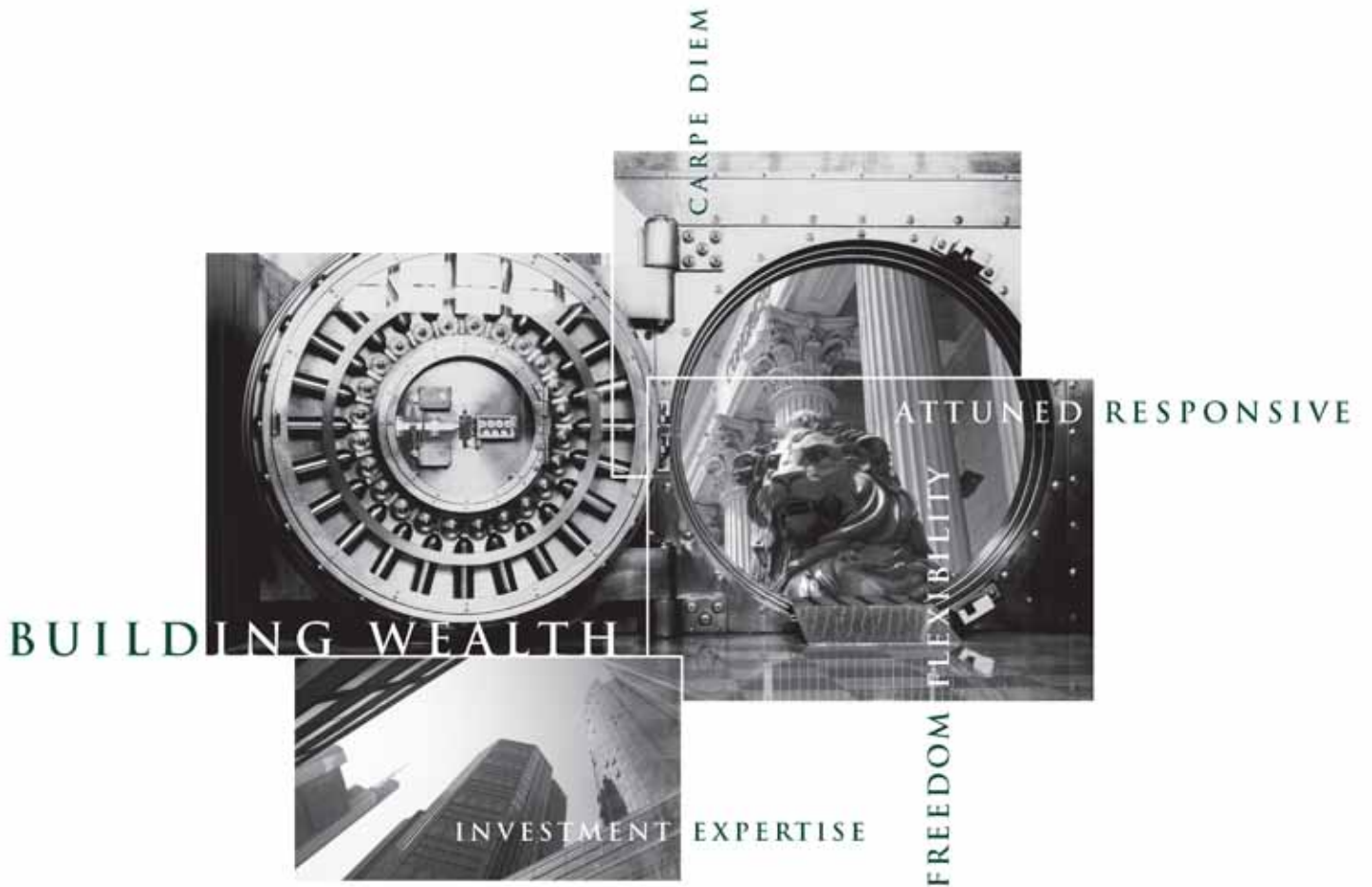


# EXEMPLAR FUNDS



## INTERIM FINANCIAL STATEMENTS 2013

EXEMPLAR LEADERS FUND | EXEMPLAR GLOBAL INFRASTRUCTURE FUND | EXEMPLAR YIELD FUND | EXEMPLAR TIMBER FUND

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## MANAGEMENT'S STATEMENT ON FINANCIAL REPORTING

### **TO THE UNITHOLDERS OF EXEMPLAR LEADERS FUND, EXEMPLAR GLOBAL INFRASTRUCTURE FUND, EXEMPLAR TIMBER FUND AND EXEMPLAR YIELD 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  
August 27, 2013

## **NOTICE TO UNITHOLDERS**

**The auditors of the Funds have not reviewed these financial statements.**

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

**STATEMENT OF NET ASSETS**  
**As at June 30, 2013 and December 31, 2012**  
**Unaudited**

	<b>EXEMPLAR LEADERS FUND</b>	
	2013	2012
<b>ASSETS</b>		
Long positions at fair value*		
Canadian equities	\$ 17,358,669	\$ 16,504,547
U.S. equities	7,185,445	5,844,890
Global equities	<u>1,317,357</u>	<u>119,700</u>
	<b>25,861,471</b>	<b>22,469,137</b>
Cash and broker deposits	3,765,191	3,064,261
Accrued investment income	83,895	88,380
Accounts receivable:		
Receivable from investment sales	1,002,958	585,856
Subscriptions receivable	<u>20,000</u>	<u>5,500</u>
Total Assets	<u><b>30,733,515</b></u>	<u><b>26,213,134</b></u>
<b>LIABILITIES</b>		
Short positions at fair value**		
Canadian equities	832,952	548,076
U.S. equities	<u>-</u>	<u>346,394</u>
	<b>832,952</b>	<b>894,470</b>
Accounts payable:		
Fees and operating expenses	56,068	55,277
Performance fees payable	747,731	7,117
Dividends payable	3,300	237
Redemptions payable	95,668	29,215
Payable for investment purchases	<u>787,845</u>	<u>622,918</u>
Total Liabilities	<u><b>2,523,564</b></u>	<u><b>1,609,234</b></u>
<b>NET ASSETS REPRESENTING UNITHOLDERS' EQUITY</b>		
Series A	22,254,549	19,492,313
Series F	<u>5,955,402</u>	<u>5,111,587</u>
	<u><b>\$ 28,209,951</b></u>	<u><b>\$ 24,603,900</b></u>
<b>NUMBER OF UNITS OUTSTANDING (Note 4)</b>		
Series A	642,979	640,599
Series F	<u>169,149</u>	<u>164,685</u>
<b>NET ASSETS PER UNIT (Note 8)</b>		
Series A	\$ 34.61	\$ 30.43
Series F	<u>35.21</u>	<u>31.04</u>
*Long positions, at cost	<u>\$ 19,851,723</u>	<u>\$ 19,753,222</u>
**Proceeds on short positions	<u>\$ (945,018)</u>	<u>\$ (986,326)</u>

Approved by the Board of Directors of BluMont Capital Corporation

“Veronika Hirsch”

\_\_\_\_\_  
Veronika Hirsch  
Director

“Stephen Johnson”

\_\_\_\_\_  
Stephen Johnson  
Director

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

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

	<b>EXEMPLAR LEADERS FUND</b>	
	2013	2012
<b>INVESTMENT INCOME</b>		
Dividends	\$ 346,527	\$ 306,721
Less: Foreign withholding taxes	<u>12,473</u>	<u>3,049</u>
	334,054	303,672
Interest	<u>8,900</u>	<u>8,807</u>
	<u>342,954</u>	<u>312,479</u>
<b>EXPENSES (Notes 6 and 7)</b>		
Management fees	226,306	204,406
Performance fees	747,731	417,668
Dividends on investments sold short	4,967	-
General operating expenses	108,890	114,117
Audit fees	11,589	6,920
Legal fees	1,673	3,463
Trustees' fees	733	637
Securityholders' reporting costs	<u>22,050</u>	<u>18,875</u>
	1,123,939	766,086
Less: Expenses absorbed (deferred) by the Manager	<u>(8,297)</u>	<u>38,053</u>
	<u>1,132,236</u>	<u>728,033</u>
<b>NET INVESTMENT LOSS</b>	<u>(789,282)</u>	<u>(415,554)</u>
<b>NET REALIZED GAIN ON INVESTMENT TRANSACTIONS</b>	835,538	355,290
<b>TRANSACTION COSTS (Notes 2(1) and 7)</b>	(14,020)	(13,487)
<b>NET CHANGE IN UNREALIZED APPRECIATION OF INVESTMENTS</b>	3,314,043	1,921,040
<b>EXCHANGE GAIN ON FOREIGN CURRENCIES AND OTHER NET ASSETS</b>	<u>37,252</u>	<u>6,788</u>
<b>NET GAIN ON INVESTMENTS AND TRANSACTION COSTS</b>	<u>4,172,813</u>	<u>2,269,631</u>
<b>NET INCREASE IN NET ASSETS FROM OPERATIONS</b>		
Series A	2,682,762	1,423,674
Series F	<u>700,769</u>	<u>430,403</u>
	<u>\$ 3,383,531</u>	<u>\$ 1,854,077</u>
<b>NET INCREASE IN NET ASSETS FROM OPERATIONS PER UNIT (Note 2(VI))</b>		
Series A	\$ 4.19	\$ 2.30
Series F	<u>\$ 4.14</u>	<u>\$ 2.92</u>

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

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

**EXEMPLAR LEADERS FUND**

	2013	2012
<b>Net Assets, Beginning of Period</b>		
Series A	\$ 19,492,313	\$ 16,932,909
Series F	<u>5,111,587</u>	<u>4,367,496</u>
	<u>24,603,900</u>	<u>21,300,405</u>
<b>Net Increase in Net Assets from Operations</b>		
Series A	2,682,762	1,423,674
Series F	<u>700,769</u>	<u>430,403</u>
	<u>3,383,531</u>	<u>1,854,077</u>
<b>From Capital Unit Transactions: (Note 4)</b>		
Proceeds from issue of units		
Series A	1,604,340	2,060,834
Series F	<u>301,756</u>	<u>815,383</u>
	<u>1,906,096</u>	<u>2,876,217</u>
Consideration paid for redemptions of units		
Series A	(1,524,866)	(1,241,486)
Series F	<u>(158,710)</u>	<u>(1,146,233)</u>
	<u>(1,683,576)</u>	<u>(2,387,719)</u>
<b>Net Assets, End of Period</b>		
Series A	22,254,549	19,175,931
Series F	<u>5,955,402</u>	<u>4,467,049</u>
	<u>\$ 28,209,951</u>	<u>\$ 23,642,980</u>

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

**EXEMPLAR LEADERS FUND****STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**

As at June 30, 2013

Unaudited

	Number of Shares	Long- Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
<b>LONG POSITIONS</b>				
<b>Canadian Equities</b>				
<b>Energy</b>				
Arsenal Energy Inc.	116,000	\$ 82,332	\$ 49,880	
Canadian Spirit Resources, Warrants, December 12, 2013	67,000	-	-	
Canyon Services Group Inc.	17,000	194,708	202,640	
DeeThree Exploration Limited	27,000	147,954	204,120	
Mullen Group Limited	9,936	213,818	225,348	
Pan Orient Energy Corporation	35,000	196,472	56,700	
RMP Energy Inc.	82,000	227,169	344,400	
ShawCor Limited 'A'	3,200	135,924	131,712	
Winstar Resources Limited	94,300	238,328	235,750	
ZCL Composites Inc.	73,900	234,380	363,588	
		1,671,085	1,814,138	6.4
<b>Basic Materials</b>				
Cascades Inc.	23,600	103,205	136,408	
Hunt Mining Corporation, Warrants, November 30, 2013	130,000	13,000	-	
Noranda Income Fund	136,000	699,737	678,640	
		815,942	815,048	2.9
<b>Industrials</b>				
Bombardier Inc. 'B'	32,000	141,586	149,440	
Boyd Group Income Fund	12,400	124,531	296,980	
DirectCash Payments Inc.	16,300	384,525	390,874	
Flyht Aerospace Solutions Limited	1,060,500	235,196	206,798	
Flyht Aerospace Solutions Limited, Warrants, December 23, 2013	620,000	-	-	
Flyht Aerospace Solutions Limited, Warrants, June 18, 2014	230,000	-	-	
Horizon North Logistics Inc.	190,400	602,362	1,207,137	
WestJet Airlines Limited	43,000	708,775	982,550	
		2,196,975	3,233,779	11.5
<b>Consumer Discretionary</b>				
Magna International Inc.	26,100	1,190,571	1,951,497	
Martinrea International Inc.	26,300	192,084	285,355	
Transat A.T. Inc. 'B'	20,000	117,958	150,000	
		1,500,613	2,386,852	8.4
<b>Health Care</b>				
Acasti Pharma Inc.	199,032	265,039	581,173	



**EXEMPLAR LEADERS FUND**  
**STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**  
As at June 30, 2013  
Unaudited

	Number of Shares	Long- Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
<b>Health Care (Con'td.)</b>				
Catamaran Corporation	2,800	\$ 87,225	\$ 143,080	
Immunovaccine Inc., Warrants, September 16, 2013	10,000	507	-	
Neptune Technologies & Bioresources Inc.	484,500	1,100,785	1,618,230	
NeuroBioPharm Inc. Class 'A' <sup>2</sup>	13,395	754	1,340	
NeuroBioPharm Inc., Warrants <sup>2</sup>	26,790	-	-	
Trimel Pharmaceuticals Corporation	14,000	9,348	10,080	
Ventripoint Diagnostics Limited	900,000	150,000	54,000	
Ventripoint Diagnostics Limited, Warrants, April 30, 2014	150,000	-	-	
VentriPoint Diagnostics Limited, Warrants, July 18, 2014	300,000	-	-	
		1,613,658	2,407,903	8.5
<b>Financials</b>				
Alaris Royalty Corporation	59,400	843,276	1,862,190	
Alaris Royalty Corporation Subscription Receipts	7,500	231,750	231,750	
Element Financial Corporation	19,800	153,450	234,630	
Partners Real Estate Investment	34,600	259,440	235,280	
		1,487,916	2,563,850	9.1
<b>Information Technology</b>				
Cortex Business Solutions Inc.	1,840,000	386,000	239,200	
Cortex Business Solutions Inc., Warrants, April 05, 2016	600,000	24,000	1	
Espial Group Inc.	116,500	46,950	49,513	
Evertz Technologies Limited	4,700	73,306	69,560	
Intrinsyc Software International Inc.	420,000	32,377	27,300	
QHR Corp	17,000	9,554	9,690	
Sierra Wireless Inc.	46,400	403,803	617,584	
VendTek Systems Inc.	353,950	178,187	12,388	
WebTech Wireless Inc.	1,459,950	566,687	554,781	
Wi-LAN Inc.	140,000	717,844	677,600	
		2,438,708	2,257,617	8.0
<b>REITS</b>				
Inovalis Real Estate Investment Trust	65,400	654,000	601,680	2.1
<b>Telecommunication Services</b>				
BCE Inc.	24,000	843,139	1,034,880	3.7
<b>Utilities</b>				
Capital Power Corporation	10,600	249,630	218,042	

**EXEMPLAR LEADERS FUND****STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**

As at June 30, 2013

Unaudited

	Number of Shares	Long- Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
<b>Utilities (Cont'd.)</b>				
Just Energy Group Inc.	4,000	\$ 41,368	\$ 24,880	
		290,998	242,922	0.9
<b>Total Canadian Equities - Long</b>		<b>13,513,034</b>	<b>17,358,669</b>	<b>61.5</b>
<b>U.S. Equities</b>				
<b>Basic Materials</b>				
KapStone Paper and Packaging Corporation	13,801	339,020	583,284	2.1
<b>Industrials</b>				
Norfolk Southern Corporation	7,400	509,402	565,118	2.0
<b>Consumer Staples</b>				
Philip Morris International Inc.	13,500	793,419	1,228,860	4.4
<b>Financials</b>				
Plum Creek Timber Company Inc.	5,500	267,157	269,930	
WP Carey Inc.	2,400	134,492	167,558	
		401,649	437,488	1.5
<b>Health Care</b>				
Gilead Sciences Inc.	11,200	211,752	603,149	
WellPoint Inc.	28,400	1,721,606	2,443,594	
		1,933,358	3,046,743	10.8
<b>Information Technology</b>				
Constant Contact Inc.	7,993	122,077	134,908	
Microsoft Corporation	15,300	447,054	555,571	
NetApp Inc.	7,200	282,199	286,053	
		851,330	976,532	3.5
<b>Utilities</b>				
National Fuel Gas Company	5,700	347,711	347,420	1.2
<b>Total U.S. Equities - Long</b>		<b>5,175,889</b>	<b>7,185,445</b>	<b>25.5</b>

**EXEMPLAR LEADERS FUND**
**STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**

As at June 30, 2013

Unaudited

	Number of Shares	Long: Avg Cost Short: Proceeds	Fair Value	% of Total Net Assets
<b>Global Equities</b>				
<b>Netherlands</b>				
LyondellBasell Industries NV 'A'	15,900	\$ 977,320	\$ 1,111,912	4.0
<b>United Kingdom</b>				
Synchronica PLC, Warrants, September 20, 2013	53,740	749	-	
Vodafone Group PLC ADR	6,800	209,867	205,445	
		210,616	205,445	0.7
<b>Total Global Equities - Long</b>		<b>1,187,936</b>	<b>1,317,357</b>	<b>4.7</b>
<b>Total Long Positions Including Transaction Costs</b>		<b>19,876,859</b>	<b>25,861,471</b>	<b>91.7</b>
Transaction costs		(25,136)	-	-
<b>Total Long Positions before Transaction Costs</b>		<b>19,851,723</b>	<b>25,861,471</b>	<b>91.7</b>
<b>SHORT POSITIONS</b>				
<b>Canadian Equities</b>				
<b>Energy</b>				
Trican Well Service Limited	(22,000)	(315,750)	(309,980)	(1.1)
<b>Basic Materials</b>				
iShares S&P/TSX Global Gold Index Fund	(16,200)	(269,952)	(171,720)	(0.6)
<b>Industrials</b>				
Westport Innovations Inc.	(9,900)	(358,485)	(351,252)	(1.3)
<b>Total Canadian Equities - Short</b>		<b>(944,187)</b>	<b>(832,952)</b>	<b>(3.0)</b>
<b>Total Short Positions Including Transaction Costs</b>		<b>(944,187)</b>	<b>(832,952)</b>	<b>(3.0)</b>
Transaction Costs		(831)	-	
<b>Total Short Positions Before Transaction Costs</b>		<b>(945,018)</b>	<b>(832,952)</b>	<b>(3.0)</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>		<b>\$ 18,906,705</b>	<b>25,028,519</b>	<b>88.7</b>
Other Assets, Net of Liabilities <sup>1</sup>			3,181,432	11.3
<b>TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY</b>			<b>\$ 28,209,951</b>	<b>100.0</b>

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

<sup>2</sup> Private and illiquid securities.

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

**EXEMPLAR LEADERS FUND**  
**SUMMARY OF INVESTMENT PORTFOLIO**  
As at June 30, 2013 and December 31, 2012  
Unaudited

SECTOR MIX	% of Total Net Assets	
	2013	2012
<b>Long Positions</b>		
Energy	6.4	10.6
Basic Materials	5.0	5.4
Exchanged Traded Funds	2.1	-
Industrials	13.5	17.0
Consumer Discretionary	8.4	6.2
Consumer Staples	4.4	5.1
Health Care	19.3	15.0
Financials	10.6	9.1
Information Technology	11.5	16.2
Telecommunication Services	8.4	4.5
Utilities	2.1	2.2
Other Assets, Net of Liabilities	11.3	12.3
<b>Short Positions</b>		
Basic Materials	(0.6)	(0.9)
Energy	(1.1)	-
Industrials	(1.3)	(1.3)
Information Technology	-	(1.4)

GEOGRAPHIC MIX	% of Total Net Assets	
	2013	2012
<b>Long Positions</b>		
Canada	61.5	67.1
U.S.	25.5	23.7
Netherlands	4.0	-
United Kingdom	0.7	0.5
Other Assets, Net of Liabilities	11.3	12.3
<b>Short Positions</b>		
Canada	(3.0)	(2.2)
U.S.	-	(1.4)

ASSET MIX	% of Total Net Assets	
	2013	2012
<b>Long Positions</b>		
Canadian Equities	61.5	67.1
U.S. Equities	25.5	23.7
Global Equities	4.7	0.5
Other Assets, Net of Liabilities	11.3	12.3
<b>Short Positions</b>		
Canadian Equities	(3.0)	(2.2)
U.S. Equities	-	(1.4)

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

## EXEMPLAR LEADERS FUND

### DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)

June 30, 2013

Unaudited

#### 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 43.

#### B. CREDIT RISK

As at June 30, 2013, the Fund did not invest in debt instruments and/or derivatives. As at December 31, 2012, 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 June 30, 2013	As at December 31, 2012
Not Rated	-	-

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:

June 30, 2013

	Less than 1 year (\$)	1 – 3 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
<b>Financial Assets</b>				
Equities - long	-	-	-	25,861,471
Other receivables	1,106,853	-	-	-
Cash and cash equivalents	3,765,191	-	-	-
<b>Total</b>	<b>4,872,044</b>	-	-	<b>25,861,471</b>
<b>Liabilities</b>				
Equities - short	-	-	-	(832,952)
Other liabilities	(1,690,612)	-	-	-
<b>Total</b>	<b>(1,690,612)</b>	-	-	<b>(832,952)</b>

**December 31, 2012**

	Less than 1 year (\$)	1 – 3 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
<b>Financial Assets</b>				
Equities - long	-	-	-	22,469,137
Other receivables	679,736	-	-	-
Cash and cash equivalents	3,064,261	-	-	-
<b>Total</b>	<b>3,743,997</b>	-	-	<b>22,469,137</b>
<b>Liabilities</b>				
Equities - short	-	-	-	(894,470)
Other liabilities	(714,764)	-	-	-
<b>Total</b>	<b>(714,764)</b>	-	-	<b>(894,470)</b>

**D. INTEREST RATE RISK**

As at June 30, 2013 the Fund did not hold any interest-bearing securities, and therefore was not subject to interest rate risk. As at December 31, 2012 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 sector 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 June 30, 2013 and December 31, 2012, with all other variables held constant, is included in the following table. Regression analysis has been utilized to estimate the historical correlation. The analysis uses 71 data points (December 31, 2012 – 65 data points) based on the monthly net returns of the Fund.

Benchmark	Impact on Net Assets	
	June 30, 2013	December 31, 2012
S&P/TSX Total Return Index	\$1,182,073	\$1,036,051

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 June 30, 2013 and December 31, 2012 are as follows:

Currency	As at June 30, 2013		As at December 31, 2012	
	Financial Instruments (\$)	Percentage of Net Assets (%)	Financial Instruments (\$)	Percentage of Net Assets (%)
United States Dollar (long)	9,573,302	33.9	6,406,981	26.0
United States Dollar (short)	-	-	(346,394)	(1.4)

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 June 30, 2013, 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 \$478,665 (December 31, 2012 – \$303,029).

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.

### June 30, 2013

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Assets</b>				
Equity securities - long	25,860,131	-	1,340	25,861,471
<b>Total Assets</b>	<b>25,860,131</b>	<b>-</b>	<b>1,340</b>	<b>25,861,471</b>
<b>Liabilities</b>				
Equity securities - short	(832,952)	-	-	(832,952)
<b>Total Liabilities</b>	<b>(832,952)</b>	<b>-</b>	<b>-</b>	<b>(832,952)</b>

### December 31, 2012

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Assets</b>				
Equity securities - long	22,467,797	-	1,340	22,469,137
<b>Total Assets</b>	<b>22,467,797</b>	<b>-</b>	<b>1,340</b>	<b>22,469,137</b>
<b>Liabilities</b>				
Equity securities - short	(894,470)	-	-	(894,470)
<b>Total Liabilities</b>	<b>(894,470)</b>	<b>-</b>	<b>-</b>	<b>(894,470)</b>

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. As at June 30, 2013, the Fund did not hold investments that qualify as level 2. As at June 30, 2013, the Fund held investments that qualified as level 2 which included bonds and units. 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 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 level 3 amount consists of one private equity position.

If the level 3 securities were to increase or decrease by 50%, the impact on Net Assets would be \$670 or 0.003% (December 31, 2012 – \$670).

The following table presents the movement in level 3 instruments for the periods ended June 30, 2013 and December 31, 2012 by class of financial instrument.

	Equity Securities (\$)	
	June 30, 2013	December 31, 2012
<b>Opening balance</b>	<b>1,340</b>	<b>-</b>
Net purchases and sales	-	-
Net transfers in (out)	-	1,504
Realized gain (loss)	-	(11,550)
Unrealized appreciation	-	11,386
<b>Closing balance</b>	<b>1,340</b>	<b>1,340</b>

There were no transfers between Levels 1 and 2 during the periods ended June 30, 2013 and December 31, 2012. The net change in unrealized depreciation for level 3 financial instruments held as of June 30, 2013 was \$Nil (December 31, 2012 - \$164).

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

**STATEMENT OF NET ASSETS**  
**As at June 30, 2013 and December 31, 2012**  
**Unaudited**

**EXEMPLAR GLOBAL INFRASTRUCTURE FUND**

	2013	2012
<b>ASSETS</b>		
Long positions at fair value*		
U.S. equities	\$ 7,869,639	\$ 5,100,263
Global equities	<u>9,292,821</u>	<u>12,205,763</u>
	17,162,460	17,306,026
Cash and broker deposits	755,002	288,072
Accrued investment income	90,171	40,582
Subscriptions receivable	<u>465</u>	<u>315</u>
Total Assets	<u>18,008,098</u>	<u>17,634,995</u>
<b>LIABILITIES</b>		
Accounts payable:		
Performance fees payable	73,673	115,255
Fees and operating expenses	44,070	44,403
Payable for investment purchases	197,970	-
Redemptions payable	<u>109,795</u>	<u>52,274</u>
Total Liabilities	<u>425,508</u>	<u>211,932</u>
<b>NET ASSETS REPRESENTING UNITHOLDERS' EQUITY</b>		
Series A	11,252,887	11,484,603
Series F	<u>6,329,703</u>	<u>5,938,460</u>
	\$ <u>17,582,590</u>	\$ <u>17,423,063</u>
<b>NUMBER OF UNITS OUTSTANDING (Note 4)</b>		
Series A	1,046,907	1,142,890
Series F	<u>589,063</u>	<u>594,559</u>
<b>NET ASSETS PER UNIT (Note 8)</b>		
Series A	\$ 10.75	\$ 10.05
Series F	<u>\$ 10.75</u>	<u>\$ 9.99</u>
*Long positions, at cost	<u>\$ 15,715,506</u>	<u>\$ 16,868,684</u>

Approved by the Board of Directors of BluMont Capital Corporation

"Veronika Hirsch"

Veronika Hirsch  
 Director

"Stephen Johnson"

Stephen Johnson  
 Director

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



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

**EXEMPLAR GLOBAL INFRASTRUCTURE FUND**

	2013	2012
<b>INVESTMENT INCOME</b>		
Dividends	\$ 391,448	\$ 352,334
Less: Foreign withholding taxes	<u>80,854</u>	<u>68,587</u>
	310,594	283,747
Interest	<u>1,562</u>	<u>4,927</u>
	<u>312,156</u>	<u>288,674</u>
<b>EXPENSES (Notes 6 and 7)</b>		
Management fees	171,483	141,867
Performance fees	73,673	51,799
General operating expenses	49,830	77,907
Audit fees	11,589	13,415
Legal fees	1,932	4,494
Trustees' fees	518	278
Securityholders' reporting costs	21,578	16,394
Interest	<u>-</u>	<u>26</u>
	330,603	306,180
Less: Expenses absorbed by the Manager	<u>37,520</u>	<u>65,358</u>
	<u>293,083</u>	<u>240,822</u>
<b>NET INVESTMENT INCOME</b>	<u>19,073</u>	<u>47,852</u>
<b>NET REALIZED GAIN ON INVESTMENT TRANSACTIONS</b>	538,179	32,234
<b>TRANSACTION COSTS (Notes 2(1) and 7)</b>	(3,938)	(4,232)
<b>NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS</b>	1,009,612	(8,287)
<b>EXCHANGE GAIN (LOSS) ON FOREIGN CURRENCIES AND OTHER NET ASSETS</b>	<u>49,029</u>	<u>(4,020)</u>
<b>NET GAIN ON INVESTMENTS AND TRANSACTION COSTS</b>	<u>1,592,882</u>	<u>15,695</u>
<b>NET INCREASE IN NET ASSETS FROM OPERATIONS</b>		
Series A	1,056,700	40,155
Series F	<u>555,255</u>	<u>23,392</u>
	<u>\$ 1,611,955</u>	<u>\$ 63,547</u>
<b>NET INCREASE IN NET ASSETS FROM OPERATIONS PER UNIT(Note 2(VI))</b>		
Series A	\$ 0.94	\$ 0.06
Series F	<u>\$ 0.95</u>	<u>\$ 0.04</u>

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

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

**EXEMPLAR GLOBAL INFRASTRUCTURE FUND**

	2013	2012
<b>Net Assets, Beginning of Period</b>		
Series A	\$ 11,484,603	\$ 2,029,629
Series F	<u>5,938,460</u>	<u>3,155,153</u>
	<u>17,423,063</u>	<u>5,184,782</u>
<b>Net Increase in Net Assets from Operations</b>		
Series A	1,056,700	40,155
Series F	<u>555,255</u>	<u>23,392</u>
	<u>1,611,955</u>	<u>63,547</u>
<b>From Capital Unit Transactions: (Note 4)</b>		
Proceeds from issue of units		
Series A	1,179,636	9,157,093
Series F	<u>861,663</u>	<u>6,494,522</u>
	<u>2,041,299</u>	<u>15,651,615</u>
Consideration paid for redemptions of units		
Series A	(2,409,442)	(134,400)
Series F	<u>(998,371)</u>	<u>(1,497,961)</u>
	<u>(3,407,813)</u>	<u>(1,632,361)</u>
Reinvestment of distributions		
Series A	165,279	112,732
Series F	<u>89,752</u>	<u>95,419</u>
	<u>255,031</u>	<u>208,151</u>
<b>From Distributions to Unitholders:</b>		
From return of capital		
Series A	(223,889)	(152,685)
Series F	<u>(117,056)</u>	<u>(138,933)</u>
	<u>(340,945)</u>	<u>(291,618)</u>
<b>Net Assets, End of Period</b>		
Series A	11,252,887	11,052,524
Series F	<u>6,329,703</u>	<u>8,131,592</u>
	<u>\$ 17,582,590</u>	<u>\$ 19,184,116</u>

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

**EXEMPLAR GLOBAL INFRASTRUCTURE FUND**  
**STATEMENT OF INVESTMENTS AND OTHER NET**  
**ASSETS**

As at June 30, 2013  
 Unaudited

	Number of Shares/Units	Average Cost	Fair Value	% of Total Net Assets
<b>U.S. Equities</b>				
<b>Energy</b>				
Chesapeake Energy Corporation	27,872	\$ 577,153	\$ 596,464	
Crosstex Energy Limited Partnership	6,464	126,644	139,962	
Energy Transfer Partners Limited Partnership	11,051	513,634	587,222	
Enterprise Products Partners Limited Partnership	11,885	581,415	776,394	
Kinder Morgan Energy Partners Limited Partnership	8,147	697,268	731,570	
MarkWest Energy Partners Limited Partnership	9,020	571,094	634,102	
Plains All American Pipeline Limited Partnership	11,175	553,370	655,037	
Tesoro Logistics Limited Partnership	12,230	517,925	777,582	
		4,138,503	4,898,333	27.9
<b>Industrials</b>				
CSX Corporation	20,570	463,360	501,201	
Genesee & Wyoming Inc 'A'	4,875	419,408	438,065	
TAL International Group Inc.	4,820	206,557	220,794	
Waste Connections Inc.	13,220	413,639	569,989	
Waste Management Inc.	12,958	449,626	549,291	
		1,952,590	2,279,340	13.0
<b>Telecommunication Services</b>				
DuPont Fabros Technology Inc.	11,252	262,618	285,640	
SBA Communications Corporation 'A'	5,213	251,970	406,326	
		514,588	691,966	3.9
<b>Total U.S. Equities</b>		<b>6,605,681</b>	<b>7,869,639</b>	<b>44.8</b>
<b>Global Equities</b>				
<b>Brazil</b>				
Companhia Energetica de Minas Gerais SA ADR	37,512	407,817	353,846	
CPFL Energia SA ADR	7,401	211,407	142,194	
Ultrapar Participacoes SA ADR	19,045	374,117	479,264	
		993,341	975,304	5.5
<b>Chile</b>				
Empresa Nacional de Electricidad SA ADR	8,257	426,500	382,924	
Enerjis SA ADR	15,105	298,426	259,711	
		724,926	642,635	3.7

**EXEMPLAR GLOBAL INFRASTRUCTURE FUND**  
**STATEMENT OF INVESTMENTS AND OTHER NET**  
**ASSETS**  
As at June 30, 2013  
Unaudited

	Number of Shares/Units	Average Cost	Fair Value	% of Total Net Assets
<b>Colombia</b>				
Ecopetrol SA ADR	597	\$ 25,160	\$ 26,362	0.1
<b>France</b>				
France Telecom SA ADR	14,989	228,420	149,271	
Total SA ADR	10,618	523,473	543,110	
Veolia Environnement ADR	21,627	269,218	258,815	
		1,021,111	951,196	5.4
<b>Germany</b>				
RWE AG ADR	3,908	159,046	130,852	0.7
<b>Hong Kong</b>				
China Mobile (Hong Kong) Limited ADR	7,020	365,343	382,179	
CNOOC Limited ADR	2,667	533,865	469,466	
		899,208	851,645	4.8
<b>Indonesia</b>				
PT Telekomunikasi Indonesia Tbk ADR	4,215	130,593	189,268	1.1
<b>Italy</b>				
ENI SpA ADR	11,501	509,164	495,994	2.8
<b>Republic of Marshall Islands</b>				
Seaspan Corporation	22,626	350,819	493,716	
Teekay Corporation	10,639	301,683	453,897	
		652,502	947,613	5.4
<b>Mexico</b>				
Grupo Aeroportuario del Sureste SAB de CV ADR	488	26,376	56,968	0.3
<b>Russia</b>				
Mobile TeleSystems OJSC ADR	13,502	241,213	268,640	
OAO LUKOIL ADR	3,845	231,438	232,698	
		472,651	501,338	2.9

**EXEMPLAR GLOBAL INFRASTRUCTURE FUND**  
**STATEMENT OF INVESTMENTS AND OTHER NET**  
**ASSETS**  
As at June 30, 2013  
Unaudited

	Number of Shares/Units	Average Cost	Fair Value	% of Total Net Assets
<b>South Africa</b>				
MTN Group Limited ADR	5,500	\$ 110,321	\$ 107,058	
Sasol Limited ADR	16,968	815,357	771,735	
		925,678	878,793	5.0
<b>South Korea</b>				
Korea Electric Power Corporation ADR	34,204	343,461	406,809	
KT Corporation ADR	18,100	260,955	295,217	
		604,416	702,026	4.0
<b>Spain</b>				
Telefonica SA ADR	42,163	688,094	568,422	3.2
<b>Switzerland</b>				
Transocean Limited	10,790	550,178	544,078	3.1
<b>Taiwan</b>				
Chunghwa Telecom Company Limited ADR	11,275	340,500	380,722	2.2
<b>United Kingdom</b>				
National Grid PLC ADR	3,513	172,146	209,355	
Vodafone Group PLC ADR	7,952	219,598	240,250	
		391,744	449,605	2.6
<b>Total Global Equities</b>		<b>9,114,688</b>	<b>9,292,821</b>	<b>52.8</b>
<b>Total Positions Including Transaction Costs</b>		<b>15,720,369</b>	<b>17,162,460</b>	<b>97.6</b>
Transaction Costs		(4,863)	-	-
<b>Total Positions Before Transaction Costs</b>		<b>\$ 15,715,506</b>	<b>17,162,460</b>	<b>97.6</b>
Other Assets Net of Liabilities <sup>1</sup>			420,130	2.4
<b>TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY</b>			<b>\$ 17,582,590</b>	<b>100.0</b>

<sup>1</sup>This amount is comprised of cash and broker deposits plus accrued investment income plus subscriptions 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 June 30, 2013 and December 31, 2012  
Unaudited

<b>SECTOR MIX</b>	<b>% of Total Net Assets</b>	
	<b>2013</b>	<b>2012</b>
Energy	<b>54.6</b>	29.1
Financials	<b>1.6</b>	-
Industrials	<b>20.2</b>	11.2
Telecommunication Services	<b>15.3</b>	39.1
Utilities	<b>5.9</b>	19.9
Other Assets, Net of Liabilities	<b>2.4</b>	0.7

<b>ASSET MIX</b>	<b>% of Total Net Assets</b>	
	<b>2013</b>	<b>2012</b>
U.S. Equities	<b>44.8</b>	29.3
Global Equities	<b>52.8</b>	70.0
Other Assets, Net of Liabilities	<b>2.4</b>	0.7

<b>GEOGRAPHIC MIX</b>	<b>% of Total Net Assets</b>	
	<b>2013</b>	<b>2012</b>
U.S.	<b>44.8</b>	29.3
Argentina	-	0.8
Brazil	<b>5.5</b>	6.7
Chile	<b>3.7</b>	4.9
Colombia	<b>0.1</b>	4.1
France	<b>5.4</b>	7.4
Germany	<b>0.7</b>	0.9
Hong Kong	<b>4.8</b>	3.2
Indonesia	<b>1.1</b>	0.9
Italy	<b>2.8</b>	3.2
Mexico	<b>0.3</b>	3.3
Norway	-	2.1
Republic of Marshall Islands	<b>5.4</b>	4.8
Russia	<b>2.9</b>	2.9
South Africa	<b>5.0</b>	3.3
South Korea	<b>4.0</b>	10.3
Spain	<b>3.2</b>	3.2
Switzerland	<b>3.1</b>	2.7
Taiwan	<b>2.2</b>	3.2
United Kingdom	<b>2.6</b>	2.1
Other Assets, Net of Liabilities	<b>2.4</b>	0.7

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

**EXEMPLAR GLOBAL INFRASTRUCTURE FUND**  
**DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)**  
**June 30, 2013**  
**Unaudited**

**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 investment advisor: (i) makes long term investments of securities of issuers which the investment advisor 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 43.

**B. CREDIT RISK**

As at June 30, 2013 and December 31, 2012, the Fund had no investments 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:

**June 30, 2013**

	Less than 1 year (\$)	1 – 3 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
<b>Financial Assets</b>				
Equities - long	-	-	-	17,162,460
Other receivables	90,636	-	-	-
Cash and cash equivalents	755,002	-	-	-
<b>Total</b>	<b>845,638</b>	-	-	<b>17,162,460</b>
<b>Liabilities</b>				
Other liabilities	(425,508)	-	-	-
<b>Total</b>	<b>(425,508)</b>	-	-	-

**December 31, 2012**

	Less than 1 year (\$)	1 – 3 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
<b>Financial Assets</b>				
Equities - long	-	-	-	17,306,026
Other receivables	40,897	-	-	-
Cash and cash equivalents	288,072	-	-	-
<b>Total</b>	<b>328,969</b>	-	-	<b>17,306,026</b>
<b>Liabilities</b>				
Other liabilities	(211,932)	-	-	-
<b>Total</b>	<b>(211,932)</b>	-	-	-

#### D. INTEREST RATE RISK

As at June 30, 2013 and December 31, 2012, 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 Net Assets as at June 30, 2013 and December 31, 2012, with all other variables held constant, is presented in the following table.

	Impact on Net Assets	
	June 30, 2013	December 31, 2012
5% Increase	\$879,130	\$871,153
5% Decrease	\$(879,130)	\$(871,153)

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 June 30, 2013 and December 31, 2012 are as follows:

Currency	As at June 30, 2013		As at December 31, 2012	
	Financial Instruments (\$)	Percentage of Net Assets (%)	Financial Instruments (\$)	Percentage of Net Assets (%)
United States Dollar	17,813,988	101.3	17,562,027	100.8

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 June 30, 2013, 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 \$890,699 (December 31, 2012 - \$878,101).

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 at June 30, 2013 and December 31, 2012.

##### June 30, 2013

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Assets</b>				
Equity Securities	17,162,460	-	-	17,162,460

##### December 31, 2012

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Assets</b>				
Equity Securities	17,306,026	-	-	17,306,026

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.

There were no transfers between levels during the periods ended June 30, 2013 and December 31, 2012.

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



**STATEMENT OF NET ASSETS**  
**As at June 30, 2013 and December 31, 2012**  
**Unaudited**

**EXEMPLAR TIMBER FUND†**

	2013	2012
<b>ASSETS</b>		
Long positions at fair value*		
Canadian equities	\$ 1,462,160	\$ 421,026
U.S. equities	20,024,052	3,961,600
Global equities	799,986	154,412
	<u>22,286,198</u>	<u>4,537,038</u>
Cash and broker deposits	563,008	557,394
Accrued investment income	13,837	347
Subscriptions receivable	75,957	35,000
Total Assets	<u>22,939,000</u>	<u>5,129,779</u>
<b>LIABILITIES</b>		
Accounts payable:		
Performance fees payable	251,205	-
Fees and operating expenses	59,517	9,815
Redemptions payable	17,509	18,783
Payable for investment purchases	133,322	125,358
Total Liabilities	<u>461,553</u>	<u>153,956</u>
<b>NET ASSETS REPRESENTING UNITHOLDERS' EQUITY</b>		
Series A	7,580,689	1,672,073
Series F	11,602,240	2,890,280
Series I	595,951	-
Series L	2,698,567	413,470
	<u>\$ 22,477,447</u>	<u>\$ 4,975,823</u>
<b>NUMBER OF UNITS OUTSTANDING (Note 4)</b>		
Series A	569,314	140,458
Series F	862,463	241,415
Series I	62,039	-
Series L	<u>206,088</u>	<u>35,331</u>
<b>NET ASSETS PER UNIT (Note 8)</b>		
Series A	\$ 13.32	\$ 11.90
Series F	\$ 13.45	\$ 11.97
Series I	\$ 9.61	\$ -
Series L	<u>\$ 13.09</u>	<u>\$ 11.70</u>
*Long positions, at cost	<u>\$ 20,569,942</u>	<u>\$ 4,071,146</u>

†The Fund was launched on June 07, 2012.

Approved by the Board of Directors of BluMont Capital Corporation  
 "Veronika Hirsch"

"Stephen Johnson"

Veronika Hirsch  
 Director

Stephen Johnson  
 Director

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

**STATEMENT OF OPERATIONS**

For the six months ended June 30, 2013 and for the period from June 07, 2012 to June 30, 2012

Unaudited

**EXEMPLAR TIMBER FUND<sup>†</sup>**

	2013	2012
<b>INVESTMENT INCOME</b>		
Dividends	\$ 132,571	\$ 1,442
Less: Foreign withholding taxes	<u>19,782</u>	<u>214</u>
	112,789	1,228
Interest	<u>8,956</u>	<u>200</u>
	<u>121,745</u>	<u>1,428</u>
<b>EXPENSES (Notes 6 and 7)</b>		
Management fees	139,422	1,038
Performance Fees	251,206	-
General operating expenses	62,259	33,057
Audit fees	11,589	8,363
Legal fees	1,791	2,693
Trustees' fees	276	-
Securityholders' reporting costs	<u>19,478</u>	<u>226</u>
	486,021	45,377
Less: Expenses absorbed by the Manager	<u>44,690</u>	<u>43,886</u>
	<u>441,331</u>	<u>1,491</u>
<b>NET INVESTMENT LOSS</b>	<u>(319,586)</u>	<u>(63)</u>
<b>NET REALIZED GAIN ON INVESTMENT TRANSACTIONS</b>	56,358	-
<b>TRANSACTION COSTS (Notes 2(1) and 7)</b>	(6,681)	(129)
<b>NET CHANGE IN UNREALIZED APPRECIATION OF INVESTMENTS</b>	1,250,364	31,272
<b>EXCHANGE LOSS ON FOREIGN CURRENCIES AND OTHER NET ASSETS</b>	<u>(26,630)</u>	<u>(2,010)</u>
<b>NET GAIN ON INVESTMENTS AND TRANSACTION COSTS</b>	<u>1,273,411</u>	<u>29,133</u>
<b>NET INCREASE IN NET ASSETS FROM OPERATIONS</b>		
Series A	302,096	2,114
Series F	559,145	26,713
Series I	(16,742)	-
Series L	<u>109,326</u>	<u>243</u>
	<u>\$ 953,825</u>	<u>\$ 29,070</u>
<b>NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT (Note 2(VI))</b>		
Series A	\$ 0.81	\$ 0.27
Series F	\$ 0.92	\$ 0.26
Series I	\$ (0.28)	\$ -
Series L	<u>\$ 0.84</u>	<u>\$ 0.16</u>

<sup>†</sup>The Fund was launched on June 7, 2012.

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

**STATEMENT OF CHANGES IN NET ASSETS**

For the six months ended June 30, 2013 and for the period from June 7, 2012 to June 30, 2012

Unaudited

**EXEMPLAR TIMBER FUND<sup>†</sup>**

	2013	2012
<b>Net Assets, Beginning of Period</b>		
Series A	1,672,073	-
Series F	2,890,280	-
Series I	-	-
Series L	413,470	-
	<u>\$ 4,975,823</u>	<u>\$ -</u>
<b>Net Increase (Decrease) in Net Assets from Operations</b>		
Series A	302,096	2,114
Series F	559,145	26,713
Series I	(16,742)	-
Series L	109,326	243
	<u>953,825</u>	<u>29,070</u>
<b>From Capital Unit Transactions: (Note 4)</b>		
Proceeds from issue of units		
Series A	6,032,959	94,870
Series F	9,291,634	1,039,750
Series I	612,693	-
Series L	2,232,742	15,000
	<u>18,170,028</u>	<u>1,149,620</u>
Consideration paid for redemptions of units		
Series A	(416,463)	-
Series F	(1,097,111)	-
Series I	-	-
Series L	(54,425)	-
	<u>(1,567,999)</u>	<u>-</u>
Reinvestment of distributions		
Series A	62,325	-
Series F	74,240	-
Series I	1,547	-
Series L	22,944	-
	<u>161,056</u>	<u>-</u>
From Distributions to Unitholders		
From return of capital		
Series A	(72,301)	-
Series F	(115,948)	-
Series I	(1,547)	-
Series L	(25,490)	-
	<u>(215,286)</u>	<u>-</u>

Continued on the next page.

EXEMPLAR TIMBER FUND<sup>†</sup>

Continued from the previous page.

	2013	2012
<b>Net Assets, End of Period</b>		
Series A	7,580,689	96,984
Series F	11,602,240	1,066,463
Series I	595,951	-
Series L	2,698,567	15,243
	<u>\$ 22,477,447</u>	<u>\$ 1,178,690</u>

<sup>†</sup>The Fund was launched on June 7, 2012.

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

**EXEMPLAR TIMBER FUND**  
**STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**  
As at June 30, 2013  
Unaudited

	Number of Shares		Average Cost		Fair Value	% of Total Net Asset Value
<b>Canadian Equities</b>						
<b>Basic Materials</b>						
Canfor Corporation	31,400	\$	568,024	\$	584,040	
International Forest Products Limited 'A'	16,000		153,200		163,520	
West Fraser Timber Company Limited	9,000		698,862		714,600	
			1,420,086		1,462,160	6.5
<b>Total Canadian Equities</b>			<b>1,420,086</b>		<b>1,462,160</b>	<b>6.5</b>
<b>U.S. Equities</b>						
<b>Basic Materials</b>						
Boise Cascade Company	37,523		1,097,750		1,001,871	
Boise Inc.	44,000		348,162		394,225	
Deltic Timber Corporation	13,676		936,581		832,126	
Domtar Corporation	12,103		853,856		846,000	
Glatfelter	7,592		127,901		200,313	
Greif Inc. 'A'	1,327		59,151		73,416	
International Paper Company	37,717		1,621,561		1,757,083	
KapStone Paper and Packaging Corporation	48,017		1,210,004		2,029,385	
Louisiana-Pacific Corporation	55,109		992,088		856,542	
MeadWestvaco Corporation	42,469		1,494,890		1,522,476	
Pope Resources Limited Partnership	1,102		58,992		80,078	
Potlatch Corporation	30,684		1,325,021		1,303,924	
Rock-Tenn Company 'A'	18,934		1,589,599		1,987,519	
Sonoco Products Company	3,636		108,467		132,144	
Universal Forest Products Inc.	17,523		667,767		734,878	
Wausau Paper Corporation	4,135		37,685		49,571	
			12,529,475		13,801,551	61.4
<b>Consumer Discretionary</b>						
Packaging Corp of America	20,165		826,916		1,038,012	4.6
<b>Financials</b>						
Plum Creek Timber Company Inc.	35,973		1,728,981		1,765,493	
Rayonier Inc.	26,957		1,504,833		1,570,196	
Weyerhaeuser Company	61,752		1,822,296		1,848,800	
			5,056,110		5,184,489	23.1
<b>Total U.S. Equities</b>			<b>18,412,501</b>		<b>20,024,052</b>	<b>89.1</b>

**EXEMPLAR TIMBER FUND**

**STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**

As at June 30, 2013

Unaudited

	Number of Shares		Average Cost		Fair Value	% of Total Net Asset Value
<b>Global Equities</b>						
<b>Brazil</b>						
Fibra Celulose SA - ADR	68,720	\$	745,189	\$	799,986	
<b>Total Global Equities</b>			<b>745,189</b>		<b>799,986</b>	<b>3.6</b>
<b>TOTAL INVESTMENT PORTFOLIO Including Transaction Costs</b>			<b>20,577,776</b>		<b>22,286,198</b>	<b>99.2</b>
Transaction Costs			(7,834)		-	-
<b>TOTAL INVESTMENT PORTFOLIO Before Transaction Costs</b>		<b>\$</b>	<b>20,569,942</b>		<b>22,286,198</b>	<b>99.2</b>
Other Assets Net of Liabilities <sup>1</sup>					191,249	0.8
<b>TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY</b>				<b>\$</b>	<b>22,477,447</b>	<b>100.0</b>

<sup>1</sup>This amount is comprised of cash and broker deposits plus accrued investment income plus subscriptions receivable less accounts payable.

**EXEMPLAR TIMBER FUND**

**SUMMARY OF INVESTMENT PORTFOLIO**

As at June 30, 2013 and December 31, 2012

Unaudited

<b>SECTOR MIX</b>	<b>% of Total Net Assets</b>		<b>GEOGRAPHIC MIX</b>	<b>% of Total Net Assets</b>	
	<b>2013</b>	<b>2012</b>		<b>2013</b>	<b>2012</b>
Basic Materials	71.5	66.2	Canada	6.5	8.5
Consumer Discretionary	4.6	3.7	U.S.	89.1	79.6
Financials	23.1	21.3	Brazil	3.6	3.1
Other Assets, Net of Liabilities	0.8	8.8	Other Assets, Net of Liabilities	0.8	8.8
<b>ASSET MIX</b>					
	<b>% of Total Net Assets</b>			<b>% of Total Net Assets</b>	
	<b>2013</b>	<b>2012</b>		<b>2013</b>	<b>2012</b>
Canadian Equities	6.5	8.5			
U.S. Equities	89.1	79.6			
Global Equities	3.6	3.1			
Other Assets, Net of Liabilities	0.8	8.8			

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

## EXEMPLAR TIMBER FUND

### DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)

June 30, 2013

Unaudited

#### A. FINANCIAL RISK MANAGEMENT

The investment objective of the Exemplar Timber Fund is to provide capital appreciation by investing primarily in a diversified portfolio of the shares of companies operating in the financing, plantation and management of forests and wooded regions and/or the processing, production and distribution of timber and other services and products directly derived from wood.

To achieve the investment objectives of the Fund, the investment sub-advisor will (i) invest in shares of companies operating in the financing, plantation and management of forests and wooded regions and/or the processing, production and distribution of timber and other services and products directly derived from wood; (ii) invest across all geographical sectors; (iii) invest in at least four major regions of the world (such as North America, Asia, Europe and Latin America) and no single country or region will represent more than 40% of the assets of the Fund and no continent more than 60% of assets of the Fund; (iv) diversify across developed and developing timber markets; (v) diversify across softwoods, hardwoods, and different age classes; (vi) invest in exchange traded funds; and (vii) invest in private placements or other 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 appears as Note 3: FINANCIAL INSTRUMENTS RISK MANAGEMENT on page 43.

#### B. CREDIT RISK

As at June 30, 2013 and December 31, 2012, the Fund had no investments 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:

##### June 30, 2013

	Less than 1 year (\$)	1 – 3 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
<b>Financial Assets</b>				
Equities - long	-	-	-	22,286,198
Other receivables	89,794	-	-	-
Cash and cash equivalents	563,008	-	-	-
<b>Total</b>	<b>652,802</b>	-	-	<b>22,286,198</b>
<b>Liabilities</b>				
Other liabilities	(461,553)	-	-	-
<b>Total</b>	<b>(461,553)</b>	-	-	-

##### December 31, 2012

	Less than 1 year (\$)	1 – 3 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
<b>Financial Assets</b>				
Equities - long	-	-	-	4,537,038
Other receivables	35,347	-	-	-
Cash and cash equivalents	557,394	-	-	-
<b>Total</b>	<b>592,741</b>	-	-	<b>4,537,038</b>
<b>Liabilities</b>				
Other liabilities	(153,956)	-	-	-
<b>Total</b>	<b>(153,956)</b>	-	-	-

#### D. INTEREST RATE RISK

As at June 30, 2013 and December 31, 2012, 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 Net Assets as at June 30, 2013 and December 31, 2012, with all other variables held constant, is presented in the following table.

	Impact on Net Assets	
	June 30, 2013	December 31, 2012
5% Increase	\$1,123,872	\$248,791
5% Decrease	\$(1,123,872)	\$(248,791)

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 June 30, 2013 and December 31, 2012 are as follows:

Currency	As at June 30, 2013		As at December 31, 2012	
	Financial Instruments (\$)	Percentage of Net Assets (%)	Financial Instruments (\$)	Percentage of Net Assets (%)
United States Dollar	\$20,691,387	92.1%	\$4,250,028	85.4%

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 June 30, 2013 and December 31, 2012, if the Canadian dollar had strengthened or weakened by 5 percent in relation to all currencies, with all other variables held constant, Net Assets would have increased or decreased, respectively, by approximately \$1,034,569 (December 31, 2012 - \$212,501).

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.

##### June 30, 2013

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Assets</b>				
Equity Securities	22,286,198	-	-	22,286,198

##### December 31, 2012

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Assets</b>				
Equity Securities	4,537,038	-	-	4,537,038

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.

There were no transfers between levels during the period ended June 30, 2013 and for the period since inception to December 31, 2012.



**STATEMENT OF NET ASSETS**  
**As at June 30, 2013 and December 31, 2012**  
**Unaudited**

**EXEMPLAR YIELD FUND<sup>†</sup>**

	2013	2012
<b>ASSETS</b>		
Long positions at fair value*		
Canadian equities	\$ 3,863,355	\$ 4,048,347
Canadian bonds	793,046	517,009
U.S. equities	2,781,739	1,635,797
Global equities	-	1,086,788
	<u>7,438,140</u>	<u>7,287,941</u>
Cash and broker deposits	620,847	833,556
Accrued investment income	42,967	43,241
Receivable from investment sales	582,301	89,716
Total Assets	<u>8,684,255</u>	<u>8,254,454</u>
<b>LIABILITIES</b>		
Accounts payable:		
Fees and operating expenses	14,619	15,685
Redemptions payable	350,289	1,079
Payable for investment purchases	53,489	26,845
Total Liabilities	<u>418,397</u>	<u>43,609</u>
<b>NET ASSETS REPRESENTING UNITHOLDERS' EQUITY</b>		
Series A	5,089,184	5,385,846
Series F	537,890	530,377
Series I	2,279,397	2,064,214
Series L	359,387	230,408
	<u>\$ 8,265,858</u>	<u>\$ 8,210,845</u>
<b>NUMBER OF UNITS OUTSTANDING (Note 4)</b>		
Series A	473,819	539,036
Series F	49,437	52,664
Series I	206,428	203,495
Series L	<u>33,465</u>	<u>23,043</u>
<b>NET ASSETS PER UNIT (Note 8)</b>		
Series A	\$ 10.74	\$ 9.99
Series F	\$ 10.88	\$ 10.07
Series I	\$ 11.04	\$ 10.14
Series L	<u>\$ 10.74</u>	<u>\$ 10.00</u>
*Long positions, at cost	<u>\$ 7,157,966</u>	<u>\$ 7,119,036</u>

The Fund was launched on June 7, 2012.

Approved by the Board of Directors of BluMont Capital Corporation  
 "Veronika Hirsch"

"Stephen Johnson"

Veronika Hirsch  
 Director

Stephen Johnson  
 Director

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

**STATEMENT OF OPERATIONS**

For the six months ended June 30, 2013 and for the period from June 7, 2012 to June 30, 2012

Unaudited

**EXEMPLAR YIELD FUND<sup>†</sup>**

	2013	2012
<b>INVESTMENT INCOME</b>		
Dividends	\$ 189,760	\$ 208
Less: Foreign withholding taxes	<u>19,027</u>	<u>-</u>
	170,733	208
Interest	<u>24,202</u>	<u>302</u>
	<u>194,935</u>	<u>510</u>
<b>EXPENSES (Notes 6 and 7)</b>		
Management fees	62,596	55
General operating expenses	68,441	41,513
Audit fees	25,198	8,363
Legal fees	1,673	2,693
Trustees' fees	237	-
Securityholders' reporting costs	<u>9,775</u>	<u>323</u>
	167,920	52,947
Less: Expenses absorbed by the Manager	<u>82,065</u>	<u>52,390</u>
	<u>85,855</u>	<u>557</u>
<b>NET INVESTMENT INCOME (LOSS)</b>	<u>109,080</u>	<u>(47)</u>
<b>NET REALIZED GAIN (LOSS) ON INVESTMENT TRANSACTIONS</b>	558,780	-
<b>TRANSACTION COSTS (Notes 2(1) and 7)</b>	(27,431)	(708)
<b>NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS</b>	111,269	9,357
<b>EXCHANGE GAIN (LOSS) ON FOREIGN CURRENCIES AND OTHER NET ASSETS</b>	<u>31,461</u>	<u>1,453</u>
<b>NET GAIN (LOSS) ON INVESTMENTS AND TRANSACTION COSTS</b>	<u>674,079</u>	<u>10,102</u>
<b>NET INCREASE IN NET ASSETS FROM OPERATIONS</b>		
Series A	479,268	204
Series F	51,310	820
Series I	224,657	8,559
Series L	<u>27,924</u>	<u>472</u>
	<u>\$ 783,159</u>	<u>\$ 10,055</u>
<b>NET INCREASE IN NET ASSETS FROM OPERATIONS PER UNIT(Note 2(VI))</b>		
Series A	\$ 0.97	\$ 0.00
Series F	\$ 1.01	\$ 0.05
Series I	\$ 1.10	\$ 0.04
Series L	<u>\$ 0.89</u>	<u>\$ 0.20</u>

<sup>†</sup>The Fund was launched on June 7, 2012.

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

**STATEMENT OF CHANGES IN NET ASSETS**

For the six months ended June 30, 2013 and for the period from June 7, 2012 to June 30, 2012

Unaudited

	<b>EXEMPLAR YIELD FUND<sup>†</sup></b>	
	2013	2012
<b>Net Assets, Beginning of Period</b>		
Series A	5,385,846	-
Series F	530,377	-
Series I	2,064,214	-
Series L	230,408	-
	<u>\$ 8,210,845</u>	<u>\$ -</u>
<b>Net Increase in Net Assets from Operations</b>		
Series A	479,268	204
Series F	51,310	820
Series I	224,657	8,559
Series L	27,924	472
	<u>783,159</u>	<u>10,055</u>
<b>From Capital Unit Transactions: (Note 4)</b>		
Proceeds from issue of units		
Series A	213,602	113,069
Series F	101,000	209,668
Series I	-	1,995,000
Series L	122,280	156,544
	<u>436,882</u>	<u>2,474,281</u>
Consideration paid for redemptions of units		
Series A	(985,901)	-
Series F	(144,056)	-
Series I	(9,474)	-
Series L	(16,747)	-
	<u>(1,156,178)</u>	<u>-</u>
Reinvestment of distributions		
Series A	94,095	-
Series F	9,512	-
Series I	41,556	-
Series L	2,046	-
	<u>147,209</u>	<u>-</u>
<b>From Distributions to Unitholders:</b>		
From investment income		
Series A	(97,726)	-
Series F	(10,253)	-
Series I	(41,556)	-
Series L	(6,524)	-
	<u>(156,059)</u>	<u>-</u>
<b>Net Assets, End of Period</b>		
Series A	5,089,184	113,273
Series F	537,890	210,488
Series I	2,279,397	2,003,559
Series L	359,387	157,016
	<u>\$ 8,265,858</u>	<u>\$ 2,484,336</u>

<sup>†</sup>The Fund was launched on June 7, 2012. The accompanying notes are an integral part of these financial statements.

**EXEMPLAR YIELD FUND****STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**

As at June 30, 2013

Unaudited

	Number of Shares/ Par Value	Average Cost	Fair Value	% of Total Net Assets
<b>Canadian Equities</b>				
<b>Energy</b>				
Canyon Services Group Inc.	10,000	\$ 99,907	\$ 119,200	
Mart Resources Inc.	55,000	101,750	85,250	
Mullen Group Limited	4,500	101,703	102,060	
		303,360	306,510	3.7
<b>Basic Materials</b>				
Noranda Income Fund	80,000	393,091	399,200	4.8
<b>Financials</b>				
Alaris Royalty Corporation	17,300	404,309	542,355	
Brookfield Office Properties Inc.	14,000	228,783	244,300	
Pure Industrial Real Estate Trust	65,000	313,144	299,000	
		946,236	1,085,655	13.1
<b>Industrials</b>				
DirectCash Payments Inc.	16,000	382,229	383,680	
Horizon North Logistics Inc.	58,500	410,481	370,890	
		792,710	754,570	9.1
<b>Information Technology</b>				
Wi-LAN Inc.	25,000	116,520	121,000	1.5
<b>Reits</b>				
Inovalis Real Estate Investment Trust	40,000	400,000	368,000	4.5
<b>Telecommunication Services</b>				
BCE Inc.	9,000	385,875	388,080	
Rogers Communications Inc. 'B'	3,000	121,894	123,540	
		507,769	511,620	6.2
<b>Utilities</b>				
TransAlta Corporation	22,000	351,701	316,800	3.8
<b>Total Canadian Equities</b>		<b>3,811,387</b>	<b>3,863,355</b>	<b>46.7</b>

**EXEMPLAR YIELD FUND**
**STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**

As at June 30, 2013

Unaudited

	Number of Shares/ Par Value	Average Cost	Fair Value	% of Total Net Assets
<b>Canadian Bonds</b>				
Fairfax Financial Holdings Limited, 7.500%, August 19, 2019	250,000	\$ 287,125	\$ 288,712	
Gibson Energy Inc., 7.000%, July 15, 2020	100,000	98,633	98,633	
Kirkland Lake Gold Inc., 6.000%, Convertible Bond, June 30, 2017	250,000	226,875	180,050	
Videotron Ltee, 7.125%, January 15, 2020	212,000	233,200	225,651	
<b>Total Canadian Bonds</b>		<b>845,833</b>	<b>793,046</b>	<b>9.6</b>
<b>U.S. Equities</b>				
<b>Energy</b>				
BP Prudhoe Bay Royalty Trust	5,000	390,720	505,400	
MarkWest Energy Partners Limited Partnership	6,300	377,947	442,887	
Tesoro Logistics Limited Partnership	3,000	133,104	190,740	
		901,771	1,139,027	13.8
<b>Basic Materials</b>				
Terra Nitrogen Company Limited Partnership	1,400	309,260	312,484	3.8
<b>Industrials</b>				
Norfolk Southern Corporation	1,500	115,714	114,551	
TAL International Group, Inc.	4,000	175,349	183,231	
		291,063	297,782	3.6
<b>Financials</b>				
Education Realty Trust Inc.	38,000	417,593	408,400	
Plum Creek Timber Company Inc.	6,000	311,680	294,470	
WP Carey Inc.	1,600	112,681	111,705	
		841,954	814,575	9.9
<b>Information Technology</b>				
Microsoft Corporation	6,000	171,297	217,871	2.6
<b>Total U.S. Equities</b>		<b>2,515,345</b>	<b>2,781,739</b>	<b>33.7</b>
<b>Total Positions Including Transaction Costs</b>		<b>7,172,565</b>	<b>7,438,140</b>	<b>90.0</b>
Transaction Costs		(14,599)	-	-
<b>Total Positions Before Transaction Costs</b>		<b>\$ 7,157,966</b>	<b>7,438,140</b>	<b>90.0</b>
Other Assets, Net of Liabilities <sup>1</sup>			827,718	10.0
<b>TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY</b>			<b>\$ 8,265,858</b>	<b>100.0</b>

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

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

**EXEMPLAR YIELD FUND**  
**SUMMARY OF INVESTMENT PORTFOLIO**  
As at June 30, 2013 and December 31, 2012  
Unaudited

SECTOR MIX	% of Total Net Assets	
	2013	2012
Energy	17.5	6.7
Basic Materials	8.6	11.9
Industrials	12.7	16.4
Financials	23.0	26.0
Information Technology	4.1	9.8
Telecommunication Services	6.2	6.7
Utilities	3.8	5.0
Reits	4.5	-
Canadian Bonds	9.6	6.3
Other Assets, Net of Liabilities	10.0	11.2

GEOGRAPHIC MIX	% of Total Net Assets	
	2013	2012
Canada	56.3	55.6
U.S.	33.7	19.9
France	-	5.0
Norway	-	5.3
South Korea	-	3.0
Other Assets, Net of Liabilities	10.0	11.2

ASSET MIX	% of Total Net Assets	
	2013	2012
Canadian Equities	46.7	49.3
Canadian Bonds	9.6	6.3
U.S. Equities	33.7	19.9
Global Equities	-	13.3
Other Assets, Net of Liabilities	10.0	11.2

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

## EXEMPLAR YIELD FUND

### DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)

June 30, 2013

Unaudited

#### A. FINANCIAL RISK MANAGEMENT

The investment objective of the Exemplar Yield Fund is to provide consistent and tax efficient monthly income and capital appreciation by investing in a diversified portfolio primarily consisting of Canadian equity, global equity, Canadian corporate bonds, income trusts and REITs.

To achieve the investment objectives of the Fund, the investment advisor: (i) will actively manage the asset allocation of the Fund; (ii) will make concentrated investments primarily in Canadian equities, global equities, Canadian corporate bonds, income trusts and REITs; (iii) will invest up to 30% of the assets of the Fund in foreign securities; and (iv) may hold all or portion of the Fund's assets in cash or money market securities while seeking investment opportunities or for defensive purposes.

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 43.

#### B. CREDIT RISK

As at June 30, 2013 and December 31, 2012, the Fund invested in debt instruments with the following credit ratings:

Debt Instruments by Credit Rating	Percentage of Net Assets (%)	
	As at June 30, 2013	As at December 31, 2012
BB	1.2%	2.8%
BBB-	3.5%	3.5%

#### C. LIQUIDITY RISK

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

June 30, 2013

	Less than 1 year (\$)	1 – 3 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
<b>Financial Assets</b>				
Equities - long	-	180,050	612,996	6,645,094
Other receivables	625,268	-	-	-
Cash and cash equivalents	620,847	-	-	-
<b>Total</b>	<b>1,246,115</b>	<b>180,050</b>	<b>612,996</b>	<b>6,645,094</b>
<b>Liabilities</b>				
Other liabilities	(418,397)	-	-	-
<b>Total</b>	<b>(418,397)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**December 31, 2012**

	Less than 1 year (\$)	1 – 3 years (\$)	Beyond 5 years (\$)	No maturity date (\$)
<b>Financial Assets</b>				
Equities - long	-	-	-	6,770,932
Bonds	-	-	517,009	-
Other receivables	132,957	-	-	-
Cash and cash equivalents	833,556	-	-	-
<b>Total</b>	<b>966,513</b>	<b>-</b>	<b>517,009</b>	<b>6,770,932</b>
<b>Liabilities</b>				
Other liabilities	(43,609)	-	-	-
<b>Total</b>	<b>(43,609)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**D. INTEREST RATE RISK**

As at June 30, 2013 and December 31, 2012, the Fund held the following interest-bearing securities:

Debt Instruments by Maturity	Financial Instruments	
	As at June 30, 2013 (\$)	As at December 31, 2012 (\$)
Less than 1 year	-	-
3-5 years	180,050	-
Greater than 5 years	612,996	517,009

As at June 30, 2013, if the yield curve shifted in parallel by 25 basis points, with all other variables held constant, Net Assets would have increased or decreased, respectively, by approximately \$682 (December 31, 2012 - \$301).

In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

**E. OTHER PRICE RISK**

The Statement of Investments and Other Net Assets classifies securities by market and geographic segment.

The impact on Net Assets of the Fund due to a 5 percent change in Net Assets as at June 30, 2013 and December 31, 2012, with all other variables held constant, is presented in the following table.

Benchmark	Impact on Net Assets	
	June 30, 2013	December 31, 2012
5% Increase	\$413,293	\$410,542
5% Decrease	\$(413,293)	\$(410,542)

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 June 30, 2013 and December 31, 2012 are as follows:

Currency	As at June 30, 2013		As at December 31, 2012	
	Financial Instruments (\$)	Percentage of Net Assets (%)	Financial Instruments (\$)	Percentage of Net Assets (%)
United States Dollar	\$3,198,183	38.7%	\$2,852,221	34.7%



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 June 30, 2013, 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 \$159,909 (December 31, 2012 - \$142,611).

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.

##### **June 30, 2013**

	<b>Level 1 (\$)</b>	<b>Level 2 (\$)</b>	<b>Level 3 (\$)</b>	<b>Total (\$)</b>
<b>Assets</b>				
Equity Securities	6,645,094	-	-	<b>6,645,094</b>
Bonds	324,284	468,762	-	<b>793,046</b>

##### **December 31, 2012**

	<b>Level 1 (\$)</b>	<b>Level 2 (\$)</b>	<b>Level 3 (\$)</b>	<b>Total (\$)</b>
<b>Assets</b>				
Equity Securities	6,770,932	-	-	<b>6,770,932</b>
Bonds	-	517,009	-	<b>517,009</b>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Manager does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include bonds. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

There were no transfers between levels during the period ended June 30, 2013 and for the period since inception to December 31, 2012.

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

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

Unaudited

### 1. THE FUNDS

#### (I) The Funds

Exemplar Leaders Fund, Exemplar Global Infrastructure Fund, Exemplar Timber Fund, Exemplar Yield 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").

On May 31, 2012, BluMont Capital Corporation (the "Manager" or "BluMont Capital") launched the Exemplar Timber Fund and Exemplar Yield Fund which commenced operations on June 7, 2012.

The financial statements of Exemplar Leaders Fund and Exemplar Global Infrastructure Fund are as at and for the periods ended June 30, 2013 and December 31, 2012.

The statements of net assets and of investments and other net assets of the Exemplar Timber Fund and Exemplar Yield Fund are prepared as at June 30, 2013 and the statements of operations and statement of changes in net assets, are as at June 30, 2013 and cover the period from June 7, 2012 (commencement of operations) to June 30, 2012.

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 September 14, 2012, Exemplar Market Neutral Portfolio (the "Portfolio") merged into Exemplar Yield Fund. The Manager afforded unitholders of the Portfolio the ability to participate in the wind-up of the Portfolio by way of an in-kind transfer of their investment to the Exemplar Yield Fund. The termination of the Portfolio did not occur on a tax-deferred basis.

Details relating to the merger are as follows:

Net Assets acquired by the Fund	\$6,768,144
Units issued by the Fund – Series A	593,203
Units issued by the Fund – Series F	63,930
Units issued by the Fund – Series L	3,261

### 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 June 30 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, measured at closing bid prices.

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 made 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 weighted 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 12, 22, 30 and 38 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 fair 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 June 30, 2013, the number of units owned by Integrated Asset Management, the parent company of BluMont Capital, for each Fund is summarized as follows:

	Number of units	Amount (\$)	% to Net Assets
Exemplar Global Infrastructure Fund – Series F	89,615	\$963,361	5.50%
Exemplar Timber Fund – Series A	507	\$6,751	0.03%
Exemplar Timber Fund – Series F	89,559	\$1,205,339	5.36%
Exemplar Yield Fund – Series A	520	\$5,607	0.07%
Exemplar Yield Fund – Series F	15,071	\$164,737	2.00%

As of June 30, 2013, the number of units owned by BluMont Capital for each Fund is summarized as follows:

Fund	Number of units	Amount (\$)	% to Net Assets
Exemplar Yield Fund – Series A	4,156	\$44,832	0.54%
Exemplar Yield Fund – Series F	466	\$5,096	0.06%

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

**Exemplar Leaders Fund – June 30, 2013**

	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	640,599	49,392	-	(47,012)	642,979
Series F	164,685	9,278	-	(4,814)	169,149

**Exemplar Leaders Fund – June 30, 2012**

	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	608,002	67,348	-	(41,057)	634,293
Series F	155,153	26,053	-	(36,263)	144,943

**Exemplar Global Infrastructure Fund – June 30, 2013**

	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	1,142,890	109,229	15,406	(220,618)	1,046,907
Series F	594,559	80,594	8,370	(94,460)	589,063

**Exemplar Global Infrastructure Fund – June 30, 2012**

	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	201,781	893,165	11,153	(13,552)	1,092,547
Series F	320,984	637,484	9,532	(155,616)	812,384

**Exemplar Timber Fund – June 30, 2013**

	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	140,458	455,620	4,687	(31,451)	569,314
Series F	241,415	695,902	5,534	(80,388)	862,463
Series I	-	61,878	161	-	62,039
Series L	35,331	173,192	1,754	(4,189)	206,088

**Exemplar Timber Fund – June 30, 2012**

	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	-	9,460	-	-	9,460
Series F	-	103,571	-	-	103,971
Series L	-	1,500	-	-	1,500

**Exemplar Yield Fund – June 30, 2013**

	Units Outstanding at Beginning of Period	Units Issued for Cash	Units Issued Upon Fund Merger (Note 1(II))	Units Issued on Reinvestment of Distributions	Units Redeemed	Units Issued and Outstanding at End of Period
Series A	539,036	20,264	-	8,901	(94,382)	473,819
Series F	52,664	9,536	-	890	(13,653)	49,437
Series I	203,495	-	-	3,842	(909)	206,428
Series L	23,043	11,849	-	193	(1,620)	33,465

**Exemplar Yield Fund – June 30, 2012**

	Units Outstanding at Beginning of Period	Units Issued for Cash	Units Issued Upon Fund Merger (Note 1(II))	Units Issued on Reinvestment of Distributions	Units Redeemed	Units Issued and Outstanding at End of Period
Series A	-	11,308	-	-	-	11,308
Series F	-	20,968	-	-	-	20,968
Series I	-	199,500	-	-	-	199,500
Series L	-	15,641	-	-	-	15,641

**5. INCOME TAXES**

As at June 30, 2013, the Exemplar Leaders Fund, Exemplar Global Infrastructure Fund, Exemplar Timber Fund and Exemplar Yield Fund qualified as mutual fund trusts. 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 June 30, 2013, the Funds had unused 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	\$33,177	\$118,261
Exemplar Timber Fund	\$26,979	\$3,833
Exemplar Yield Fund	nil	\$3,395

\* 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 2.00% per annum on Series A units and 1.00% per annum on Series F units. The management fee paid to the Manager by the Exemplar Timber Fund is 2.25% per annum on Series A units, 1.25% per annum on Series F units and 2.50% per annum on Series L units. The management fee paid to the Manager by the Exemplar Yield Fund is 2.00% per annum on Series A units, 1.00% per annum on Series F units and 2.25% per annum on Series L units. Management fees are calculated and accrued daily and paid monthly and are subject to HST (and any other applicable taxes).

In addition, the Funds (except in the case of Exemplar Yield Fund) 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.

### *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. For the period ended June 30, 2013, the Fund accrued \$747,731 in Performance Fees (December 31, 2012 – \$7,117).

### *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 Index 100, even in circumstances where the overall performance of the Fund has declined. For the period ended June 30, 2013, the Fund accrued \$ 73,673 in Performance Fees (December 31, 2012 – \$115,255).

### *Exemplar Timber Fund*

A Performance Fee will be payable in all circumstances where the performance of the Exemplar Timber Fund exceeds that of the S&P Global Timber and Forestry Total Return Index, even in circumstances where the overall performance of the Fund has declined. For the period ended June 30, 2013, the Fund accrued \$251,206 in Performance Fees (December 31, 2012 – nil).

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 periods ended June 30 were:

	2013	2012
Exemplar Leaders Fund	\$14,020	\$13,487
Exemplar Global Infrastructure Fund	\$3,938	\$4,232
Exemplar Timber Fund	\$6,681	\$129
Exemplar Yield Fund	\$27,431	\$708



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

As at June 30, 2013

	Per Unit (\$)		
	Net Asset Value	Bid/Ask Adjustment	Net Assets
Exemplar Leaders Fund - Series A	\$34.83	\$(0.22)	\$34.61
Exemplar Leaders Fund - Series F	\$35.43	\$(0.22)	\$35.21
Exemplar Global Infrastructure Fund - Series A	\$10.75	\$0.00	\$10.75
Exemplar Global Infrastructure Fund - Series F	\$10.75	\$0.00	\$10.75
Exemplar Timber Fund - Series A	\$13.32	\$0.00	\$13.32
Exemplar Timber Fund - Series F	\$13.46	\$(0.01)	\$13.45
Exemplar Timber Fund - Series I	\$9.61	\$0.00	\$9.61
Exemplar Timber Fund - Series L	\$13.10	\$(0.01)	\$13.09
Exemplar Yield Fund - Series A	\$10.79	\$(0.05)	\$10.74
Exemplar Yield Fund - Series F	\$10.93	\$(0.05)	\$10.88
Exemplar Yield Fund - Series I	\$11.09	\$(0.05)	\$11.04
Exemplar Yield Fund - Series L	\$10.79	\$(0.05)	\$10.74

As at December 31, 2012

	Per Unit (\$)		
	Net Asset Value	Bid/Ask Adjustment	Net Assets
Exemplar Leaders Fund - Series A	\$30.57	\$(0.14)	\$30.43
Exemplar Leaders Fund - Series F	\$31.20	\$(0.16)	\$31.04
Exemplar Global Infrastructure Fund - Series A	\$10.05	\$0.00	\$10.05
Exemplar Global Infrastructure Fund - Series F	\$9.99	\$0.00	\$9.99
Exemplar Timber Fund - Series A	\$11.91	\$(0.01)	\$11.90
Exemplar Timber Fund - Series F	\$11.97	\$0.00	\$11.97
Exemplar Timber Fund - Series L	\$11.70	\$0.00	\$11.70
Exemplar Yield Fund - Series A	\$10.01	\$(0.02)	\$9.99
Exemplar Yield Fund - Series F	\$10.09	\$(0.02)	\$10.07
Exemplar Yield Fund - Series I	\$10.16	\$(0.02)	\$10.14
Exemplar Yield Fund - Series L	\$10.02	\$(0.02)	\$10.00

## 9. SUBSEQUENT EVENTS

On January 29, 2013, BluMont Capital announced a reduction of fees charged to the Exemplar Global Infrastructure Fund. The Management Fee rate of Series A will be reduced from 2.50% to 2.0% per annum; the Management Fee rate of Series F will be reduced from 1.25% to 1.0% per annum. In addition, the trailer fee rate for Series A will be reduced from 1.25% to 1.00%. The lower fee structure will commence on February 1, 2013 and will remain in effect until further notice.

## 10. 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 Funds, 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 a significant impact to the Funds' 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, the addition of a cash flow statement 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**

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