



**EXEMPLAR
LEADERS FUND**

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

For the year ended December 31, 2011

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

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

Forward-Looking Information

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

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

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

Management Discussion on Fund Performance

Investment Objective and Strategies

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

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

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

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

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

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

Investment Risk

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

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

Results of Operations

For the twelve months ended December 31, 2011, Series A units of the Exemplar Leaders Fund (the "Fund") returned -0.42% (net of expenses), the Series F units returned +0.64% (net of expenses), while the S&P/TSX Composite Total Return Index returned -8.71%. Refer to "Past Performance" section for performance information of each series.

The second half of 2011 was a mixed period for the fund, while we outperformed the broader market, the fund still fell -7.28% in the second half of 2011. The S&P/TSX Composite Total Return Index fell -8.86% during this period.

The second half of the year saw equity markets fall as investors worried that the sovereign debt crisis affecting weaker European countries would spread into a full-blown 2008-type liquidity crisis.

Many portfolio holdings fell in sympathy with the broader markets, regardless of the fundamental progress being made by the specific companies. Many stock investors were quick to sell, worried about the potential, however small the probability, of a 2008-type panic. As would be expected in these type of market conditions the small cap component of the portfolio showed the poorest returns as investors sold their stocks without concern for the lesser liquidity and drove small cap prices down. The biggest pullbacks in the portfolio were experienced by Pan Orient Energy, Hunt Mining, Vendtek Systems, GT Advanced Technologies, and Synchronica, all of which fell by over one-third in the second half of the year. Look for solid returns from these stocks in 2012 as they all trade at very large discounts from intrinsic value and the companies continue to build value for shareholders.

While the vast majority of holdings showed substantial fundamental progress, only a portion of stocks reflected this in positive stock performance in the second half of the year. Notable positive contributors over the second half were Winstar Resources (new holding), Open Range Energy, Imperial Metals, Philip Morris, Noranda Income Fund, and Major Drilling, all of which rose more than 25% during the second half.

The single largest contributor to fund returns in the last six months was Philip Morris International. Philip Morris is the world's largest tobacco company operating in all the major markets in the world, except for the United States. We bought Philip Morris several years ago after the stock had been knocked down to a level that substantially undervalued its long-term free cash flow generating ability. The stock has now returned us over 75% since our purchase. Philip Morris is the market leader in almost every market in which it sells and owns industry leading brands such as Marlboro. The company returns substantial amounts of cash to shareholders every year through a dividend which increases every year and through extensive share buybacks which reduces the company's share count. In the volatile stock environment of the second half of 2011 investors started to recognize the large discount the stock traded at relative to its intrinsic value and drove the stock up by 26%. In 2011, Philip Morris was the best performing stock in the Dow Jones Industrial Average. Look for more good returns to come as we expect the company to report record results for both 2011 and 2012 which should propel the stock to new highs.

Amid the up and down markets in the summer and fall of 2011, we took advantage of share price weakness in several excellent businesses to add to existing core positions and also to establish new positions. The most important new positions are Poseidon Concepts, Just Energy, Boyd Group, Martinrea, Transcontinental, Wi-Lan, Apple Computer, and Hewlett-Packard. We are very confident about the long-term prospects for these holdings in the Fund, all of which are trading at discounted valuations.

The most notable of the new holdings purchased is Apple Computer. Apple is one of the world's leading technology companies. They are the undisputed leader in the emerging tablet computer business, one of the leaders in the rapidly growing smartphone business, and one of the leading innovators in the technology world. We added the stock due to its leadership positions in rapidly growing markets, accompanied by a discounted stock valuation, which was trading at only 10 times earnings with a stellar balance sheet. We expect the company to have record results over the next year which will drive the stock to much higher levels.

A number of holdings were sold during the second half of 2011, due to takeovers, reaching our price objectives, or to shortfalls in their performance. The largest holdings sold were Petrominerales, Cascades, Kirkland Lake, Bombardier, Tourmaline, and Descartes Systems.

Overall portfolio structure is designed to take advantage of a continued slow recovery from the great recession of 2008-2009 and we are fully invested in undervalued equities. The portfolio finished the year well diversified, with no one industry sector representing over 30% of the Fund. The largest sector weightings were energy at 19%, industrials at 16%, health care at 15%, and consumer discretionary at 10%.

Recent Developments

2011 was a choppy year for the economy. The year began with strong positive momentum in economic growth, but lost its direction mid-year due to the continuing sovereign debt problems in Europe. As we finished the year, it was evident that Europe was likely in recession, which dampened overall global growth rates. The overall economy did continue to grow, driven by the continued emergence of a growing middle class in emerging markets such as Asia. The US economy came through with a middling, decent year of continued recovery from the great recession of 2008/2009. Early evidence suggests that US growth in the fourth quarter was actually fairly decent, contrary to some of the pessimistic forecasts being made earlier in the fall.

Most global markets had a choppy year with double digit declines. North America had two of the best performing markets with the US (S&P500) roughly flat on the year and Canada (TSX) down 8.71%. The first part of the year was strong with markets hitting post recession highs in the April time frame followed by a very substantial pullback over the summer and early part of the fall. This was followed by a gentle recovery in the last part of 2011.

We expect that 2012 will see the global economy continue to struggle along with sub-trend growth, before accelerating next year. Europe will be a drag on economic growth as the PIIGS (Portugal, Ireland, Italy, Greece and Spain) are finally forced to show some economic responsibility. Meanwhile Asia and emerging markets, with their emerging middle classes, will continue to grow and consume more, driving the global economy forward. North America will move forward slowly, pushed forward by consumer spending growth and an end to the five year slump in the US housing markets.

Political and short-term economic developments coming out of Europe are clearly discouraging and there are certainly areas of the market to avoid; however, many stocks are trading at depressed valuations which do not reflect their intrinsic underlying value. Look for extreme short-term volatility to continue until it becomes clear this is not a replay of the great recession. When it becomes clear that the financial system is not having a 2008 type lockup, equity markets will recover, leaving the bears behind. We expect to see the market to be higher by this time next year and we hope for substantially better returns from good stock picking.

The continued fiscal and economic problems in some economies may cause at least one correction, scaring many investors out of the market at the wrong time. Large volatility and divergence in individual stock performance may provide another year of opportunity for those disciplined investors willing to focus on buying fundamentally strong and inexpensive businesses. In this environment, we expect the Exemplar Leaders fund to do very well, as we are positioned in leading businesses with superior balance sheets, trading at substantial discounts to their intrinsic values.

Fund Merger

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

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

Related Party Transactions

There are no related party transactions to report for the period ended December 31, 2011 other than the management and related fees as discussed below.

Management Fees

BluMont Capital Corporation (the “Manager”) receives a monthly management fee (the “Management Fee”), calculated as a percentage of the Fund’s net asset value as of the close of business on each business day. The Management Fee rate applicable to the Fund is 1.80% per annum for Series A units and 0.80% per annum for Series F units. Prior to November 26, 2010, the Management Fee rate applicable was 2.50% for Series A units and 1.50% for Series F units. For the year ended December 31, 2011, Management Fees charged to the Fund equaled \$396,704 (2010 - \$116,831). The Management Fee is paid in consideration of investment management and administration services. No breakdown of such services was specified in the management agreement. From this Management Fee, the Manager pays fees to the investment advisor (BluMont Capital, in its capacity as such) who provides portfolio management services to the Fund. A portion of the Management Fee paid by the Fund is for trailer fees paid to dealers whose clients hold units of the Fund. The trailer fees are a percentage of the net asset value of the Fund, calculated and payable monthly. The table below outlines the Fund’s annual Management Fees and trailer fees.

ANNUAL RATE (%)	Series A	Series F
Management Fees	1.80%	0.80%
Trailer Fees (as a % of Management Fees)	44.90%	-%

In addition, the Fund will pay the Manager annually an incentive fee, subject to HST (and any other applicable sales taxes), equal to a percentage of the average net asset value of Series A units and Series F units of the Fund. Such percentage will be equal to 20% of the difference by which the return in the net asset value per unit of the applicable Series of the Fund from January 1 to December 31 exceeds the greater of: i) 0% and ii) the percentage return of the S&P/TSX Composite Total Return Index for the same period. If the performance of a Series of the Fund in any year is less than the performance of the applicable index described above (the “Deficiency”), then no incentive fee will be payable in any subsequent year until the performance of the applicable Series of the Fund, on a cumulative basis calculated from the first of such subsequent years has exceeded the amount of the Deficiency. For the period ended December 31, 2011, no incentive fees were charged to the Fund.

The Manager incurs operating expenses on behalf of the Fund and charges these expenses to the Fund. For the period ended December 31, 2011, the Manager has, in its discretion, agreed to absorb \$166,817 of operating expenses associated with the Fund.

Financial Highlights

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

SERIES A - NET ASSETS PER UNIT					
For the years ended December 31,	2011	2010	2009	2008	2007[†]
Net Assets, beginning of period¹	\$ 27.95	\$ 25.09	\$ 19.73	\$ 31.73	\$ 25.00
Increase from operations:					
Total revenue	0.61	0.92	0.67	0.47	0.12
Total expenses	(0.86)	(0.86)	(0.78)	(0.77)	(2.04)
Realized gains (losses) for the period	0.29	3.97	0.11	(2.23)	0.16
Unrealized gains (losses) for the period	(0.09)	5.59	6.43	(9.32)	7.37
Total increase (decrease) from operations¹:	\$ (0.05)	\$ 9.62	\$ 6.43	\$ (11.85)	\$ 5.61
Distributions²:					
From income (excluding dividends)	-	-	-	-	0.02
From dividends	-	-	-	-	0.01
From capital gains	-	1.94	-	-	0.10
Total distributions	-	1.94	-	-	0.13
Net Assets, end of period¹	\$ 27.85	\$ 27.95	\$ 25.09	\$ 19.73	\$ 31.73

SERIES A - RATIOS AND SUPPLEMENTAL DATA[†]

For the years ended December 31,	2011	2010	2009	2008	2007 [†]
Net Asset Value ("NAV") (000s) ¹	\$16,990	\$17,928	\$1,727	\$672	\$331
Number of units outstanding	608,002	641,742	68,818	33,577	10,364
Management expense ratio ³	2.97%	3.22%	3.53%	2.95%	8.75%*
Management expense ratio before waivers or absorptions ⁴	3.74%	5.24%	6.22%	7.17%	15.79%*
Portfolio turnover rate ⁵	73.67%	73.34%	73.60%	97.52%	36.91%*
Trading expense ratio ⁶	0.21%	0.12%	0.37%	0.52%	1.25%*

SERIES F - NET ASSETS PER UNIT

For the years ended December 31,	2011	2010	2009	2008	2007 [†]
Net Assets, beginning of period¹	\$ 27.96	\$ 25.28	\$ 19.69	\$ 31.33	\$ 25.00
Increase from operations:					
Total revenue	0.63	0.69	0.67	0.42	0.15
Total expenses	(0.55)	(0.66)	(0.55)	(0.50)	(1.96)
Realized gains (losses) for the period	0.25	1.98	(0.04)	(1.72)	0.15
Unrealized gains (losses) for the period	(0.20)	2.79	6.43	(10.01)	6.07
Total increase (decrease) from operations¹:	\$ 0.13	\$ 4.80	\$ 6.51	\$ (11.81)	\$ 4.41
Distributions²:					
From income (excluding dividends)	-	-	-	-	0.03
From dividends	-	-	-	-	0.02
From capital gains	-	2.43	-	-	0.17
Total distributions	-	2.43	-	-	0.22
Net Assets, end of period¹	\$ 28.15	\$ 27.96	\$ 25.28	\$ 19.69	\$ 31.33

SERIES F - RATIOS AND SUPPLEMENTAL DATA[†]

For the years ended December 31,	2011	2010	2009	2008	2007 [†]
Net Asset Value ("NAV") (000s) ¹	\$4,380	\$3,628	\$3,096	\$1,297	\$1,764
Number of units outstanding	155,153	129,977	122,467	64,978	56,009
Management expense ratio ³	1.89%	2.54%	2.48%	1.90%	7.92%*
Management expense ratio before waivers or absorptions ⁴	2.66%	4.13%	5.16%	6.13%	16.96%*
Portfolio turnover rate ⁵	73.67%	73.34%	73.60%	97.52%	36.91%*
Trading expense ratio ⁶	0.21%	0.12%	0.37%	0.52%	1.25%*

*Ratios have been annualized.

[†]The Fund commenced operations on August 27, 2007.

1. The net assets per unit shown are referenced to Net Assets determined in accordance with Canadian generally accepted accounting principles ("GAAP") and are derived from the Fund's financial statements. The Net Assets presented in the financial statements may differ from the NAV calculated for fund pricing purposes. NAV is calculated using fair value measures as defined by National Instrument 81-106 ("NI 81-106"), where as Net Assets are calculated in accordance with Canadian GAAP. An explanation of these differences can be found in the notes to the financial statements. Net Assets are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial year. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
2. Distributions were reinvested in additional units of the Fund.
3. Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratio is calculated in accordance with Part 15 of NI 81-106 and therefore includes performance fees, which were previously reported separately as dollar amounts.

4. The Manager has absorbed certain expenses or waived certain fees otherwise payable by the Fund. The amount of expenses absorbed or waived is determined annually at the discretion of the Manager and the Manager can terminate the absorption or waiver at any time.
5. The Fund's portfolio turnover rate can indicate how actively the investment advisor manages the portfolio of investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of its securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.
6. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
7. Ratios and supplemental data, where applicable, are computed using the net asset value of the Fund.

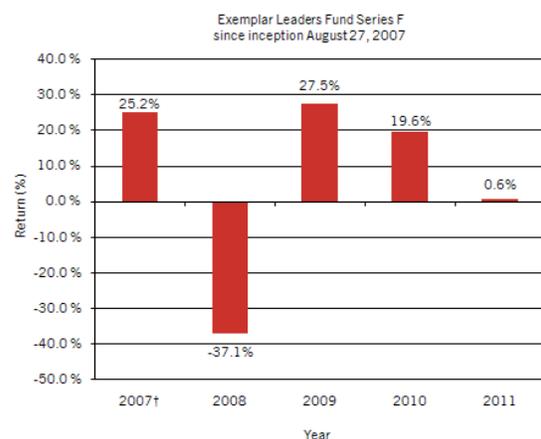
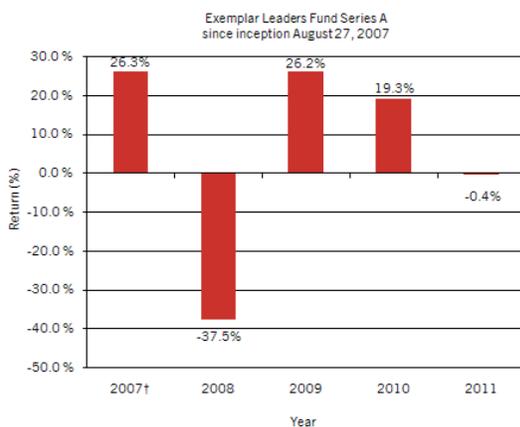
Past Performance

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

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

Year-By-Year Returns

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



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

Annual Compound Returns (Compound Performance)

The following table shows the annual compound total returns of the Fund, and for the S&P/TSX Total Return Index (a price weighted index of 300 of the largest, most widely-held stocks traded on the Toronto Stock Exchange) for the periods shown ended December 31, 2011. The Relative Performance returns show the performance of the Fund as compared to the benchmark S&P/TSX Total Return Index.

	1 Month	3 Month	6 Month	1 Year	3 Year	Annualized Since Inception	Cumulative Total Return
Exemplar Leaders Fund – Series A	-1.24%	7.93%	-7.28%	-0.42%	14.61%	4.40%	20.94%
Exemplar Leaders Fund – Series F	-1.15%	8.21%	-6.79%	0.64%	15.80%	5.14%	24.80%
S&P/TSX Total Return Index	-1.70%	3.59%	-8.86%	-8.71%	13.18%	-0.17%	-0.75%

Summary of Investment Portfolio as at December 31, 2011

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

Top 25 Holdings	% of Net Assets	Regional Weightings	% of Net Assets
Long Positions		Long Positions	
Horizon North Logistics Inc.	10.0%	Canada	75.6%
Alaris Royalty Corporation	5.9%	U.S.	18.3%
Philip Morris International Inc.	5.6%	Australia	0.2%
Canyon Services Group Inc.	5.6%	Other Assets, Net of Liabilities	8.2%
BCE Inc.	5.2%		
WellPoint Inc.	5.1%	Short Positions	
Rogers Communications Inc. 'B'	4.6%	Canada	(1.8)%
Neptune Technologies & Bioresources Inc.	4.5%	U.S.	(0.5)%
Magna International Inc.	3.7%		
Gilead Sciences Inc.	3.6%	Sector Weightings	% of Net Assets
Mullen Group Limited	3.2%	Long Positions	
Neo Material Technologies Inc.	2.5%	Energy	18.8%
Flint Energy Services Limited	2.1%	Basic Materials	7.0%
WebTech Wireless Inc.	1.8%	Industrials	15.8%
Just Energy Group Inc.	1.7%	Consumer Discretionary	9.9%
RMP Energy Inc.	1.6%	Health Care	15.0%
Noranda Income Fund	1.5%	Financials	8.5%
Acasti Pharma Inc.	1.3%	Information Technology	8.8%
Apple Inc.	1.2%	Telecommunication Services	9.8%
Arsenal Energy Inc.	1.2%	Bonds	0.5%
TMX Group Inc.	1.2%	Other Assets, Net of Liabilities	8.2%
Hewlett-Packard Company	1.1%	Short Positions	
Transcontinental Inc. 'A'	1.1%	Energy	(1.2)%
Wi-LAN Inc.	1.1%	Consumer Discretionary	(0.6)%
Intel Corporation	1.0%	Information Technology	(0.5)%
Total	77.3%		
Total Net Assets	\$21,300,405		