



Process

We screen a database of over 3,000 stocks and trust units. Those securities with adequate liquidity are tested and ranked according to their earnings characteristics. Specifically, we look for the rate of change in reported earnings and reported earnings in relation to expected earnings. The securities are further screened for strong fundamentals and attractive technical indicators. The securities that best pass these tests are selected as long positions for the Fund. Those companies that screen the worst are selected as short positions for the Fund. Each position in the portfolio, long or short, is monitored on a continuous basis. Should any security no longer meet our investment criteria, the position is sold or covered accordingly.

Commentary

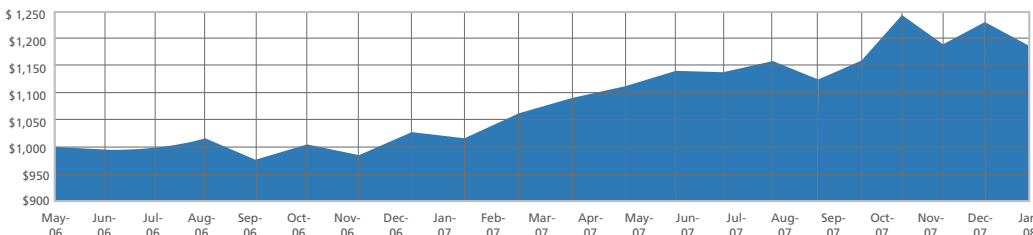
Volatility: friend or foe? Nobody likes volatility. As humans we embrace predictability and reject change. Change means unpredictability, which is associated with fear. Volatility in markets is caused by fear and uncertainty. Investors often associate volatility with a bear market. However, this is not necessarily true. If the outlook was purely negative, we would not have such extreme volatility. Instead, the market would decline in a slow and methodical order, which is generally what happens in a bear market. The currently high level of volatility tells us the market is responding to both good news and bad. Markets were driven lower by the credit crisis and the slowdown in economic growth, but then rallied on news of lower rates and appealing fundamentals.

We strive to use volatility to our advantage. Our model identifies stocks with the highest acceleration and deceleration in earnings, which generally leads to positive Fund returns on a monthly basis. When Fund returns are negative, the market is ignoring those earnings characteristics, which gives us an opportunity to add to our best positions. This opportunity presented itself in January as we applied leverage to our positions on the panic sell-off of January 21.

For example, Potash (POT) fell 29% intra-month. All else equal, current economic conditions should help Potash. Demand for fertilizer is high given high grain prices. US dollar weakness will increase grain prices further and lower interest rates allow grain speculators to buy more grain at lower carrying costs. Finally, Potash's earnings acceleration is of the highest in the world. As the stock declined, we used leverage to add to our position. When the stock recovered we reduced the leverage.

Our biggest winners on the long side were Barrick, Kinross and Eldorado Gold. Our biggest winners on the short side were Onex, Theratechnologies, Fronteer Development and Absolute Software. In a market like this, the ability to use leverage and go short is a tremendous advantage and helps us use volatility to our advantage.

Growth of \$1000



Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	-4.75												-4.75
2007	-0.53	4.71	2.91	1.36	3.33	-0.72	2.36	-2.71	2.69	7.71	-4.43	3.80	21.77
2006						-0.77	0.13	1.02	-3.44	2.68	-1.67	3.75	1.52

Performance Statistics

Total Returns (%)

1 month	-4.75
3 months	-5.51
6 months	1.68
YTD	-4.75
12 months	16.61
Inception ('06/06)	17.77

Fund Positions (as of December 31, 2007)

Top 5 Long Positions

- 1 Petrobank Energy
- 2 BCE
- 3 Major Drilling
- 4 Denbury Resources
- 5 Agrium

Top 5 Short Positions

- 1 Duvernay Oil
- 2 Lions Gate Entertainment
- 3 Equinox Minerals
- 4 Cott
- 5 West Fraser Timber

Sectors	Long (%)	Short (%)	Net (%)
Energy	33.7	10.1	23.6
Materials	46.6	10.6	36.0
Industrials	13.8	2.9	10.9
Consumer	7.2	4.7	2.5
Health Care	0.8	0.7	0.1
Financials	0.0	2.6	-2.6
Technology	6.7	1.0	5.7
Telecom	7.0	0.0	7.0
Utilities	0.0	0.0	0.0
Total	115.8	32.6	83.2

Disclaimer: Commissions, trailing commissions, management fees and expenses all may be associated with the Fund. The investment may not be suitable for all investors. Some conditions apply. Investors should carefully review the Fund's Offering Memorandum, including the risk factors detailed therein under the heading "Risk Factors", prior to investing in the Fund. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. There can be no assurance that the Fund objectives will be met. The Fund is not guaranteed, its value changes frequently and past performance may not be repeated. The opinions expressed in the commentary are those of the author and do not necessarily reflect the views and opinions of the Manager or any distributor of the Manager Funds. The views expressed are of a general nature should not be interpreted as investment advice to you in any way. Please consult a qualified financial advisor before making an investment decision. The portfolio manager/advisor/sub-advisor has a direct interest in the management and performance fees of the Fund, and may, at any given time, have a direct interest in the Fund itself.