

EXEMPLAR

PORTFOLIOS



AUDITED FINANCIAL STATEMENTS DECEMBER 2011

EXEMPLAR LEADERS FUND | EXEMPLAR GLOBAL INFRASTRUCTURE FUND | EXEMPLAR CANADIAN INCOME FUND |

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MANAGEMENT'S STATEMENT ON FINANCIAL REPORTING

TO THE UNITHOLDERS OF EXEMPLAR LEADERS FUND, EXEMPLAR GLOBAL INFRASTRUCTURE FUND AND EXEMPLAR CANADIAN INCOME FUND (COLLECTIVELY THE "FUNDS")

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 Funds' 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 Funds' affairs in the best interest of the unitholders.

Respectfully,

"James Wanstall"

Chief Executive Officer
BluMont Capital Corporation
March 29, 2012

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF EXEMPLAR LEADERS FUND, EXEMPLAR GLOBAL INFRASTRUCTURE FUND, EXEMPLAR CANADIAN INCOME FUND (COLLECTIVELY THE "FUNDS")

We have audited the accompanying financial statements of the Funds, which comprise each Fund's statement of investments and other net assets (as applicable) as at December 31, 2011 and each Fund's statement of net assets, operations and changes in net assets as at and for the periods as indicated in note 1(I), and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each of the Funds in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements of each of the Funds based on each of our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of each of the Funds present fairly, in all material respects, the financial position of each of the Funds, the results of each of their operations and the changes in each of its net assets as at and for the periods as indicated in note 1(I) in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
March 30, 2012

STATEMENT OF NET ASSETS
As at December 31,

EXEMPLAR LEADERS FUND

	2011	2010
ASSETS		
Long positions at fair value*		
Canadian equities	\$ 15,996,361	\$ 17,506,918
U.S. equities	3,905,192	2,069,524
Global equities	41,685	-
Canadian bonds	<u>107,000</u>	<u>105,400</u>
	20,050,238	19,681,842
Cash and broker deposits	1,480,453	1,965,902
Accrued investment income	212,016	62,502
Receivable from investment sales	227,548	250,008
Accounts receivable:		
Subscriptions receivable	<u>33,790</u>	<u>-</u>
Total Assets	<u>22,004,045</u>	<u>21,960,254</u>
LIABILITIES		
Short positions at fair value**		
Canadian equities	391,388	213,700
U.S. equities	<u>103,251</u>	<u>-</u>
	494,639	213,700
Accounts payable:		
Fees and operating expenses	47,343	54,038
Dividends payable	-	300
Redemptions payable	4,173	41,516
Payable for investment purchases	<u>157,485</u>	<u>78,300</u>
Total Liabilities	<u>703,640</u>	<u>387,854</u>
NET ASSETS REPRESENTING UNITHOLDERS' EQUITY		
Series A	16,932,909	17,938,790
Series F	<u>4,367,496</u>	<u>3,633,610</u>
	\$ <u>21,300,405</u>	\$ <u>21,572,400</u>
NUMBER OF UNITS OUTSTANDING (Note 4)		
Series A	608,002	641,742
Series F	<u>155,153</u>	<u>129,977</u>
NET ASSETS PER UNIT		
Series A	\$ 27.85	\$ 27.95
Series F	<u>\$ 28.15</u>	<u>\$ 27.96</u>
*Long positions, at cost	<u>\$ 19,224,079</u>	<u>\$ 18,787,347</u>
**Proceeds on short positions	<u>\$ 468,340</u>	<u>\$ 206,864</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
Year ended December 31,

EXEMPLAR LEADERS FUND

	2011	2010
INVESTMENT INCOME		
Dividends	\$ 448,113	\$ 207,028
Less: Foreign withholding taxes	<u>4,678</u>	<u>1,845</u>
	443,435	205,183
Interest	<u>16,823</u>	<u>1,387</u>
	<u>460,258</u>	<u>206,570</u>
EXPENSES (Notes 6 and 7)		
Management fees	396,704	116,831
Dividends on investments sold short	-	300
General operating expenses	243,855	148,203
Audit fees	42,480	26,000
Legal fees	12,297	96
Trustees' fees	541	244
Securityholders' reporting costs	61,550	27,080
Other expenses	<u>11,273</u>	<u>-</u>
	768,700	318,754
Less: Expenses absorbed by the Manager	<u>166,817</u>	<u>122,618</u>
	<u>601,883</u>	<u>196,136</u>
NET INVESTMENT INCOME (LOSS)	<u>(141,625)</u>	<u>10,434</u>
NET REALIZED GAIN ON INVESTMENT TRANSACTIONS	270,958	770,313
TRANSACTION COSTS (Notes 2(I) and (7))	(45,994)	(27,254)
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS	(87,800)	1,025,924
EXCHANGE LOSS ON FOREIGN CURRENCIES AND OTHER NET ASSETS	<u>(11,199)</u>	<u>(13,993)</u>
NET GAIN (LOSS) ON INVESTMENTS AND TRANSACTION COSTS	<u>(15,660)</u>	<u>1,754,990</u>
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A	(33,298)	1,090,047
Series F	17,638	555,506
Series O	-	54,547
Series P	<u>-</u>	<u>65,324</u>
	<u>\$ (15,660)</u>	<u>\$ 1,765,424</u>
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT (Note 2(VI))		
Series A	\$ (0.05)	\$ 9.62
Series F	\$ 0.13	\$ 4.80
Series O	\$ -	\$ 1.95
Series P	<u>\$ -</u>	<u>\$ 3.85</u>

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

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31,

	EXEMPLAR LEADERS FUND	
	2011	2010
Net Assets, Beginning of Year		
Series A	\$ 17,938,790	\$ 1,726,778
Series F	3,633,610	3,095,998
Series O	-	1,115,390
Series P	-	623,538
	<u>21,572,400</u>	<u>6,561,704</u>
Net Increase (Decrease) in Net Assets from Operations		
Series A	(33,298)	1,090,047
Series F	17,638	555,506
Series O	-	54,547
Series P	-	65,324
	<u>(15,660)</u>	<u>1,765,424</u>
From Capital Unit Transactions: (Note 4)		
Proceeds from issue of units		
Series A	1,595,038	539,640
Series F	792,385	703,097
Series O	-	428,490
Series P	-	25,000
	<u>2,387,423</u>	<u>1,696,227</u>
Units issued upon fund merger (Note 1(III))		
Series A	-	16,329,399
Series F	-	-
	<u>-</u>	<u>16,329,399</u>
Consideration paid for redemptions of units		
Series A	(2,567,621)	(1,658,688)
Series F	(76,137)	(720,991)
Series O	-	(1,598,427)
Series P	-	(713,862)
	<u>(2,643,758)</u>	<u>(4,691,968)</u>
Reinvestment of distributions		
Series A	-	103,642
Series F	-	302,588
Series O	-	23,964
	<u>-</u>	<u>430,194</u>
	<u>(256,335)</u>	<u>13,763,852</u>
From Distributions to Unitholders:		
From net income/capital gains		
Series A	-	(192,028)
Series F	-	(302,588)
Series O	-	(23,964)
	<u>-</u>	<u>(518,580)</u>
Net Assets, End of Year		
Series A	16,932,909	17,938,790
Series F	4,367,496	3,633,610
Series O	-	-
Series P	-	-
	<u>\$ 21,300,405</u>	<u>\$ 21,572,400</u>

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

EXEMPLAR LEADERS FUND
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at December 31, 2011

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
LONG POSITIONS				
Canadian Equities				
Energy				
Anglo Canadian Oil Corporation, Warrants, May 16, 2012	75,000	\$ 2,789	\$ -	
Arsenal Energy Inc.	362,000	270,113	246,160	
Canadian Spirit Resources Inc.	134,000	100,500	73,700	
Canyon Services Group Inc.	100,100	1,201,759	1,196,195	
Flint Energy Services Limited	34,800	599,075	439,176	
Gastem Inc., Warrants, August 17, 2012	100,000	193	-	
Just Energy Group Inc.	31,800	328,875	364,428	
Kallisto Energy Corporation, Warrants, May 25, 2012	10,000	599	-	
Longview Oil Corporation	10,400	104,000	104,936	
PHX Energy Services Corporation	18,400	253,247	195,040	
Pan Orient Energy Corporation	32,300	212,666	62,985	
Poseidon Concepts Corporation	7,159	52,853	89,130	
RMP Energy Inc.	153,500	326,578	337,700	
Red Maple Limited	240,000	-	-	
Shoreline Energy Corporation	25,000	250,000	180,250	
Shoreline Energy Corporation, Warrants, October 29, 2012	25,000	-	-	
Tuscany International Drilling Inc.	190,000	285,638	112,100	
Winstar Resources Limited	27,200	72,789	103,360	
Xtreme Coil Drilling Corporation	30,000	142,500	112,500	
ZCL Composites Inc.	64,700	206,736	188,924	
		4,410,910	3,806,584	17.9
Basic Materials				
Hunt Mining Corporation, Warrants, June 14, 2013	100,000	-	-	
Hunt Mining Corporation, Warrants, November 30, 2013	130,000	13,000	-	
Iberian Minerals Corporation	114,000	97,253	124,260	
Imperial Metals Corporation	16,200	188,542	202,500	
Major Drilling Group International Inc.	13,400	170,555	207,030	
Neo Material Technologies Inc.	72,900	565,672	532,899	
Noranda Income Fund	56,900	299,881	322,054	
Timmins Gold Corporation	53,000	116,599	102,820	
		1,451,502	1,491,563	7.0
Industrials				
Aeromechanical Services Ltd.	780,000	182,692	171,600	
Aeromechanical Services Ltd., Warrants, December 23, 2013	620,000	-	-	
Horizon North Logistics Inc.	459,000	1,357,016	2,138,941	
Martinrea International Inc.	20,100	140,645	149,343	
Mullen Group Limited	34,418	557,040	674,938	

	Number of Shares	Long- Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
Industrials – Cont'd				
Shanghai Songrui Forestry	27,500	\$ 11,550	\$ -	
Transcontinental Inc. 'A'	19,200	226,380	241,920	
		2,475,323	3,376,742	15.8
Consumer Discretionary				
Boyd Group Income Fund	12,400	124,531	136,400	
Magna International Inc.	23,100	1,031,574	782,628	
		1,156,105	919,028	4.3
Health Care				
Acasti Pharma Inc.	234,632	312,445	281,558	
Cymat Technologies Limited Warrants	100,000	1,114	-	
Immunovaccine Inc., Warrants ,September 16, 2013	10,000	507	-	
Neptune Technologies & Bioresources Inc.	401,000	917,697	962,400	
Neptune Technologies & Bioresources Inc., Warrants, October 27, 2012	18,500	-	-	
VentriPoint Diagnostics Limited	600,000	102,000	96,000	
VentriPoint Diagnostics Limited, Warrants, July 18, 2014	300,000	-	-	
		1,333,763	1,339,958	6.3
Financials				
Alaris Royalty Corporation	70,100	755,060	1,253,388	
CI Financial Corporation	7,000	152,600	147,280	
Canadian Western Bank	6,200	164,362	159,898	
GT Canada Medical Properties, Warrants, December 24, 2012	15,000	-	150	
TMX Group Inc.	5,900	231,938	245,676	
		1,303,960	1,806,392	8.5
Information Technology				
Cortex Business Solutions Inc.	240,000	108,000	49,200	
Cortex Business Solutions Inc., Warrants, November 30, 2012	120,000	-	-	
Posera-HDX Limited, Warrants, April 27, 2012	15,000	130	-	
SXC Health Solutions Corporation	1,400	55,216	79,800	
Softchoice Corporation	17,000	143,514	174,420	
Synchronica PLC	983,740	296,587	137,724	
Synchronica PLC, Warrants, July 29, 2014	283,500	-	-	
Synchronica PLC, Warrants, September 20, 2013	53,740	749	-	
VendTek Systems Inc.	432,950	217,957	108,238	
WebTech Wireless Inc.	1,440,950	561,502	381,852	
Wi-LAN Inc.	41,000	226,355	240,670	
		1,610,010	1,171,904	5.5

	Number of Shares/ Par Value	Long- Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
Telecommunication Services				
BCE Inc.	26,000	\$ 904,540	\$ 1,103,440	
Rogers Communications Inc. 'B'	25,000	883,938	980,750	
		1,788,478	2,084,190	9.8
Total Canadian Equities - Long		15,530,051	15,996,361	75.1
U.S. Equities				
Energy				
GT Advanced Technologies Inc.	21,600	240,348	159,035	0.7
Consumer Staples				
Philip Morris International Inc.	15,000	881,576	1,196,852	5.6
Health Care				
Gilead Sciences Inc.	18,400	695,758	765,879	
WellPoint Inc.	16,000	1,012,965	1,078,132	
		1,708,723	1,844,011	8.7
Information Technology				
Apple Inc.	600	244,763	247,113	
Hewlett-Packard Company	9,300	253,631	243,629	
Intel Corporation	8,700	185,819	214,552	
		684,213	705,294	3.3
Total U.S. Equities - Long		3,514,860	3,905,192	18.3
Global Equities				
Australia				
Bannerman Resources Limited	198,500	106,619	41,685	0.2
Total Global Equities – Long		106,619	41,685	0.2
Canadian Bonds				
Rocky Mountain Dealership Inc., 7.00%, September 30, 2017	100,000	104,750	107,000	0.5
Total Long Positions Including Transaction Costs		19,256,280	20,050,238	94.1
Transaction Costs		(32,201)	-	-
Total Long Positions Before Transaction Costs		19,224,079	20,050,238	94.1
SHORT POSITIONS				
Canadian Equities				
Energy				
Birchcliff Energy Limited	(18,700)	(217,424)	(255,068)	(1.2)

	Number of Shares	Long- Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
Consumer Discretionary				
Westport Innovations Inc.	(4,000)	\$ (129,369)	\$ (136,320)	(0.6)
Total Canadian Equities - Short		(346,793)	(391,388)	(1.8)
U.S. Equity				
Information Technology				
Salesforce.com Inc.	(1,000)	(121,006)	(103,251)	(0.5)
Total U.S. Equities - Short		(121,006)	(103,251)	(0.5)
Total Short Positions Including Transaction Costs		(467,799)	(494,639)	(2.3)
Transaction Costs		(541)	-	-
Total Short Positions Before Transaction Costs		(468,340)	(494,639)	(2.3)
TOTAL INVESTMENT PORTFOLIO		\$ 18,755,739	19,555,599	91.8
Other Assets, Net of Liabilities ¹			1,744,806	8.2
TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY			\$ 21,300,405	100.0

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

EXEMPLAR LEADERS FUND
SUMMARY OF INVESTMENT PORTFOLIO
As at December 31,

SECTOR MIX	% of Total Net Assets		GEOGRAPHIC MIX	% of Total Net Assets	
	2011	2010		2011	2010
Long Positions			Long Positions		
Energy	18.8	14.8	Canada	75.6	81.6
Basic Materials	7.0	18.7	U.S.	18.3	9.6
Industrials	15.8	12.3	Australia	0.2	-
Consumer Discretionary	4.3	8.2	Other Assets, Net of Liabilities	8.2	9.8
Consumer Staples	5.6	1.5			
Health Care	15.0	8.2	Short Positions		
Financials	8.5	10.4	Canada	(1.8)	(1.0)
Information Technology	8.8	5.0	U.S.	(0.5)	-
Telecommunication Services	9.8	9.4			
Utilities	-	2.2	ASSET MIX		
Bonds	0.5	0.5			
Other Assets, Net of Liabilities	8.2	9.8			
Short Positions					
Energy	(1.2)	(0.6)			
Basic Materials	-	(0.4)	Long Positions		
Consumer Discretionary	(0.6)	-	Canadian Equities	75.1	81.1
Information Technology	(0.5)	-	Canadian Bonds	0.5	0.5
			U.S. Equities	18.3	9.6
			Global Equities	0.2	-
			Other Assets, Net of Liabilities	8.2	9.8
			Short Positions		
			Canadian Equities	(2.3)	(1.0)

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

EXEMPLAR LEADERS FUND
DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)
December 31, 2011

A. FINANCIAL RISK MANAGEMENT

The investment objective of the Exemplar Leaders Fund is to maximize absolute returns on investments through securities selection and asset allocation. The Fund focuses on achieving growth of capital through superior securities selection and pursues a long-term investment program with the aim of generating capital gains. The Fund attempts to reduce volatility through diversifying the portfolio across both economic sectors and market capitalizations (company size and liquidity). The Fund invests primarily in equity and equity-related securities of North American companies. The Fund may also invest in international companies.

To achieve the investment objective of the Fund, the Manager: (i) makes long term investments of securities of issuers which the Manager believes present the greatest opportunity for capital appreciation; and (ii) manages the portfolio's sector allocation, increasing and decreasing exposure to different sectors of the market as appropriate.

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

A general discussion of financial risk management for the Exemplar Funds appears as Note 3: FINANCIAL INSTRUMENTS RISK MANAGEMENT on page 30.

B. CREDIT RISK

As at December 31, 2011 and 2010, the Fund invested in debt instruments and/or derivatives with the following credit ratings:

Debt Instruments by Credit Rating	Percentage of Net Assets (%)	
	As at December 31, 2011	As at December 31, 2010
Not Rated	0.5%	0.5%

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 Fund's financial assets and liabilities as of:

December 31, 2011

	Less than 1 year (\$)	1 - 3 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
Financial Assets				
Equities - long	-	-	-	19,943,238
Bonds	-	-	107,000	-
Other receivables	473,354	-	-	-
Cash and cash equivalents	1,480,453	-	-	-
Total	1,953,807	-	107,000	19,943,238
Liabilities				
Equities - short	-	-	-	(494,639)
Other liabilities	(209,001)	-	-	-
Total	(209,001)	-	-	(494,639)

December 31, 2010

	Less than 1 year (\$)	1 - 3 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
Financial Assets				
Equities - long	-	-	-	19,576,442
Bonds	-	-	105,400	-
Other receivables	312,510	-	-	-
Cash and cash equivalents	1,965,902	-	-	-
Total	2,278,412	-	105,400	19,576,442
Liabilities				
Equities - short	-	-	-	(213,700)
Other liabilities	(174,154)	-	-	-
Total	(174,154)	-	-	(213,700)

D. INTEREST RATE RISK

As at December 31, 2011 and December 31, 2010, the Fund held interest-bearing securities, however, its exposure to interest rate risk was not significant.

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 Fund due to a 5 percent change in benchmark, using historical correlation between the Fund's return as compared to the return of the Fund's benchmark, as at December 31, 2011 and 2010, 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 53 data points (December 31, 2010 – 41 data points) based on the monthly net returns of the Fund.

	Impact on Net Assets	
	December 31, 2011	December 31, 2010
Benchmark		
S&P/TSX Total Return Index	\$897,989	\$910,221

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 Fund had exposure as at December 31, 2011 and 2010 are as follows:

Currency	As at December 31, 2011		As at December 31, 2010	
	Financial Instruments (\$)	Percentage of Net Assets (%)	Financial Instruments (\$)	Percentage of Net Assets (%)
United States Dollar (long)	4,429,422	20.8	2,659,085	12.3
United States Dollar (short)	(103,251)	(0.5)	-	-

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

As at December 31, 2011, 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 decreased or increased, respectively, by approximately \$216,000 (December 31, 2010 – \$133,000).

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 Fund's financial assets and liabilities within the fair value hierarchy measured at fair value.

December 31, 2011

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Assets				
Equity securities - long	19,869,536	73,702	-	19,943,238
Bonds	-	107,000	-	107,000
Total Assets	19,869,536	180,702	-	20,050,238
Liabilities				
Equity securities - short	(494,639)	-	-	(494,639)
Total Liabilities	(494,639)	-	-	(494,639)

December 31, 2010

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Assets				
Equity securities - long	19,055,580	496,492	24,370	19,576,442
Bonds	-	105,400	-	105,400
Total Assets	19,055,580	601,892	24,370	19,681,842
Liabilities				
Equity securities - short	(213,700)	-	-	(213,700)
Total Liabilities	(213,700)	-	-	(213,700)

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 warrants on restricted securities and 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 December 31, 2010 level 3 equity amount consists of a single private equity position. This security has moved to level 1 in 2011. 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 year ended December 31, 2011 and 2010 by class of financial instrument.

	Equity Securities (\$)	
	December 31, 2011	December 31, 2010
Opening balance	24,370	144,160
Net purchases and sales	(1,043)	10,370
Net transfers in (out)	(24,370)	(140,432)
Realized	1,043	-
Unrealized	-	10,272
Closing balance	-	24,370

The net change in unrealized appreciation (depreciation) for level 3 financial instruments held as of December 31, 2011 and December 31, 2010 was nil and \$10,272, respectively.

STATEMENT OF NET ASSETS

As at December 31,

**EXEMPLAR GLOBAL
INFRASTRUCTURE FUND**

2011

ASSETS

Long positions at fair value*	
Canadian equities	\$ 106,009
U.S. equities	1,300,573
Global equities	<u>2,938,794</u>
	4,345,376
Cash and broker deposits	668,208
Accrued investment income	8,636
Accounts receivable:	
Subscriptions receivable	<u>178,894</u>
Total Assets	<u>5,201,114</u>

LIABILITIES

Accounts payable:	
Performance fees payable	3,008
Fees and operating expenses	<u>13,324</u>
Total Liabilities	<u>16,332</u>

NET ASSETS REPRESENTING UNITHOLDERS' EQUITY

Series A	2,029,629
Series F	<u>3,155,153</u>
	<u>\$ 5,184,782</u>

NUMBER OF UNITS OUTSTANDING (Note 4)

Series A	201,781
Series F	<u>320,984</u>

NET ASSETS PER UNIT

Series A	\$ 10.06
Series F	<u>\$ 9.83</u>

*Long positions, at cost \$ 4,336,237

Approved by the Board of Directors of BluMont Capital Corporation

"Veronika Hirsch"

Veronika Hirsch
Director

"Stephen Johnson"

Stephen Johnson
Director

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

STATEMENT OF OPERATIONS

For the period from September 1, 2011 to December 31, 2011

**EXEMPLAR GLOBAL
INFRASTRUCTURE FUND[†]**

2011

INVESTMENT INCOME

Dividends	\$	25,820
Less: Foreign withholding taxes		<u>3,805</u>
		22,015
Interest		<u>1,980</u>
		<u>23,995</u>

EXPENSES (Notes 6 and 7)

Management fees		17,886
Performance fees		3,008
General operating expenses		78,422
Audit fees		12,000
Legal fees		12,681
Trustees' fees		30
Securityholders' reporting costs		<u>2,503</u>
		126,530
Less: Expenses absorbed by the Manager		<u>98,152</u>
		<u>28,378</u>

NET INVESTMENT LOSS(4,383)**NET REALIZED LOSS ON INVESTMENT TRANSACTIONS**

(43,175)

TRANSACTION COSTS (Notes 2(1) and 7)

(1,663)

NET CHANGE IN UNREALIZED APPRECIATION OF INVESTMENTS

9,139

EXCHANGE GAIN ON FOREIGN CURRENCIES AND OTHER NET ASSETS34,867**NET LOSS ON INVESTMENTS AND TRANSACTION COSTS**(832)**NET DECREASE IN NET ASSETS FROM OPERATIONS**

Series A		(1,734)
Series F		<u>(3,481)</u>
	\$	<u>(5,215)</u>

NET DECREASE IN NET ASSETS FROM OPERATIONS PER UNIT (Note 2(VI))

Series A	\$	(0.02)
Series F	\$	<u>(0.02)</u>

[†]The Fund was launched on September 1, 2011.

STATEMENT OF CHANGES IN NET ASSETS
For the period from September 1, 2011 to December 31, 2011

**EXEMPLAR GLOBAL
INFRASTRUCTURE FUND[†]**

2011

Net Assets, Beginning of Period

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

Net Decrease in Net Assets from Operations

Series A	(1,734)
Series F	(3,481)
	<u>(5,215)</u>

From Capital Unit Transactions: (Note 4)

Proceeds from issue of units

Series A	2,035,650
Series F	3,162,728
	<u>5,198,378</u>

Consideration paid for redemptions of units

Series A	-
Series F	(2,700)
	<u>(2,700)</u>

Reinvestment of distributions

Series A	9,105
Series F	30,924
	<u>40,029</u>

From Distributions to Unitholders:

From return of capital

Series A	(13,392)
Series F	(32,318)
	<u>(45,710)</u>

Net Assets, End of Period

Series A	2,029,629
Series F	3,155,153
	<u>5,184,782</u>
	\$ <u>5,184,782</u>

[†]The Fund was launched on September 1, 2011.

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

EXEMPLAR GLOBAL INFRASTRUCTURE FUND
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at December 31, 2011

	Number of Shares	Average Cost	Fair Value	% of Total Net Assets
LONG POSITIONS				
Canadian Equities				
Energy				
Suncor Energy Inc.	3,617	\$ 112,340	\$ 106,009	
Total Canadian Equities		112,340	106,009	2.0
U.S. Equities				
Energy				
Copano Energy LLC	1,321	44,109	45,890	
Energy Transfer Partners Limited Partnership	3,135	145,164	146,049	
Enterprise Products Partners Limited Partnership	4,816	222,933	227,104	
Overseas Shipholding Group Inc.	2,139	26,458	23,797	
		438,664	442,840	8.5
Industrials				
Norfolk Southern Corporation	586	38,046	43,420	
Waste Management Inc.	5,698	182,087	189,483	
		220,133	232,903	4.5
Telecommunication Services				
DuPont Fabros Technology Inc.	4,241	95,189	104,415	
EchoStar Corporation 'A'	1,710	39,874	36,414	
SBA Communications Corporation 'A'	2,000	73,777	87,336	
		208,840	228,165	4.4
Utilities				
Edison International	1,398	53,934	58,858	
Exelon Corporation	4,173	183,388	184,051	
Kinder Morgan Energy Partners Limited Partnership	218	15,398	18,809	
Northwest Natural Gas Company	2,768	123,936	134,947	
		376,656	396,665	7.7
Total U.S. Equities		1,244,293	1,300,573	25.1
Global Equities				
Argentina				
Telecom Argentina SA ADR	3,481	66,713	63,295	1.2

	Number of Shares	Average Cost	Fair Value	% of Total Net Assets
Brazil				
Companhia de Saneamento Basico de Estado de Sao Paulo ADR	1,913	\$ 103,175	\$ 108,263	
Companhia Energetica de Minas Gerais SA ADR	5,992	98,897	108,405	
CPFL Energia SA ADR	2,221	57,303	63,694	
Petroleo Brasileiro SA - Petrobras ADR	3,064	87,059	77,431	
Ultrapar Participacoes SA	5,985	102,493	104,748	
		448,927	462,541	8.9
China				
Huaneng Power International Inc. ADR	8,706	176,078	186,191	3.6
Chile				
Empresa Nacional de Electricidad SA	2,350	108,683	105,894	2.0
France				
France Telecom SA ADR	4,298	76,116	68,404	
Total SA ADR	3,708	181,268	192,729	
Veolia Environnement ADR	7,808	115,856	87,582	
		373,240	348,715	6.7
Germany				
RWE AG ADR	908	35,438	32,254	0.6
Hong Kong				
China Mobile (Hong Kong) Limited ADR	3,855	188,980	190,098	
CNOOC Limited ADR	220	39,239	39,086	
		228,219	229,184	4.5
Indonesia				
PT Telekomunikasi Indonesia Tbk ADR	1,330	45,159	41,591	0.8
Italy				
ENI SpA ADR	1,554	62,309	65,205	1.3
Japan				
Nippon Telegraph and Telephone Corporation ADR	3,615	84,356	93,084	1.8
Mexico				
America Movil SAB de CV 'L' ADR	3,040	71,315	69,869	
Grupo Aeroportuario del Sureste SAB de CV	488	26,376	27,697	
		97,691	97,566	1.9

	Number of Shares	Average Cost	Fair Value	% of Total Net Assets
Norway				
Statoil ASA ADR	7,256	\$ 180,185	\$ 188,903	3.7
Republic of Marshall Islands				
Seaspan Corporation	5,174	65,498	71,822	
Teekay Corporation	3,345	87,547	90,792	
		153,045	162,614	3.1
Russia				
Lukoil Holdings	975	53,258	52,700	
Mobile TeleSystems OJSC ADR	3,909	66,473	58,317	
		119,731	111,017	2.1
South Korea				
Korea Electric Power Corporation ADR	6,419	70,255	71,675	
KT Corporation ADR	12,655	211,123	201,151	
		281,378	272,826	5.3
Spain				
Telefonica SA ADR	4,234	84,464	73,973	1.4
Switzerland				
Transocean Limited	2,207	115,229	86,163	1.7
Turkey				
Turkcell Iletisim Hizmetleri AS	8,000	105,870	95,594	1.8
United Kingdom				
National Grid PLC	2,313	114,133	113,988	
Vodafone Group PLC ADR	3,797	100,376	108,196	
		214,509	222,184	4.3
Total Global Equities		2,981,224	2,938,794	56.7
Total Portfolio Including Transaction Costs		4,337,857	4,345,376	83.8
Transaction Costs		(1,620)	-	-
Total Portfolio Before Transaction Costs		\$ 4,336,237	4,345,376	83.8
Other Assets Net of Liabilities ¹			839,406	16.2
TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY			\$ 5,184,782	100.0

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

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

EXEMPLAR GLOBAL INFRASTRUCTURE FUND
SUMMARY OF INVESTMENT PORTFOLIO
As at December 31,

SECTOR MIX	% of Total Net Assets
	<u>2011</u>
Energy	27.4
Industrials	12.7
Information Technology	1.8
Telecommunication Services	23.0
Utilities	18.9
Other Assets, Net of Liabilities	16.2

ASSET MIX	% of Total Net Assets
	<u>2011</u>
Canadian Equities	2.0
U.S. Equities	25.1
Global Equities	56.7
Other Assets, Net of Liabilities	16.2

GEOGRAPHIC MIX	% of Total Net Assets
	<u>2011</u>
Canada	2.0
U.S.	25.1
Argentina	1.2
Brazil	8.9
China	3.6
Chile	2.0
France	6.7
Germany	0.6
Hong Kong	4.5
Indonesia	0.8
Italy	1.3
Japan	1.8
Mexico	1.9
Norway	3.7
Republic of Marshall Islands	3.1
Russia	2.1
South Korea	5.3
Spain	1.4
Switzerland	1.7
Turkey	1.8
United Kingdom	4.3
Other Assets, Net of Liabilities	16.2

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

EXEMPLAR GLOBAL INFRASTRUCTURE FUND
DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)
December 31, 2011

A. FINANCIAL RISK MANAGEMENT

The investment objective of the Exemplar Global Infrastructure Fund is primarily to maximize risk adjusted long-term returns and secondarily to achieve a high level of income. The Fund focuses on achieving growth of capital through securities selection and pursues a long-term investment program with the aim of generating capital gains. The Fund seeks to provide a moderate level of volatility and a low degree of correlation to other asset classes through diversifying across a relatively concentrated group of global infrastructure stocks.

To achieve the investment objectives of the Fund, the Manager: (i) makes long term investments of securities of issuers which the Manager believes present the greatest opportunity for capital appreciation; and (ii) manages the portfolio's sector allocation, increasing and decreasing exposure to different sectors of the market as appropriate.

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

A general discussion of financial risk management for the Fund appears as Note 3: FINANCIAL INSTRUMENTS RISK MANAGEMENT on page 30.

B. CREDIT RISK

As at December 31, 2011, the Fund had no investment in debt instruments and therefore was not subject to related credit risk.

C. LIQUIDITY RISK

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

December 31, 2011

	Less than 1 year (\$)	1 - 3 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
Financial Assets				
Equities - long	-	-	-	4,345,376
Bonds	-	-	-	-
Other receivables	187,530	-	-	-
Cash and cash equivalents	668,208	-	-	-
Total	855,738	-	-	4,345,376
Liabilities				
Equities - short	-	-	-	-
Other liabilities	(16,332)	-	-	-
Total	(16,332)	-	-	-

D. INTEREST RATE RISK

As at December 31, 2011, the Fund 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 Fund due to a 5 percent change in benchmark, using historical correlation between the Fund's return as compared to the return of the Fund's benchmark, as at December 31, 2011, 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 4 data points based on the monthly net returns of the Fund.

Benchmark	Impact on Net Assets
S&P/TSX Total Return Index	\$129,413

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 Fund had exposure as at December 31, 2011 are as follows:

Currency	Financial Instruments (\$)	Percentage of Net Assets (%)
United States Dollar (long)	\$4,422,549	85.3%

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

As at December 31, 2011, 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 \$221,127.

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 Fund's financial assets and liabilities within the fair value hierarchy measured at fair value.

December 31, 2011

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Assets				
Equity	4,345,376	-	-	4,345,376

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.

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

STATEMENT OF NET ASSETS
As at December 31,

**EXEMPLAR CANADIAN
INCOME FUND**

2011

ASSETS

Cash	\$	<u>150,545</u>
Total Assets		<u>150,545</u>

NET ASSETS REPRESENTING UNITHOLDERS' EQUITY

Series F		<u>150,545</u>
	\$	<u>150,545</u>

NUMBER OF UNITS OUTSTANDING (Note 4)

Series F		<u>15,000</u>
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NET ASSETS PER UNIT

Series F	\$	<u>10.04</u>
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Approved by the Board of Directors of BluMont Capital Corporation

"Veronika Hirsch"

Veronika Hirsch
Director

"Stephen Johnson"

Stephen Johnson
Director

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

STATEMENT OF OPERATIONS

For the period from September 1, 2011 to December 31, 2011

**EXEMPLAR CANADIAN
INCOME FUND[†]**

2011

INVESTMENT INCOME

Interest	\$ <u>545</u>
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EXPENSES (Note 6 and 7)

General operating expenses	12,822
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Audit fees	2,500
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Legal fees	<u>10,063</u>
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	25,385
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Less: Expenses absorbed by the Manager	<u>25,385</u>
--	---------------

	-
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NET INVESTMENT GAIN

	<u>545</u>
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NET INCREASE IN NET ASSETS FROM OPERATIONS

Series F	\$ <u>545</u>
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NET INCREASE IN NET ASSETS FROM OPERATIONS PER UNIT (Note 2(VI))

Series F	\$ <u>0.04</u>
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[†]The Fund was launched on September 1, 2011.

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

STATEMENT OF CHANGES IN NET ASSETS
For the period from September 1, 2011 to December 31, 2011

**EXEMPLAR CANADIAN
INCOME FUND[†]**

2011

Net Assets, Beginning of Period

Series F

-

\$ -

Net Increase in Net Assets from Operations

Series F

545

545

From Capital Unit Transactions: (Note 4)

Proceeds from issue of units

Series F

150,000

150,000

Net Assets, End of Period

Series F

150,545

\$ 150,545

[†]The Fund was launched on September 1, 2011.

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

EXEMPLAR CANADIAN INCOME FUND
DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)
December 31, 2011

A. FINANCIAL RISK MANAGEMENT

The investment objective of the Exemplar Canadian Income Fund is primarily to provide consistent monthly income and capital appreciation by investing primarily in Canadian securities including equities, fixed-income instruments, income trusts and REITs.

To achieve the investment objectives of the Fund, the Manager: (i) makes investments primarily in Canadian equities, fixed-income instruments, income trusts and REITs; (ii) may invest up to 15% of its assets in foreign securities; (iii) may invest in exchange traded funds; (iv) may invest in private placements or illiquid equity or debt securities as permitted by securities regulations.

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

A general discussion of financial risk management for the Fund is contained in Note 3: FINANCIAL INSTRUMENTS RISK MANAGEMENT on page 30.

B. CREDIT RISK

As at December 31, 2011 the Fund had no investments in debt instruments and therefore was not subject to related credit risk.

C. LIQUIDITY RISK

As at December 31, 2011 the Fund was fully invested in cash and therefore was not subject to liquidity risk.

D. INTEREST RATE RISK

As at December 31, 2011 the Fund did not hold any interest-bearing securities, and therefore was not subject to interest rate risk.

E. OTHER PRICE RISK

As at December 31, 2011 the Fund was fully invested in cash and therefore was not subject to other price risk.

F. CURRENCY RISK

As at December 31, 2011 the Fund did not hold financial instruments denominated in foreign currency, and therefore was not subject to currency risk.

G. FAIR VALUE ESTIMATION

As at December 31, 2011 the Fund was fully invested in cash.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

1. THE FUNDS

(I) The Funds

Exemplar Leaders Fund, Exemplar Global Infrastructure Fund and Exemplar Canadian Income Fund (the "Funds") are unincorporated open-ended mutual fund trusts created under the laws of the Province of Ontario pursuant to a declaration of trust dated August 27, 2007, as amended from time to time (the "Declaration of Trust").

The statements of investments and other net assets of the Exemplar Leaders Fund are prepared as at December 31, 2011, the statements of net assets as at December 31, 2011 and 2010, and the statements of operations and changes in net assets cover the years ended December 31, 2011 and 2010.

On September 1, 2011, the Manager launched the Exemplar Global Infrastructure Fund and the Exemplar Canadian Income Fund.

The statements of net assets and of investments and other net assets of the Exemplar Global Infrastructure Fund are prepared as at December 31, 2011 and the statements of operations and of changes in net assets cover the period from September 1, 2011 (commencement of operations) to December 31, 2011.

The Exemplar Canadian Income Fund was not actively marketed to investors and the net assets represent the seed capital of the Manager. The statement of net assets of the Exemplar Canadian Income Fund is prepared as at December 31, 2011 and the statements of operations and changes in net assets cover the period from September 1, 2011(commencement of operations) to December 31, 2011.

BluMont Capital Corporation (the "Manager") is responsible for the management and control of the business and affairs of the Funds on a day-to-day basis. The Manager acts as the manager of other funds.

(II) Fund Merger

Effective November 26, 2010, BluMont Canadian Fund ("Canadian Fund") was merged with the Northern Rivers Conservative Growth Fund. The fund name was then changed to the Exemplar Leaders Fund. The Manager afforded unitholders of the Canadian Fund the ability to participate in the wind-up of the Canadian Fund by way of an in-kind transfer of their investment to the Fund. The termination of the Canadian Fund did not occur on a tax-deferred basis.

Details relating to the merger are as follows:

Net Assets acquired by the Fund	\$16,329,399
Units issued by the Fund – Series A	611,620

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, are measured based on the bid price for long positions and ask price for short positions.

A reconciliation as at December 31 between a Fund's net assets per unit for financial reporting ("Net Assets") and the Fund's net asset value for purposes other than financial reporting, such as subscriptions and redemptions, ("Net Asset Value") has been provided in Note 8. The Funds continue to use the last traded price for investments and securities sold short for Net Asset Value valuations.

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by a Fund 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 Statement 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 Fund sells a security short, it will borrow that security from a broker to complete the sale. The Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which the Fund closes out its short position by buying that security. The Fund will realize a gain if that security declines in price between those dates.

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

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

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

(II) Investment Transactions and Income Recognition

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

(III) Valuation of Fund Units

The Funds' units are issued and redeemed at the Net Asset Value per unit, which is determined as of the close of Valuation Day. A "Valuation Day" is any day that the Toronto Stock Exchange is open for business or such other trading day or days as the Manager may determine.

The Net Asset Value per unit of a Fund is determined by dividing the total fair

value of the Fund's Net Asset Value by the number of units outstanding.

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

(IV) Foreign Currency Translation

Assets, including 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 Statement of Operations.

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

Realized and unrealized exchange gains (losses) on assets (other than investments), liabilities and investment income denominated in foreign currencies are included in "Exchange Gain (Loss) on Foreign Currencies and Other Net Assets" in the Statement of Operations.

(V) Use of Estimates

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of certain assets and liabilities and disclosure of contingent liabilities, at the date of the financial statements, and the reported amounts of certain revenue and expenses during the period. Actual results could differ from these estimates.

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

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

3. FINANCIAL INSTRUMENTS RISK MANAGEMENT

In the normal course of business, the Funds are 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 a Fund's Net Asset Value. The value of investments within a Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions and market and company news related to specific securities within the Fund. The level of risk depends on each Fund's investment objective and the types of securities it invests in. Please refer to Discussion of Financial Risk Management (an addendum to Note 3 on pages 11, 22 and 27 of this report) for each Fund'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 fund.

Where a Fund invests in debt instruments and derivatives, this represents the main concentration of credit risk. The fair 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 Fund.

All transactions executed by a Fund in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

(II) Liquidity Risk

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

The Funds are exposed to daily cash redemptions of redeemable units. The units of a Fund are issued and redeemed daily at the Fund's Net Asset Value per unit at the option of the unitholder.

Liquidity risk is managed by investing the majority of a Fund's assets in investments that are traded in an active market and can be readily disposed. In accordance with securities regulations, a Fund must maintain at least 90% of assets in liquid investments (i.e. investments that are traded in an active market and can be readily disposed of). In addition, a Fund 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.

The Funds may, from time to time, invest in securities that are not traded in an active market and may be illiquid. Such investments are identified as private and restricted securities in each Fund's Statement of Investments and Other Net Assets.

The Funds may employ the use of derivatives to moderate certain risk exposures. There is no guarantee that a market will exist for some derivatives and it is possible that the exchanges may impose limits on trading of derivatives.

(III) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Interest rate risk arises when the Funds invest in interest-bearing financial instruments. A Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents, invested at short-term market interest rates.

(IV) Other Price Risk

Other price risk is the risk that the fair 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 the Funds moderates this risk through a careful selection and diversification of securities

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

Each Fund has the ability to take short positions. There are risks associated with short selling, namely that the securities will rise in value or not decline enough to cover the Fund'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 Funds. The Funds 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 Funds classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

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

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

4. UNIT TRANSACTIONS

Units issued and outstanding represent the capital of the Funds. The Funds are authorized to issue an unlimited number of units. Units of the Funds are issued and redeemed at the then current Net Asset Value per unit at the option of the unitholder. Unitholders are entitled to distributions when declared. Distributions on units of the Funds are reinvested in additional units of that Fund or at the option of the unitholder, paid in cash. The characterization of the distributions is based on management's estimate of the actual income for the year. The Funds have no restrictions or specific capital requirements on the subscription and redemption of units, other than minimum subscription requirements. Each Fund's Statement of Changes in Net Assets identifies changes in the Fund's capital during the period. The Manager manages the capital of the Funds in accordance with each Fund's investment objectives, including managing its liquidity in order to be able to meet redemptions as discussed in Note 3.

As of December 31, 2011, the number of units owned by BluMont Capital for each Fund is summarized as follows:

	Number of units	Amount (\$)	% to Net Assets
Exemplar Global Infrastructure Fund – Series F	202,721	\$1,993,231	38.4%
Exemplar Canadian Income Fund – Series F	15,000	\$150,545	100%

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

Exemplar Leaders Fund – December 31, 2011

	Units Outstanding at Beginning of Year	Units Issued for Cash	Units Issued on Reinvestment of Distributions	Units Redeemed	Units Issued and Outstanding at End of Year
Series A	641,742	55,575	-	(89,315)	608,002
Series F	129,977	27,829	-	(2,653)	155,153

Exemplar Leaders Fund – December 31, 2010

	Units Outstanding at Beginning of Year	Units Issued for Cash	Units Issued upon Fund Merger	Units Issued on Reinvestment of Distributions	Units Redeemed	Units Issued and Outstanding at End of Year
Series A	68,818	19,207	611,620	3,737	(61,640)	641,742
Series F	122,467	24,856	-	11,295	(28,641)	129,977
Series O	40,000	15,488	-	857	(56,345)	-
Series P	24,650	973	-	-	(25,623)	-

Exemplar Global Infrastructure Fund – December 31, 2011

	Units Outstanding at Beginning of Period	Units Issued for Cash	Units Issued on Reinvestment of Distributions	Units Redeemed	Units Issued and Outstanding at End of Period
Series A	-	200,882	899	-	201,781
Series F	-	318,120	3,139	(275)	320,984

Exemplar Canadian Income Fund – December 31, 2011

	Units Outstanding at Beginning of Period	Units Issued for Cash	Units Issued on Reinvestment of Distributions	Units Redeemed	Units Issued and Outstanding at End of Period
Series F	-	15,000	-	-	15,000

5. INCOME TAXES

As at December 31, 2011, the Exemplar Leaders Fund and the Exemplar Global Infrastructure Fund qualified as mutual fund trusts, and the Exemplar Canadian Income Fund qualified as a unit trust. The Funds are subject to tax under the Income Tax Act (Canada) (the “Act”) on all of their taxable income for the year (including net taxable capital gains) and are permitted a deduction in computing taxable income for all amounts which are paid or payable in the year to its unitholders. It is the policy of each Fund, to the extent practicable, to distribute to the unitholders all income of the Fund for the year (or period) so that it generally will not pay any Canadian federal income tax under Part I of the Act. Accordingly no provision for income taxes has been made in these financial statements.

As of December 31, 2011, the Funds had capital or non-capital losses as noted below. The benefits of these losses have not been recognized in the financial statements.

	Non-Capital Loss*	Capital Loss**
Exemplar Leaders Fund	\$94,035	nil
Exemplar Global Infrastructure Fund	\$7,860	\$15,678
Exemplar Canadian Income Fund	-	-

* 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 agreement between the Funds and the Manager, and in return for investment management and administrative services, the Manager receives monthly management fees from each Fund, calculated daily and payable monthly.

The management fee paid to the Manager by the Exemplar Leaders Fund is 1.80% per annum on Series A units and 0.80% per annum on Series F units. The management fee paid to the Manager by the Exemplar Global Infrastructure Fund is 2.50% per annum on Series A units and 1.25% per annum on Series F units. The management fee paid to the Manager by the Exemplar Canadian Income Fund is 2.25% per annum on Series A units and 1.00% per annum on Series F units.

In addition, the Funds pay the Manager an annual performance fee (the “Performance Fee”), equal to 20% of the amount by which the Funds outperform their respective indices. The Performance Fee is calculated and accrued daily and paid annually on a calendar year basis and is subject to HST (and any other applicable taxes). If the performance of a series of a Fund in any year is less than the performance of the indices described below (the “Return Deficiency”), then no Performance Fee will be payable in any subsequent year until the performance of the applicable series, on a cumulative basis calculated from the first of such subsequent years, has exceeded the amount of the Return Deficiency. As of December 31, 2011, only the Exemplar Leaders Fund had a Return Deficiency which equaled \$3.95 per unit for Series A units and \$3.25 per unit for Series F units.

Exemplar Leaders Fund

The Exemplar Leaders Fund will pay BluMont an annual Performance Fee equal to a percentage of the average net asset value of Series A units and Series F units of the Fund. Such percentage will be equal to 20% of the difference by which the return in the net asset value per unit of the applicable series from January 1 to December 31 exceeds the greater of: (i) 0%; and (ii) the percentage return of the S&P/TSX Composite Total Return Index for the same period.

Exemplar Global Infrastructure Fund

A Performance Fee will be payable in all circumstances where the performance of the Exemplar Global Infrastructure Fund exceeds that of the Macquarie Global Infrastructure 100 Index, even in circumstances where the overall performance of the Fund has declined.

Exemplar Canadian Income Fund

A Performance Fee will be payable in all circumstances where the performance of the Exemplar Canadian Income Fund exceeds that of the S&P/TSX Total Return Index, even in circumstances where the overall performance of the Fund has declined.

For the period ended December 31, 2011 Performance Fees incurred by the Exemplar Global Infrastructure Fund totaled \$3,008. No Performance Fees were incurred by the Exemplar Leaders Fund or the Exemplar Canadian Income Fund.

The Manager may, on its own accord, pay for certain operating expenses of the Funds in order to maintain each Fund'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 Statement of Operations.

7. FEES AND OPERATING EXPENSES

Each Fund is responsible for the payment of all fees and expenses including, but not limited to, brokerage commissions on portfolio transactions, all regulatory filing fees, registrar and transfer agent fees, audit, accounting, administration, record keeping and legal fees and expenses, custody and safekeeping charges, all taxes, and all other fees relating to the purchase and sale of the assets of the Fund. There were no soft dollar commissions for the Funds during the period.

The total brokerage commissions paid by the Funds with respect to security transactions for the period ended December 31 were:

	<u>2011</u>	<u>2010</u>
Exemplar Leaders Fund	\$45,994	\$27,254
Exemplar Global Infrastructure Fund	\$1,663	\$-

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

As at December 31, 2011

	Per Unit (\$)		
	Net Asset Value	Bid/Ask Adjustment	Net Assets
Exemplar Leaders Fund - Series A	\$27.94	\$(0.09)	\$27.85
Exemplar Leaders Fund - Series F	\$28.24	\$(0.09)	\$28.15
Exemplar Global Infrastructure Fund - Series A	\$10.06	\$-	\$10.06
Exemplar Global Infrastructure Fund - Series F	\$9.83	\$-	\$9.83
Exemplar Canadian Income Fund - Series F	\$10.04	\$-	\$10.04

As at December 31, 2010

	Per Unit (\$)		
	Net Asset Value	Bid/Ask Adjustment	Net Assets
Exemplar Leaders Fund - Series A	\$28.06	\$(0.11)	\$27.95
Exemplar Leaders Fund - Series F	\$28.06	\$(0.10)	\$27.96

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. Therefore, for the Fund, 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 Funds’ 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 Fund’s net asset value or net assets per unit. 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 unitholder interests. However, this present determination is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

FUND INFORMATION

MANAGER AND PRINCIPAL DISTRIBUTOR

BluMont Capital Corporation
70 University Avenue
Suite 1200, P.O. Box 16
Toronto, ON M5J 2M4
Telephone: (416) 216-3566
Fax: (416) 360-1102
Toll Free: 1 (866) 473-7376

REGISTRAR

Citigroup Fund Services Canada, Inc.
2920 Matheson Blvd. East
Mississauga, ON L4W 5J4

PRIME BROKER

BMO Nesbitt Burns
1 First Canadian Place, 6th Floor
Toronto, ON M5X 1H3

AUDITOR

PricewaterhouseCoopers LLP
PwC Tower
18 York Street, Suite 2600
Toronto, ON M5J 0B2

LEGAL COUNSEL

Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7



BLUMONT
CAPITAL