



AUDITED FINANCIAL STATEMENTS

PREMIERE STABLE GROWTH FUND

DECEMBER 2007

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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 Fund's 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 Fund's affairs in the best interest of its unitholders.

Respectfully,

"Paul J. Perrow"

President and Chief Executive Officer
BluMont Capital Corporation
March 26, 2008

AUDITORS' REPORT

TO THE UNITHOLDERS OF PREMIERE STABLE GROWTH FUND ("THE FUND")

We have audited the statements of net assets and investments and other net assets of the Fund as at December 31, 2007 and the statements of operations and changes in net assets for the period from April 2, 2007 (date of formation) to December 31, 2007. These financial statements are the responsibility of the Trustee and the Manager of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

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 the Fund as at December 31, 2007 and the results of its operations and the changes in its net assets for the period from April 2, 2007 (date of formation) to December 31, 2007 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
March 26, 2008

STATEMENT OF NET ASSETS

As at December 31, 2007

**PREMIERE
STABLE GROWTH ******ASSETS**

Long positions at market value*	
Canadian equities	\$ 3,945,915
U.S. equities	421,802
Global equities	<u>119,000</u>
	4,486,717
Cash and short-term investments	331,068
Accrued investment income	<u>5,096</u>
Total Assets	<u>4,822,881</u>

LIABILITIES

Accounts payable:	
Fees and operating expenses	12,265
Performance fees payable	<u>39,476</u>
Total Liabilities	<u>51,741</u>

4,540,511¹230,629²**NET ASSETS REPRESENTING UNITHOLDERS' EQUITY**\$ 4,771,14043,090¹**NUMBER OF UNITS OUTSTANDING (Note 3)**2,183²**NET ASSET VALUE PER UNIT**\$ 105.37¹\$ 105.65²

*Long positions, at cost

\$ 3,813,831

** The Fund was launched on April 2, 2007; comparative figures are not available.

¹ The Fund, Series "A"² The Fund, Series "F"

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 April 2, 2007 to December 31, 2007

	PREMIERE STABLE GROWTH **
INVESTMENT INCOME	
Dividends	\$ 30,418
Interest	16,366
	<u>46,784</u>
EXPENSES (Note 5)	
Management fees	55,050
Performance fees	53,089
General operating expenses	74,799
Audit fees	16,000
Legal fees	3,480
Trustees' fees	233
Securityholders reporting costs	999
Interest expense	65
	<u>203,715</u>
Less: Expenses absorbed by the Manager	77,085
	<u>126,630</u>
NET INVESTMENT LOSS	<u>(79,846)</u>
NET REALIZED LOSS ON INVESTMENT TRANSACTIONS	(378,474)
TRANSACTION COSTS (Note 2(I))	(46,844)
EXCHANGE GAIN ON FOREIGN CURRENCIES AND OTHER NET ASSETS	3,474
NET CHANGE IN UNREALIZED APPRECIATION OF INVESTMENTS	<u>672,886</u>
GAIN ON INVESTMENTS AND TRANSACTION COSTS	<u>251,042</u>
	157,045 ¹
	<u>14,151²</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$ 171,196</u>
	\$ 4.55 ¹
INCREASE IN NET ASSETS FROM OPERATIONS PER UNIT	<u>\$ 6.40²</u>

** The Fund was launched on April 2, 2007; comparative figures are not available.

¹ The Fund, Series "A"

² The Fund, Series "F"

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

STATEMENT OF CHANGES IN NET ASSETS
For the period April 2, 2007 to December 31, 2007

	PREMIERE STABLE GROWTH **
Net Assets, Beginning of Period	\$ <u> </u> -
Increase in Net Assets from Operations	
Class A	157,045
Class F	<u>14,151</u>
	<u>171,196</u>
From Capital Unit Transactions: (Note 3)	
Proceeds from issue of units	
Class A	4,383,596
Class F	<u>222,978</u>
	<u>4,606,574</u>
Consideration paid for redemptions of units	
Class A	(130)
Class F	<u>(6,500)</u>
	<u>(6,630)</u>
	<u>4,599,944</u>
Net Assets, End of Period	
Class A	4,540,511
Class F	<u>230,629</u>
	<u>\$ 4,771,140</u>

** The Fund was launched on April 2, 2007; comparative figures are not available.

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

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS

As at December 31, 2007

	Number of Shares	Average Cost	Market Value	% of Total Net Asset Value
Canadian Equities				
Index Equivalents				
Horizons Beta Pro S&P/TSX 60 Bear	8,333	\$ 176,293	\$ 168,493	3.5
Energy				
Bankers Petroleum Limited	100,000	91,735	85,000	
Birchcliff Energy Limited	17,000	96,216	124,270	
Galleon Energy Inc. 'A'	2,000	29,250	30,760	
Oilexco Inc.	5,343	66,836	70,421	
Petrobank Energy and Resources Limited	1,700	90,238	98,974	
Tristar Oil & Gas Limited	7,600	86,450	95,152	
		460,725	504,577	10.6
Basic Materials				
ADF Group Inc.	12,400	87,420	86,304	
Agrium Inc.	1,520	89,338	108,938	
Equinox Minerals Limited Warrants	34,800	50,286	111,360	
Great Basin Gold Limited	30,800	75,306	80,388	
Hanfeng Evergreen Inc.	6,765	78,163	98,769	
High River Gold Mines Limited	35,300	94,737	98,840	
Labrador Iron Ore Royalty Trust	2,100	90,374	99,309	
Major Drilling Group International Inc.	1,646	67,197	103,040	
Potash Corporation of Saskatchewan Inc.	781	73,629	111,753	
Red Back Mining Inc.	14,000	86,852	97,720	
Silvercorp Metals Inc.	10,000	89,000	93,100	
Sino-Forest Corporation	4,274	65,061	91,464	
Timminco Limited	9,362	65,492	205,215	
		1,012,855	1,386,200	29.1
Industrials				
AG Growth Income Fund	3,000	92,130	99,150	
Aecon Group Inc.	6,235	73,002	143,717	
Bombardier Inc. 'B'	14,300	89,590	85,228	
Intermap Technologies Corporation	12,400	89,390	128,216	
Neo Material Technologies Inc.	18,006	72,276	90,030	
The Churchill Corporation	3,800	83,410	85,310	
WestJet Airlines Limited	3,900	90,284	87,750	
		590,082	719,401	15.1
Consumer Discretionary				
Great Canadian Gaming Corporation	5,800	89,784	89,842	
Ritchie Bros. Auctioneers Inc.	1,100	85,551	90,442	
Westport Innovations Inc.	44,848	87,759	116,605	
		263,094	296,889	6.2

	Number of Shares	Average Cost	Market Value	% of Total Net Asset Value
Consumer Staples				
Saskatchewan Wheat Pool Inc.	7,990	\$ 91,511	\$ 106,267	2.2
Health Care				
CryoCath Technologies Inc.	18,400	88,320	91,816	
Theratechnologies Inc.	8,100	73,907	88,128	
		162,227	179,944	3.8
Financials				
GMP Capital Trust	3,800	90,535	93,480	2.0
Information Technology				
Absolute Software Corporation	2,731	64,855	99,982	
Intrinsyc Software International Inc.	50,000	45,500	46,000	
Open Text Corporation	2,600	87,840	80,704	
Research In Motion Limited	900	85,609	101,304	
Sandvine Corporation	17,000	96,131	64,940	
		379,935	392,930	8.2
Telecommunication Services				
Hemisphere GPS Inc.	27,300	88,043	97,734	2.0
Total Canadian Equities		3,315,300	3,945,915	82.7
U.S. Equities				
Index Equivalents				
UltraShort QQQ ProShares	3,400	134,219	127,247	
UltraShort S&P 500 ProShares	2,400	132,357	128,110	
Ultrashort Russell 2000 ProShares	2,400	175,051	166,445	
		441,627	421,802	8.8
Total U.S. Equities		441,627	421,802	8.8
Global Equities				
Bermuda				
European Minerals Corporation Warrants	175,000	70,875	119,000	2.5
Total Global Equities		70,875	119,000	2.5
Total Positions Including Transaction Costs		3,827,802	4,486,717	94.0
Transaction Costs		(13,971)	-	-
TOTAL INVESTMENT PORTFOLIO		\$ 3,813,831	4,486,717	94.0
Other Assets Net of Liabilities ¹			284,423	6.0
TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY			\$ 4,771,140	100.0

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2007

1. THE FUND

Premiere Stable Growth Fund (the “Fund”) is an open-ended investment 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 Funds.

The financial statements of the Fund are prepared as at December 31, 2007 for the period from commencement of operations on April 2, 2007 to December 31, 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A summary of the significant accounting policies is summarized below.

(I) Valuation of Investments

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

The Canadian Institute of Chartered Accountants’ (CICA) Handbook Section 3855, Financial Instruments – Recognition and Measurement, which applies to the fiscal years beginning on or after October 1, 2006, requires that the fair value of financial instruments, which are actively traded, be measured based on the bid price for long positions. Prior to that, fair value for GAAP was based on the last traded price for the day, when available.

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 income in the period. Accordingly, these costs must be expensed and are included in “Transaction costs” in the Statement of Operations.

Securities listed upon a recognized public stock exchange are valued at their bid prices on the valuation date. Securities with no bid 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 Fund continues to value its investments at last traded prices for all purposes other than the preparation of financial statements. The resulting net asset value is referred to as the trading net asset value (“Trading Net Asset Value”). Refer to Note

6 for the reconciliation of the Trading Net Asset Value to the net asset value reported in the Statement of Net Assets.

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

(II) Investment Transactions and Income Recognition

Investment transactions are accounted for as of the trade date. Income and expenses are recorded on an accrual basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded daily as it is earned. Realized gains and losses from security transactions are calculated using the average cost basis.

(III) Valuation of Fund Units

The Fund's units are issued and redeemed at the Trading Net Asset Value per unit, which is determined as of the close of Valuation Day. A "Valuation Day" is the last trading day of each week on which 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 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 Net Asset Value per unit on the date of sale, which is included in unitholders' equity. Units are redeemable at the option of the unitholders at their Trading 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.

(IV) Foreign Currency Translation

Assets including market value of investments and liabilities denominated in foreign currencies are converted to Canadian dollars at the rates of exchange established on each Valuation Day.

Purchases and sales of investments, dividends and interest income denominated in foreign currencies are converted into Canadian dollars at the rates of exchange prevailing on the respective dates of such transactions.

Realized exchange gains (losses) on investments are included in "Net Realized Gain (Loss) on Investment Transactions" in the Statement of Operations.

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

(V) Use of Estimates

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of certain assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported

amounts of certain revenue and expenses during the period. Actual results could differ from these estimates.

(VI) Increase in Net Assets from Operations Per Unit

Increase in Net Assets from Operations per unit amount is determined by dividing the net increase in net assets from operations by the average number of units outstanding during the period.

(VII) National Instrument 81-106

As a non-reporting issuer under NI 81-106, the Fund is relying on Part 2.11 of the NI 81-106, Filing Exemption for Mutual Funds that are Non-Reporting Issuers, for the exemption not to file its financial statements with the securities regulators.

3. 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
	2007
Balance at beginning of period	-
Units issued for cash	43,091
Units redeemed	(1)
Units issued and outstanding as at December 31	<u>43,090</u>
	Series - F
	2007
Balance at beginning of period	-
Units issued for cash	2,246
Units redeemed	(63)
Units issued and outstanding as at December 31	<u>2,183</u>

4. 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.

5. RELATED PARTY TRANSACTIONS AND EXPENSES OF THE FUND

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 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 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.

The total brokerage commissions paid by the Fund with respect to security transactions for the period ended December 31, 2007 was \$46,844.

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

6. RECONCILIATION OF TRADING NAV TO GAAP NAV

As at December 31, 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	\$ 4,579,003	\$ (38,492)	\$ 4,540,511	\$ 106.26	\$ (0.89)	\$ 105.37
Series F	\$ 232,597	\$ (1,968)	\$ 230,629	\$ 106.55	\$ (0.90)	\$ 105.65

7. 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 December 31, 2007 is summarized as follows:

Minimum Leverage	Maximum Leverage	Leverage End of Period
0.00%	10.30%	0.00%

FUND INFORMATION

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