

EXEMPLAR

PORTFOLIOS



INTERIM FINANCIAL STATEMENTS JUNE 2012

EXEMPLAR CANADIAN FOCUS PORTFOLIO | EXEMPLAR DIVERSIFIED PORTFOLIO | EXEMPLAR MARKET NEUTRAL PORTFOLIO |

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MANAGEMENT'S STATEMENT ON FINANCIAL REPORTING

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

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 the shareholders.

Respectfully,

"James Wanstall"

Chief Executive Officer
BluMont Capital Corporation
August 27, 2012

NOTICE TO SHAREHOLDERS

THE AUDITORS OF THE PORTFOLIOS HAVE NOT REVIEWED THESE FINANCIAL STATEMENTS.

The Manager of the Portfolios appoints an independent auditor to audit the Portfolios' annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Portfolios' interim financial statements, this must be disclosed in an accompanying notice.

STATEMENT OF NET ASSETS
As at June 30, 2012 and December 31, 2011
Unaudited

EXEMPLAR CANADIAN FOCUS PORTFOLIO

	2012	2011
ASSETS		
Long positions at fair value*		
Canadian equities	\$ 43,433,558	\$ 43,787,898
Canadian bonds	4,619,444	4,015,928
U.S. equities	3,471,642	2,874,556
Global equities	<u>1,560,047</u>	<u>832,774</u>
	53,084,691	51,511,156
Cash and broker deposits	17,077,562	16,698,998
Accrued investment income	318,007	232,322
Accounts receivable:		
Receivable from investment sales	-	243,128
Subscriptions receivable	132,249	93,211
Income tax receivable	<u>110,738</u>	<u>199,939</u>
Total Assets	<u>70,723,247</u>	<u>68,978,754</u>
LIABILITIES		
Short positions at fair value**		
Canadian equities	344,104	503,047
U.S. equities	<u>680,927</u>	<u>897,882</u>
	1,025,031	1,400,929
Accounts payable:		
Fees and operating expenses	125,047	145,046
Performance fees payable	-	2,393
Dividends payable	1,163	870
Payable for investment purchases	1,350,000	-
Redemptions payable	<u>2,029,207</u>	<u>297,578</u>
Total Liabilities	<u>4,530,448</u>	<u>1,846,816</u>
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY†		
Series A	47,087,141	50,020,414
Series F	11,891,870	10,562,323
Series I	1,508,824	1,472,236
Series L	1,334,260	-
Series R	<u>4,370,704</u>	<u>5,076,965</u>
	<u>\$ 66,192,799</u>	<u>\$ 67,131,938</u>

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

STATEMENT OF NET ASSETS – CONTINUED
As at June 30, 2012 and December 31, 2011
Unaudited

EXEMPLAR CANADIAN FOCUS PORTFOLIO

	2012	2011
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY[†]		
†Net assets representing shareholders' equity carried forward from previous page		
Series A	47,087,141	50,020,414
Series F	11,891,870	10,562,323
Series I	1,508,824	1,472,236
Series L	1,334,260	-
Series R	4,370,704	5,076,965
	<u>\$ 66,192,799</u>	<u>\$ 67,131,938</u>
NUMBER OF SHARES OUTSTANDING (Note 4)		
Series A	3,483,201	3,704,149
Series F	847,656	757,781
Series I	108,799	107,233
Series L	138,387	-
Series R	386,126	448,997
	<u>3,964,370</u>	<u>4,918,160</u>
NET ASSETS PER SHARE		
Series A	\$ 13.52	\$ 13.50
Series F	\$ 14.03	\$ 13.94
Series I	\$ 13.87	\$ 13.73
Series L	\$ 9.64	-
Series R	\$ 11.32	\$ 11.31
	<u>50,683,418</u>	<u>48,649,157</u>
*Long positions, at cost	<u>\$ 50,683,418</u>	<u>\$ 48,649,157</u>
**Proceeds on short positions	<u>\$ (1,021,733)</u>	<u>\$ (1,334,656)</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 six months ended June 30,

Unaudited

EXEMPLAR CANADIAN FOCUS PORTFOLIO

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 779,040	\$ 309,732
Less: Foreign withholding taxes	<u>12,466</u>	<u>2,107</u>
	766,574	307,625
Interest	<u>237,230</u>	<u>137,687</u>
	<u>1,003,804</u>	<u>445,312</u>
EXPENSES (Notes 6 and 7)		
Management fees	558,506	505,218
Performance fees	-	2,331
General operating expenses	264,366	253,072
Dividends on investments sold short	10,564	13,593
Audit fees	14,819	1,290
Legal fees	10,377	12,163
Securityholders' reporting costs	14,849	27,543
Custodian and trustees' fees	1,942	23,233
Interest	<u>1,873</u>	<u>103</u>
	877,296	838,546
Less: Expenses absorbed by the Manager	<u>47,618</u>	<u>82,644</u>
	<u>829,678</u>	<u>755,902</u>
NET INVESTMENT GAIN (LOSS)	<u>174,126</u>	<u>(310,590)</u>
NET REALIZED GAIN ON INVESTMENT TRANSACTIONS	271,292	3,398,779
TRANSACTION COSTS (Notes 2(1) and 7)	(32,935)	(104,732)
NET CHANGE IN UNREALIZED DEPRECIATION OF INVESTMENTS	(397,751)	(5,121,030)
EXCHANGE LOSS ON FOREIGN CURRENCIES AND OTHER NET ASSETS	<u>(2,153)</u>	<u>(35,271)</u>
NET LOSS ON INVESTMENTS AND TRANSACTION COSTS	<u>(161,547)</u>	<u>(1,862,254)</u>
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A	16,644	(1,680,891)
Series F	894	(294,878)
Series I	13,618	(32,072)
Series L	(46,376)	-
Series R	<u>27,799</u>	<u>(165,003)</u>
	<u>\$ 12,579</u>	<u>\$ (2,172,844)</u>
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE (Note 2(VII))		
Series A	\$ 0.00	\$ (0.53)
Series F	\$ 0.00	\$ (0.47)
Series I	\$ 0.13	\$ (0.30)
Series L	\$ (0.50)	\$ -
Series R	<u>\$ 0.07</u>	<u>\$ (0.31)</u>

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

STATEMENT OF CHANGES IN NET ASSETS
For the six months ended June 30,
Unaudited

EXEMPLAR CANADIAN FOCUS PORTFOLIO

	2012	2011
Net Assets, Beginning of Period		
Series A	50,020,414	36,870,858
Series F	10,562,323	6,957,117
Series I	1,472,236	1,518,714
Series L	-	-
Series R	5,076,965	7,238,860
	<u>\$ 67,131,938</u>	<u>\$ 52,585,549</u>
Net Increase (Decrease) in Net Assets from Operations		
Series A	16,644	(1,680,891)
Series F	894	(294,878)
Series I	13,618	(32,072)
Series L	(46,376)	-
Series R	27,799	(165,003)
	<u>12,579</u>	<u>(2,172,844)</u>
From Capital Share Transactions: (Note 4)		
Proceeds from issue of shares		
Series A	5,246,934	16,723,105
Series F	2,701,245	5,035,780
Series I	22,970	35,500
Series L	1,380,636	-
Series R	-	-
	<u>9,351,785</u>	<u>21,794,385</u>
Consideration paid for redemptions of shares		
Series A	(8,196,851)	(1,546,238)
Series F	(1,372,592)	(577,033)
Series I	-	-
Series L	-	-
Series R	(734,060)	(1,240,927)
	<u>(10,303,503)</u>	<u>(3,364,198)</u>
Net Assets, End of Period		
Series A	47,087,141	50,366,834
Series F	11,891,870	11,120,986
Series I	1,508,824	1,522,142
Series L	1,334,260	-
Series R	4,370,704	5,832,930
	<u>\$ 66,192,799</u>	<u>\$ 68,842,892</u>

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

EXEMPLAR CANADIAN FOCUS PORTFOLIO
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at June 30, 2012
Unaudited

Number of
Shares

Long: Avg Cost
Short: Proceeds

Fair
Value

% of Total
Net Assets

LONG POSITIONS

Canadian Equities

Energy

Bellatrix Exploration Limited	136,900	\$ 598,858	\$ 432,604	
Black Diamond Group Limited	50,500	594,699	1,150,895	
Cameco Corporation	24,800	780,582	553,040	
Canyon Services Group Inc.	32,500	380,887	319,150	
Enbridge Inc.	5,800	213,679	235,828	
Epsilon Energy Limited	186,000	657,813	360,840	
Essential Energy Services Trust	27,900	70,331	49,662	
Gibson Energy Inc.	124,600	2,364,075	2,564,268	
IROC Energy Services Corporation	302,400	438,113	710,640	
Keyera Corporation	45,400	1,935,474	1,914,064	
Leader Energy Services Limited	500,000	350,000	247,500	
New Zealand Energy Corporation	50,000	150,000	85,500	
Pinecrest Energy Inc.	20,000	65,050	35,400	
Poseidon Concepts Corporation	152,500	586,445	1,892,525	
Pure Energy Services Limited	53,300	322,597	390,689	
Savanna Energy Services Corporation	53,800	477,700	407,804	
Spartan Oil Corporation	33,900	141,277	117,294	
Tuscany International Drilling Inc.	330,800	452,361	120,742	
		10,579,941	11,588,445	17.5

Basic Materials

Agrium Inc.	14,200	1,205,970	1,276,722	
Alderon Iron Ore Corporation	148,000	531,881	331,520	
Belo Sun Mining Corporation	192,600	237,256	217,638	
Calvista Gold Corporation	367,100	363,319	146,840	
Goldcorp Inc.	7,900	320,001	302,017	
Great Western Minerals Group Limited	154,400	116,412	60,216	
Labrador Iron Ore Royalty Corporation Stapled Units	38,800	1,036,469	1,253,240	
Lumina Copper Corporation	14,500	224,055	135,575	
Pilot Gold Inc.	24,100	43,688	25,064	
Rukwa Uranium Limited ²	750,000	37,500	37,500	
Stella-Jones Inc.	14,100	613,281	751,248	
Uranium World Energy Inc. ²	1,400,000	-	-	
Volta Resources Inc.	198,600	294,755	119,160	
West Fraser Timber Company Limited	8,100	368,518	414,882	
Western Potash Corporation	28,600	30,315	22,880	
Wildcat Silver Corporation	172,000	379,863	127,280	
		5,803,283	5,221,782	7.9

EXEMPLAR CANADIAN FOCUS PORTFOLIO
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at June 30, 2012
Unaudited

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
Industrials				
Badger Daylighting Inc.	38,900	\$ 963,342	\$ 958,107	
Boyd Group Income Fund	110,100	1,202,980	1,502,865	
CAE Inc.	59,500	687,559	586,075	
Canadian National Railway Company	14,900	1,075,305	1,282,890	
Exchange Income Corporation	23,100	570,313	550,473	
SNC-Lavalin Group Inc.	900	33,795	34,326	
Stantec Inc.	7,200	213,700	208,296	
Student Transportation Inc.	112,700	694,429	760,725	
		5,441,423	5,883,757	8.9
Consumer Discretionary				
Aimia Inc	7,800	100,622	105,378	
Astral Media Inc. 'A'	10,300	358,364	502,949	
Dollarama Inc.	400	23,971	24,460	
Imax Corporation	3,900	87,138	91,767	
Martinrea International Inc.	71,700	644,543	572,883	
Torstar Corporation 'B'	58,400	731,783	547,208	
		1,946,421	1,844,645	2.8
Consumer Staples				
Shoppers Drug Mart Corporation	3,800	152,174	155,458	0.2
Health Care				
SXC Health Solutions Corporation	17,800	563,827	1,797,622	
Valeant Pharmaceuticals International Inc.	32,600	1,542,176	1,485,256	
		2,106,003	3,282,878	5.0
Financials				
Alaris Royalty Corporation	54,400	995,779	1,145,664	
Canadian Western Bank	4,900	130,857	129,164	
CI Financial Corporation	29,300	599,534	643,428	
Guardian Capital Group Limited 'A'	45,600	488,455	426,360	
National Bank of Canada	28,900	1,936,483	2,103,053	
Partners Real Estate Investment	65,200	482,493	480,524	
The Toronto-Dominion Bank	9,200	746,892	733,056	
TMX Group Inc.	33,200	1,284,234	1,538,820	
		6,664,727	7,200,069	10.9

EXEMPLAR CANADIAN FOCUS PORTFOLIO
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at June 30, 2012
Unaudited

	Number of Shares/ Par Value	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
Information Technology				
Celestica Inc.	42,300	\$ 383,927	\$ 312,174	
Constellation Software Inc.	800	70,009	73,560	
Miranda Technologies Inc.	6,700	83,860	113,498	
NexJ Systems Inc.	17,500	156,922	92,050	
Open Text Corporation	21,400	1,102,226	1,091,614	
The Descartes Systems Group Inc.	82,100	505,608	710,165	
Wi-LAN Inc.	83,200	626,512	416,832	
		2,929,064	2,809,893	4.2
Telecommunication Services				
BCE Inc.	54,500	1,558,390	2,284,640	
TELUS Corporation 'A' Non-voting	21,700	1,012,655	1,291,367	
		2,571,045	3,576,007	5.4
Utilities				
Canadian Utilities Inc., 4.900%, Preferred Series AA	40,000	1,000,000	1,012,000	
Just Energy Group Inc.	76,800	889,313	858,624	
		1,889,313	1,870,624	2.8
Total Canadian Equities - Long		40,083,394	43,433,558	65.6
Canadian Bonds				
Arcan Resources Ltd., 6.50%, October 31, 2018	250,000	250,000	218,000	
Detour Gold Corporation, 5.50%, November 30, 2017	750,000	765,415	721,115	
Epsilon Energy Limited, 7.75%, March 31, 2017	2,000,000	2,000,000	1,850,000	
Fortress Paper Limited Convertible, 7.00%, December 31, 2019	350,000	350,000	350,000	
Gasfrac Energy Services, 7.00%, February 28, 2017	600,000	600,000	541,560	
Neo Material Technologies, 5.00%, December 31, 2017 ²	350,000	339,816	361,019	
Progress Energy Resource Corporation, 5.75%, June 30, 2016	500,000	500,000	577,750	
Total Canadian Bonds - Long		4,805,231	4,619,444	7.0
U.S. Equities				
Basic Materials				
Molycorp Inc.	346	7,104	7,594	
SPDR Gold Trust	3,800	621,707	600,295	
		628,811	607,889	0.9
Consumer Discretionary				
Fifth & Pacific Company Inc.	21,300	274,631	232,640	0.4

EXEMPLAR CANADIAN FOCUS PORTFOLIO
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at June 30, 2012
Unaudited

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
Consumer Staples				
Consumer Staples Select Sector SPDR Fund	12,100	\$ 408,786	\$ 426,551	
General Mills Inc.	3,800	146,092	149,174	
Hillshire Brands Company	2,120	96,101	62,574	
Kraft Foods Inc. 'A'	2,400	91,141	94,411	
		742,120	732,710	1.1
Financials				
SunTrust Banks Inc.	3,600	86,107	88,835	0.1
Information Technology				
Apple Inc.	800	473,075	475,998	
International Business Machines Corporation	5,500	853,730	1,095,349	
Qualcomm Inc.	4,200	260,815	238,221	
		1,587,620	1,809,568	2.7
Total U.S. Equities - Long		3,319,289	3,471,642	5.2
Global Equities				
Australia				
Bannerman Resources Limited	501,100	328,666	57,627	
Intrepid Mines Limited	309,800	557,700	173,488	
Paladin Energy Limited	6,600	10,282	8,646	
		896,648	239,761	0.4
Bermuda				
Continental Gold Limited	65,300	612,660	427,062	0.6
Cayman Islands				
Coastal Energy Company	34,900	566,777	464,519	0.7
Netherlands				
De Master Blenders	10,600	126,246	121,367	0.2
Switzerland				
Tyco International Limited	3,800	207,159	204,538	0.3

EXEMPLAR CANADIAN FOCUS PORTFOLIO
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at June 30, 2012
Unaudited

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
United Kingdom				
Verde Potash PLC	25,700	\$ 115,129	\$ 102,800	0.2
Total Global Equities - Long		2,524,619	1,560,047	2.4
Total Long Positions Including Transaction Costs		50,732,533	53,084,691	80.2
Transaction Costs		(49,115)	-	-
Total Long Positions Before Transaction Costs		50,683,418	53,084,691	80.2
SHORT POSITIONS				
Canadian Equities				
Energy				
iShares S&P/TSX Capped Energy Fund	(8,000)	(113,040)	(118,240)	(0.2)
Basic Materials				
Tanzanian Royalty Exploration Corporation	(9,400)	(43,600)	(40,232)	(0.1)
Industrials				
Bombardier Inc. 'B'	(3,000)	(10,888)	(12,090)	
New Flyer Industries Inc.	(10,000)	(72,934)	(65,000)	
		(83,822)	(77,090)	(0.1)
Consumer Discretionary				
Transat A.T. Inc. 'B'	(300)	(1,175)	(975)	(0.0)
Financials				
Northern Property Real Estate Investment Trust	(2,900)	(96,387)	(95,555)	(0.1)
Index Equivalents				
iShares S&P/TSX Completion Index Fund	(600)	(12,132)	(12,012)	
Total Canadian Equities - Short		(350,156)	(344,104)	(0.5)
U.S. Equities				
Basic Materials				
ISHARES Dow Jones U.S. Basic Materials Sector Index Fund	(5,900)	(377,760)	(398,543)	
iShares Silver Trust	(10,400)	(293,118)	(282,384)	
Total U.S. Equities - Short		(670,878)	(680,927)	(1.0)

EXEMPLAR CANADIAN FOCUS PORTFOLIO
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at June 30, 2012
Unaudited

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
Total Short Positions Including Transaction Costs		\$ (1,021,034)	\$ (1,025,031)	(1.5)
Transaction Costs		(699)	-	-
Total Short Positions Before Transaction Costs		(1,021,733)	(1,025,031)	(1.5)
TOTAL INVESTMENT PORTFOLIO		\$ 49,661,685	52,059,660	78.7
Other Assets, Net of Liabilities ¹			14,133,139	21.3
TOTAL NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY			\$ 66,192,799	100.0

¹This amount is comprised of cash and broker deposits plus accrued investment income plus accounts receivable plus income tax receivable less accounts payable.

²Private and/or illiquid securities.

EXEMPLAR CANADIAN FOCUS PORTFOLIO
SUMMARY OF INVESTMENT PORTFOLIO
As at June 30, 2012 and December 31, 2011
Unaudited

SECTOR MIX	% of Total Net Assets	
	2012	2011
Long Positions		
Energy	18.2	20.0
Basic Materials	9.9	18.3
Industrials	9.2	4.1
Consumer Discretionary	3.1	5.6
Consumer Staples	1.5	1.1
Health Care	5.0	2.3
Financials	11.0	8.2
Information Technology	7.0	6.0
Telecommunication Services	5.4	5.2
Utilities	2.8	-
Corporate Bonds	7.0	6.0
Other Assets, Net of Liabilities	21.4	25.3
Short Positions		
Energy	(0.2)	-
Basic Materials	(1.1)	(1.3)
Industrials	(0.1)	(0.3)
Financials	(0.1)	(0.5)
Index Equivalents	(0.0)	-

GEOGRAPHIC MIX	% of Total Net Assets	
	2012	2011
Long Positions		
Canada	72.5	71.2
U.S.	5.2	4.3
Australia	0.4	0.9
Bermuda	0.6	-
Cayman Islands	0.7	0.4
Netherlands	0.2	-
Switzerland	0.3	-
United Kingdom	0.2	-
Other Assets, Net of Liabilities	21.4	25.3
Short Positions		
Canada	(0.5)	(0.8)
U.S.	(1.0)	(1.3)

ASSET MIX	% of Total Net Assets	
	2012	2011
Long Positions		
Canadian Equities	65.5	65.2
Canadian Bonds	7.0	6.0
U.S. Equities	5.2	4.3
Global Equities	2.4	1.3
Other Assets, Net of Liabilities	21.4	25.3
Short Positions		
Canadian Equities	(0.5)	(0.8)
U.S. Equities	(1.0)	(1.3)

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

EXEMPLAR CANADIAN FOCUS PORTFOLIO
DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)
June 30, 2012
Unaudited

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 40% 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 use 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 Exemplar Portfolios is contained in Note 3: FINANCIAL INSTRUMENTS RISK MANAGEMENT on page 40.

B. CREDIT RISK

As at June 30, 2012 and December 31, 2011, 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 June 30, 2012	As at December 31, 2011
Not Rated	7.0%	6.0%

Credit ratings are obtained from Standard & Poor's, Moody's and/or Dominion Bond Rating Service. 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:

June 30, 2012

	Less than 1 year (\$)	1-3 years (\$)	3-5 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
Financial Assets					
Equities - Long	-	-	-	-	48,465,247
Bonds	-	-	2,969,310	1,650,134	-
Other receivables	560,994	-	-	-	-
Cash and broker deposits	17,077,562	-	-	-	-
Total	17,638,556	-	2,969,310	1,650,134	48,465,247
Liabilities					
Equities - Short	-	-	-	-	(1,025,031)
Other liabilities	(3,505,417)	-	-	-	-
Total	(3,505,417)	-	-	-	(1,025,031)

December 31, 2011

	Less than 1 year (\$)	1-3 years (\$)	3-5 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
Financial Assets					
Equities - Long	-	-	-	-	47,495,228
Bonds	2,000,200	-	510,100	1,505,628	-
Other receivables	768,600	-	-	-	-
Cash and broker deposits	16,698,998	-	-	-	-
Total	19,467,798	-	510,100	1,505,628	47,495,228
Liabilities					
Equities - Short	-	-	-	-	(1,400,929)
Other liabilities	(445,887)	-	-	-	-
Total	(445,887)	-	-	-	(1,400,929)

D. INTEREST RATE RISK

As at June 30, 2012 and December 31, 2011, the Portfolio held the following interest-bearing securities:

Debt Instruments by Maturity	Financial Instruments	
	As at June 30, 2012 (\$)	As at December 31, 2011 (\$)
Less than 1 year	-	2,000,200
1-3 years	-	-
3-5 years	2,969,310	510,100
Greater than 5 years	1,650,134	1,505,628

As at June 30, 2012, 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 \$3,014 (December 31, 2011 - \$1,342).

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, the S&P/TSX Total Return Index, as at June 30, 2012 and December 31, 2011, with all other variables held constant, is presented in the following table. Regression analysis has been used to estimate the historical correlation. The analysis uses 50 data points (December 31, 2011 - 44 data points) based on the monthly net returns of the Portfolio.

Benchmark	Impact on Net Assets	
	June 30, 2012	December 31, 2011
S&P/TSX Total Return Index	\$966,397	\$926,531

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 June 30, 2012 and December 31, 2011 are as follows:

Currency	As at June 30, 2012		As at December 31, 2011	
	Financial Instruments (\$)	Percentage of Net Assets (%)	Financial Instruments (\$)	Percentage of Net Assets (%)
Euro Currency (long)	121,367	0.2	-	-
United States Dollar (long)	5,496,375	8.3	5,124,819	7.6
United States Dollar (short)	(680,927)	(1.0)	(897,882)	(1.3)

The amounts in the above table are based on the fair value of the Portfolio's financial instruments (including cash and cash equivalents). Other financial assets and financial liabilities that are denominated in foreign currencies, such as foreign income and dividends, do not expose the Portfolio to significant currency risk because their values are not significant.

As at June 30, 2012, if the Canadian dollar had weakened or strengthened by 5 percent in relation to all currencies, with all other variables held constant, Net Assets would have increased or decreased, respectively, by approximately \$246,841 (December 31, 2011 – \$211,000).

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.

June 30, 2012

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Assets				
Equity securities - long	48,427,747	-	37,500	48,465,247
Bonds	-	4,258,425	361,019	4,619,444
Total Assets	48,427,747	4,258,425	398,519	53,084,691
Liabilities				
Equity securities - short	(1,025,031)	-	-	(1,025,031)
Total Liabilities	(1,025,031)	-	-	(1,025,031)

December 31, 2011

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Assets				
Equity securities - long	47,457,728	-	37,500	47,495,228
Bonds	-	4,015,928	-	4,015,928
Total Assets	47,457,728	4,015,928	37,500	51,511,156
Liabilities				
Equity securities - short	(1,400,929)	-	-	(1,400,929)
Total Liabilities	(1,400,929)	-	-	(1,400,929)

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 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.

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 amount consists of two private equity positions and one bond. 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.

The following table presents the movement in level 3 instruments for the period ended June 30, 2012 and December 31, 2011 by class of financial instrument.

	Equity Securities (\$)	
	June 30, 2012	December 31, 2011
Opening balance	37,500	37,500
Net purchases and sales	-	-
Net transfers in (out)	339,816	-
Realized	-	-
Unrealized	21,203	-
Closing balance	398,519	37,500

There were no transfers between level 1 and level 2 during the period.

There was a change of \$21,203 in unrealized appreciation for level 3 financial instruments held as at June 30, 2012 (December 31, 2011 - nil).

STATEMENT OF NET ASSETS

As at June 30, 2012 and December 31, 2011

Unaudited

EXEMPLAR DIVERSIFIED PORTFOLIO

	2012	2011
ASSETS		
Futures deposits	\$ 15,108,563	\$ 12,772,460
Futures contracts receivable	-	646,732
Cash	29,662,829	30,202,792
Subscriptions receivable	216,163	164,346
Total Assets	<u>44,987,555</u>	<u>43,786,330</u>
LIABILITIES		
Futures contracts payable	716,407	-
Accounts payable:		
Fees and operating expenses	88,529	87,765
Performance fees payable	39	-
Redemptions payable	10,117	48,223
Total Liabilities	<u>815,092</u>	<u>135,988</u>
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY		
Series A	25,906,340	26,646,083
Series F	17,313,251	17,004,259
Series L	952,872	-
	<u>\$ 44,172,463</u>	<u>\$ 43,650,342</u>
NUMBER OF SHARES OUTSTANDING (Note 4)		
Series A	2,300,681	2,272,995
Series F	1,487,318	1,410,527
Series L	<u>95,064</u>	<u>-</u>
NET ASSETS PER SHARE		
Series A	\$ 11.26	\$ 11.72
Series F	\$ 11.64	\$ 12.06
Series L	<u>\$ 10.02</u>	<u>\$ -</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 six months ended June 30,
Unaudited

EXEMPLAR DIVERSIFIED PORTFOLIO

	2012	2011
INVESTMENT INCOME		
Derivative income (loss)	\$ (1,352,016)	\$ 201,549
Interest	<u>179,516</u>	<u>103,160</u>
	<u>(1,172,500)</u>	<u>304,709</u>
EXPENSES (Notes 6 and 7)		
Management fees	372,651	271,246
Performance fees	39	-
General operating expenses	136,339	115,718
Audit fees	13,319	3,241
Legal fees	10,377	5,853
Securityholders' reporting costs	9,160	19,207
Custodian and trustees' fees	1,178	15,362
Transaction costs (Note 2(I))	<u>-</u>	<u>-</u>
	<u>543,063</u>	<u>430,627</u>
Less: Expenses absorbed by the Manager	<u>31,530</u>	<u>57,310</u>
	<u>511,533</u>	<u>373,317</u>
NET INVESTMENT LOSS	<u>(1,684,033)</u>	<u>(68,608)</u>
EXCHANGE GAIN (LOSS) ON FOREIGN CURRENCIES AND OTHER NET ASSETS	<u>185</u>	<u>(3,228)</u>
NET GAIN (LOSS) ON INVESTMENTS AND TRANSACTION COSTS	<u>185</u>	<u>(3,228)</u>
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A	(1,054,975)	(104,691)
Series F	(629,145)	32,855
Series L	<u>272</u>	<u>-</u>
	<u>\$ (1,683,848)</u>	<u>\$ (71,836)</u>
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE (Note 2(VII))		
Series A	\$ (0.46)	\$ (0.07)
Series F	\$ (0.44)	\$ 0.03
Series L	<u>\$ 0.01</u>	<u>\$ -</u>

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

STATEMENT OF CHANGES IN NET ASSETS
For the six months ended June 30,
Unaudited

EXEMPLAR DIVERSIFIED PORTFOLIO

	2012	2011
Net Assets, Beginning of Period		
Series A	26,646,083	15,162,217
Series F	<u>17,004,259</u>	<u>10,992,189</u>
	<u>\$ 43,650,342</u>	<u>\$ 26,154,406</u>
Net Increase (Decrease) in Net Assets from Operations		
Series A	(1,054,975)	(104,691)
Series F	(629,145)	32,855
Series L	<u>272</u>	<u>-</u>
	<u>(1,683,848)</u>	<u>(71,836)</u>
From Capital Share Transactions: (Note 4)		
Proceeds from issue of shares		
Series A	3,219,854	8,070,585
Series F	3,158,651	4,033,568
Series L	<u>952,600</u>	<u>-</u>
	<u>7,331,105</u>	<u>12,104,153</u>
Consideration paid for redemptions of shares		
Series A	(2,904,622)	(594,553)
Series F	<u>(2,220,514)</u>	<u>(571,645)</u>
	<u>(5,125,136)</u>	<u>(1,166,198)</u>
Net Assets, End of Period		
Series A	25,906,340	22,533,558
Series F	17,313,251	14,486,967
Series L	<u>952,872</u>	<u>-</u>
	<u>\$ 44,172,463</u>	<u>\$ 37,020,525</u>

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

EXEMPLAR DIVERSIFIED PORTFOLIO**STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**

As at June 30, 2012

Unaudited

Number of
ContractsContract
SizeFair
Value% of Total
Net Assets**LONG POSITIONS****COMMODITY FUTURES**

Canola Futures (WCE) November 2012	296	20	\$ 73,701	
Coffee Robusta Futures 10 Tonne September 2012	29	10	10,830	
Natural Gas Futures March 2013	32	10,000	(104,412)	
Soybean Futures November 2012	27	5,000	97,045	
White Sugar (LIF) August 2012	1	50	331	
			77,495	0.2

CURRENCY FUTURES

3 Month EURO EURIBOR September 2012	9	2,500	(145)	
90 Day Euro\$ Futures December 2012	219	2,500	(5,897)	
90 Day Sterling Futures September 2013	28	1,250	(799)	
Japanese Yen Currency Futures September 2012	5	12,500,000	(6,240)	
			(13,081)	(0.0)

INDEX FUTURES

10 Year MINI JGB Futures September 2012	119	100,000	(24,116)	
FTSE/JSE Top 40 September 2012	11	10	(1,271)	
Mini Hang Seng Index Futures July 2012	19	10	9,631	
Nasdaq 100 E-Mini Futures September 2012	37	20	59,584	
S&P500 E-Mini Futures September 2012	37	50	106,192	
			150,020	0.3

BOND FUTURES

Australia 10 Year Bond Futures September 2012	23	1,000	(17,126)	
Bankers' Acceptance Futures December 2012	74	2,500	(11,950)	
Canada 10 Year Bond Futures September 2012	36	1,000	(12,060)	
Euro-Bobl Futures Option September 2012	175	1,000	(5,647)	
Euro Bund Futures Option September 2012	100	1,000	(5,163)	
US 10 Year Notes Futures Option September 2012	200	1,000	(19,103)	
US 5 Year Notes Futures Option September 2012	350	1,000	(22,287)	
US 10 Year Note (CBT) September 2012	22	1,000	271	
US 5 Year Note (CBT) September 2012	35	1,000	(653)	
US Long Bond (CBT) September 2012	12	1,000	(3,133)	
			(96,851)	(0.2)
Total Long Positions			117,583	0.3

EXEMPLAR DIVERSIFIED PORTFOLIO
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at June 30, 2012
Unaudited

Number of
Contracts

Contract
Size

Fair
Value

% of Total
Net Assets

SHORT POSITIONS

COMMODITY FUTURES

Brent Crude Oil Futures August 2012	(9)	1,000	\$ (41,172)	
Cocoa Futures September 2012	(42)	10	(49,496)	
Coffee 'C' Futures September 2012	(17)	37,500	(119,435)	
Copper Futures September 2012	(18)	25,000	(49,529)	
Corn Futures December 2012	(12)	5,000	(58,240)	
Crude Palm Oil Futures September 2012	(2)	25	756	
Gas Oil Futures (Ice) August 2012	(19)	100	(61,131)	
Gold 100 OZ Futures August 2012	(6)	100	(15,894)	
Heating Oil Futures August 2012	(18)	42,000	(109,337)	
Lean Hogs Futures August 2012	(29)	40,000	(25,685)	
Live Cattle Futures August 2012	(69)	40,000	(79,776)	
LME Nickel Futures September 2012	(10)	6	(23,627)	
LME Primary Aluminum Futures August 2012	(51)	25	255,298	
LME Zinc Futures October 2012	(40)	25	(9,685)	
Natural Gas Futures August 2012	(13)	10,000	(32,644)	
Palladium Futures September 2012	(28)	100	40,306	
Platinum Futures October 2012	(37)	50	(19,485)	
Soybean Oil Futures December 2012	(41)	60,000	(39,582)	
Sugar #11 (World) October 2012	(26)	112,000	(12,381)	
Wheat Futures (CBT) September 2012	(18)	5,000	3,286	
WTI Crude Futures August 2012	(5)	1,000	(30,627)	
			(478,080)	(1.1)

CURRENCY FUTURES

British Pound Futures September 2012	(42)	62,500	(16,951)	
Canadian Dollar Currency Futures September 2012	(44)	100,000	(42,068)	
CHF Currency Futures September 2012	(29)	125,000	(29,432)	
Euro FX Currency Futures September 2012	(32)	125,000	(68,696)	
EURO/CHF Futures September 2012	(23)	125,000	(913)	
EURO/GBP Futures September 2012	(39)	125,000	7,892	
EURO/JPY Futures September 2012	(26)	125,000	108,329	
Mexican Peso Futures September 2012	(68)	500,000	(110,660)	
			(152,499)	(0.3)

INDEX FUTURES

DAX Index Futures September 2012	(8)	25	(67,592)	
Hang Seng Index Futures July 2012	(10)	50	(25,986)	
Nikkei 225 (SGX) September 2012	(19)	500	(72,793)	
S&P/TSX 60 Index Futures September 2012	(17)	200	(49,622)	
SPI 200 Futures September 2012	(22)	25	(41,876)	
			(257,869)	(0.6)

EXEMPLAR DIVERSIFIED PORTFOLIO**STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**

As at June 30, 2012

Unaudited

	Number of Contracts	Contract Size	Fair Value	% of Total Net Assets
BOND FUTURES				
90-Day Bank Bill September 2012	(125)	10,000	\$ 54,458	0.1
Total Short Positions			(833,990)	(1.9)
TOTAL INVESTMENT PORTFOLIO			(716,407)	(1.6)
Other Assets, Net of Liabilities ¹			44,888,870	101.6
TOTAL NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY			\$ 44,172,463	100.0

¹ This amount is comprised of future deposits plus cash plus subscriptions receivable less accounts payable.

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

EXEMPLAR DIVERSIFIED PORTFOLIO

DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)

June 30, 2012

Unaudited

A. FINANCIAL 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 40% 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 Exemplar Portfolios is contained in Note 3: FINANCIAL INSTRUMENTS RISK MANAGEMENT on page 40.

B. CREDIT RISK

As at June 30, 2012 and December 31, 2011, the Portfolio had no investments in debt instruments and therefore was not subject to the 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.

At June 30, 2012, the Portfolio has amounts receivable from MF Global Inc. of \$1,219,360. These amounts are expected to be collected as the Trustee of the SIPA Liquidation of MF Global Inc. organizes and pays claims.

C. LIQUIDITY RISK

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

As at June 30, 2012

	Less than 3 months (\$)	3 months to 1 year (\$)	Greater than 1 year (\$)	Total (\$)
Financial Assets				
Other receivables	216,163	-	-	216,163
Cash and futures deposits	44,771,392	-	-	44,771,392
Total	44,987,555	-	-	44,987,555
Liabilities				
Futures contracts payable	(715,608)	(799)	-	(716,407)
Other liabilities	(98,685)	-	-	(98,685)
Total	(814,293)	(799)	-	(815,092)

As at December 31, 2011

	Less than 3 months (\$)	3 months to 1 year (\$)	Greater than 1 year (\$)	Total (\$)
Financial Assets				
Futures contracts receivable	565,605	81,127	-	646,732
Other receivables	164,346	-	-	164,346
Cash and futures deposits	42,975,252	-	-	42,975,252
Total	43,705,203	81,127	-	43,786,330
Liabilities				
Other liabilities	(135,988)	-	-	(135,988)
Total	(135,988)	-	-	(135,988)

D. INTEREST RATE RISK

As at June 30, 2012 and December 31, 2011, 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, the New Edge Commodity Trading Index, as at June 30, 2012 and December 31, 2011, with all other variables held constant, is presented in the following table. Regression analysis has been used to estimate the historical correlation. The analysis uses 38 data points (2011 – 32 data points) based on the monthly net returns of the Portfolio.

Benchmark	Impact on Net Assets	
	June 30, 2012	December 31, 2011
New Edge Commodity Trading Index	\$2,828,479	\$2,655,595

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 to as at June 30, 2012 and December 31, 2011 are as follows:

Currencies	As at June 30, 2012		As at December 31, 2011	
	Financial Instruments (\$)	Percentage of Net Assets (%)	Financial Instruments (\$)	Percentage of Net Assets (%)
Australian Dollar	(4,543)	(0.01)	4,805	0.01
Euro Currency	(78,548)	(0.18)	(296,779)	(0.68)
British Pound Sterling	7,093	0.02	(46,912)	(0.11)
Hong Kong Dollar	(16,355)	(0.04)	239,788	0.55
Swiss Franc	(913)	0.00	(20,633)	(0.05)
Japanese Yen	11,420	0.03	(4,987,661)	(11.43)
Malaysian Ringgit	756	0.00	-	-
South African Rand	(1,271)	(0.00)	134,921	0.31
United States Dollar	(523,799)	(1.19)	(1,557,900)	(3.57)

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, such as foreign income and dividends, do not expose the Portfolio to significant currency risk because their values are not significant.

As at June 30, 2012, 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 \$30,308 (December 31, 2011 - \$327,000).

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.

As at June 30, 2012

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Futures Contracts Payable	(716,407)	-	-	(716,407)

As at December 31, 2011

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Futures Contracts Receivable	646,732	-	-	646,732

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 period.

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

STATEMENT OF NET ASSETS
As at June 30, 2012 and December 31, 2011
Unaudited

EXEMPLAR MARKET NEUTRAL PORTFOLIO

	2012	2011
ASSETS		
Long positions at fair value*		
Canadian equities	\$ 104,930	\$ 1,114,359
U.S. equities	175,304	1,652,111
U.S. options	192,102	86,897
Global equities	-	102,611
	<u>472,336</u>	<u>2,955,978</u>
Cash and broker deposits	10,008,379	9,062,967
Currency forwards	25,112	-
Futures deposits	-	171,482
Accrued investment income	20,482	10,858
Accounts receivable:		
Receivable from investment sales	2,292,058	965,507
Subscriptions receivable	1,025	17,500
Total Assets	<u>12,819,392</u>	<u>13,184,292</u>
LIABILITIES		
Short positions at fair value**		
Canadian options	1,284	-
U.S. equities	524,929	1,649,506
U.S. options	349,442	51,539
	<u>875,655</u>	<u>1,701,045</u>
Futures payable	43,033	-
Index futures	3,974	5,998
Accounts payable:		
Management fees	-	22,558
Fees and operating expenses	22,363	8,261
Redemptions payable	91,874	3,519
Payable for investment purchases	3,443,472	286,329
Total Liabilities	<u>4,480,371</u>	<u>2,027,710</u>
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY[†]		
Series A	6,741,301	9,216,976
Series B	309,374	556,355
Series F	1,010,909	1,150,088
Series G	250,930	233,163
Series L	26,507	-
	<u>\$ 8,339,021</u>	<u>\$ 11,156,582</u>

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

STATEMENT OF OPERATIONS
For the six months ended June 30,
Unaudited

**EXEMPLAR MARKET NEUTRAL
PORTFOLIO†**

2012

INVESTMENT INCOME

Dividends	\$ 8,087
Less: Foreign withholding taxes	1,144
	<hr/> 6,943
Interest	39,420
	<hr/> 46,363

EXPENSES (Notes 6 and 7)

Management fees	117,426
General operating expenses	91,797
Dividends on investments sold short	-
Audit fees	25,403
Legal fees	10,377
Custodian and trustees' fees	293
Securityholders' reporting costs	11,798
Interest	483
	<hr/> 257,577
Less: Expenses absorbed by the Manager	112,263
	<hr/> 145,314

NET INVESTMENT LOSS

(98,951)

NET REALIZED GAIN ON INVESTMENT TRANSACTIONS

150,996

TRANSACTION COSTS (Notes 2(I) and 7)

(19,337)

NET CHANGE IN UNREALIZED APPRECIATION OF INVESTMENTS

170,176

EXCHANGE LOSS ON FOREIGN CURRENCIES AND OTHER NET ASSETS

(170,727)

NET GAIN ON INVESTMENTS AND TRANSACTION COSTS

131,108

NET INCREASE IN NET ASSETS FROM OPERATIONS

Series A	20,265
Series B	1,199
Series F	8,846
Series G	1,840
Series L	7
	<hr/> 32,157

NET INCREASE IN NET ASSETS FROM OPERATIONS PER SHARE (Note 2(VII))

Series A	\$ 0.02
Series B	\$ 0.03
Series F	\$ 0.08
Series G	\$ 0.07
Series L	<hr/> \$ 0.01

†The Portfolio commenced operations on May 27, 2011, 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 six months ended June 30,
Unaudited

**EXEMPLAR MARKET NEUTRAL
PORTFOLIO†**

	2012
Net Assets, Beginning of Period	
Series A	9,216,976
Series B	556,355
Series F	1,150,088
Series G	233,163
	<u>11,156,582</u>
	\$ 11,156,582
Net Increase in Net Assets from Operations	
Series A	20,265
Series B	1,199
Series F	8,846
Series G	1,840
Series L	7
	<u>32,157</u>
From Capital Unit Transactions: (Note 4)	
Proceeds from issue of shares	
Series A	127,406
Series B	20,000
Series F	189,926
Series G	30,000
Series L	26,500
	<u>393,832</u>
Consideration paid for redemptions of shares	
Series A	(2,623,346)
Series B	(260,906)
Series F	(337,951)
Series G	(11,861)
	<u>(3,234,064)</u>
Reinvestments of dividends	
Series B	802
Series G	2,542
	<u>3,344</u>
	<u>(2,836,888)</u>
From Dividends to Shareholders:	
From net investment income and return of capital	
Series B	(8,076)
Series G	(4,754)
	<u>(12,830)</u>
Net Assets, End of Period	
Series A	6,741,301
Series B	309,374
Series F	1,010,909
Series G	250,930
Series L	26,507
	<u>8,339,021</u>
	\$ 8,339,021

†The Portfolio commenced operations on May 27, 2011, and as a result, comparative information is not available.

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

EXEMPLAR MARKET NEUTRAL PORTFOLIO
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at June 30, 2012
Unaudited

	Number of Shares/Options Contracts/Par Value	Long: Avg Cost Short: Proceeds/ Contract Size	Fair Value	% of Total Net Assets
LONG POSITIONS				
Canadian Equities				
Energy				
Suncor Energy Inc.	3,000	\$ 95,977	\$ 88,388	1.1
Information Technology				
Research in Motion Limited	2,200	54,839	16,542	0.2
Total Canadian Equities - Long		150,816	104,930	1.3
U.S. Equities				
Consumer Staples				
Wal-Mart Stores Inc.	700	40,351	49,717	0.6
Financials				
JPMorgan Chase & Company	2,190	78,000	79,724	1.0
Information Technology				
Apple Inc.	60	26,815	35,700	0.4
Index Equivalents				
Energy Select Sector SPDR Fund	150	10,458	10,163	0.1
Total U.S. Equities - Long		155,624	175,304	2.1
U.S. Options				
Call Options				
SPDR S&P 500 ETF, \$132, July 2012	33	10,987	16,643	
SPDR S&P 500 ETF, \$135, August 2012	65	18,566	26,623	
SPDR S&P 500 ETF, \$135, December 2012	40	37,838	29,669	
SPDR S&P 500 ETF, \$141, July 2012	325	3,443	7,947	
		70,834	80,882	1.0

EXEMPLAR MARKET NEUTRAL PORTFOLIO
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS

As at June 30, 2012

Unaudited

	Number of Shares/Options Contracts/Par Value	Long: Avg Cost Short: Proceeds/ Contract Size	Fair Value	% of Total Net Assets
Put Options				
SPDR S&P 500 ETF, \$115, December 2012	390	\$ 96,351	\$ 87,417	
SPDR S&P 500 ETF, \$130, July 2012	97	1,267	593	
SPDR S&P 500 ETF, \$131, July 2012	64	999	587	
SPDR S&P 500 ETF, \$132, July 2012	33	7,863	2,286	
SPDR S&P 500 ETF, \$134, September 2012	48	24,285	18,290	
SPDR S&P 500 ETF, \$135, July 2012	41	4,188	2,047	
		134,953	111,220	1.3
Total U.S. Options - Long		205,787	192,102	2.3
Total Long Positions Including Transaction Costs		512,227	472,336	5.7
Transaction Costs		(74)	-	-
Total Long Positions Before Transaction Costs		512,153	472,336	5.7
SHORT POSITIONS				
Canadian Options				
Suncor Energy Inc., \$29, July 2012	(15)	(1,509)	(1,284)	(0.0)
Total Canadian Options - Short		(1,509)	(1,284)	(0.0)
U.S. Equities				
Exchange Traded Fund/Shares				
SPDR S&P 500 ETF	(3,210)	(433,198)	(445,933)	(5.3)
Basic Materials				
SPDR Gold Trust	(500)	(67,593)	(78,996)	(0.9)
Total U.S. Equities - Short		(500,791)	(524,929)	(6.3)
U.S. Options				
Written Call Options				
SPDR S&P 500 ETF, \$135, July 2012	(162)	(16,683)	(46,215)	
SPDR S&P 500 ETF, \$140, August 2012	(161)	(19,865)	(23,293)	
SPDR S&P 500 ETF, \$140, September 2012	(65)	(11,722)	(15,695)	
SPDR S&P 500 ETF, \$142, September 2012	(130)	(18,770)	(21,325)	
SPDR S&P 500 ETF, \$145, December 2012	(40)	(18,139)	(9,822)	
		(85,179)	(116,350)	(1.4)

EXEMPLAR MARKET NEUTRAL PORTFOLIO
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at June 30, 2012
Unaudited

	Number of Shares/Options Contracts/Par Value	Long- Avg Cost Short: Proceeds/ Contract Size	Fair Value	% of Total Net Assets
Written Put Options				
SPDR S&P 500 ETF, \$121, August 2012	(96)	\$ (26,133)	\$ (4,499)	
SPDR S&P 500 ETF, \$125, August 2012	(65)	(9,165)	(4,901)	
SPDR S&P 500 ETF, \$120, December 2012	(40)	(24,657)	(12,267)	
SPDR S&P 500 ETF, \$135, December 2012	(195)	(127,735)	(139,470)	
SPDR S&P 500 ETF, \$125, July 2012	(129)	(8,391)	(2,103)	
SPDR S&P 500 ETF, \$128, July 2012	(65)	(7,183)	(1,921)	
SPDR S&P 500 ETF, \$133, July 2012	(116)	(5,043)	(2,482)	
SPDR S&P 500 ETF, \$110, September 2012	(65)	(7,860)	(3,245)	
SPDR S&P 500 ETF, \$115, September 2012	(41)	(8,476)	(3,049)	
SPDR S&P 500 ETF, \$120, September 2012	(209)	(64,804)	(23,210)	
SPDR S&P 500 ETF, \$132, September 2012	(112)	(86,778)	(35,945)	
		(376,225)	(233,092)	(2.8)
Total U.S. Options - Short		(461,404)	(349,442)	(4.2)
Total Short Positions Including Transaction Costs		(963,704)	(875,655)	(10.5)
Transaction Costs		(294)	-	-
Total Short Positions Before Transaction Costs		(963,998)	(875,655)	(10.5)
TOTAL INVESTMENT PORTFOLIO		\$ (451,845)	(403,319)	(4.8)
Other Assets, Net of Liabilities ¹			8,742,340	104.8
TOTAL NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY			\$ 8,339,021	100.0

¹This amount is comprised of cash and broker deposits plus currency forwards (Schedule 1) plus accrued investment income plus accounts receivable less futures payable less index futures (Schedule 1) less accounts payable.

SCHEDULE 1 – CURRENCY FORWARD AND INDEX FUTURES
June 30, 2012
Unaudited

	Number of Contracts	Fair Value	% of Total Net Assets
CURRENCY FORWARDS			
Buy CAD, Sell USD		\$ 25,112	0.3
INDEX FUTURES			
S&P500 EMINI Future September 2012	(3)	(3,974)	(0.0)
Total Currency Forwards and Index Futures		\$ 21,138	0.3

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

EXEMPLAR MARKET NEUTRAL PORTFOLIO
SUMMARY OF INVESTMENT PORTFOLIO
As at June 30, 2012 and December 31, 2011
Unaudited

SECTOR MIX	% of Total Net Assets	
	2012	2011
Long Positions		
Energy	1.1	3.2
Industrials	-	2.9
Consumer Discretionary	-	0.3
Consumer Staples	0.6	2.5
Health Care	-	2.8
Financials	1.0	5.5
Information Technology	0.6	1.4
Index Equivalents	0.1	7.1
Call Options	1.0	0.4
Put Options	1.3	0.3
Other Assets, Net of Liabilities	104.8	88.9
Short Positions		
Basic Materials	(0.9)	(0.7)
Index Equivalents	(5.3)	(14.1)
Written Call Options	(1.5)	(0.2)
Written Put Options	(2.8)	(0.3)

GEOGRAPHIC MIX	% of Total Net Assets	
	2012	2011
Long Positions		
Canada	1.3	9.9
U.S.A	4.4	15.5
Israel	-	1.0
Other Assets, Net of Liabilities	104.8	88.9
Short Positions		
U.S.A	(10.5)	(15.3)

ASSET MIX	% of Total Net Assets	
	2012	2011
Long Positions		
Canadian Equities	1.3	9.9
U.S. Equities	4.4	15.5
Global Equities	-	1.0
Other Assets, Net of Liabilities	104.8	88.9
Short Positions		
U.S. Equities	-	(14.8)
U.S. Options	(10.5)	(0.5)

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

EXEMPLAR MARKET NEUTRAL PORTFOLIO

DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)

June 30, 2012

Unaudited

A. FINANCIAL RISK MANAGEMENT

The investment objective of the Exemplar Market Neutral Portfolio is to provide superior absolute returns and be positively correlated to short-term interest rates.

The Portfolio may generally invest 90% or more of its assets in Canadian and foreign short term money market securities and may invest the balance of its assets through the selection and management of long and short positions in North American equities and options. The Portfolio may predominantly invest in U.S.-listed securities that have high liquidity and very deep option markets and purchase and write options against these positions and North American equity markets. Generally, no more than 20% of the Portfolio may be expected to be invested outside of this investment focus.

The Portfolio may hold additional 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 40% 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 Exemplar Portfolios is contained in Note 3: FINANCIAL INSTRUMENTS RISK MANAGEMENT on page 40.

B. CREDIT RISK

As at June 30, 2012 the Portfolio had no investments in debt instruments and therefore was not subject to the 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:

June 30, 2012

	Less than 1 year (\$)	1 – 3 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
Financial Assets				
Equities - long	-	-	-	472,336
Currency forward contracts	25,112	-	-	-
Other receivables	2,313,565	-	-	-
Cash and broker deposits	10,008,379	-	-	-
Total	12,347,056	-	-	472,336
Liabilities				
Equities - short	-	-	-	(874,371)
Options	(1,284)	-	-	-
Futures	(47,007)	-	-	-
Other liabilities	(3,557,709)	-	-	-
Total	(3,606,000)	-	-	(874,371)

December 31, 2011

	Less than 1 year (\$)	1 – 3 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
Financial Assets				
Equities - long	-	-	-	2,869,081
Options	86,897	-	-	-
Other receivables	1,165,347	-	-	-
Cash and cash equivalents	9,062,967	-	-	-
Total	10,315,211	-	-	2,869,081
Liabilities				
Equities - short	-	-	-	(1,701,045)
Other liabilities	(326,665)	-	-	-
Total	(326,665)	-	-	(1,701,045)

D. INTEREST RATE RISK

As at June 30, 2012 the Portfolio did not hold any interest-bearing securities, and therefore was not subject to 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, the HFRI Equity Market Neutral Index, as at June 30, 2012, 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 14 data points based on the monthly net returns of the Portfolio.

Benchmark	Impact on Net Assets	
	June 30, 2012	December 31, 2011
HFRI Equity Market Neutral	\$292,763	\$186,580

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 June 30, 2012 and December 31, 2011, are as follows:

Currency	As at June 30, 2012		As at December 31, 2011	
	Financial Instruments (\$)	Percentage of Net Assets (%)	Financial Instruments (\$)	Percentage of Net Assets (%)
United States Dollar (long)	3,285,172	39.4	6,187,247	55.4
United States Dollar (short)	(879,629)	(10.5)	(1,701,806)	(15.2)

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 June 30, 2012, if the Canadian dollar had weakened or strengthened by 5 percent in relation to all currencies, with all other variables held constant, Net Assets would have increased or decreased, respectively, by approximately \$120,277.

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.

June 30, 2012

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Assets				
Equity securities - long	280,234	-	-	280,234
Options	192,102	-	-	192,102
Currency forwards	-	25,112	-	25,112
Total Assets	472,336	25,112	-	497,448
Liabilities				
Equity securities - short	(524,929)	-	-	(524,929)
Options	(350,725)	-	-	(350,725)
Index futures	(3,974)	-	-	(3,974)
Total Liabilities	(879,628)	-	-	(879,628)

December 31, 2011

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Assets				
Equity securities - long	2,869,081	-	-	2,869,081
Options	86,897	-	-	86,897
Total Assets	2,955,978	-	-	2,955,978
Liabilities				
Equity securities - short	(1,649,506)	-	-	(1,649,506)
Options	(51,539)	-	-	(51,539)
Index futures	(847)	-	-	(847)
Currency forwards	-	(5,151)	-	(5,151)
Total Liabilities	(1,701,892)	(5,151)	-	(1,707,043)

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 currency forward contracts. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

Unaudited

1. THE PORTFOLIOS

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

On July 19, 2012, BluMont Capital (as defined below) announced its intentions to merge the Market Neutral Portfolio into the Exemplar Yield Fund, pending securityholder and regulatory approval. A meeting of securityholders of the Market Neutral Portfolio will be held on September 7, 2012. The merger, if approved, will take place on or about September 14, 2012. If the merger is not approved, BluMont Capital intends to terminate the Market Neutral Portfolio effective on or about October 15, 2012.

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

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 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 the 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 June 30 and 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).

(II) 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”.

(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 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.

(IV) 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 a 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.

(V) Foreign Currency Translation

Assets, including the 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.

(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 Share

The 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 weighted average number of shares outstanding in each Series during the period.

3. FINANCIAL INSTRUMENTS RISK MANAGEMENT

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 14, 24, 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 obligations 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 the 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 fair 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 fair value of all securities sold short by each Portfolio will not exceed 40% 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 Portfolios 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, and provided by independent sources that are actively involved in the relevant market.

4. SHARE TRANSACTIONS

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. Canadian Focus Portfolio offers Series A, Series F, Series I and Series L Shares. Series R Shares of Canadian Focus Portfolio can only be redeemed. Diversified Portfolio offers Series A, Series F, Series I and Series L Shares. Market Neutral Portfolio offers Series A, Series B, Series F, Series G, Series I and Series L 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. Series L Shares are offered on a low load basis. Series B and G shares provide investors with monthly distributions.

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.

As of June 30, 2012, the number of shares owned by BluMont Capital for each Portfolio is summarized as follows:

Portfolio	Number of Shares	Amount (\$)	% to Net Assets
Canadian Focus Portfolio – Series A	510	\$6,918	0.01%
Canadian Focus Portfolio – Series F	4,595	\$64,667	0.10%
Diversified Portfolio – Series A	500	\$5,612	0.01%
Diversified Portfolio – Series F	4,500	\$52,216	0.12%
Market Neutral Portfolio – Series A	4,507	\$41,859	0.50%
Market Neutral Portfolio – Series F	501	\$4,707	0.05%

The number of shares issued and redeemed at the Net Asset Value is summarized as follows:

Canadian Focus Portfolio – June 30, 2012

	Shares Outstanding at Beginning of Period	Shares Issued for Cash	Shares Issued on Reinvestment of Distributions	Shares Redeemed	Shares Issued and Outstanding at End of Period
Series A	3,704,149	374,802	-	(595,750)	3,483,201
Series F	757,781	185,798	-	(95,923)	847,656
Series I	107,233	1,566	-	-	108,799
Series L	-	138,387	-	-	138,387
Series R	448,997	-	-	(62,871)	386,126

Canadian Focus Portfolio – June 30, 2011

	Shares Outstanding at Beginning of Period	Shares Issued for Cash	Shares Issued on Reinvestment of Distributions	Shares Redeemed	Shares Issued and Outstanding at End of Period
Series A	2,515,307	1,130,760	-	(105,996)	3,540,071
Series F	464,840	334,291	-	(37,784)	761,347
Series I	103,836	2,354	-	-	106,190
Series R	590,234	-	-	(100,639)	489,595

Diversified Portfolio – June 30, 2012

	Shares Outstanding at Beginning of Period	Shares Issued for Cash	Shares Issued on Reinvestment of Distributions	Shares Redeemed	Shares Issued and Outstanding at End of Period
Series A	2,272,995	286,826	-	(259,140)	2,300,681
Series F	1,410,527	270,883	-	(194,092)	1,487,318
Series L	-	95,064	-	-	95,064

Diversified Portfolio – June 30, 2011

	Shares Outstanding at Beginning of Period	Shares Issued for Cash	Shares Issued on Reinvestment of Distributions	Shares Redeemed	Shares Issued and Outstanding at End of Period
Series A	1,261,728	657,222	-	(48,717)	1,870,233
Series F	899,810	322,021	-	(45,668)	1,176,163

Market Neutral Portfolio – June 30, 2012

	Shares Outstanding at Beginning of Period	Shares Issued for Cash	Shares Issued on Reinvestment of Distributions	Shares Redeemed	Shares Issued and Outstanding at End of Period
Series A	995,676	13,742	-	(283,214)	726,204
Series B	61,261	2,193	89	(28,874)	34,669
Series F	123,453	20,330	-	(36,171)	107,612
Series G	25,580	3,314	280	(1,314)	27,860
Series L	-	2,653	-	-	2,653

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.

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 of June 30, 2012, the Exemplar Portfolios Ltd. had capital or non-capital losses as noted below.

Non-Capital Loss*	Capital Loss**
\$211,811	\$226,889

* Non-capital losses can be offset against income in future years for up to 20 years.

** Net Capital losses can be carried forward indefinitely for offset against gains in future periods.

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, 0.65% per annum on Series F Shares and 1.95% on Series L Shares. The management fee paid to the Manager by the Diversified Portfolio is 2.00% per annum on Series A Shares, 1.00% per annum on Series F Shares and 2.30% on Series L Shares. The management fee paid to the Manager by the Market Neutral Portfolio is 2.25% per annum on Series A Shares and Series B Shares, 1.25% per annum on Series F Shares and Series G Shares and 2.55% on Series L Shares.

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

Each Portfolio will pay 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 (other than the Market Neutral 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%.

No Performance Bonus will be payable with respect to any fiscal year of the Market Neutral 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 were first issued), plus the aggregate amount of all distributions previously declared on a per share basis, by a minimum of the stated target distribution rate of the Canada overnight rate + 3% per annum.

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 June 30 were:

	<u>2012</u>	<u>2011</u>
Canadian Focus Portfolio	\$32,935	\$104,732
Diversified Portfolio	\$ -	\$ -
Market Neutral Portfolio	\$19,337	nil

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

As at June 30, 2012

	Per Share (\$)		
	Net Asset Value	Bid/Ask Adjustment	Net Assets
Canadian Focus Portfolio - Series A	\$13.56	\$(0.04)	\$13.52
Canadian Focus Portfolio - Series F	\$14.07	\$(0.04)	\$14.03
Canadian Focus Portfolio - Series I	\$13.91	\$(0.04)	\$13.87
Canadian Focus Portfolio - Series L	\$9.67	\$(0.03)	\$9.64
Canadian Focus Portfolio - Series R	\$11.35	\$(0.03)	\$11.32
Diversified Portfolio - Series A	\$11.22	\$0.04	\$11.26
Diversified Portfolio - Series F	\$11.60	\$0.04	\$11.64
Diversified Portfolio - Series L	\$9.99	\$0.03	\$10.02
Market Neutral Portfolio - Series A	\$9.28	\$0.00	\$9.28
Market Neutral Portfolio - Series B	\$8.92	\$0.00	\$8.92
Market Neutral Portfolio - Series F	\$9.39	\$0.00	\$9.39
Market Neutral Portfolio - Series G	\$9.01	\$0.00	\$9.01
Market Neutral Portfolio - Series L	\$9.99	\$0.00	\$9.99

As at December 31, 2011

	Per Share (\$)		
	Net Asset Value	Bid/Ask Adjustment	Net Assets
Canadian Focus Portfolio - Series A	\$13.55	\$(0.05)	\$13.50
Canadian Focus Portfolio - Series F	\$13.98	\$(0.04)	\$13.94
Canadian Focus Portfolio - Series I	\$13.77	\$(0.04)	\$13.73
Canadian Focus Portfolio - Series R	\$11.34	\$(0.03)	\$11.31
Diversified Portfolio - Series A	\$11.69	\$0.03	\$11.72
Diversified Portfolio - Series F	\$12.02	\$0.04	\$12.06
Market Neutral Portfolio - Series A	\$9.27	\$(0.01)	\$9.26
Market Neutral Portfolio - Series B	\$9.10	\$(0.02)	\$9.08
Market Neutral Portfolio - Series F	\$9.33	\$(0.01)	\$9.32
Market Neutral Portfolio - Series G	\$9.13	\$(0.01)	\$9.12

9. FUTURE ACCOUNTING CHANGE

In February 2008, the Canadian Accounting Standards Board (“CASB”) confirmed that International Financial Reporting Standards (“IFRS”) will replace current Canadian standards and interpretations for publicly accountable enterprises, which includes investment funds, effective January 1, 2011. However, the CASB has deferred the mandatory transition date to January 1, 2014 for investment funds in light of delays with the International Accounting Standards Board’s project on investment companies. For the Portfolios, IFRS will apply to semi-annual and annual financial statements for fiscal years beginning on or after January 1, 2014. Management has been monitoring developments in the IFRS conversion program and has identified key issues and the likely impacts resulting from the adoption of IFRS. Management has commenced the process of developing a transition plan, which includes identifying differences between the Portfolios’ current accounting policies and those it expects to apply under IFRS, as well as impacts to any accounting policy and implementation decisions, internal controls, information systems and training. Based on management’s review of the differences between Canadian GAAP and IFRS, it is not expected that there would be an impact to the Portfolios’ net asset value or net assets per share. Management has presently determined that the impact of IFRS to the financial statements would be limited to additional note disclosures and modifications to presentation including shareholder interests. However, this present determination is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

PORTFOLIO INFORMATION

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