

EXEMPLAR

PORTFOLIOS



INTERIM FINANCIAL STATEMENTS JUNE 2012

EXEMPLAR LEADERS FUND | EXEMPLAR GLOBAL INFRASTRUCTURE FUND |

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MANAGEMENT'S STATEMENT ON FINANCIAL REPORTING

TO THE UNITHOLDERS OF EXEMPLAR LEADERS FUND AND EXEMPLAR GLOBAL INFRASTRUCTURE 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, 2012

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, 2012 and December 31, 2011

Unaudited

| | EXEMPLAR LEADERS FUND | |
|--|------------------------------|----------------------|
| | 2012 | 2011 |
| ASSETS | | |
| Long positions at fair value* | | |
| Canadian equities | \$ 17,225,220 | \$ 15,996,361 |
| U.S. equities | 4,423,548 | 3,905,192 |
| Global equities | 239,024 | 41,685 |
| Canadian bonds | - | 107,000 |
| | <u>21,887,792</u> | <u>20,050,238</u> |
| Cash and broker deposits | 2,258,121 | 1,480,453 |
| Accrued investment income | 90,566 | 212,016 |
| Receivable from investment sales | - | 227,548 |
| Accounts receivable: | | |
| Subscriptions receivable | 13,167 | 33,790 |
| Total Assets | <u>24,249,646</u> | <u>22,004,045</u> |
| LIABILITIES | | |
| Short positions at fair value** | | |
| Canadian equities | 122,355 | 391,388 |
| U.S. equities | - | 103,251 |
| | <u>122,355</u> | <u>494,639</u> |
| Accounts payable: | | |
| Fees and operating expenses | 50,941 | 47,343 |
| Performance fees payable | 417,668 | - |
| Redemptions payable | 10,034 | 4,173 |
| Payable for investment purchases | 5,668 | 157,485 |
| Total Liabilities | <u>606,666</u> | <u>703,640</u> |
| NET ASSETS REPRESENTING UNITHOLDERS' EQUITY | | |
| Series A | 19,175,931 | 16,932,909 |
| Series F | 4,467,049 | 4,367,496 |
| | <u>\$ 23,642,980</u> | <u>\$ 21,300,405</u> |
| NUMBER OF UNITS OUTSTANDING (Note 4) | | |
| Series A | 634,293 | 608,002 |
| Series F | 144,943 | 155,153 |
| NET ASSETS PER UNIT | | |
| Series A | \$ 30.23 | \$ 27.85 |
| Series F | \$ 30.82 | \$ 28.15 |
| *Long positions, at cost | <u>\$ 19,285,588</u> | <u>\$ 19,224,079</u> |
| **Proceeds on short positions | <u>\$ 241,051</u> | <u>\$ 468,340</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 LEADERS FUND

| | 2012 | 2011 |
|---|---------------------|---------------------|
| INVESTMENT INCOME | | |
| Dividends | \$ 306,721 | \$ 211,170 |
| Less: Foreign withholding taxes | <u>3,049</u> | <u>3,412</u> |
| | 303,672 | 207,758 |
| Interest | <u>8,807</u> | <u>9,604</u> |
| | <u>312,479</u> | <u>217,362</u> |
| EXPENSES (Notes 6 and 7) | | |
| Management fees | 204,406 | 203,568 |
| Performance fees | 417,668 | - |
| General operating expenses | 114,117 | 147,204 |
| Audit fees | 6,920 | 29,846 |
| Legal fees | 3,463 | 1,260 |
| Trustees' fees | 637 | 14,818 |
| Securityholders' reporting costs | <u>18,875</u> | <u>5,468</u> |
| | 766,086 | 402,164 |
| Less: Expenses absorbed by the Manager | <u>38,053</u> | <u>101,564</u> |
| | <u>728,033</u> | <u>300,600</u> |
| NET INVESTMENT LOSS | <u>(415,554)</u> | <u>(83,238)</u> |
| NET REALIZED GAIN ON INVESTMENT TRANSACTIONS | 355,290 | 406,784 |
| TRANSACTION COSTS (Notes 2(I) and (7)) | (13,487) | (34,099) |
| NET CHANGE IN UNREALIZED APPRECIATION OF INVESTMENTS | 1,921,040 | 1,250,807 |
| EXCHANGE GAIN (LOSS) ON FOREIGN CURRENCIES AND OTHER NET ASSETS | <u>6,788</u> | <u>(14,324)</u> |
| NET GAIN ON INVESTMENTS AND TRANSACTION COSTS | <u>2,269,631</u> | <u>1,609,168</u> |
| NET INCREASE IN NET ASSETS FROM OPERATIONS | | |
| Series A | 1,423,674 | 1,246,459 |
| Series F | <u>430,403</u> | <u>279,471</u> |
| | <u>\$ 1,854,077</u> | <u>\$ 1,525,930</u> |
| NET INCREASE IN NET ASSETS FROM OPERATIONS PER UNIT (Note 2(VI)) | | |
| Series A | \$ 2.30 | \$ 1.99 |
| Series F | <u>\$ 2.92</u> | <u>\$ 2.14</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 | |
|---|------------------------------|----------------------|
| | 2012 | 2011 |
| Net Assets, Beginning of Period | | |
| Series A | \$ 16,932,909 | \$ 17,938,790 |
| Series F | <u>4,367,496</u> | <u>3,633,610</u> |
| | <u>21,300,405</u> | <u>21,572,400</u> |
| Net Increase in Net Assets from Operations | | |
| Series A | 1,423,674 | 1,246,459 |
| Series F | <u>430,403</u> | <u>279,471</u> |
| | <u>1,854,077</u> | <u>1,525,930</u> |
| From Capital Unit Transactions: (Note 4) | | |
| Proceeds from issue of units | | |
| Series A | 2,060,834 | 733,978 |
| Series F | <u>815,383</u> | <u>70,100</u> |
| | <u>2,876,217</u> | <u>804,078</u> |
| Consideration paid for redemptions of units | | |
| Series A | (1,241,486) | (1,538,968) |
| Series F | <u>(1,146,233)</u> | <u>(30,335)</u> |
| | <u>(2,387,719)</u> | <u>(1,569,303)</u> |
| Net Assets, End of Period | | |
| Series A | 19,175,931 | 18,380,259 |
| Series F | <u>4,467,049</u> | <u>3,952,846</u> |
| | <u>\$ 23,642,980</u> | <u>\$ 22,333,105</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, 2012

Unaudited

| | Number of Shares | Long: Avg Cost Short: Proceeds | Fair Value | % of Total Net Assets |
|--|---------------------|-----------------------------------|---------------|--------------------------|
| LONG POSITIONS | | | | |
| Canadian Equities | | | | |
| Energy | | | | |
| Arsenal Energy Inc. | 362,000 | \$ 270,113 | \$ 164,710 | |
| Canadian Spirit Resources, Warrants, December 12, 2013 | 67,000 | - | - | |
| Canyon Services Group Inc. | 161,100 | 1,845,146 | 1,582,002 | |
| Gastem Inc., Warrants, August 17, 2012 | 100,000 | 193 | - | |
| Longview Oil Corporation | 10,400 | 104,000 | 75,296 | |
| Mullen Group Limited | 36,418 | 597,280 | 793,912 | |
| Pan Orient Energy Corporation | 32,300 | 212,666 | 120,156 | |
| PHX Energy Services Corporation | 18,400 | 253,247 | 144,808 | |
| RMP Energy Inc. | 153,500 | 326,578 | 219,505 | |
| Shoreline Energy Corporation, Warrants, October 29, 2012 | 25,000 | - | - | |
| Tuscany International Drilling Inc. | 215,000 | 303,138 | 78,475 | |
| Winstar Resources Limited | 29,800 | 78,457 | 66,752 | |
| Xtreme Drilling and Coil Services Corporation | 21,000 | 99,750 | 32,760 | |
| ZCL Composites Inc. | 73,900 | 234,380 | 273,430 | |
| | | 4,324,948 | 3,551,806 | 15.0 |
| Basic Materials | | | | |
| Hunt Mining Corporation, Warrants, June 14, 2013 | 100,000 | - | - | |
| Hunt Mining Corporation, Warrants, November 30, 2013 | 130,000 | 13,000 | - | |
| Imperial Metals Corporation | 15,200 | 176,904 | 140,904 | |
| Major Drilling Group International Inc. | 13,400 | 170,555 | 157,718 | |
| Noranda Income Fund | 83,900 | 451,600 | 375,872 | |
| | | 812,059 | 674,494 | 2.9 |
| Industrials | | | | |
| Bombardier Inc. 'B' | 120,600 | 480,558 | 484,812 | |
| Boyd Group Income Fund | 12,400 | 124,531 | 169,260 | |
| Flyht Aerospace Solutions Limited Units ² | 460,000 | 92,000 | 82,800 | |
| Flyht Aerospace Solutions Ltd | 850,000 | 199,018 | 153,000 | |
| Flyht Aerospace Solutions Ltd, Warrants, December 23, 2013 | 620,000 | - | - | |
| Horizon North Logistics Inc. | 392,900 | 1,161,594 | 2,270,963 | |
| Shanghai Songrui Forestry Products Inc. | 27,500 | 11,550 | - | |
| Transcontinental Inc. 'A' | 19,200 | 226,380 | 177,792 | |
| WestJet Airlines Limited | 23,000 | 313,532 | 366,850 | |
| | | 2,609,163 | 3,705,477 | 15.7 |

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

As at June 30, 2012

Unaudited

| | Number of Shares | Long: Avg Cost Short: Proceeds | Fair Value | % of Total Net Assets |
|---|---------------------|-----------------------------------|---------------|--------------------------|
| Consumer Discretionary | | | | |
| Magna International Inc. | 23,100 | \$ 1,031,574 | \$ 925,848 | |
| Martinrea International Inc. | 21,600 | 151,745 | 172,584 | |
| | | 1,183,319 | 1,098,432 | 4.6 |
| Health Care | | | | |
| Acasti Pharma Inc. | 217,332 | 289,408 | 452,051 | |
| Catamaran Corporation | 1,400 | 55,216 | 141,386 | |
| Immunovaccine Inc., Warrants, September 16, 2013 | 10,000 | 507 | - | |
| Neptune Technologies & Bioresources Inc. | 382,700 | 879,694 | 1,817,825 | |
| Neptune Technologies & Bioresources Inc., Warrants, October 27, 2012 ² | 18,500 | - | 38,850 | |
| Ventripoint Diagnostics Limited | 600,000 | 102,000 | 87,000 | |
| VentriPoint Diagnostics Limited Restricted ² | 300,000 | 48,000 | 43,500 | |
| Ventripoint Diagnostics Limited, Warrants | 150,000 | - | - | |
| VentriPoint Diagnostics Limited, Warrants, July 18, 2014 | 300,000 | - | - | |
| | | 1,374,825 | 2,580,612 | 10.9 |
| Financials | | | | |
| Alaris Royalty Corporation | 70,000 | 766,783 | 1,474,200 | |
| CI Financial Corporation | 7,000 | 152,600 | 153,720 | |
| GT Canada Medical Properties Inc., Warrants, December 24, 2012 | 15,000 | - | - | |
| Partners Real Estate Investment | 29,500 | 218,840 | 217,415 | |
| TMX Group Inc. | 5,900 | 231,938 | 273,465 | |
| | | 1,370,161 | 2,118,800 | 9.0 |
| Information Technology | | | | |
| Cortex Business Solutions Inc. | 640,000 | 188,000 | 124,800 | |
| Cortex Business Solutions Inc., Warrants, November 30, 2012 | 120,000 | - | - | |
| Softchoice Corporation | 17,000 | 143,514 | 208,420 | |
| VendTek Systems Inc. | 353,950 | 178,187 | 46,014 | |
| WebTech Wireless Inc. | 1,440,950 | 561,502 | 331,419 | |
| Wi-LAN Inc. | 92,000 | 482,100 | 460,920 | |
| | | 1,553,303 | 1,171,573 | 5.0 |
| Telecommunication Services | | | | |
| BCE Inc. | 26,000 | 904,540 | 1,089,920 | |
| Rogers Communications Inc. 'B' | 17,000 | 601,078 | 626,620 | |
| | | 1,505,618 | 1,716,540 | 7.3 |

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

As at June 30, 2012

Unaudited

| | Number of Shares | Long: Avg Cost Short: Proceeds | Fair Value | % of Total Net Assets |
|---------------------------------------|---------------------|-----------------------------------|-------------------|--------------------------|
| Utilities | | | | |
| Capital Power Corporation | 10,600 | \$ 249,630 | \$ 251,962 | |
| Just Energy Group Inc. | 31,800 | 328,875 | 355,524 | |
| | | 578,505 | 607,486 | 2.6 |
| Total Canadian Equities - Long | | 15,311,901 | 17,225,220 | 72.9 |
| U.S. Equities | | | | |
| Consumer Staples | | | | |
| Philip Morris International Inc. | 15,000 | 881,576 | 1,332,654 | 5.6 |
| Health Care | | | | |
| Gilead Sciences Inc. | 5,600 | 211,752 | 292,524 | |
| WellPoint Inc. | 19,000 | 1,210,881 | 1,235,048 | |
| | | 1,422,633 | 1,527,572 | 6.5 |
| Information Technology | | | | |
| Apple Inc. | 900 | 421,767 | 535,498 | |
| GT Advanced Technologies Inc. | 21,600 | 240,348 | 116,198 | |
| Intel Corporation | 8,700 | 185,819 | 236,137 | |
| Microsoft Corporation | 12,000 | 365,001 | 373,877 | |
| The Western Union Company | 17,600 | 302,351 | 301,612 | |
| | | 1,515,286 | 1,563,322 | 6.6 |
| Total U.S. Equities - Long | | 3,819,495 | 4,423,548 | 18.7 |
| Global Equities | | | | |
| Cayman Islands | | | | |
| Red Maple Limited | 240,000 | - | - | - |
| Israel | | | | |
| MagicJack VocalTec Limited | 6,000 | 91,976 | 115,904 | 0.5 |
| Switzerland | | | | |
| Iberian Minerals Corporation | 114,000 | 97,253 | 123,120 | 0.5 |

EXEMPLAR LEADERS FUND

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS

As at June 30, 2012

Unaudited

United Kingdom

| | Number of Shares | Long: Avg Cost Short: Proceeds | Fair Value | % of Total Net Assets |
|---|---------------------|-----------------------------------|-------------------|--------------------------|
| Synchronica PLC, Warrants, September 20, 2013 | 53,740 | \$ 749 | \$ - | - |
| Total Global Equities - Long | | 189,978 | 239,024 | 1.0 |
| Total Long Positions Including Transaction Costs | | 19,321,374 | 21,887,792 | 92.6 |
| Transaction costs | | (35,786) | - | - |
| Total Long Positions Before Transaction Costs | | 19,285,588 | 21,887,792 | 92.6 |

SHORT POSITIONS

Canadian Equities

Energy

| | | | | |
|---------------------------|----------|-----------|-----------|-------|
| Birchcliff Energy Limited | (19,700) | (231,104) | (111,108) | (0.5) |
|---------------------------|----------|-----------|-----------|-------|

Industrials

| | | | | |
|--|-------|----------------------|----------------------|--------------|
| Westport Innovations Inc. | (300) | (9,703) | (11,247) | (0.0) |
| Total Canadian Equities - Short | | (240,807) | (122,355) | (0.5) |
| Total Short Positions Including Transaction Costs | | (240,807) | (122,355) | (0.5) |
| Transaction Costs | | (244) | - | - |
| Total Short Positions Before Transaction Costs | | (241,051) | (122,355) | (0.5) |
| TOTAL INVESTMENT PORTFOLIO | | \$ 19,044,537 | 21,765,437 | 92.1 |
| Other Assets, Net of Liabilities ¹ | | | 1,877,543 | 7.9 |
| TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY | | | \$ 23,642,980 | 100.0 |

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

² Private and/or illiquid securities.

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

EXEMPLAR LEADERS FUND
SUMMARY OF INVESTMENT PORTFOLIO
As at June 30, 2012 and December 31, 2011

| SECTOR MIX | % of Total Net Assets | |
|----------------------------------|-----------------------|-------|
| | 2012 | 2011 |
| Long Positions | | |
| Energy | 15.0 | 18.8 |
| Basic Materials | 3.4 | 7.0 |
| Industrials | 15.7 | 15.8 |
| Consumer Discretionary | 4.6 | 4.3 |
| Consumer Staples | 5.6 | 5.6 |
| Health Care | 17.4 | 15.0 |
| Financials | 9.0 | 8.5 |
| Information Technology | 11.5 | 8.8 |
| Telecommunication Services | 7.8 | 9.8 |
| Utilities | 2.6 | - |
| Bonds | - | 0.5 |
| Other Assets, Net of Liabilities | 7.9 | 8.2 |
| Short Positions | | |
| Energy | (0.5) | (1.2) |
| Consumer Discretionary | - | (0.6) |
| Information Technology | - | (0.5) |

| GEOGRAPHIC MIX | % of Total Net Assets | |
|----------------------------------|-----------------------|-------|
| | 2012 | 2011 |
| Long Positions | | |
| Canada | 72.9 | 75.6 |
| U.S. | 18.7 | 18.3 |
| Australia | - | 0.2 |
| Cayman Islands | 0.0 | - |
| Israel | 0.5 | - |
| Switzerland | 0.5 | - |
| United Kingdom | 0.0 | - |
| Other Assets, Net of Liabilities | 7.9 | 8.2 |
| Short Positions | | |
| Canada | (0.5) | (1.8) |
| U.S. | - | (0.5) |

| ASSET MIX | % of Total Net Assets | |
|----------------------------------|-----------------------|-------|
| | 2012 | 2011 |
| Long Positions | | |
| Canadian Equities | 72.9 | 75.1 |
| Canadian Bonds | - | 0.5 |
| U.S. Equities | 18.7 | 18.3 |
| Global Equities | 1.0 | 0.2 |
| Other Assets, Net of Liabilities | 7.9 | 8.2 |
| Short Positions | | |
| Canadian Equities | (0.5) | (1.8) |
| U.S. Equities | - | (0.5) |

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

EXEMPLAR LEADERS FUND
DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)
June 30, 2012
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 27.

B. CREDIT RISK

As at June 30, 2012 and December 31, 2011, 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, 2012 | As at December 31, 2011 |
| Not Rated | nil | 0.5% |

Credit ratings are obtained from Standard & Poor's, Moody's and/or Dominion Bond Rating Service. Where multiple ratings were obtained for a security, the lowest rating has been used.

C. LIQUIDITY RISK

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

June 30, 2012

| | Less than 1 year (\$) | 1 – 3 years(\$) | Beyond 5 years (\$) | No maturity date (\$) |
|---------------------------|-----------------------|-----------------|---------------------|-----------------------|
| Financial Assets | | | | |
| Equities - long | - | - | - | 21,887,792 |
| Other receivables | 103,733 | - | - | - |
| Cash and cash equivalents | 2,258,121 | - | - | - |
| Total | 2,361,854 | - | - | 21,887,792 |
| Liabilities | | | | |
| Equities - short | - | - | - | (122,355) |
| Other liabilities | (484,311) | - | - | - |
| Total | (484,311) | - | - | (122,355) |

December 31, 2011

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

D. INTEREST RATE RISK

As at June 30, 2012 the Fund did not hold any interest-bearing securities, and therefore was not subject to credit risk.

E. OTHER PRICE RISK

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

The impact on Net Assets of the Fund due to a 5 percent change in benchmark, using historical correlation between the Fund's return as compared to the return of the Fund's benchmark, as at June 30, 2012 and December 31, 2011, with all other variables held constant, is included in the following table. Regression analysis has been utilized to estimate the historical correlation. The analysis uses 59 data points (December 31, 2011 – 53 data points) based on the monthly net returns of the Fund.

| Benchmark | Impact on Net Assets | |
|----------------------------|----------------------|-------------------|
| | June 30, 2012 | December 31, 2011 |
| S&P/TSX Total Return Index | \$998,595 | \$897,989 |

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, 2012 and December 31, 2011 are as follows:

| Currency | As at June 30, 2012 | | As at December 31, 2011 | |
|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | Financial Instruments (\$) | Percentage of Net Assets (%) | Financial Instruments (\$) | Percentage of Net Assets (%) |
| United States Dollar (long) | 5,243,477 | 22.2 | 4,429,422 | 20.8 |
| United States Dollar (short) | - | - | (103,251) | (0.5) |

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

As at June 30, 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 decreased or increased, respectively, by approximately \$262,174 (December 31, 2011 – \$216,000).

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

G. FAIR VALUE ESTIMATION

The following table analyzes the Fund's financial assets and liabilities within the fair value hierarchy measured at fair value.

June 30, 2012

| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
|---------------------------|-------------------|----------------|--------------|-------------------|
| Assets | | | | |
| Equity securities - long | 21,722,642 | 165,150 | - | 21,887,792 |
| Total Assets | 21,722,642 | 165,150 | - | 21,887,792 |
| Liabilities | | | | |
| Equity securities - short | (122,355) | - | - | (122,355) |
| Total Liabilities | (122,355) | - | - | (122,355) |

December 31, 2011

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

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 restricted securities, warrants on restricted securities. 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 following table presents the movement in level 3 instruments for the period ended June 30, 2012 and for the year ended December 31, 2011 by class of financial instrument.

| | Equity Securities (\$) | |
|-------------------------|------------------------|-------------------|
| | June 30, 2012 | December 31, 2011 |
| Opening balance | - | 24,370 |
| Net purchases and sales | - | (1,043) |
| Net transfers in (out) | 749 | (24,370) |
| Realized | - | 1,043 |
| Unrealized | (749) | - |
| Closing balance | - | - |

The net change in unrealized appreciation (depreciation) for level 3 financial instruments held as of June 30, 2012 and December 31, 2011 was \$749 and nil, respectively.

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

STATEMENT OF NET ASSETS
As at June 30, 2012 and December 31, 2011
Unaudited

**EXEMPLAR GLOBAL
INFRASTRUCTURE FUND**

| | 2012 | 2011 |
|--|--------------------------|-------------------------|
| ASSETS | | |
| Long positions at fair value* | | |
| Canadian equities | \$ - | \$ 106,009 |
| U.S. equities | 5,822,989 | 1,300,573 |
| Global equities | 12,737,963 | 2,938,794 |
| | <u>18,560,952</u> | <u>4,345,376</u> |
| Cash and broker deposits | 659,689 | 668,208 |
| Accrued investment income | 74,584 | 8,636 |
| Accounts receivable: | | |
| Subscriptions receivable | 224,461 | 178,894 |
| Total Assets | <u>19,519,686</u> | <u>5,201,114</u> |
| LIABILITIES | | |
| Accounts payable: | | |
| Performance fees payable | 51,797 | 3,008 |
| Fees and operating expenses | 63,767 | 13,324 |
| Redemptions payable | 117,915 | - |
| Payable for investment purchases | 102,091 | - |
| Total Liabilities | <u>335,570</u> | <u>16,332</u> |
| NET ASSETS REPRESENTING UNITHOLDERS' EQUITY | | |
| Series A | 11,052,524 | 2,029,629 |
| Series F | 8,131,592 | 3,155,153 |
| | <u>\$ 19,184,116</u> | <u>\$ 5,184,782</u> |
| NUMBER OF UNITS OUTSTANDING (Note 4) | | |
| Series A | 1,092,547 | 201,781 |
| Series F | 812,384 | 320,984 |
| NET ASSETS PER UNIT | | |
| Series A | \$ 10.12 | \$ 10.06 |
| Series F | <u>\$ 10.01</u> | <u>\$ 9.83</u> |
| *Long positions, at cost | <u>\$ 18,560,100</u> | <u>\$ 4,336,237</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[†]**

2012

INVESTMENT INCOME

| | | |
|---------------------------------|----|----------------|
| Dividends | \$ | 352,334 |
| Less: Foreign withholding taxes | | 68,587 |
| | | <u>283,747</u> |
| Interest | | 4,927 |
| | | <u>288,674</u> |

EXPENSES (Notes 6 and 7)

| | | |
|--|--|----------------|
| Management fees | | 141,867 |
| Performance fees | | 51,799 |
| General operating expenses | | 77,907 |
| Audit fees | | 13,415 |
| Legal fees | | 4,494 |
| Trustees' fees | | 278 |
| Securityholders' reporting costs | | 16,394 |
| Interest | | 26 |
| | | <u>306,180</u> |
| Less: Expenses absorbed by the Manager | | 65,358 |
| | | <u>240,822</u> |

NET INVESTMENT GAIN

47,852

NET REALIZED GAIN ON INVESTMENT TRANSACTIONS

32,234

TRANSACTION COSTS (Notes 2(1) and 7)

(4,232)

NET CHANGE IN UNREALIZED DEPRECIATION OF INVESTMENTS

(8,287)

EXCHANGE LOSS ON FOREIGN CURRENCIES AND OTHER NET ASSETS

(4,020)

NET GAIN ON INVESTMENTS AND TRANSACTION COSTS

15,695

NET INCREASE IN NET ASSETS FROM OPERATIONS

| | | |
|----------|--|---------------|
| Series A | | 40,155 |
| Series F | | 23,392 |
| | | <u>63,547</u> |

\$

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

| | | |
|----------|----|-------------|
| Series A | \$ | 0.06 |
| Series F | \$ | <u>0.04</u> |

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

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

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

**EXEMPLAR GLOBAL
INFRASTRUCTURE FUND[†]**

2012

| | |
|---|----------------------|
| Net Assets, Beginning of Period | |
| Series A | 2,029,629 |
| Series F | 3,155,153 |
| | <u>5,184,782</u> |
| | \$ <u>5,184,782</u> |
| Net Increase in Net Assets from Operations | |
| Series A | 40,155 |
| Series F | 23,392 |
| | <u>63,547</u> |
| From Capital Unit Transactions: (Note 4) | |
| Proceeds from issue of units | |
| Series A | 9,157,093 |
| Series F | 6,494,522 |
| | <u>15,651,615</u> |
| Consideration paid for redemptions of units | |
| Series A | (134,400) |
| Series F | (1,497,961) |
| | <u>(1,632,361)</u> |
| Reinvestment of distributions | |
| Series A | 112,732 |
| Series F | 95,419 |
| | <u>208,151</u> |
| From Distributions to Unitholders: | |
| From net investment income | |
| Series A | (152,685) |
| Series F | (138,933) |
| | <u>(291,618)</u> |
| Net Assets, End of Period | |
| Series A | 11,052,524 |
| Series F | 8,131,592 |
| | <u>19,184,116</u> |
| | \$ <u>19,184,116</u> |

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

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

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

As at June 30, 2012

Unaudited

| | Number of Shares | Average Cost | Fair Value | % of Total Net Assets |
|---|---------------------|------------------|------------------|--------------------------|
| U.S. Equities | | | | |
| Energy | | | | |
| Copano Energy LLC | 10,890 | \$ 382,276 | \$ 308,226 | |
| Energy Transfer Partners Limited Partnership | 8,391 | 388,521 | 377,103 | |
| Enterprise Products Partners Limited Partnership | 12,885 | 630,335 | 672,409 | |
| Kinder Morgan Energy Partners Limited Partnership | 2,712 | 220,509 | 216,960 | |
| | | 1,621,641 | 1,574,698 | 8.2 |
| Industrials | | | | |
| CSX Corporation | 31,109 | 681,801 | 708,074 | |
| Waste Management Inc. | 14,368 | 481,283 | 488,937 | |
| | | 1,163,084 | 1,197,011 | 6.3 |
| Telecommunication Services | | | | |
| CenturyLink Inc. | 17,645 | 673,729 | 709,755 | |
| SBA Communications Corporation 'A' | 11,977 | 578,909 | 696,045 | |
| DuPont Fabros Technology Inc. | 16,240 | 385,821 | 472,391 | |
| | | 1,638,459 | 1,878,191 | 9.8 |
| Utilities | | | | |
| Edison International | 7,325 | 302,182 | 344,644 | |
| Exelon Corporation | 21,614 | 845,034 | 828,445 | |
| | | 1,147,216 | 1,173,089 | 6.1 |
| Total U.S. Equities | | 5,570,400 | 5,822,989 | 30.4 |
| Global Equities | | | | |
| Argentina | | | | |
| Telecom Argentina SA ADR | 9,288 | 181,724 | 111,664 | |
| YPF Sociedad Anonima ADR | 4,532 | 153,793 | 57,025 | |
| | | 335,517 | 168,689 | 0.9 |
| Brazil | | | | |
| Companhia de Saneamento Basico de Estado de Sao Paulo ADR | 2,513 | 148,529 | 194,153 | |
| Companhia Energetica de Minas Gerais SA ADR | 11,240 | 173,677 | 211,058 | |
| CPFL Energia SA ADR | 7,401 | 211,407 | 188,513 | |
| Petroleo Brasileiro SA - Petrobras ADR | 28,105 | 747,310 | 537,188 | |
| Ultrapar Participacoes S.A. | 9,435 | 175,371 | 217,923 | |
| | | 1,456,294 | 1,348,835 | 7.0 |

EXEMPLAR GLOBAL INFRASTRUCTURE FUND
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at June 30, 2012
Unaudited

| | Number of Shares | Average Cost | Fair Value | % of Total Net Assets |
|--|---------------------|-----------------|---------------|--------------------------|
| Chile | | | | |
| Empresa Nacional de Electricidad SA | 8,257 | \$ 426,500 | \$ 429,044 | |
| Enersis SA Spons ADR | 25,105 | 495,994 | 477,801 | |
| | | 922,494 | 906,845 | 4.7 |
| China | | | | |
| Huaneng Power International Inc. ADR | 24,909 | 547,297 | 755,518 | 3.9 |
| France | | | | |
| France Telecom SA ADR | 25,015 | 381,209 | 334,383 | |
| Total SA ADR | 14,618 | 720,675 | 669,613 | |
| Veolia Environnement ADR | 21,627 | 269,218 | 278,298 | |
| | | 1,371,102 | 1,282,294 | 6.7 |
| Germany | | | | |
| RWE AG ADR | 3,908 | 159,046 | 161,974 | 0.8 |
| Hong Kong | | | | |
| China Mobile (Hong Kong) Limited ADR | 4,620 | 228,676 | 257,336 | |
| CNOOC Limited ADR | 530 | 100,664 | 108,608 | |
| | | 329,340 | 365,944 | 1.9 |
| Indonesia | | | | |
| PT Telekomunikasi Indonesia Tbk ADR | 8,430 | 261,186 | 299,151 | 1.6 |
| Italy | | | | |
| ENI SpA ADR | 9,821 | 437,863 | 425,660 | 2.2 |
| Japan | | | | |
| Nippon Telegraph and Telephone Corporation ADR | 15,463 | 355,818 | 364,401 | 1.9 |
| Republic of Marshall Islands | | | | |
| Seaspan Corporation | 30,426 | 471,832 | 536,601 | |
| Teekay Corporation | 10,639 | 301,683 | 317,273 | |
| | | 773,515 | 853,874 | 4.5 |

EXEMPLAR GLOBAL INFRASTRUCTURE FUND
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at June 30, 2012
Unaudited

| | Number of Shares | Average Cost | Fair Value | % of Total Net Assets |
|---|---------------------|-----------------|---------------|--------------------------|
| Mexico | | | | |
| America Movil SAB de CV 'L' ADR | 23,723 | \$ 569,662 | \$ 629,874 | |
| Grupo Aeroportuario del Sureste SAB de CV | 488 | 26,376 | 38,801 | |
| | | 596,038 | 668,675 | 3.5 |
| Norway | | | | |
| Statoil ASA ADR | 18,983 | 498,598 | 461,665 | 2.4 |
| Russia | | | | |
| Mobile TeleSystems OJSC ADR | 17,002 | 303,740 | 297,773 | |
| QAO LUKOIL | 2,645 | 152,871 | 151,127 | |
| | | 456,611 | 448,900 | 2.3 |
| South Africa | | | | |
| Sasol Limited ADR | 13,338 | 662,533 | 577,142 | 3.0 |
| South Korea | | | | |
| Korea Electric Power Corporation ADR | 34,204 | 343,461 | 389,260 | |
| KT Corporation ADR | 44,116 | 636,038 | 591,510 | |
| SK Telecom Company Limited ADR | 42,927 | 589,995 | 528,770 | |
| | | 1,569,494 | 1,509,540 | 7.9 |
| Spain | | | | |
| Telefonica SA ADR | 42,163 | 688,094 | 562,317 | 2.9 |
| Switzerland | | | | |
| Transocean Limited | 10,790 | 550,178 | 491,734 | 2.6 |
| Taiwan | | | | |
| Chunghwa Telecom Company Limited ADR | 19,150 | 578,320 | 612,839 | 3.2 |
| Turkey | | | | |
| Turkcell Iletisim Hizmetleri AS | 8,000 | 105,870 | 102,211 | 0.6 |

EXEMPLAR GLOBAL INFRASTRUCTURE FUND
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS
As at June 30, 2012
Unaudited

| | Number of Shares | Average Cost | Fair Value | % of Total Net Assets |
|---|---------------------|----------------------|----------------------|--------------------------|
| United Kingdom | | | | |
| National Grid PLC | 3,513 | \$ 172,146 | \$ 189,519 | |
| Vodafone Group PLC ADR | 6,282 | 168,429 | 180,236 | |
| | | 340,575 | 369,755 | 1.9 |
| Total Global Equities | | 12,995,783 | 12,737,963 | 66.4 |
| Total Investment Portfolio Including Transaction Costs | | 18,566,183 | 18,560,952 | 96.8 |
| Transaction Costs | | (6,083) | - | - |
| Total Investment Portfolio Before Transaction Costs | | \$ 18,560,100 | 18,560,952 | 96.8 |
| Other Assets, Net of Liabilities ¹ | | | 623,164 | 3.2 |
| TOTAL NET ASSETS REPRESENTING UNITHOLDERS' EQUITY | | | \$ 19,184,116 | 100.0 |

¹This 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, 2012 and December 31, 2011
Unaudited

| SECTOR MIX | % of Total Net Assets | |
|----------------------------------|-----------------------|------|
| | 2012 | 2011 |
| Energy | 33.1 | 27.4 |
| Industrials | 13.2 | 12.7 |
| Information Technology | - | 1.8 |
| Telecommunication Services | 35.2 | 23.0 |
| Utilities | 15.3 | 18.9 |
| Other Assets, Net of Liabilities | 3.2 | 16.2 |

| ASSET MIX | % of Total Net Assets | |
|----------------------------------|-----------------------|------|
| | 2012 | 2011 |
| Canadian Equities | - | 2.0 |
| U.S. Equities | 30.4 | 25.1 |
| Global Equities | 66.4 | 56.7 |
| Other Assets, Net of Liabilities | 3.2 | 16.2 |

| GEOGRAPHIC MIX | % of Total Net Assets | |
|----------------------------------|-----------------------|------|
| | 2012 | 2011 |
| Canada | - | 2.0 |
| U.S. | 30.4 | 25.1 |
| Argentina | 0.9 | 1.2 |
| Brazil | 7.0 | 8.9 |
| China | 3.9 | 3.6 |
| Chile | 4.7 | 2.0 |
| France | 6.7 | 6.7 |
| Germany | 0.8 | 0.6 |
| Hong Kong | 1.9 | 4.5 |
| Indonesia | 1.6 | 0.8 |
| Italy | 2.2 | 1.3 |
| Japan | 1.9 | 1.8 |
| Mexico | 3.5 | 1.9 |
| Norway | 2.4 | 3.7 |
| Republic of Marshall Islands | 4.6 | 3.1 |
| Russia | 2.3 | 2.1 |
| South Africa | 3.0 | - |
| South Korea | 7.9 | 5.3 |
| Spain | 2.9 | 1.4 |
| Switzerland | 2.6 | 1.7 |
| Taiwan | 3.2 | - |
| Turkey | 0.5 | 1.8 |
| United Kingdom | 1.9 | 4.3 |
| Other Assets, Net of Liabilities | 3.2 | 16.2 |

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

EXEMPLAR GLOBAL INFRASTRUCTURE FUND
DISCUSSION OF FINANCIAL INSTRUMENTS RISK MANAGEMENT (Note 3)
June 30, 2012
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 Manager: (i) makes long term investments of securities of issuers which the Manager believes present the greatest opportunity for capital appreciation; and (ii) manages the portfolio's sector allocation, increasing and decreasing exposure to different sectors of the market as appropriate.

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

A general discussion of financial risk management for the Fund appears as Note 3: FINANCIAL INSTRUMENTS RISK MANAGEMENT on page 27.

B. CREDIT RISK

As at June 30, 2012 and December 31, 2011, 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, 2012

| | Less than 1 year (\$) | 1 – 3 years (\$) | Beyond 5 years (\$) | No maturity date (\$) |
|---------------------------|-----------------------|------------------|---------------------|-----------------------|
| Financial Assets | | | | |
| Equities - long | - | - | - | 18,560,952 |
| Other receivables | 299,045 | - | - | - |
| Cash and cash equivalents | 659,689 | - | - | - |
| Total | 958,734 | - | - | 18,560,952 |
| Liabilities | | | | |
| Other liabilities | (335,570) | - | - | - |
| Total | (335,570) | - | - | - |

December 31, 2011

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

D. INTEREST RATE RISK

As at June 30, 2012 and December 31, 2011, the Fund did not hold any interest-bearing securities, and therefore was not subject to interest rate risk.

E. OTHER PRICE RISK

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

The impact on Net Assets of the Fund due to a 5 percent change in benchmark, using historical correlation between the Fund's return as compared to the return of the Fund's benchmark, as at June 30, 2012 and December 31, 2011, with all other variables held constant, is included in the following table. Regression analysis has been utilized to estimate the historical correlation. The analysis uses 10 data points (December 31, 2011 – 4 data points) based on the monthly net returns of the Fund.

| Benchmark | Impact on Net Assets | |
|---|----------------------|-------------------|
| | June 30, 2012 | December 31, 2011 |
| Macquarie Global Infrastructure 100 Index | \$518,185 | \$129,413 |

The historical correlation may not be representative of the future correlation, and accordingly the impact on Net Assets could be materially different.

F. CURRENCY RISK

Currencies to which the Fund had exposure as at June 30, 2012 and December 31, 2011 are as follows:

| Currency | As at June 30, 2012 | | As at December 31, 2011 | |
|----------------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | Financial Instruments (\$) | Percentage of Net Assets (%) | Financial Instruments (\$) | Percentage of Net Assets (%) |
| United States Dollar | \$18,788,106 | 97.9% | \$4,422,549 | 85.3% |

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

As at June 30, 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 \$939,405 (December 31, 2011 - \$221,127).

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

G. FAIR VALUE ESTIMATION

The following table analyzes the Fund's financial assets and liabilities within the fair value hierarchy measured at fair value at June 30, 2012 and December 31, 2011.

June 30, 2012

| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
|-------------------|--------------|--------------|--------------|-------------------|
| Assets | | | | |
| Equity Securities | 18,560,952 | - | - | 18,560,952 |

December 31, 2011

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

Unaudited

1. THE FUNDS

Exemplar Leaders Fund and Exemplar Global Infrastructure 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 September 1, 2011, the Manager launched the Exemplar Global Infrastructure Fund.

The statements of net assets and of investments and other net assets of the Exemplar Global Infrastructure Fund are prepared as at June 30, 2012 and December 31, 2011 and the statements of operations and of changes in net assets cover the period of June 30, 2012.

On May 30, 2012, BluMont Capital Corporation (the "Manager" or "BluMont Capital") launched the Exemplar Timber Fund and Exemplar Yield Fund. Due to the short operating history of the Exemplar Timber Fund and Exemplar Yield Fund, the financial statements as of June 30, 2012 are not available.

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.

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, 2012 between a Fund's net assets per unit for financial reporting ("Net Assets") and the Fund's net asset value for purposes other than financial reporting, such as subscriptions and redemptions, ("Net Asset Value") has been provided in Note 8. The Funds continue to use the last traded price for investments and securities sold short for Net Asset Value valuations.

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by a Fund are charged to net increase (decrease) in net assets from operations in the period. Accordingly, these costs are expensed and are included in "Transaction Costs" in the Statement of Operations.

Securities listed upon a recognized public stock exchange are valued at their bid/ask prices on the financial statement date. Securities with no bid/ask prices are valued at their closing sale prices. Securities not listed upon a recognized public stock exchange are valued using valuation techniques, on such basis and in such manner established by the Manager.

Short-term investments including notes and money market instruments are carried at fair value.

The difference between fair value and the average cost is shown as the net change in unrealized appreciation (depreciation) of investments.

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

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

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

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

(II) Investment Transactions and Income Recognition

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

(III) Valuation of Fund Units

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

The Net Asset Value per unit of a Fund is determined by dividing the total fair value of the Fund's Net Asset Value by the number of units outstanding.

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

(IV) Foreign Currency Translation

Assets, including fair value of investments and liabilities denominated in foreign currencies, are converted to Canadian dollars at the rates of exchange established on each Valuation Day.

Purchases and sales of investments, dividends and interest income and expense denominated in foreign currencies are converted into Canadian dollars at the rates of exchange prevailing on the respective dates of such transactions.

Realized exchange gains (losses) on investments are included in "Net Realized Gain (Loss) on Investment Transactions" in the Statement of Operations.

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

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

(V) Use of Estimates

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

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

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

3. FINANCIAL INSTRUMENTS RISK MANAGEMENT

In the normal course of business, the Funds are exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk) that could result in a reduction in the value of a Fund's Net Asset Value. The value of investments within a Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions and market and company news related to specific securities within the Fund. The level of risk depends on each

Fund's investment objective and the types of securities it invests in. Please refer to Discussion of Financial Risk Management (an addendum to Note 3 on pages 12 and 23 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, 2012, 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 | 86,188 | \$863,050 | 4.50% |

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

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 Leaders Fund – June 30, 2011

| | Units Outstanding at Beginning of Period | Units Issued for Cash | Units Issued on Reinvestment of Distributions | Units Redeemed | Units Issued and Outstanding at End of Period |
|----------|--|-----------------------|---|----------------|---|
| Series A | 641,742 | 24,688 | - | (52,405) | 614,025 |
| Series F | 129,977 | 2,397 | - | (1,035) | 131,339 |

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 |

5. INCOME TAXES

As at June 30, 2012, the Exemplar Leaders Fund and the Exemplar Global Infrastructure 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, 2012, the Funds had capital or non-capital losses as noted below. The benefits of these losses have not been recognized in the financial statements.

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

* Non-capital losses can be offset against income in future years for up to 20 years.

** Net Capital losses can be carried forward indefinitely for offset against gains in future periods.

6. RELATED PARTY TRANSACTIONS

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

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

In addition, the Funds pay the Manager an annual performance fee (the "Performance Fee"), equal to 20% of the amount by which the Funds outperform their respective indices. The Performance Fee is calculated and accrued daily and paid annually on a calendar year basis and is subject to HST (and any other applicable taxes). If the performance of a series of a Fund in any year is less than the performance of the indices described below (the "Return Deficiency"), then no Performance Fee will be payable in any subsequent year until the performance of the applicable series, on a cumulative basis calculated from the first of such subsequent years, has exceeded the amount of the Return Deficiency.

Exemplar Leaders Fund

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

Exemplar Global Infrastructure Fund

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

For the period ended June 30, 2012, Performance fees incurred by Exemplar Leaders Fund totaled \$417,668 while Performance Fees incurred by the Exemplar Global Infrastructure Fund totaled \$51,797.

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:

| | <u>2012</u> | <u>2011</u> |
|-------------------------------------|-------------|-------------|
| Exemplar Leaders Fund | \$13,487 | \$34,099 |
| Exemplar Global Infrastructure Fund | \$4,232 | \$- |

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

As at June 30, 2012

| | Per Unit (\$) | | |
|--|-----------------|--------------------|------------|
| | Net Asset Value | Bid/Ask Adjustment | Net Assets |
| Exemplar Leaders Fund - Series A | \$30.43 | \$(0.20) | \$30.23 |
| Exemplar Leaders Fund - Series F | \$31.02 | \$(0.20) | \$30.82 |
| Exemplar Global Infrastructure Fund - Series A | \$10.12 | \$- | \$10.12 |
| Exemplar Global Infrastructure Fund - Series F | \$10.01 | \$- | \$10.01 |

As at December 31, 2011

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

9. FUTURE ACCOUNTING CHANGE

In February 2008, the Canadian Accounting Standards Board (“CASB”) confirmed that International Financial Reporting Standards (“IFRS”) will replace current Canadian standards and interpretations for publicly accountable enterprises, which includes investment funds, effective January 1, 2011. However, the CASB has deferred the mandatory transition date to January 1, 2014 for investment funds in light of delays with the International Accounting Standards Board’s project on investment companies. Therefore, for the 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 an 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 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.

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