WEBB ASSET MANAGEMENT

September, 2008

Canadian Performance Fund

SYSTEMATIC, PROVEN & RELIABLE

Process

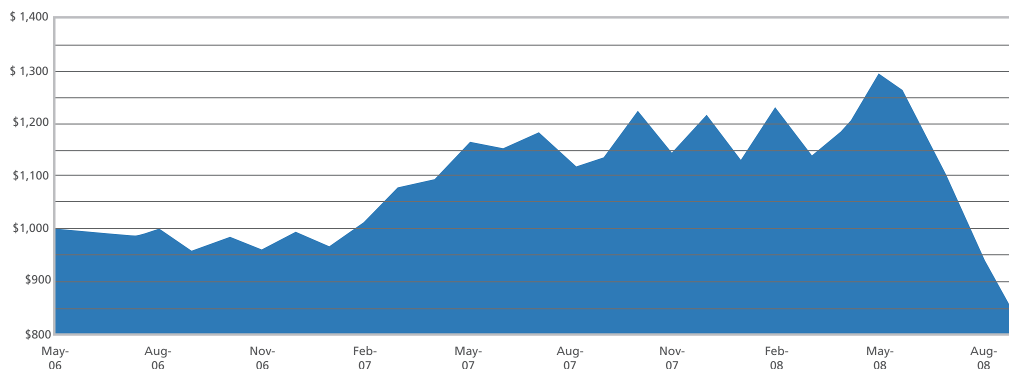
We screen a database of over 3,000 securities. Those with adequate liquidity are tested and ranked according to their earnings characteristics. Specifically, we look for the rate of change in reported earnings and reported earnings in relation to expected earnings. The securities are further screened 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

September was a dreadful month for the fund. We are again publishing an expanded commentary this month to provide our take on the markets and what we expect going forward.

For us, this has been the worst period for equity markets since starting to manage money 25 years ago. Recent losses to the fund have been the greatest losses we've ever suffered managing any fund at any time. We went through the crash of '87 and major corrections of '95 and '98. Continued on page 2

Growth of $1000 — A Class



Monthly Performance (%) — A Class

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	-4.83	6.25	-5.80	4.13	6.41	-2.84	-8.70	-12.62	-18.09				-32.99
2007	-0.62	4.88	2.88	1.28	3.36	-0.75	2.27	-2.61	2.59	7.63	-4.52	3.70	21.31
2006						-0.40	-0.05	0.95	-3.52	2.59	-1.75	3.41	1.06

Performance Statistics

Total Returns (%)	A Class	F Class
1 Month	-18.09%	-17.91%
3 Months	-34.66%	-34.33%
6 Months	-29.65%	-29.14%
YTD	-32.99%	-32.35%
12 Months	-28.59%	-27.72%
2 Years Annualized	-7.95%	-7.10%
Inception Annualized	-7.81%	-7.12%

Top 5 Fund Positions (September 30, 2008)

Long
1 Fording Canadian Coal
2 BCE
3 Proshares Trust Ultra S&P 500
4 HBP S&P/TSX 60 BULL
5 Innophos Holdings

Short
1 Rona
2 Loblaw
3 Inventiv Health
4 Great Canadian Gaming
5 Jean Coutu

Sectors	Long (%)	Short (%)	Net (%)
Energy	36.4	0.0	36.4
Materials	26.5	0.0	26.5
Industrials	14.4	0.0	14.4
Consumer	4.3	10.7	-6.4
Health Care	8.7	1.9	6.8
Financials	7.9	0.2	7.7
Technology	5.8	0.0	5.8
Telecom	16.9	0.0	16.9
Utilities	1.4	0.0	1.4
Total	122.3	12.8	109.5

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 annualized compounded total returns (periods less than 1 year are un-annualized simple 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. Interest in the management and performance fees of the Fund, and may, at any given time, have a direct interest in the Fund itself.

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We survived the bear market of '01–'02 when the NASDAQ declined 80% and the S&P 50%. Recent events eclipse even those dark days. The speed, magnitude and relentlessness of this sell-off are truly stunning. On top of that, the intraday volatility, both up and down, is unlike anything we've ever seen with the volatility index (VIX) reaching unprecedented levels. Daily declines of 4% have become a regular occurrence with frequent intraday high to low swings of 8%.The carnage has been caused by a financial crisis of epic proportions. The magnitude of this crisis is on the scale of the great depression. Financial institutions have suffered a significant erosion of their capital base, which left unchecked will cause a wipeout for the economy. Capital for financial institutions is grease for the wheels of the economy. Without grease, the wheels seize up and stop turning. The capital of a financial institution is the basis on which they can lend money. Banks can lend out $13 for every $1 of capital they maintain. That $13 goes to drive the economy.

If $1 of capital is lost or written off (think mortgages and other loans gone bad), then the bank must call back $13 worth of loans. Banks have had to write off billions in bad loans and have found it necessary to reduce their loan portfolio by a significantly higher multiple than their loan losses. Banks and insurance companies can lend 13x their capital base while investment dealers were allowed to lend out at 30x their capital base. If they can raise that money, they get to stay in business, but won't be able to make any new loans until they raise new capital. If they can't raise that money, they go out of business (the list now includes Bear Sterns, Lehman Brothers, Fannie Mae, Freddie Mac, Indy Mac, Washington Mutual, Merrill Lynch and Country Wide and will get longer before this is over). The multiplier effect is very powerful and when it runs in reverse it has dire consequences.

The very fact that the institutions on which the economy relies to run effectively are in such dire condition, makes the current crisis so different and so much more dangerous than previous bear markets or recessions. This is precisely why government intervention has been completely necessary and the right thing to do. But it's also why the problems faced by financial institutions have reverberated across the entire global economy and stock markets. Much of the loans financial institutions made over the past six years were to investors who wanted to invest in the equity market with borrowed money. Those investors drove stock prices higher. Now that the financial institutions want (need) their money back, investors have been forced to unwind their portfolios. Investors are selling because they have to, not because they want to. The media likes to report on "panic" selling, but much of this selling has been by investors who simply need to raise cash at any price so that they can pay back their lenders. This is why stock prices have gone down so much in such short order. We are of the belief that prices have gone well below fair value for many, many stocks.

These conditions are the very reason our fund is off so much. As investors have liquidated their portfolios, they've had to sell every liquid stock in their portfolio, including the good companies. Stocks that we owned through this crisis were stocks that our model identified as the most profitable, fastest growing companies. They also happen to be the stocks that other investors have liquidated to meet their loan obligations. Investors have also had to cover their short positions. As they cover their shorts, they bid up the price of the stock. So, some of our short positions have gone against us as well.

Gold, agriculture, energy and infrastructure stocks are off in the neighbourhood of 60%. This environment is the perfect storm for our process. It simply doesn't work when securities are being sold for reasons other than fundamental ones. These are not bad companies. In fact, they remain highly profitable and well-run businesses. Yet, they are being sold-off indiscriminately.

In this environment, capital is being allocated in unusual ways. Short-term US treasury Bills have a negative yield on them. Once the mass liquidation ends, capital will be allocated back to great companies with attractive fundamentals and, especially now, even better valuations.

Going forward, we expect our process to lead us back to better returns. We do expect that the landscape will have changed somewhat leading us in a different direction. As governments inject capital into the system to support the financial institutions, money supply will grow rapidly and cause erosion in the value of currencies and an increase in inflation. In an environment like this, we expect gold to perform well. In fact, our model has begun to identify a number of gold stocks in which to invest. As well, the current crisis has created other opportunities for significant gains that would not otherwise be available to us including BCE and Fording Coal.

We are hopeful for a rational conclusion to this crisis and a return to more efficient capital markets.

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