

**EXEMPLAR LEADERS FUND  
(FORMERLY NORTHERN RIVERS CONSERVATIVE GROWTH FUND)  
SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**

For the period ended June 30, 2011

This semi-annual Management Report of Fund Performance contains financial highlights but does not contain the complete semi-annual financial statements for Exemplar Leaders Fund (the "Fund"). 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](http://www.blumontcapital.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

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

**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 Fund. 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 Fund 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 Fund'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 Fund 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 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 as well as across 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 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.

In selecting investments for the Fund, the Manager primarily focuses on the securities (equity and equity derivatives) of companies which the Manager believes trade at a discount to their intrinsic value. The Fund is invested according to the following guidelines: the assets of the Fund are allocated at the discretion of the Manager to those investment strategies that balance risk, return and liquidity. The portfolio will be positioned in accordance with the Manager's market view. Geographic and sector allocations will vary significantly over time.

The Fund may follow a more concentrated investment approach and, from time to time, over weight certain geographic regions, including North America, and industry sectors such as energy or financial sectors when deemed appropriate by the Manager. This may result in the Fund's portfolio weightings being substantially different from the weightings of the S&P/TSX Composite Total Return Index (or its successor index). The Fund may use specified derivatives, such as calls and puts, warrants, index futures, exchange traded funds.

The Fund may also engage in short selling as a result of relief it obtained from the Canadian securities regulatory authorities. The Fund will engage in short selling only within certain limits and conditions including: (i) the Fund will short sell only liquid securities that are traded on a stock exchange or certain government bonds, (ii) the Fund will limit its short sale exposure to any single issuer to 5% of the Fund's net assets and its aggregate short exposure to 20% of its net assets, (iii) the Fund will hold cash cover in an amount (including the Fund's assets deposited with lenders) that is at least 150% of the aggregate market value of all securities sold short, and (iv) the Fund will deposit collateral only with lenders which are regulated financial institutions or registered dealers in Canada.

The Fund may hold all or a portion of its assets in cash or money market securities while seeking investment opportunities or for defensive purposes.

### **Investment Risk**

The risks of investing in the Fund remain as stated in the Fund's simplified prospectus. There were no material changes to the Fund over the period that affected the overall level or risk.

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

### **Results of Operations**

For the six months ended June 30, 2011, Series A units of Northern Rivers Conservative Growth Fund (the "Fund") gained 7.4% (net of expenses) while the S&P/TSX Composite Total Return Index gained 0.16%. Please refer to "Past Performance" section for performance information of the other series. The performance of the other series of the Fund differs from Series A units due largely to a varying level of expenses charged to each series, as explained in the management fees section.

The first half of 2011 was a solid period of positive performance for the Fund in the midst of choppy equity markets which finished flat to down. The first quarter of the year saw rising equity markets on the back of increasing

corporate profits. The broader equity markets then gave up their gains with a pullback in the second quarter as investors grew increasingly concerned about increasing government debt in the western world and a slower rate of global growth.

While the majority of holdings in the Fund rose in the first half, there were a few drags on performance. The most significant detractors from fund performance came from Flint Energy, Tuscany International, Webtech Wireless, Dundee Precious Metals, and Bannerman Resources. We continue to hold Flint, Webtech, Tuscany, and Bannerman as we see solid rebounds to come from these companies over the coming year. We sold the Dundee position in order to increase our positions in other more attractive opportunities.

Positive contributors were plentiful in the first half, as the majority of holdings rose. Most notable were gains of over 30% from 11 portfolio holdings; Horizon North Logistics, Neptune Technologies, Alaris Royalty, Acasti Pharmaceuticals, MKS Inc., Tourmaline Oil, GT Solar, Vector Aerospace, SXC Health Solutions, Surge Energy, and Vendtek Systems.

The single largest contributor to fund performance in the last 6 months was Horizon North Logistics. Horizon is a provider of critical infrastructure and services for remote and difficult to access areas for resource development. The company has 3 main businesses: Camps & Catering, Matting, and Marine. Horizon owns extremely strategic assets that are positioned to generate increasing profits over the coming years, as resource development continues in increasingly remote and difficult to access areas, such as northern Alberta and the Northwest Territories.

The first half of 2011 has seen continuing solid progress from Horizon in building its businesses. First quarter sales and profits from the company more than doubled and growth prospects facing the company are accelerating as oil sands development activity continues to build. This solid growth over the last several years has allowed the company to start paying a quarterly dividend at a rate of 16 cents per share per year. This equates to a 3.6% dividend yield and is consistent with the shareholder focus that makes this company so attractive to us. Expect to see more solid growth from this excellent, but undervalued holding over the coming periods.

Two of the large winners in the first half were companies that were acquired by other larger competitors in their industries. Vector Aerospace was acquired by European aerospace giant, EADS, at just over double the price where we acquired the shares a few years ago. MKS Inc. was acquired by Parametric Technologies at a price over 400% above where we initially bought our initial position several years ago. We believe both takeovers are indicative of the substantial discounts to intrinsic value that all our portfolio holdings trade at. When the public markets are unwilling to properly value well run companies, frequently corporate acquirers will swoop in to take advantage of the compelling opportunities.

With the up and down markets in the first half, we were able to find a number of attractive new positions for the portfolio. The most important new positions that we added were Wellpoint, Petrominerales, RMP Energy, GT Solar, Intel, Noranda Income Fund, Imperial Metals, and ZCL Composites. All were trading at substantial discounts to their intrinsic values and we expect solid gains to come from these investments.

A number of holdings were sold during the first half of 2011, due to either reaching our price objectives or to shortfalls in their performance. The largest holdings sold were Detour Gold, Dundee Precious Metals, Labrador Iron Ore, CIBC, Rainy River Resources, and Rocky Mountain Dealerships.

Overall portfolio structure is designed to take advantage of a continued slow recovery from the great recession of 2008-2009 and is fully invested in undervalued equities. The top 10 holdings in the portfolio represent over 50% of the portfolio assets. The portfolio remains well diversified. The largest sector weighting are Energy at 20%, Industrials at 18%, and Healthcare at 17%.

### **Recent Developments**

The first half of 2011 saw a continuation of the global recovery from the “great recession” of 2008-09. While fiscal and debt problems are still apparent at the government and consumer level, in a number of the developed

economies, the global economy is continuing to expand on the backs of the emerging middle class in emerging markets and Asia.

Global equity markets recognized the ongoing recovery in the first quarter of 2011, but had a pullback in the second quarter as attention turned to the governmental fiscal crisis ongoing in Greece and political gridlock in Washington over the federal debt ceiling. Our portfolio made solid gains in this environment on the back of impressive fundamental developments specific to our holdings and by taking advantage of volatility to selectively add new positions.

The second half of 2011 will see a continuation of the slow economic recovery we have witnessed over the last year. The emerging middle class in emerging economies will drive increased consumption and global trade, benefitting all countries. The ongoing media attention to the various developed country government fiscal problems will continue to disguise the ongoing recovery in the global economy.

Global equity markets will have positive returns in the second half of 2011, as continued global recovery and solid corporate profits drive the market up. Fiscal and economic concerns will cause at least one correction, scaring investors out of the market at the wrong time. Large volatility and diverging individual stock performance will provide another year of opportunity for those disciplined investors willing to focus on buying fundamentally strong and inexpensive businesses. In this environment, we look for the Exemplar Leaders Fund to do very well.

#### *Fund Merger*

On February 23, 2010, BluMont Capital Corporation (“BluMont Capital” or the “Manager”) acquired all of the shares of Northern Rivers Capital Management Inc. (“Northern Rivers”) which was the manager of the Fund’s investment portfolio and the principal distributor of the units. Effective April 1st, 2010, Northern Rivers and BluMont Capital were amalgamated to form one entity under the continuing entity, BluMont Capital.

Effective November 26, 2010, BluMont Canadian Fund (the “Canadian Fund”) was merged with the Northern Rivers Conservative Growth Fund (the “Conservative Growth Fund”). The Conservative Growth 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.

#### **Related Party Transactions**

There are no related party transactions to report for the period ended June 30, 2011 other than the management and related fees as discussed below.

#### **Management Fees**

BluMont Capital Corporation (the “Manager”) receives a monthly management fee (the “Management Fee”), calculated as a percentage of the Fund’s net asset value as of the close of business on each business day. The Management Fee rate applicable to the Fund is 1.80% per annum for Series A units and 0.80% per annum for Series F units. Prior to November 26, 2010, the Management Fee rate applicable was 2.50% for Series A units and 1.50% for Series F units. For the period ended June 30, 2011, Management Fees charged to the Fund equaled \$203,568. The Management Fee is paid in consideration of investment management and administration services. No breakdown of such services was specified in the management agreement. From this Management Fee, the Manager pays fees to the investment advisor (BluMont Capital, in its capacity as such) who provides portfolio management services to the Fund. A portion of the Management Fee paid by the Fund is for trailer fees paid by the Fund to dealers whose clients hold units of the Fund. The trailer fees are a percentage of the net asset value of the Fund, calculated and payable monthly. The table below outlines the Fund’s annual Management Fees and trailer fees.

ANNUAL RATE (%)	Series A	Series F
Management Fees	1.80%	0.80%
Trailer Fees	1.00%	-%

In addition, the Fund will pay the Manager annually an incentive fee, subject to HST (and any other applicable sales taxes), 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 of the Fund 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. If the performance of a Series of the Fund in any year is less than the performance of the applicable index described above (the "Deficiency"), then no incentive fee will be payable in any subsequent year until the performance of the applicable Series of the Fund, on a cumulative basis calculated from the first of such subsequent years has exceeded the amount of the Deficiency. For the period ended June 30, 2011, no incentive fees were charged to the Fund.

The Manager incurs operating expenses on behalf of the Fund and charges these expenses to the Fund. For the period ended June 30, 2011, the Manager has, in its discretion, agreed to absorb \$101,564 of operating expenses associated with the Fund.

## Financial Highlights

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

### THE FUND'S NET ASSETS PER SERIES A UNIT

For the period ended June 30, 2011 and for the years ended December 31,

	2011	2010	2009	2008	2007 <sup>†</sup>
Net assets, beginning of period <sup>1</sup>	\$ 27.95	\$ 25.09	\$ 19.73	\$ 31.73	\$ 25.00
Increase (decrease) from operations					
Total revenue	0.29	0.92	0.67	0.47	0.12
Total expenses	(0.42)	(0.86)	(0.78)	(0.77)	(2.04)
Realized gains (losses) for the year	0.47	3.97	0.11	(2.23)	0.16
Unrealized gains (losses) for the year	1.65	5.59	6.43	(9.32)	7.37
Total increase (decrease) from operations <sup>1</sup>	1.99	9.62	6.43	(11.85)	5.61
Distributions <sup>2</sup>					
From income (excluding dividends)	-	-	-	-	0.02
From dividends	-	-	-	-	0.01
From capital gains	-	1.94	-	-	0.10
Total distributions	-	1.94	-	-	0.13
Net assets, end of period <sup>1</sup>	\$ 29.93	\$ 27.95	\$ 25.09	\$ 19.73	\$ 31.73

### RATIOS AND SUPPLEMENTAL DATA<sup>7</sup>

For the period ended June 30, 2011 and for the years ended December 31,

	2011	2010	2009	2008	2007 <sup>†</sup>
Net asset value (000s)	\$18,505	\$17,928	\$1,727	\$672	\$331
Number of units outstanding	614,025	641,742	68,818	33,577	10,364
Management expense ratio <sup>3</sup>	2.90%*	3.22%	3.53%	2.95%	8.75%*
Management expense ratio before waivers or absorptions <sup>4</sup>	3.82%*	5.24%	6.22%	7.17%	15.79%*
Portfolio turnover rate <sup>5</sup>	51.19%*	73.34%	73.60%	97.52%	36.91%*
Trading expense ratio <sup>6</sup>	0.31%*	0.12%	0.37%	0.52%	1.25%*

**THE FUND'S NET ASSETS PER SERIES F UNIT**

For the period ended June 30, 2011 and for the years ended December 31,

	2011	2010	2009	2008	2007 <sup>†</sup>
Net assets, beginning of period <sup>1</sup>	\$ 27.96	\$ 25.28	\$ 19.69	\$ 31.33	\$ 25.00
Increase (decrease) from operations					
Total revenue	0.29	0.69	0.67	0.42	0.15
Total expenses	(0.27)	(0.66)	(0.55)	(0.50)	(1.96)
Realized gains (losses) for the year	0.47	1.98	(0.04)	(1.72)	0.15
Unrealized gains (losses) for the year	1.65	2.79	6.43	(10.01)	6.07
Total increase (decrease) from operations <sup>1</sup>	2.14	4.80	6.51	(11.81)	4.41
Distributions <sup>2</sup>					
From income (excluding dividends)	-	-	-	-	0.03
From dividends	-	-	-	-	0.02
From capital gains	-	2.43	-	-	0.17
Total distributions	-	2.43	-	-	0.22
Net assets, end of period <sup>1</sup>	\$ 30.10	\$ 27.96	\$ 25.28	\$ 19.69	\$ 31.33

**RATIOS AND SUPPLEMENTAL DATA<sup>7</sup>**

For the period ended June 30, 2011 and for the years ended December 31,

	2011	2010	2009	2008	2007 <sup>†</sup>
Net asset value (000s)	\$3,980	\$3,628	\$3,096	\$1,297	\$1,764
Number of units outstanding	131,339	129,977	122,467	64,978	56,009
Management expense ratio <sup>3</sup>	1.81%*	2.54%	2.48%	1.90%	7.92%
Management expense ratio before waivers or absorptions <sup>4</sup>	2.73%*	4.13%	5.16%	6.13%	16.96%
Portfolio turnover rate <sup>5</sup>	51.19%*	73.34%	73.60%	97.52%	36.91%*
Trading expense ratio <sup>6</sup>	0.31%*	0.12%	0.37%	0.52%	1.25%*

\*Ratios have been annualized.

The Fund commenced operations on August 27, 2007.

1. The net assets per unit shown are referenced to Net Assets determined in accordance with Canadian generally accepted accounting principles ("GAAP") and are derived from the Fund's financial statements. The Net Assets presented in the financial statements may differ from the NAV calculated for fund pricing purposes. NAV is calculated using fair value measures as defined by National Instrument 81-106 ("NI 81-106"), where as 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 units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial year. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
2. Distributions were reinvested in additional units of the Fund.
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 Fund. 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 Fund's 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 Fund buying and selling all of its securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund 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 Fund.
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 Fund.

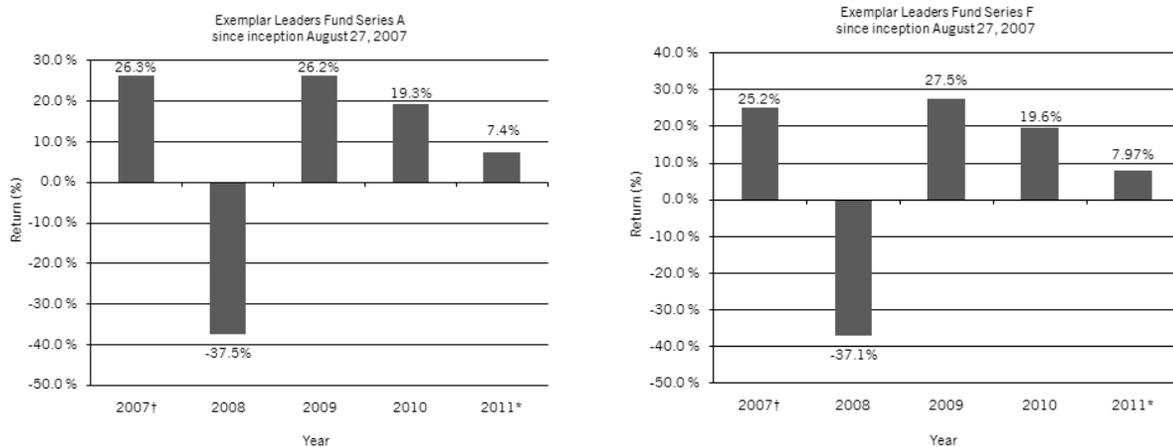
### Past Performance

The performance information shown below assumes that all distributions, if any, made by the Fund in the periods shown were reinvested in additional units of the Fund. If you hold the Fund outside a registered plan, you will be taxed on distributions. Distributions of income the Fund 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 Fund is not guaranteed. Its value changes frequently and how the Fund 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 Fund's annual performance for each of the years shown, and indicates how the Fund'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 financial year.



†Return shown represents a partial year from inception on August 27, 2007 to December 31, 2007.

\* Returns shown represent a partial year from January 1, 2011 to June 30, 2011.

## Annual Compound Returns (Compound Performance)

The following table shows the annual compound total returns of the Fund, and for the S&P/TSX Total Return Index (a price weighted index of 300 of the largest, most widely-held stocks traded on the Toronto Stock Exchange) for the periods shown ended June 30, 2011. The Relative Performance returns show the performance of the Fund as compared to the benchmark S&P/TSX Total Return Index.

	1 Month	3 Month	6 Month	1 Year	3 Year	Annualized Since Inception	Cumulative Total Return
Exemplar Leaders Fund – Series A	-3.07%	0.51%	7.40%	36.44%	2.37%	6.81%	28.78%
Exemplar Leaders Fund – Series F	-2.98%	0.78%	7.97%	37.02%	3.21%	7.35%	31.33%
S&P/TSX Total Return Index	-3.33%	-5.15%	0.16%	20.87%	0.19%	2.24%	8.89%

## Summary of Investment Portfolio as at June 30, 2011

The summary of investment portfolio below includes information regarding the Fund as a whole. This summary may change due to ongoing portfolio transactions of the Fund 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](http://www.blumontcapital.com) or SEDAR's website at [www.sedar.com](http://www.sedar.com).

Top 25 Holdings*	% of Net Assets	Regional Weightings*	% of Net Assets
<b>Long Positions</b>		<b>Long Positions</b>	
Horizon North Logistics Inc.	9.2%	Canada	84.2%
Rogers Communications Inc. 'B'	5.5%	U.S.	12.6%
Gilead Sciences Inc.	5.4%	Australia	0.1%
Alaris Royalty Corporation	4.9%		
Neptune Technologies & Bioresources Inc.	4.8%	<b>Short Positions</b>	
BCE Inc.	4.6%	Canada	(1.7)%
WellPoint Inc.	4.6%		
Canyon Services Group Inc.	4.4%		
Philip Morris International	4.3%		
Magna International Inc.	3.4%		
Neo Material Technologies Inc.	3.0%	<b>Sector Weightings*</b>	<b>% of Net Assets</b>
Mullen Group Limited	2.8%	<b>Long Positions</b>	
Flint Energy Services Limited	2.5%	Basic Materials	9.7%
WebTech Wireless Inc.	2.2%	Energy	20.3%
Canadian Western Bank	2.0%	Information Technology	6.1%
Petrominerales Limited	1.8%	Financials	9.3%
RMP Energy Inc	1.6%	Telecommunication Services	10.0%
CI Financial Corporation	1.4%	Health Care	17.0%
GT Solar International Inc.	1.4%	Consumer Staples	4.3%
Neptune Technologies & Bioresources Inc.	1.2%	Consumer Discretionary	3.9%
Kirkland Lake Gold Inc.	1.2%	Industrials	14.8%
VendTek Systems Inc.	1.1%	Utilities	0.3%
Arsenal Energy Inc.	1.1%		
Cascades Inc.	1.1%	<b>Short Positions</b>	
		Energy	(1.7)%
<b>Short Positions</b>			
Birchcliff Energy Limited	(1.7)%		
<b>Total</b>	<b>73.8%</b>		
<b>Total Net Assets</b>	<b>\$22,333,105</b>	<b>*Excludes cash and cash equivalents</b>	





