



WEBB ASSET MANAGEMENT

Interim Management Report of Fund Performance

June 30, 2008

Webb Enhanced Income Fund



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Webb Enhanced Income Fund

MANAGEMENT REPORT OF FUND PERFORMANCE

This interim management report of fund performance does not contain the complete unaudited interim financial statements for the investment fund. You may request a copy of the investment fund's unaudited interim financial statements, interim management report of fund performance, current proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosures at no cost from Webb Asset Management Canada, Inc. ("WAM Funds" or the "Manager"), by calling (toll free) 1-866-611-9590, or locally (416) 646-0975, by writing to us at: 26 Wellington Street East, Suite 920, Toronto, Ontario, M5E 1S2, by visiting our website at www.WAMfunds.com or through SEDAR at www.sedar.com.

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance, or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements.

Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the fund may invest and the risks detailed from time to time in the fund's simplified prospectus. We caution that the foregoing list of factors is not exhaustive, and that when relying on forward-looking statements to make decisions with respect to investing in the fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the fund company does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

Investment Objective

The investment objective of the Webb Enhanced Income Fund (the "Fund") is to provide investors with a stable stream of tax-efficient monthly distributions, consisting of returns of capital and capital gains, and to provide for modest capital growth.

In order to achieve its objectives, the Fund invests primarily in equity securities of Canadian issuers (the "Canadian Equity Portfolio"). To produce tax-efficient distributions, the Fund will also enter into one or more forward agreements to obtain exposure to an underlying portfolio (the "Underlying Portfolio"), which includes dividend-paying common and preferred shares, bonds, debentures, income trusts, equity-related securities and convertible securities issued by issuers anywhere in the world. The objective of the Fund is to provide investors with returns based on the Underlying Portfolio and not the Canadian Equity Portfolio.



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Management Report of Fund Performance *(continued)*

Investment Strategies

The assets of the Fund are invested in the Canadian Equity Portfolio. To produce tax-efficient distributions, the Fund will also enter into one or more forward agreements to obtain exposure to the Underlying Portfolio, which includes dividend-paying common and preferred shares, bonds, debentures, income trusts, equity-related securities and convertible securities issued by issuers anywhere in the world.

The Underlying Portfolio will be invested in a manner consistent with meeting the objectives of the Fund. Unitholders will receive the performance of the Underlying Portfolio, not the Canadian Equity Portfolio. This strategy is necessary to recharacterize all realized income and dividends of the Underlying Portfolio as returns of capital and capital gains for Unitholders of the Fund.

In selecting equity securities for the Underlying Portfolio, the Portfolio Sub-advisor (see *Manager and Portfolio Sub-Advisor*) focuses primarily on securities that offer (i) an attractive expected dividend yield as an indication of value, (ii) low price betas as an indication of risk and volatility, and (iii) earnings acceleration, earnings surprises and growth in earnings estimates as an indication of growth. The Portfolio Sub-advisor may also purchase equities, against which call options are written and may also short sell equities, against which put options are written. The Fund is permitted a maximum 100% gross long exposure and a 20% gross short exposure.

Risk

There were no material changes to the level of risk of the Fund through the reporting period. The suitability and investor risk tolerance stated in the Fund's prospectus remain the same.

Results of Operations

The Fund was established on January 11, 2008 with the first price struck on January 22, 2008. Performance to June 30, 2008 for Series A was 5.01% and 5.32% for Series F as compared with the S&P/TSX Total Return Index return of 20.80%. The asset mix of the Fund's underlying portfolio at period-end was 8.90% cash and cash equivalents, 90.50% equities, and 0.60% other assets less other liabilities.

Performance of the Fund is directly linked to the Underlying Portfolio through the forward agreements. The Underlying Portfolio was initially invested at the start of the reporting period and was invested in accordance with the objectives and strategies of the Fund throughout the reporting period.

Throughout the reporting period, the Underlying Portfolio was invested more heavily in energy, materials, industrial and technology stocks, both in Canada and the U.S., while invested less so in consumer-related and financial stocks.

Although it is the intention of the Sub-advisor to write option contracts on both long and short positions in the Underlying Portfolio, and the Sub-advisor did write contracts through the reporting period, there were not any outstanding contracts in the portfolio at the end of the period. Many contracts had expired just before the end of the reporting period and had not been replaced.

The Fund experienced sales of \$14.5 million throughout the reporting period with very little in the way of redemptions.



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Management Report of Fund Performance *(continued)*

The Fund's largest expense throughout the quarter was a \$137,581 performance fee as the Fund outperformed its stated performance benchmark in the second quarter. This expense, combined with the rather small size of the Fund, resulted in a rather substantial MER for the Fund over the reporting period. As the Fund size grows, these expenses will have a much smaller effect on the Fund's MER.

The Manager paid \$30,000 of fund expenses that were payable by the Fund. The Fund will not be responsible for paying this amount back to the Manager.

The Fund did not borrow any money over the reporting period.

Recent Developments

The Fund, through the Underlying Portfolio, remains invested in accordance with the objectives and strategies of the Fund.

Although equity market volatility looks to remain substantial heading in to the third-quarter, the Fund seeks to mitigate this volatility through its short-selling exposure and through the writing of call and put options against its long and short positions. Option premiums increase as volatility increases, so in the face of higher volatility, the Fund will stand to benefit from higher option premiums.

The Manager fully expects the Fund to be able to meet all of its distribution requirements through the end of the next reporting period. The Fund is generating enough cash flow from its investment strategy to meet its distribution obligations and pay the Fund's expenses.

Adoption of New Accounting Standards

The Fund adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation". These new standards replace Section 3861 "Financial Instruments – Disclosure and Presentation" with increased emphasis on the disclosure of risks associated with financial instruments and how those risks are managed. The previous requirements related to presentation of financial instruments have been carried forward unchanged. The new reporting standards do not impact the net asset value of the Fund or the net asset value per unit used to process subscription and redemptions.

On April 1, 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3855, "Financial Instruments – Recognition and Measurement" of the CICA Handbook – Accounting, which establishes standards for the fair valuation of investments as well as the accounting treatment of transaction costs. Section 3855 applies to fiscal years beginning on or after October 1, 2006. Additionally, Section 14.2 of National Instrument 81-106 ("NI 81-106"), issued by the Canadian Securities Administrators in 2005, requires the daily net asset value of an investment fund to be calculated in accordance with Canadian generally accepted accounting principles ("GAAP"). The adoption of Section 3855 would result in the use of different valuation techniques for certain investments for financial reporting purposes.

Canadian securities regulatory authorities granted relief to investment funds from the requirement to comply with Section 3855, for the purposes of calculating of net asset value used for the investor transactions ("Pricing NAV") until the earlier of September 30, 2008, or the date that various proposed changes to Section



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Management Report of Fund Performance *(continued)*

14.2 of National Instrument 81-106 come into affect. The Canadian Securities Administrators (the “CSA”) are currently reviewing the suitability of applying Section 3855 for the purposes other than the preparation of financial statements. Depending on the outcome of such review, the method by which net asset value is calculated as governed by Section 3855 may result in a change to the purchase and redemption price of an investment fund on the date of such change. We have adopted the provisions of Section 3855 retroactively without restatement of prior periods.

Future Accounting Standards

The Canadian Accounting Standards Board recently confirmed January 1, 2011 as the date International Financial Reporting Standards (“IFRS”) will replace current Canadian standards and interpretations as Canadian GAAP for publicly accountable enterprises such as investment funds and other reporting issuers.

Changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect the Fund’s reported position and results in operations. It may also affect certain business functions. The CSA has issued CSA Staff Notice 52-320, which requires the Managers to provide progress updates on the changeover plan to the new reporting standards at each interim and annual reporting period up until the changeover date.

As at June 30, 2008, the Manager is assessing the impact of IFRS on net asset value per unit and accounting policies of the Fund and will be developing its changeover plan to meet the timetable published by the CICA for changeover to IFRS. The plan will be disclosed in the 2008 annual financial statements as at December 31, 2008.

Independent Review Committee

The Manager has established an independent review committee (the “IRC”).

National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“NI 81-107”) came into force on November 1, 2007. NI 81-107 requires all publicly offered investment funds, such as the Fund, to establish an IRC. The Manager must identify and refer all conflict of interest matters for review or approval to the IRC. The mandate of the IRC is to consider and provide recommendations to the Manager on any conflicts of interest to which it may be subject in managing the Fund. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties. The cost of the establishment and ongoing activities of the IRC are a cost of the funds for which they act.

The IRC is fully operational and functioning in accordance with the applicable securities laws. According to NI 81-107, the IRC must be comprised of a minimum of three independent members, and is subject to requirements to conduct regular assessments of its members and provide reports in respect of those functions, at least annually, to the Fund and its unitholders. The report prepared by the IRC will be available on the Fund’s website www.WAMfunds.com, or at a unitholders request, at no cost, by contacting the Fund at 26 Wellington Street East, Suite 920, Toronto, Ontario M5E 1S2 or at info@WAMfunds.com.



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Management Report of Fund Performance *(continued)*

Manager and Portfolio Sub-Advisor

Webb Asset Management Canada, Inc. is the trustee (the “Trustee”) and manager (the “Manager”) of the Fund. The registered office of Webb Asset Management Canada, Inc. is located at 26 Wellington Street East, Suite 920, Toronto, Ontario M5E 1S2. Further contact information of the Manager is as follows:

Tel: (416) 646-0975

Fax: (416) 777-5181

E-mail: info@WAMFunds.com

Website: www.WAMFunds.com

Toll free number: 1-866-611-9590

Under the Declaration of Trust, the Manager is responsible for providing all management and administrative services required by the Fund, which includes the management of the investment portfolio, investment analysis, recommendations and decisions, the implementation of the portfolio purchase and sale transactions and arranging for the distribution of the Fund’s units. Pursuant to the Declaration of Trust, the Manager may delegate any or all of its duties and responsibilities to one or more agents to assist it in the performance of such duties and responsibilities. The Manager may resign as manager of a Fund on 90 days’ prior written notice.

As Trustee the Manager holds title to the securities owned by the Fund on behalf of unitholders. The Manager has exclusive authority over the assets and affairs of the Fund with a fiduciary responsibility to act in the best interests of the unitholders.

Pursuant to an Investment Advisory Agreement dated January 11, 2008, the Manager has appointed Webb Asset Management, Inc. to be the Fund’s portfolio sub-advisor (the “Portfolio Sub-advisor”).

Webb Asset Management Canada, Inc. and Webb Asset Management, Inc. are related parties.



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Financial Highlights

As of the date of this document, the Fund has not completed a financial year end as a reporting issuer. Financial Highlights information will be included in the annual management report of fund performance for the period ended December 31, 2008.

Management Fees

The following table shows the Fund's annual management fee rates and the maximum trailer fee rates for each series of units. Accumulus pays trailer fees to dealers out of management fees. The trailer fees are a percentage of the average daily value of the units of each Fund held by the dealer's clients. The fees depend on the series of units held.

SERIES OF UNIT	MANAGEMENT FEE	PERFORMANCE FEE
Series A Units	2.00%	20.00% of performance over benchmark
Series F Units	1.00%	20.00% of performance over benchmark
Series I Units	Negotiable	Negotiable

Past Performance

As of the date of this document, the Fund has not completed a financial year end as a reporting issuer. Annual performance information for the Fund will be included in the annual management report of fund performance for the period ended December 31, 2008.



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Summary of Investment Portfolio

As at June 30, 2008

Asset Mix ⁽¹⁾	Net Assets	% of Fund's Net Assets
Long Position		
Canadian Equities	\$ 6,565,206	45.6%
Net Other Assets	4,924,395	34.2%
Foreign Equities	3,589,120	24.9%
Cash and Cash Equivalents, Canadian Equity Portfolio	1,275,783	8.9%
Net Other Assets, Canadian Equity Portfolio	87,840	0.6%
Short Position		
Foreign Equities	(25,254)	-0.2%
Canadian Equities	(2,010,581)	-14.0%
	\$ 14,406,509	100.0%

Sector Mix ⁽¹⁾	Net Assets	% of Fund's Net Assets
Long Positions		
Energy	\$ 5,645,351	39.1%
Net Other Assets	4,924,395	34.1%
Industrials	2,781,975	19.3%
Cash and Cash Equivalents, Canadian Equity Portfolio	1,275,783	8.9%
Materials	745,093	5.2%
Financials	441,840	3.1%
Consumer Staples	298,399	2.1%
Information Technology	242,814	1.7%
Net Other Assets, Canadian Equity Portfolio	87,840	0.6%
Short Positions		
Information Technology	(3,144)	0.0%
Equity Options	(26,550)	-0.2%
Financials	(27,468)	-0.2%
Energy	(92,890)	-0.6%
Industrials	(186,564)	-1.3%
Consumer Staples	(216,063)	-1.5%
Health Care	(244,178)	-1.7%
Consumer Discretionary	(534,186)	-3.7%
Materials	(705,938)	-4.9%
	\$ 14,406,509	100.0%



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Summary of Investment Portfolio *(continued)*

As at June 30, 2008

Top 25 Holdings ⁽¹⁾	% of Fund's Net Assets
LONG POSITIONS	
Knightsbridge Tankers Limited	4.9%
Canadian Natural Resources Limited	3.6%
Chesapeake Energy Corporation	3.5%
Denbury Resources Inc.	3.1%
Fluor Corporation	3.1%
Duvernay Oil Corporation	3.1%
Bombardier Inc. 'B'	2.9%
Advantage Energy Income Fund	2.9%
Apache Corporation	2.5%
TAL International Group Inc.	2.3%
Petrobank Energy and Resources Limited	2.3%
TBS International Limited 'A'	2.1%
Baytex Energy Trust	2.1%
Nuvista Energy Limited	2.1%
Newalta Income Fund	2.0%
Pengrowth Energy Trust	1.9%
Provident Energy Trust	1.9%
Celestica Inc.	1.9%
Harvest Energy Trust	1.9%
Talisman Energy Inc.	1.8%
Labrador Iron Ore Royalty Income Fund	1.8%
Potash Corporation of Saskatchewan Inc.	1.8%
Canadian Oil Sands Trust	1.7%
Husky Energy Inc.	1.6%
SHORT POSITIONS	
MDS Inc.	-1.7%

(1) Based on GAAP NAV of the Underlying Portfolio as at June 30, 2008 unless otherwise stated.

The summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. The most recent financial reports are available at no cost by calling 1-866-611-9590, by writing to us at 26 Wellington Street East, Suite 920, Toronto, Ontario, M5E 1S2, by visiting our website at www.WAMfunds.com or through SEDAR at www.sedar.com.



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