Westport Innovations Inc.	22,648	47,739	111,202	
		312,003	343,078	6.0

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Asset Value
Health Care				
BioMS Medical Corporation	12,000	\$ 46,487	\$ 38,520	0.07
Financials				
Brookfield Asset Management Inc. 'A'	3,800	132,086	125,514	
Onex Corporation	1,600	54,432	47,872	
Sprott Inc.	11,000	107,465	108,900	
		293,983	282,286	4.9
Information Technology				
Celestica Inc.	13,200	89,317	113,256	2.0
Telecommunication Services				
Hemisphere GPS Inc.	34,000	109,650	146,880	2.6
Total Canadian Equities - Long		2,614,537	3,229,778	56.6
U.S. Equities				
Index Equivalents				
UltraShort QQQ ProShares	1,000	41,493	45,555	
Ultrashort Russell 2000 ProShares	800	58,227	64,036	
UltraShort S&P 500 ProShares	900	57,446	61,138	
		157,166	170,729	3.0
Basic Materials				
Allied Nevada Gold Corporation	17,900	113,673	107,221	1.9
Total U.S. Equities - Long		270,839	277,950	4.9
Total Long Positions Including Transaction Costs		2,885,376	3,507,728	61.5
Transaction Costs		(9,614)	-	-
Total Long Positions Before Transaction Costs		2,875,762	3,507,728	61.5
SHORT POSITIONS				
Canadian Equities				
Basic Materials				
Aquiline Resources Inc.	(6,700)	(52,547)	(52,059)	
Cascades Inc.	(8,100)	(53,265)	(54,270)	
Great Basin Gold Limited	(16,500)	(54,582)	(57,585)	
Minefinders Corporation Limited	(5,500)	(54,865)	(57,970)	
		(215,259)	(221,884)	(3.9)

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Asset Value
Consumer Discretionary				
CanWest Global Communications Corporation	(7,000)	\$ (25,795)	\$ (19,390)	(0.3)
Consumer Staples				
Maple Leaf Foods Inc.	(5,100)	(56,222)	(55,896)	(1.0)
Health Care				
MDS Inc.	(3,500)	(55,773)	(57,995)	(1.0)
Financials				
FirstService Corporation	(3,300)	(55,567)	(48,510)	
Kingsway Financial Services Inc.	(5,800)	(51,997)	(51,504)	
		(107,564)	(100,014)	(1.8)
Information Technology				
Absolute Software Corporation	(4,800)	(53,753)	(50,352)	(0.9)
Total Canadian Equities - Short		(514,366)	(505,531)	(8.9)
Total Short Positions Including Transaction Costs		(514,366)	(505,531)	(8.9)
Transaction Costs		(2,561)	-	
Total Short Positions Before Transaction Costs		(516,927)	(505,531)	(8.9)
TOTAL INVESTMENT PORTFOLIO		\$ 2,358,835	3,002,197	52.6
Other Assets Net of Liabilities ¹			2,707,214	47.4
TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY			\$ 5,709,411	100.0

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Unaudited

1. THE FUND

Premiere Stable Growth Fund (the "Fund") is an unincorporated open-ended mutual fund trust created under the laws of the Province of Ontario pursuant to a Declaration of Trust dated as of April 2, 2007, as may be amended or amended and restated from time to time.

BluMont Capital Corporation (the "Manager") is the manager of the Fund and is responsible for the day-to-day business of the Fund, including management of the Fund's investment portfolio on the advice of the Fund's investment advisor. Equity Transfer & Trust Company is the trustee of the Fund.

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 - Section 3862, Financial Instruments – Disclosure and Section 3863, Financial Instruments – Presentation**

On January 1, 2008, the Fund adopted Canadian Institute of Chartered Accountants' (CICA) Handbook Section 3862, "Financial Instruments – Disclosure" and Section 3863, "Financial Instruments – Presentation". These new sections replace Section 3861, "Financial Instruments – Disclosure and Presentation" and establish standards regarding the comprehensive disclosure and presentation of risks associated with financial instruments and how those risks are managed. Please refer to Note 3 for specific Fund disclosure.

Adoption of the new standards does not impact the daily price of the Fund's 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 market 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 interim periods and 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.

National Instrument 81-106 ("NI 81-106"), Investment Fund Continuous Disclosure, requires the daily net asset value of an investment fund to be calculated in accordance with GAAP. Notwithstanding the prescribed implementation date of Section 3855, the Canadian Securities Administrators granted interim relief to investment funds from complying with Section 3855 when calculating the daily net asset value for the purpose of processing unitholder

transactions. The relief was granted to permit further review of the impact of Section 3855 and is effective until the earlier of September 30, 2008 or the date on which proposed amendments to NI 81-106 come into effect. The net asset value calculated in accordance with Section 3855 is referred to as the Fund's net asset value for financial reporting ("GAAP Net Asset Value"). A reconciliation between the Fund's GAAP Net Asset Value and the Fund's net asset value for purposes other than financial reporting ("Trading Net Asset Value") is given in Note 8.

Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund be charged to net increase (decrease) in net assets from operations 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.

When the Fund sells a security short, it will borrow that security from a broker to complete the sale. The Fund 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 Fund closes out its short position by buying that security. The Fund will realize a gain if that security declines in price between those dates.

The maximum gain that the Fund 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 Fund will be able to close out a short position at an acceptable time or price. Until the Fund 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) 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.

(IV) Valuation of Fund Units

The Fund's units are issued and redeemed at the Trading NAV per unit, which is determined as of the close of Valuation Day. A "Valuation Day" is the last trading day of each week that the Toronto Stock Exchange is open for business or such other trading day or days as the Manager may determine.

The Trading NAV per unit of the Fund is determined by dividing the total market value of the Fund's net assets by the number of units outstanding.

For each Fund unit sold, the Fund receives an amount equal to the Trading NAV per unit on the date of sale, which is included in unitholders' equity. Units are redeemable at the option of the unitholders at their net asset value on any Valuation Day. For each unit redeemed, the number of issued and outstanding units is reduced and the equity in the Fund is reduced by the related net asset value on the date of redemption.

(V) 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.

(VI) 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.

(VII) Increase (Decrease) in Net Assets from Operations Per Unit

Increase (Decrease) in Net Assets from Operations per Unit amount is determined by dividing the Net Increase (Decrease) in Net Assets from Operations by the average number of units outstanding during the year.

3. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Fund 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 Fund's net assets. The value of investments within a fund'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 Fund. The level of risk depends on the Fund's investment objectives and the type of securities it invests in.

The investment objective of the Fund is to maximize absolute returns on investments through security selection and asset allocation while using hedging activities in an attempt to manage market risk. To achieve its investment objective the Fund may employ the

following investment strategies: 1) implement a rigorous, disciplined, risk-controlled quantitative fundamental research approach to identify compelling long and short investments; 2) invest the majority of assets in equities or equity equivalents of Canadian issuers and, to a lesser extent, U.S. issuers; 3) undertake a “bottom-up” approach that focuses on company or industry specific issues and a “top down” approach that focuses on overall market outlook; 4) use an earnings based approach that seeks to select issuers with improving fundamentals, superior earnings growth potential, unexpected earnings surprises, analysts revisions, cash flow growth and high relative strength in comparison to market and industry relative levels; 5) focus on issuers that the investment advisor believes are experiencing deteriorating business and industry conditions, have leveraged and/or cash poor balance sheets and are facing capital expenditure requirements in excess of internal cash generation abilities; 6) establish short positions with the expectation of generating a profit rather than as an offset or hedge against a long position; and 7) when market conditions warrant it, invest in debt obligations and rely on money market instruments for the preservation of capital and the maintenance of liquidity.

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

(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 fund.

Where a fund 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 a fund.

All transactions executed by the Fund 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.

As of June 30, 2008 the Fund had no investments in debt instruments and derivatives, and therefore was not subject to credit risk.

(II) Liquidity Risk

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

The Fund is exposed to weekly cash redemptions of redeemable units. The units of the Fund are issued and redeemed weekly at the Fund’s Trading NAV per unit at the option of the unitholder.

Liquidity risk is managed by investing the majority of the Fund’s assets in equities and other securities that are traded in an active market and can be readily disposed.

The Fund 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

restricted securities in the Fund's Statement of Investments and Other Net Assets.

The Fund 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 fund invests in interest-bearing financial instruments. The fund 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.

As at June 30, 2008, the Fund's sensitivity to interest rate changes was not significant.

(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 investment advisor of the Fund moderates this risk through a careful selection and diversification of securities and other financial instruments within the limits of the Fund's investment objectives and strategy as outlined above. The Fund will not maintain a position that is more than 15% of its portfolio (at the time of investment) and will ensure that no single industry sector weighting accounts for more than 40% of its portfolio (at the time of investment). To the extent that the Fund uses leverage, it will leverage to a maximum of 200% (at the time of investment), in the aggregate, of the Fund's net assets.

The maximum risk resulting from financial instruments is determined by the market value of the financial instruments, unless the Fund holds short positions in financial instruments, as further described below. The Fund's overall market positions are monitored on a daily basis by the Manager. Financial instruments held by the Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The Fund has the ability to take short positions in respect to securities that trade on recognized stock exchanges, for up to 75% (at the time of investment) of the Fund's net assets, so long as the margined short positions meet minimum margin requirements of the applicable regulatory authorities.

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

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

The impact on net assets of the Fund due to a 1 percent change in benchmark, using historical correlation between the Fund's return as compared to the return

of the Fund's benchmark, as at June 30, 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 13 data points based on the monthly net returns of the Fund.

Benchmark	Impact on NAV
S&P/TSX Total Return Index	\$46,000

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

(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 Fund.

Currencies to which the Fund had exposure as at June 30, 2008, are as follows:

Currencies	Financial Instruments	Percentage of NAV
United States Dollar	\$ 120,912	2.12%

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash and cash equivalents). Other financial assets (including accrued investment income and accounts receivable) and financial liabilities (including accounts payable) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

As at June 30, 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 \$1,200.

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

4. UNIT TRANSACTIONS

The units authorized for issuance are unlimited in number, have no nominal or par value and are issued and redeemed at their Trading Net Asset Value. The Fund offers two series – Series A Units and Series F Units. Series A Units of the Fund are offered on an initial sales charge. Series F Units of the Fund 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.

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

	Series A	
	2008	2007
Balance at January 1	43,090	-
Units issued for cash	9,860	28,342
Units redeemed	(3,825)	-
Units issued and outstanding at June 30	<u>49,125</u>	<u>28,342</u>

	Series F	
	2008	2007
Balance at January 1	2,183	-
Units issued for cash	-	2,245
Units redeemed	-	(34)
Units issued and outstanding at June 30	<u>2,183</u>	<u>2,211</u>

5. INCOME TAXES

The Fund is subject to tax under the *Income Tax Act* (Canada) (the "Act") on all of its taxable income for the year (including net taxable capital gains) and is permitted a deduction in computing taxable income for all amounts which are paid or payable in the year to its unitholders. It is the policy of the Fund, to the extent practicable, to distribute to the unitholders all income of the Fund for the year so that it generally will not pay any Canadian federal income tax under Part 1 of the Act. Accordingly no provision for income taxes has been made in these financial statements.

6. RELATED PARTY TRANSACTIONS

Under the terms of agreement between the Fund and the Manager, in return for investment management and administrative services, the Manager receives a monthly management fee from the Fund. The management fee paid by the Fund is at an annual rate of 2.50% per annum of the net asset value of the Fund for Series A Units and 1.50% per annum of the net asset value of the Fund for Series F Units.

The Fund also pays the Manager a performance fee, payable on a semi-annual basis. The Manager may change the frequency of this payment upon prior notification to unitholders. The performance fee in respect of the Fund is equal to 20% of the Fund's net gain for each period (including unrealized capital gains, if any), subject to reduction for prior period losses that have not previously been offset against net gains.

The Manager may, on its own accord, pay for certain operating expenses of the Fund in order to maintain Fund's management expense ratio at a competitive level. The Manager may recover a portion or all of such operating expenses paid for by the Manager within a five-year period. These absorptions may be terminated at any time by the Manager, and at the Manager's direction may be continued indefinitely. The absorbed or recovered amounts are shown in the Statement of Operations.

7. FEES AND OPERATING EXPENSES

The Fund is responsible 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 (including advertising, marketing and promotional expenses), 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 Fund.

The total brokerage commissions paid by the Fund with respect to security transactions for the period ended June 30, 2008 was \$57,289.

There were no soft dollar commissions for the Fund during the period.

8. RECONCILIATION OF TRADING NAV TO GAAP NAV

As at June 30, 2008

	Net Asset Value (\$)			Net Asset Value per Unit (\$)		
	Trading NAV	Sec. 3855 Adjustment	GAAP NAV	Trading NAV	Sec. 3855 Adjustment	GAAP NAV
Series A	\$ 5,484,259	\$ (19,662)	\$ 5,464,597	\$ 111.64	\$ (0.40)	\$ 111.24
Series F	\$ 245,696	\$ (882)	\$ 244,814	\$ 112.58	\$ (0.43)	\$ 112.15

As at June 30, 2007

	Net Asset Value (\$)			Net Asset Value per Unit (\$)		
	Trading NAV	Sec. 3855 Adjustment	GAAP NAV	Trading NAV	Sec. 3855 Adjustment	GAAP NAV
Series A	\$ 2,912,094	\$ (13,407)	\$ 2,898,687	\$ 102.75	\$ (0.47)	\$ 102.28
Series F	\$ 226,988	\$ (1,043)	\$ 225,945	\$ 102.65	\$ (0.47)	\$ 102.18

9. USE OF LEVERAGE

Leverage is defined as the degree in which a fund is using borrowed money and/or securities. If a fund is said to leverage up to 200%, then for every \$1 of assets, the fund can borrow \$2 of money and/or securities such that there will be a total of \$3 of assets employed by the fund. The leverage employed in the Fund for the period ended June 30, 2008 is summarized as follows:

Minimum Leverage	Maximum Leverage	Leverage End of Period
0.00%	2.24%	0.00%

10. 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 ("IFRS") 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 Fund.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statements presentation.

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