



EXEMPLAR DIVERSIFIED PORTFOLIO

**EXEMPLAR DIVERSIFIED PORTFOLIO
SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**

For the period ended June 30, 2012

This semi-annual Management Report of Fund Performance contains financial highlights but does not contain the complete semi-annual financial statements for Exemplar Diversified Portfolio (the "Portfolio"). If you have not received a copy of the semi-annual financial statements with the Management Report of Fund Performance, you may obtain a copy of the semi-annual financial statements, at no cost, by calling 866.473.7376, by writing to us at BluMont Capital Corporation, 70 University Avenue, Suite 1200, P.O. Box 16, Toronto, Ontario M5J 2M4 or by visiting our website at www.blumontcapital.com or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the Portfolio's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the Portfolio.

Forward-Looking Information

This Management Report of Fund Performance contains forward-looking information and statements relating, but not limited to, anticipated or prospective financial performance and results of operations of the Portfolio. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking information. Without limiting the foregoing, the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "projects", and similar expressions are intended to identify forward-looking information.

Although the Portfolio believes it has a reasonable basis for making the forecasts or projections included in this Management Report of Fund Performance, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to, those associated with the performance of the equity securities market, expectations about interest rates and factors incorporated by reference herein as risk factors.

The above list of important factors affecting forward-looking information is not exhaustive, and reference should be made to the other risks discussed in the Portfolio's filings with Canadian securities regulatory authorities. The forward looking information is given as of the date of this Management Report of Fund Performance, and the Portfolio undertakes no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Management Discussion on Fund Performance

Investment Objective and Strategies

The investment objective of 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 Integrated Managed Futures Corp. (“IMFC”), the Investment Sub-Advisor 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. IMFC utilizes a fixed risk budget that targets long-term average annualized downside deviation of less than 13%. Downside deviation is a risk measure that focuses on returns that fall below a minimum acceptable return. This risk budget is then equally allocated across over 60 markets, adjusted by their volatilities and correlations. 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 degree to which a market’s allocated risk budget is utilized is then determined by the net position of multiple trading strategies or algorithms that sample market prices in order to capture persistent risk premiums and changes in risk premiums over time. Unutilized risk budgets that result from conflicting underlying signals are not re-allocated to other markets but go to cash. In addition to the core investment strategy, the Investment Sub-Advisor may utilize trading strategies based on other persistent anomalies or structural biases identified in market data.

The Investment Sub-Advisor 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, the Eurex Deutschland (EUREX), The International Petroleum Exchange of London Limited (IPE), the Singapore International Monetary Exchange (SIMEX), the Sydney Futures Exchange Ltd. and The Tokyo Commodities Exchange (TCE).

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

Investment Risk

The risks of investing in the Portfolio remain as stated in the Portfolio’s prospectus dated April 24, 2012 (please see “Risk Factors” pages 31 – 40). The principal risks associated with the Portfolio are stock market risk, specific issuer risk, short selling risk, foreign security risk, currency risk and liquidity risk.

The Portfolio is suitable for clients seeking medium to long-term growth (through capital appreciation) who have a moderate risk tolerance level.

Results of Operations

For the period ended June 30th, 2012 Series A Shares of the Portfolio delivered a loss of 3.99%. Its benchmark, the Newedge CTA Index, posted a loss of 0.64% over the same period. Please refer to the Past Performance section for the performance of the other series. The performance of the other series offered by the Fund differs from Series A due largely to varying level of expenses charged to each series, as explained in the Management Fees section.

As at June 30th, 2012, the Portfolio held approximately 89.97% of its assets in cash and the remainder in margin requirements for futures contracts held in the Portfolio.

The Portfolio began the first half of 2012 with a modest bearish exposure that was in the process of being unwound, as broad risk on/risk off themes and high inter-market correlations started breaking down following the

coordinated central bank action of November 30, 2011. Accordingly, the first quarter experienced negative performance as old positions were in the process of being unwound. The breakdown in correlations among markets during this 'unwind' period led to a collection of long and short positions based on trends that began developing off of individual market fundamentals as opposed to macroeconomic factors. Specifically, Portfolio positions early in the first half were characterized by long equity, bond and crude markets, short base metals and Natural Gas, and both short Euro currency and long USD against major currencies. Grain positions were initially net short early in the first half, primarily in Wheat, Canola and Soybeans.

There were two major developments during Q2, renewed concern over European Sovereign debt and a Midwest US drought. Both of these turned out to be positive developments for the Portfolio. In the case of deteriorating conditions in Europe, some of the positions in the Portfolio prior to the crisis, notably long USD, long bonds and short base metals had natural defensive characteristics that added significant return during April and May. Additionally the Portfolio was able to quickly transition from short to long grains, and benefit from the surge in prices in that sector. Combined, these events contributed to a strong rebound of approximately 10% in April and May that took the Portfolio into positive YTD territory at the end of May.

The first half though finished out on a negative note as there was initially a give back of some of the April-May gains throughout the month as equity markets stabilized, followed by a sudden loss of approximately 3% on the final day of June as equity and base metals markets jumped while the Euro also snapped back against the USD and other major currencies.

Looking forward, the same risks of the past few years remain, namely the saga in Europe, a fragile US recovery prone to cyclical deterioration and the potential for at least a slowdown (or more) in China. Certainly as of the time of this writing, economic growth appears to be slowing worldwide. At the same time, markets have consistently not buckled when at the edge of the cliff, suggesting that quantitative easing is thus far limiting concern that the financial system would freeze up in the event of any specific event. The pattern of event-driven fear pushing markets to, but not over, the edge of despair during a broader period of fragile recovery seems to be more indicative of base-building following the Global Financial Crisis, as opposed to still being in the crisis. However, given the unpredictable nature of market and herd psychology and the fragility of the global economy and Europe in particular, positioning will continue to be nimble and subject to reversal until global trends emerge. Additionally, until trends drive positive returns, risk-management will be the key to preserving wealth.

Recent Developments

On January 6, 2012, Exemplar Portfolios Ltd. received approval from the Ontario Securities Commission to begin issuing Series L Shares of the Portfolios. Series L Shares are intended for individual investors purchasing under the low-load sales charge option, whereby no sales commission is charged at the time of purchase, however, a redemption fee may be applicable at the time of redemption. For more information, please refer to the prospectus dated April 24, 2012.

Related Party Transactions

On April 24, 2009, BluMont Capital seeded the Portfolio with capital of \$5,000 in Class A Shares and \$45,000 in Class F Shares. BluMont Capital currently holds 500 Series A Shares and 4,500 Series F Shares of the Portfolio.

Management Fees

BluMont Capital Corporation (the "Manager") receives a monthly management fee (the "Management Fee"), calculated as a percentage of the Portfolio's net asset value as of the close of business accrued each business day and payable monthly. The Management Fee rate applicable to the Portfolio is 2.00% per annum in respect of Series A Shares, 2.30% per annum in respect of Series L Shares and 1.00% per annum in respect of Series F Shares. For the period ended June 30, 2012, the total Management Fee equaled \$372,651. The Management Fee is paid in consideration of investment management and administration services. No breakdown of such services was specified in the Management Agreement dated January 10, 2012. From this Management Fee, the Manager pays fees to the

Investment Sub-Advisor (IMFC, in its capacity as such) who provides portfolio management services to the Portfolio. All fees and expenses payable to the Investment Sub-Advisor for its services will be borne by BluMont Capital and not by the Portfolio. A portion of the Management Fee paid by the Portfolio is for trailer fees paid to dealers whose clients hold Shares of the Portfolio. The trailer fees are a percentage of the net asset value of the Portfolio, calculated and payable monthly. The table below outlines the Portfolio's annual Management Fees and the trailer fees.

	Series A Shares	Series F Shares	Series L Shares
Management Fees <i>(Annual Rate (%))</i>	2.00%	1.00%	2.30%
Trailer Fees <i>(rate as % of Management Fees)</i>	34.60%	-%	-%

In addition, the Portfolio pays BluMont Capital performance fees ("Performance Fees") equal to 20% of the amount by which the Portfolio return in a year is in excess of the high water mark (the "High Water Mark"), and no Performance Fee is payable unless an annual hurdle rate of 6% is achieved in that year. Performance Fees will be payable in all circumstances where the performance of the Portfolio exceeds that of its High Water Mark and its hurdle rate. Please refer to the Portfolio's long form prospectus dated April 24, 2012 for further details relating to Performance Fees. The High Water Mark set as of December 31, 2011 was \$12.0880 for Series A and \$12.2882 for Series F. Since Series L Shares are newly created, the High Water Mark is \$10. For the period ended June 30, 2012 the Portfolio accrued \$39.00 in Performance Fees. Performance Fees are calculated and accrued daily such that, to the extent possible, the share price each day will reflect any Performance Fees payable as at the end of such day. Performance Fees for the Portfolio will be calculated and accrued each day, but will only be payable following the end of the fiscal year of the Portfolio based on the actual annual performance of the Portfolio.

The Manager incurs operating expenses on behalf of the Portfolio and charges these expenses to the Portfolio. For the period ended June 30, 2012, the Manager has, in its discretion, agreed to absorb \$31,530 of operating expenses associated with the Portfolio.

Financial Highlights

The following tables show selected key financial information about the Portfolio and are intended to help the reader understand the Portfolio's historical financial performance. This information is derived from the Portfolio's financial statements, and is represented net of expenses which have been charged to the Portfolio.

SERIES A - NET ASSETS PER SHARE

For the period ended June 30, 2012 and for the years ended December 31,

	2012	2011	2010	2009†
Net Assets, beginning of period¹	\$ 11.72	\$ 12.02	\$ 10.72	\$ 10.00
Increase from operations:				
Total revenue	(0.30)	(0.16)	2.12	0.52
Total expenses	(0.16)	(0.34)	(0.65)	(0.34)
Realized gains (losses) for the period	-	-	(0.01)	-
Unrealized gains for the period	-	-	-	-
Total increase (decrease) from operations¹:	\$ (0.46)	\$ (0.50)	\$ 1.46	\$ 0.18
Distributions²:				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
Total distributions	-	-	-	-
Net Assets, end of period¹	\$ 11.26	\$ 11.72	\$ 12.02	\$ 10.72

SERIES A - RATIOS AND SUPPLEMENTAL DATA⁷

For the period ended June 30, 2012 and for the years ended December 31,

	2012	2011	2010	2009†
Net Asset Value ("NAV") (000s) ¹	\$25,794	\$26,572	\$15,252	\$3,715
Number of shares outstanding	2,300,681	2,272,995	1,261,728	343,949
Management expense ratio ³	2.79%*	2.77%	5.07%	5.88%*
Management expense ratio before waivers or absorptions ⁴	2.94%*	3.00%	5.85%	12.00%*
Portfolio turnover rate ⁵	n/a	n/a	n/a	n/a
Trading expense ratio ⁶	n/a	n/a	n/a	n/a

SERIES F - NET ASSETS PER SHARE

For the period ended June 30, 2012 and for the years ended December 31,

	2012	2011	2010	2009†
Net Assets, beginning of period¹	\$ 12.06	\$ 12.22	\$ 10.80	\$ 10.00
Increase from operations:				
Total revenue	(0.34)	(0.06)	1.94	0.72
Total expenses	(0.10)	(0.21)	(0.53)	(0.20)
Realized gains (losses) for the period	-	-	(0.02)	-
Unrealized gains for the period	-	-	-	-
Total increase (decrease) from operations¹:	\$ (0.44)	\$ (0.27)	\$ 1.39	\$ 0.52
Distributions²:				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
Total distributions	-	-	-	-
Net Assets, end of period¹	\$ 11.64	\$ 12.06	\$ 12.22	\$ 10.80

SERIES F - RATIOS AND SUPPLEMENTAL DATA⁷

For the period ended June 30, 2012 and for the years ended December 31,

	2012	2011	2010	2009†
Net Asset Value ("NAV") (000s) ¹	\$17,258	\$16,957	\$11,057	\$5,152
Number of shares outstanding	1,487,318	1,410,527	899,810	473,389
Management expense ratio ³	1.74%*	1.71%	5.07%	5.88%*
Management expense ratio before waivers or absorptions ⁴	1.89%*	1.94%	5.85%	12.00%*
Portfolio turnover rate ⁵	n/a	n/a	n/a	n/a
Trading expense ratio ⁶	n/a	n/a	n/a	n/a

SERIES L - NET ASSETS PER SHARE

For the period since inception to June 30,

	2012†
Net Assets, beginning of period¹	\$ 10.00
Increase from operations:	
Total revenue	0.14
Total expenses	(0.13)
Realized gains (losses) for the period	-
Unrealized gains for the period	-
Total increase from operations¹:	\$ 0.01
Distributions²:	
From income (excluding dividends)	-
From dividends	-
Total distributions	-
Net Assets, end of period¹	\$ 10.02

SERIES L - RATIOS AND SUPPLEMENTAL DATA[†]

For the period since inception to June 30,

	2012 [†]
Net Asset Value ("NAV") (000s) ¹	\$944
Number of shares outstanding	95,064
Management expense ratio ³	3.21%*
Management expense ratio before waivers or absorptions ⁴	3.40%*
Portfolio turnover rate ⁵	n/a
Trading expense ratio ⁶	n/a

[†]Series A and F Shares commenced operations on May 1, 2009. Series L Shares commenced operations on February 7, 2012.

*Ratios have been annualized.

1. The net assets per share shown are referenced to Net Assets determined in accordance with Canadian generally accepted accounting principles ("GAAP") and are derived from the Portfolio's financial statements. The Net Assets presented in the financial statements may differ from the Net Asset Value ("NAV") calculated for the Portfolio pricing purposes. NAV is calculated using fair value measures as defined by National Instrument 81-106 ("NI 81-106") whereas, Net Assets are calculated in accordance with Canadian GAAP. An explanation of these differences can be found in the notes to the financial statements. Net Assets are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial year. This table is not intended to be a reconciliation of beginning to ending Net Assets per share.
2. Distributions were reinvested in additional shares of the Portfolio.
3. Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average Net Asset Value during the year. The management expense ratio is calculated in accordance with Part 15 of NI 81-106 and therefore includes performance fees, which were previously reported separately as dollar amounts.
4. The Manager has absorbed certain expenses or waived certain fees otherwise payable by the Portfolio. The amount of expenses absorbed or waived is determined annually at the discretion of the Manager and the Manager can terminate the absorption or waiver at any time.
5. The portfolio turnover rate can indicate how actively the investment advisor manages the portfolio of investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of its securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Portfolio in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Portfolio.
6. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.
7. Ratios and supplemental data, where applicable, are computed using the Net Asset Value of the Portfolio.

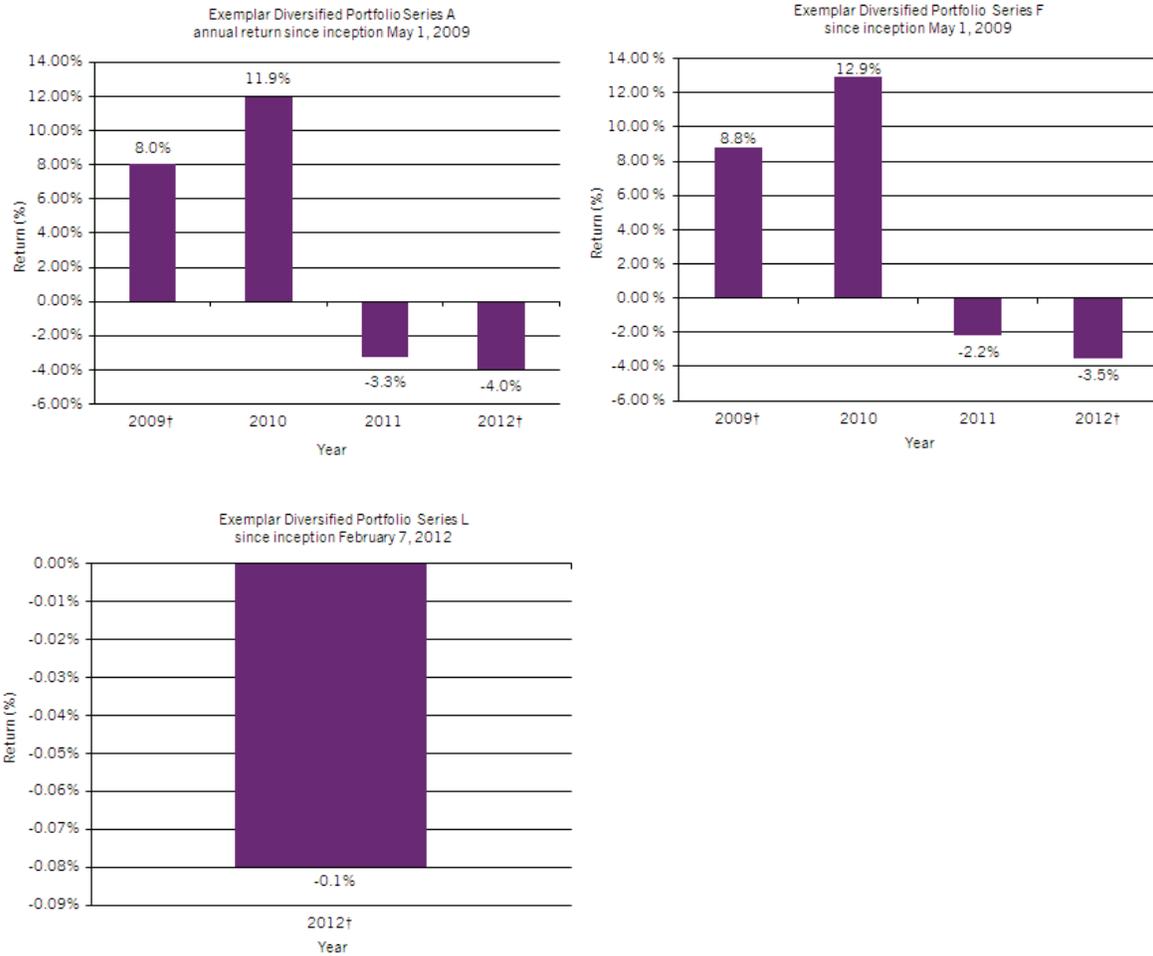
Past Performance

The performance information shown below assumes that all distributions, if any, made by the Portfolio in the periods shown were reinvested in additional shares of the Portfolio. If you hold the Portfolio outside a registered plan, you will be taxed on distributions. Distributions of income the Portfolio earns and capital gains it realizes are taxable in the year received whether received in cash or reinvested in additional units. No adjustment for potential tax consequences to an investor has been made to the performance information.

The indicated rates of return are historical annual compounded total returns including changes in unit value and do not take into account sale, redemption, distribution or other optional charges, that, if applicable, would have reduced returns or performance. An investment in the Portfolio is not guaranteed. Its value changes frequently and how the Portfolio has performed in the past does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The bar chart below illustrates the Portfolio's annual performance for each year shown, and indicates how the Portfolio's performance has changed from year to year. It shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of the period.



† Returns shown represent a partial year.

Annual Compound Returns (Compound Performance)

The following table shows the annual compound total returns of the Portfolio, and for the Newedge CTA Index (the Newedge CTA Index is an equal weighted, daily calculated annually re-balanced, return index for a pool of CTAs selected from the larger managers that are open to new investment) for the periods shown ended June 30, 2012. The Relative Performance returns show the performance of the Portfolio as compared to the benchmark Newedge CTA Index.

	1 Month	3 Month	6 Month	1 Year	3 Year	Annualized Since Inception	Cumulative Total Return
Series A	-6.18%	3.44%	-3.99%	-6.93%	3.88%	3.71%	12.24%
Series F	-5.98%	3.72%	-3.48%	-5.89%	4.98%	4.81%	16.04%
Series L	-5.27%	3.15%	-0.08%	n/a	n/a	n/a	-0.08%
Newedge CTA	-3.08%	-0.10%	-0.64%	-1.01%	1.35%	1.13%	3.61%

Summary of Investment Portfolio as at June 30, 2012

The summary of investment portfolio below includes information regarding the Portfolio as a whole. This summary may change due to ongoing portfolio transactions of the Portfolio and a quarterly update is available by contacting BluMont Capital at 866.473.7376 or by visiting BluMont Capital's website at www.blumontcapital.com or SEDAR's website at www.sedar.com.

Top 25 Holdings	% of Net Assets	Sector Weightings	% of Net Assets
Long Positions		Long Positions	
LME Primary Aluminum Futures August 2012	0.6%	Commodity Futures	0.2%
Euro/JPY Futures September 2012	0.2%	Currency Futures	0.0%
S&P500 E-Mini Futures September 2012	0.2%	Index Futures	0.3%
Soybean Futures November 2012	0.2%	Bond Futures	(0.2)%
Canola Futures (WCE) November 2012	0.2%		
Nasdaq 100 E-Mini Futures September 2012	0.1%	Short Positions	
90-Day Bank Bill Futures September 2012	0.1%	Commodity Futures	(1.1)%
Palladium Futures September 2012	0.1%	Currency Futures	(0.3)%
		Index Futures	(0.6)%
		Bond Futures	0.1%
Short Positions			
Soybean Oil Futures December 2012	-0.1%		
Brent Crude Futures August 2012	-0.1%		
SPI 200 Futures September 2012	-0.1%		
Canadian Currency Futures September 2012	-0.1%		
Cocoa Futures September 2012	-0.1%		
Copper Futures September 2012	-0.1%		
S&P/TSX 60 Index Futures September 2012	-0.1%		
Corn Futures December 2012	-0.1%		
Gas Oil Futures (Ice) August 2012	-0.1%		
DAX Index Futures September 2012	-0.2%		
Euro FX Currency Futures September 2012	-0.2%		
Nikkei 225 (SGX) Futures September 2012	-0.2%		
Live Cattle Futures August 2012	-0.2%		
Natural Gas Futures March 2013	-0.2%		
Heating Oil Futures August 2012	-0.3%		
Mexican Peso Futures September 2012	-0.3%		
Coffee 'C' Futures September 2012	-0.3%		
Total Net Assets	\$44,172,463		