



Process

We screen a database of over 3,000 securities. Those 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

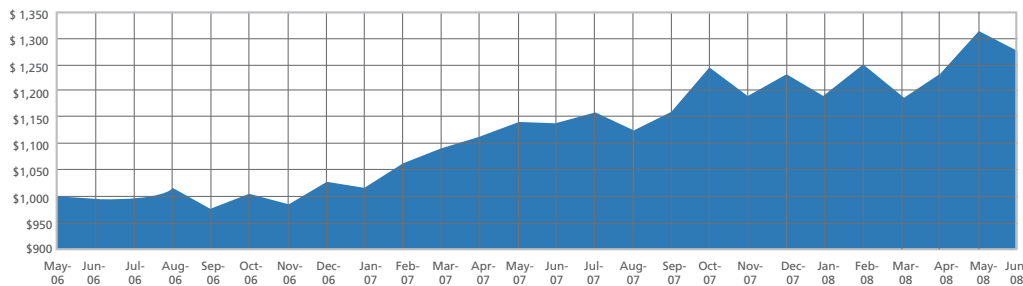
The Fund remains primarily long of energy and agricultural stocks. Oil, gas, and grain prices have hit all time highs, yet energy and agricultural stocks are experiencing substantial corrections. Why? Although the bull market for commodity prices remains firmly in tact, and the fundamentals for these stocks remain strong, the market often acts irrationally in periods of extreme uncertainty.

For example, six months ago BCE was trading near \$41, discounting the \$42.75 buyout bid for a very reasonable IRR on closing of approximately 8% annualized. As recently as May, BCE had fallen to \$33 due to legal and financing concerns despite the fact that neither the buyers, nor the sellers, nor the financiers and changed their position on the deal. Market participants vacillated like a barometer in a force 5 hurricane. Within a six month period the annualized IRR of BCE had gone from approximately 8% to approximately 60% (even assuming a delayed year-end closing)! Wow!

Commodity stocks are no different. As oil, natural gas, and grain prices are hitting new highs, energy and agricultural stocks have corrected 15% to 30%. Why? Due to fears of slower growth in China, a stronger US dollar, the end of gasoline subsidies in developing nations, potential reductions in the Strategic Petroleum Reserves, etc. These concerns have been heard many times before, but little has actually changed. What we can see with certainty is that the earnings for energy and agricultural stocks are accelerating rapidly. As well, energy stocks are discounting oil at \$70 and natural gas at \$10, yet oil is trading at \$142 while gas is at \$13. Nothing has changed in the global bull market for commodities except the short-term perspective of market participants.

We are strong advocates of exploiting these short term aberrations and look to deploy more capital in names that fit our model. Though the Fund is long and short, we cannot be in complete control of volatility. Energy stocks have rapidly accelerating EPS, but might correct 20% before resuming their climb upwards. Consumer stocks have decelerating EPS, but they might rally 20% before resuming their march downwards. Our model keeps the Fund in stocks that will prevail as market participants return to a more rational view of the world.

Growth of \$1000



Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	-4.75	6.31	-5.70	4.18	6.49	-2.75							3.01
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	-2.75
3 months	7.89
6 months	3.01
YTD	3.01
12 months	12.55
2 Years Annualized	13.29

Top 5 Fund Positions (June 30, 2008)

Long

- 1 Petrobank Energy and Resources
- 2 Suncor Energy
- 3 Occidental Petroleum
- 4 Apache
- 5 Murphy Oil

Short

- 1 MDS
- 2 Gildan Activewear
- 3 West Fraser Timber
- 4 George Weston
- 5 Silver Standard Resources

Sectors	Long (%)	Short (%)	Net (%)
Energy	67.1	0.6	66.5
Materials	12.0	8.8	3.2
Industrials	17.4	2.5	14.9
Consumer	0.2	14.1	-13.9
Health Care	0.0	2.6	-2.6
Financials	0.0	2.0	-2.0
Technology	4.8	1.2	3.6
Telecom	0.0	0.0	0.0
Utilities	0.0	0.0	0.0
Total	101.5	31.8	69.7

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.