



WEBB ASSET MANAGEMENT

## **Management Report of Fund Performance**

December 31, 2009

Webb Enhanced Growth Fund

# Contents

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**MANAGEMENT REPORT OF FUND PERFORMANCE**

This annual management report of fund performance contains fiscal highlights but does not contain the complete audited annual financial statements for the investment fund. You may request a copy of the unaudited interim or audited annual financial statements at your request, and at no cost, by calling (toll free) 1-866-611-9590, or (416) 646-0975, by writing to us at Webb Asset Management Canada, Inc. (“WAM Funds”, “Webb” or the “Manager”), 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2, by visiting our website at [www.WAMfunds.com](http://www.WAMfunds.com) or through SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of these methods to request a copy of the investment fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the investment fund.

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.

**Management Discussion Of Fund Performance****Investment Objective and Strategies**

The objective of the Webb Enhanced Growth Fund (the “Fund”) is to achieve long-term capital growth by investing in North American equities and equity-related securities of companies that Webb believes have exceptional growth potential.

The Fund intends to profit from both long and short equity positions and derivatives on such securities using Webb’s proprietary investment process. Webb’s investment process is earnings-based and is systematically applied to long and short positions in equities.

Webb’s earnings-based investment process screens a data base of stocks to identify those that are attractive investment or short selling opportunities. The screening process identifies as attractive investments, those companies with: adequate liquidity, a positive change in the growth rate of earnings, an increase in analysts’ consensus expectations for future earnings and a positive surprise in reporting earnings versus the analysts’ consensus expectation. The screening process identifies as attractive short positions, those companies with: inadequate liquidity, a negative change in the growth rate of earnings, a decrease in analysts’ consensus expectations for future earnings and a negative surprise in reporting earnings versus the analysts’ consensus



## Management Discussion of Fund Performance *(continued)*

expectations. Positions are sold or covered accordingly if the company no longer meets the required investment or short selling criteria.

Webb may seek to enhance performance by giving further consideration to relative price strength and other technical indicators as well as the active and systematic management of the long/short exposure. Specifically, Webb may seek to increase long exposures and decrease short exposures when technical indicators for a specific security or the market in general are favourable, or to decrease long exposures and increase short exposures when technical indicators for a specific security or the market in general are unfavourable.

Webb will also seek out opportunities to realize a low-risk profit from a long or short position (as appropriate) where the price of a specific security is out of line with its known intrinsic or stated value.

### Risk

The risks to which an investment in the Fund is subject have not changed from the description found in the Fund's offering documents. There have not been any changes to the Fund during the period that would have affected the overall level of risk associated with an investment in the Fund.

The Fund is suitable for investors who consider growth or capital appreciation (through income and/or capital appreciation) an important investment objective. To recognize a reasonable rate of return, investors should be prepared to invest for the long term. This Fund is suitable for investors with a moderate to high risk tolerance level.

The Fund is exposed to the following risks which are described in detail in the prospectus:

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Stock market risk</li><li>• Timing risk</li><li>• Reliance on historical data</li><li>• Liquidity risk</li><li>• Slippage risk</li><li>• Credit risk</li><li>• Regulatory risk</li></ul> | <ul style="list-style-type: none"><li>• Foreign security risk</li><li>• Currency risk</li><li>• Multiple series risk</li><li>• Derivatives risk</li><li>• Short selling risk</li><li>• Investment trust risk</li></ul> |
|--|--|

Throughout the year the Fund was invested in accordance with its investment objectives and investment strategies. The Fund remained diversified across sectors and securities throughout the period and was exposed to both Canadian and U.S. securities.

As in any period of history there continues to be many additional risks. Current economic risks include: rising government deficits, falling employment, rising interest rates, continued home owner defaults, and state and local government default. Though these risks are significant, equity markets continue to march higher as markets, which traditionally look six to nine months ahead, had already priced this malaise earlier this year. Though the U.S., Britain, Spain, Greece, Italy, Ireland, etc. continue to be the nucleus of the economic storm, there are many other nations with robust economies: China, Brazil, India, Canada, Australia, etc. China being the growth engine of the world is always the most important nation to watch as they are responsible for the largest incremental global demand for just about everything produced. China is currently experiencing rapid economic growth.

Any changes in the risks associated with an investment in the Fund had no affect on the suitability or investor risk tolerance stated in the prospectus.



## Management Discussion of Fund Performance *(continued)*

### Results of Operations

The Fund was invested in accordance with the objectives and strategies of the Fund throughout the reporting period.

The Fund enjoyed excellent returns for the latter half of 2009. Equity markets have continued to stage a massive rally worldwide and the Fund has been positioned 100% long in deep cyclical stocks to take advantage of this rally. The rally is a function of: 1) a recovery from the significant oversold levels earlier in the year, 2) 0% effective interest rates, and 3) strong growth from the BRIC countries (Brazil, Russia, India and China). At the bottom of equity markets in March 2009, the Fund was primarily long Financials as they were the most oversold sector relative to underlying fundamentals. Canadian banks and U.S. life companies were the main focus. March in fact marked the bottom of the equity markets.

Over the last six months, deep cyclical stocks, specifically commodity companies, have been our primary long focus. The reason for this was the rise in earnings per share due to the decline in the U.S. dollar and the strength in demand from the BRIC countries. Basically we are back to the main global trend that persisted before the economic melt down: rapid growth from the BRIC nations concurrent with a secular decline in the economies and balance sheets of the developed nations. Good returns were made in: base and precious metals, energy, iron ore, steels, coal, etc. We also made good returns in many technology stocks.

There were no unusual trends in redemptions during the period. The Fund experienced net redemptions through the period, but they were immaterial relative to the size of the Fund. The Fund was unable to accept purchases between February and the end of the period because it was out of distribution as a result of the Fund's Simplified Prospectus having lapsed. The Fund's Simplified Prospectus has since been renewed and as of July 29, 2009 the Fund is again able to accept new purchases.

### Recent Developments

The Fund remains invested in accordance with the objectives and strategies of the Fund. The Manager fully expects the Fund to be able to pay the Fund's expenses.

#### *Fund Merger*

The most significant event was the merger of the WAM Canadian Performance Fund ("Performance Fund") into the Fund. This was accomplished by year end to allow a taxable loss for Performance Fund unit holders in 2009. The reason for the merger was to lower the MER to both Performance Fund and Growth Fund unit holders. Given that both funds were small, combining the funds into a larger fund should, with all things being equal, reduce the MER in the future. The MER consists of the management fees and administrative costs of operating a fund. Many of these administrative costs are fixed regardless of the size of the fund. Thus, as assets increase the costs to unit holders decline. The merger benefits both the Performance Fund and Fund unit holders.

The negative of the merger is the loss of leverage that was available in the Performance Fund. Given that the Performance Fund was not a mutual fund it could be leveraged by 50% on the long side and 100% on the short side. The current Growth Fund can be a maximum of 100% long and/or 20% short. As we learned with the market decline leverage is a double-edged sword. Most unit holders seem to be happy to not have this turbo on the Fund. Given the significant decline in the equity market in 2008, the loss of shorting capabilities will not be significant going forward.

The merger also allows greater focus of the manager as Webb Asset Management now has just two funds: the Enhanced Growth Fund and the Enhanced Income Fund. Results generally improve with focus. As the Manager, we feel much more confident in our abilities to make significant returns given this increased focus.



## Management Discussion of Fund Performance *(continued)*

On December 7, 2009 the Fund's Independent Review Committee ("IRC") informed the Manager that, after making reasonable enquiry, the IRC had concluded that the calling of a meeting of unitholders of the Fund, the presentation to the unitholders of the proposed merger transaction for their consideration, and, if approved, the implementation of the proposed merger transaction, would achieve a fair and reasonable result for the unitholders of the Fund.

### *Portfolio Advisor and Administrator*

The Manager announced that effective October 19, 2009, JovInvestment Management Inc. ("JovInvestment"), a member of the Jovian Capital Corporation group of companies, has assumed the roles of portfolio advisor and administrator of the Fund, roles previously performed by the Manager. As portfolio advisor, JovInvestment will be responsible for coordinating portfolio management and advisory services to the Fund.

Webb Asset Management, Inc. ("Webb USA") was reappointed by JovInvestment as the Fund's portfolio sub-advisor. As portfolio sub-advisor, Webb USA provides portfolio management services in respect of the Fund and is supervised by JovInvestment. As administrator, JovInvestment is responsible for providing marketing and administrative services to the Manager and the Fund, including accounting facilities and clerical staff.

### *Adoption of New Accounting Standards*

On January 1, 2009, the Fund adopted Canadian Institute of Chartered Accountants ("CICA") Emerging Issues Committee Abstract 173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173"). EIC-173 clarifies how the Fund's own credit risk and counterparty risk should be taken into account in determining the fair value of financial instruments. The adoption of EIC-173 did not have a significant impact on the valuation of the Fund's financial instruments or its net assets.

On January 1, 2009, the Fund also adopted amendments to CICA Handbook Section 3862 "Financial Instruments – Disclosures" and CICA Handbook Section 3863 "Financial Instruments – Presentation" which require the Fund to present, in the notes to the financial statements, a classification of fair value measurements of the Fund's investments based on a three level fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The three levels will be reported as: i) securities that are valued based on quoted prices in active markets; ii) securities that are valued based on inputs other than quoted prices that are observable; and iii) securities that are valued with no observable market data. The new reporting standards do not impact the net asset value of the Fund or the net asset value per unit used to process capital unit transactions, they are simply enhanced disclosures about fair value measurements and the liquidity risk of financial instruments.

### *Harmonized Sales Tax*

The Provinces of Ontario and British Columbia have recently announced that they plan to harmonize their existing provincial sales tax with the federal goods and services tax ("GST") effective July 1, 2010. If this tax proposal is implemented as announced, investment funds that are subject to the new harmonized tax may be required to pay a harmonized sales tax on fees such as management fees, rather than the currently imposed 5% GST, which may increase costs borne by the Fund.

### *Future Accounting Standards*

In February 2008, the Canadian Accounting Standards Board confirmed January 1, 2011 as the date International Financial Reporting Standards ("IFRS") will replace current Canadian standards and interpretations as Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises such as investment funds and other reporting issuers.

**Management Discussion of Fund Performance** *(continued)*

Changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect the Fund's reported financial position and results of operations. It may also affect certain business functions. The Canadian Securities Administrators (the "CSA") has issued CSA Staff Notice 52-320, which requires the Manager 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.

For the Fund, IFRS will be effective for the interim and annual periods starting January 1, 2011, including the preparation and reporting of one year of comparative figures. In order to prepare for the transition to IFRS, the Manager has developed an implementation plan and has commenced assessing the impact of significant accounting differences between IFRS and Canadian GAAP. The Manager has presently determined that there will be no material impact to the net asset value per unit from the changeover to IFRS. The impact of IFRS on accounting policies and implementation decisions will mainly be in the areas of presentation and additional note disclosures in the financial statements of the Fund.

Further updates on implementation progress and potential reporting impact from the adoption of IFRS will be provided during the implementation period. The current assessment is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

**Other Information**

The Fund was required to revise and refile its 2008 Management Report on Fund Performance (MRFP). The revised MRFP can be found at [www.sedar.com](http://www.sedar.com), [www.WAMfunds.com](http://www.WAMfunds.com) or from Webb Asset Management Canada, Inc. by calling 1-866-611-9590.



## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since inception on January 11, 2008. This information is derived from the Fund's annual audited financial statements. Please see the front page for information on how you may obtain the Fund's annual or interim financial statements.

### The Fund's Net Assets per Unit

#### Series A

| <i>Year</i>  | <b>2009</b> | <b>2008</b> |
|--|-------------|-------------|
| <b>Net assets, beginning of year<sup>(1)</sup></b>             | \$ 5.58     | \$ 10.00    |
| <b>Increase (decrease) from operations:</b>                    |             |             |
| Total revenue  | 0.14        | 0.22        |
| Total expenses   | (0.48)      | (0.58)      |
| Realized gains (losses) for the year                           | 3.47        | (6.37)      |
| Unrealized losses for the year                                 | (0.20)      | (0.45)      |
| <b>Total increase (decrease) from operations<sup>(3)</sup></b> | 2.93        | (7.18)      |
| <b>Total annual distributions<sup>(4)</sup></b>                | –           | –           |
| <b>Net assets, end of year<sup>(2)(5)</sup></b>                | \$ 8.61     | 5.58        |

#### Series F

| <i>Year</i>  | <b>2009</b> | <b>2008</b> |
|--|-------------|-------------|
| <b>Net assets, beginning of year<sup>(1)</sup></b>             | \$ 5.64     | 10.00       |
| <b>Increase (decrease) from operations:</b>                    |             |             |
| Total revenue  | 0.14        | 0.22        |
| Total expenses   | (0.40)      | (0.54)      |
| Realized gains (losses) for the year                           | 3.47        | (6.57)      |
| Unrealized losses for the year                                 | (0.25)      | (0.90)      |
| <b>Total increase (decrease) from operations<sup>(3)</sup></b> | 2.96        | (7.79)      |
| <b>Total annual distributions<sup>(4)</sup></b>                | –           | –           |
| <b>Net assets, end of year<sup>(2)(5)</sup></b>                | \$ 8.78     | 5.64        |



**Financial Highlights** *(continued)***Series I**

| <b>Year</b>   | <b>2009</b> | <b>2008</b> |
|---|-------------|-------------|
| <b>Net assets, beginning of year<sup>(1)</sup></b>  | \$ 4.94     | 10.00       |
| <b>Increase from operations:</b>                    |             |             |
| Total revenue                                       | 0.10        | 0.11        |
| Total expenses                                      | (0.24)      | (0.29)      |
| Realized gains (losses) for the year                | 2.58        | (90.05)     |
| Unrealized gains (losses) for the year              | 0.03        | 92.11       |
| <b>Total increase from operations<sup>(3)</sup></b> | 2.47        | 1.88        |
| <b>Total annual distributions<sup>(4)</sup></b>     | –           | –           |
| <b>Net assets, end of year<sup>(2)(5)</sup></b>     | \$ 7.43     | 4.94        |

- (1) This information is derived from the Fund's audited annual financial statements as at December 31 of the year shown. Series A units, Series F units and Series I units list their initial offering price of \$10.00 per unit as the opening net asset value although such units may not have actually been issued at the beginning of the period. The inception date for Series A, F and I units was January 11, 2008.
- (2) The adoption of CICA Handbook Section 3855 "Financial Instruments – Recognition and Measurement" may result in a different fair valuation of securities held by the Fund for financial reporting purposes under Canadian GAAP, than the market value used to determine the net asset value of the Fund for the purchase and redemption of the Fund's units. As a result, the net assets per unit presented in the financial statements may differ from the net asset value per unit presented in these Financial Highlights.
- (3) Net assets per security and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the average number of units outstanding over the financial period.
- (4) Distributions, if any, were paid in cash/reinvested in additional units of the Fund, or both.
- (5) The Financial Highlights are not intended to act as a continuity of the opening and closing net assets per unit.

**Financial Highlights** *(continued)***Ratios and Supplemental Data****Series A**

| <i>Year</i> <sup>(1)</sup>  | <b>2009</b> | <b>2008</b> |
|---|-------------|-------------|
| Net asset value <sup>(2)</sup> (000's)                                | \$ 12,108   | 4,068       |
| Number of units outstanding   | 1,400,610   | 719,717     |
| Management expense ratio <sup>(3)</sup>                               | 6.69%       | 7.15%       |
| Management expense ratio before waivers or absorptions <sup>(4)</sup> | 6.69%       | 8.55%       |
| Trading expense ratio <sup>(5)</sup>                                  | 1.06%       | 1.54%       |
| Portfolio turnover rate <sup>(6)</sup>                                | 981.20%     | 2,857.99%   |
| Net asset value per unit, end of year <sup>(2)</sup>                  | \$ 8.64     | 5.65        |

**Series F**

| <i>Year</i> <sup>(1)</sup>  | <b>2009</b> | <b>2008</b> |
|---|-------------|-------------|
| Net asset value <sup>(2)</sup> (000's)                                | \$ 2,482    | 560         |
| Number of units outstanding   | 281,477     | 97,908      |
| Management expense ratio <sup>(3)</sup>                               | 5.61%       | 6.67%       |
| Management expense ratio before waivers or absorptions <sup>(4)</sup> | 5.61%       | 8.09%       |
| Trading expense ratio <sup>(5)</sup>                                  | 1.06%       | 1.54%       |
| Portfolio turnover rate <sup>(6)</sup>                                | 981.20%     | 2,857.99%   |
| Net asset value per unit, end of year <sup>(2)</sup>                  | \$ 8.82     | 5.72        |

**Financial Highlights** *(continued)***Series I**

| <i>Year</i> <sup>(1)</sup>  | <b>2009</b> | <b>2008</b> |
|---|-------------|-------------|
| Net asset value <sup>(2)</sup> (000's)                                | \$ 2        | 1           |
| Number of units outstanding   | 267         | 200         |
| Management expense ratio <sup>(3)</sup>                               | 4.67%       | 3.02%       |
| Management expense ratio before waivers or absorptions <sup>(4)</sup> | 4.67%       | 3.08%       |
| Trading expense ratio <sup>(5)</sup>                                  | 1.06%       | 1.54%       |
| Portfolio turnover rate <sup>(6)</sup>                                | 981.20%     | 2,857.99%   |
| Net asset value per unit, end of year <sup>(2)</sup>                  | \$ 7.46     | 5.00        |

- (1) This information is provided as at December 31 of the years shown. The inception date for Series A, F and I units was January 11, 2008.
- (2) The adoption of CICA Handbook Section 3855 “Financial Instruments – Recognition and Measurement” may result in a different fair valuation of securities held by the Fund for financial reporting purposes under Canadian GAAP, than the market value used to determine the net asset value of the Fund for the purchase and redemption of the Fund’s units. As a result, the net assets per unit presented in the financial statements may differ from the net asset value per unit presented in these Financial Highlights.
- (3) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net assets during the period. Out of its management fees, the Manager pays for such services to the Fund as portfolio manager compensation, service fees and marketing. Management expense ratio is inclusive of performance fees.
- (4) The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the Fund. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager. Management expense ratio is inclusive of performance fees.
- (5) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
- (6) The Fund’s portfolio turnover rate indicates how actively the Sub-Advisor trades the Fund’s portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund’s portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

**Financial Highlights** *(continued)***Management Fees**

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

In addition, the Fund pays to the Manager a performance fee equal to 20% of the amount by which the Fund outperforms its benchmark (the "Benchmark"). The Benchmark for the Fund is a combination of the S&P/TSX Composite Total Return Index (60% weighting), the Russell 3000 Total Return Index (20% weighting) and the MSCI EAFE Gross Total Return Index (20% weighting).

Performance fees will be payable in all circumstances where the performance of the Fund exceeds its Benchmark (even in circumstances where the overall performance of the Fund has declined, but is still positive relative to its Benchmark). Performance fees will be calculated and accrued daily (and payable by the Fund quarterly) such that, to the extent possible, the unit price each day will reflect any performance fees payable as at the end of such day. If at any time the performance of a Fund is less than its Benchmark (a "Return Deficiency"), then no performance fees will be payable for any subsequent period until the performance of such Fund relative to its Benchmark has exceeded the amount of the Return Deficiency. For the year ended December 31, 2009, the Fund did not pay a performance fee.

| <b>SERIES OF UNIT</b> | <b>MANAGEMENT FEE</b> | <b>TRAILER FEE</b> | <b>PERFORMANCE FEE</b>               |
|-----------------------|-----------------------|--------------------|--------------------------------------|
| Series A Units        | 2.00%                 | 1.00%              | 20.00% of performance over benchmark |
| Series F Units        | 1.00%                 | N/A                | 20.00% of performance over benchmark |
| Series I Units        | Negotiable            | Negotiable         | Negotiable                           |

The Manager has retained JovInvestment to provide investment advisory and portfolio management services to the Fund. The Manager is responsible for the payment of the portfolio management fees out of its fees. Additionally, as disclosed in the Ratios and Supplemental Data charts, the Manager may absorb or waive other fees and expenses of the Fund. The Manager is responsible for the marketing, managerial and operational functions of the Fund, though many of these functions have been contracted to JovInvestment as the administrator for the Fund. In addition, the Manager will monitor the performance of the portfolio manager to ensure compliance with the investment guidelines.

The table below details, in percentage terms, the services received by the Fund, from the Manager, in consideration of the management fees paid during the year.

| <b>Marketing</b> | <b>Portfolio management fees, trailer fees, general administrative costs and profit</b> | <b>Waived/absorbed expenses of the Fund</b> |
|------------------|---|---|
| %                | %   | %   |
| -%               | 100%  | -%  |

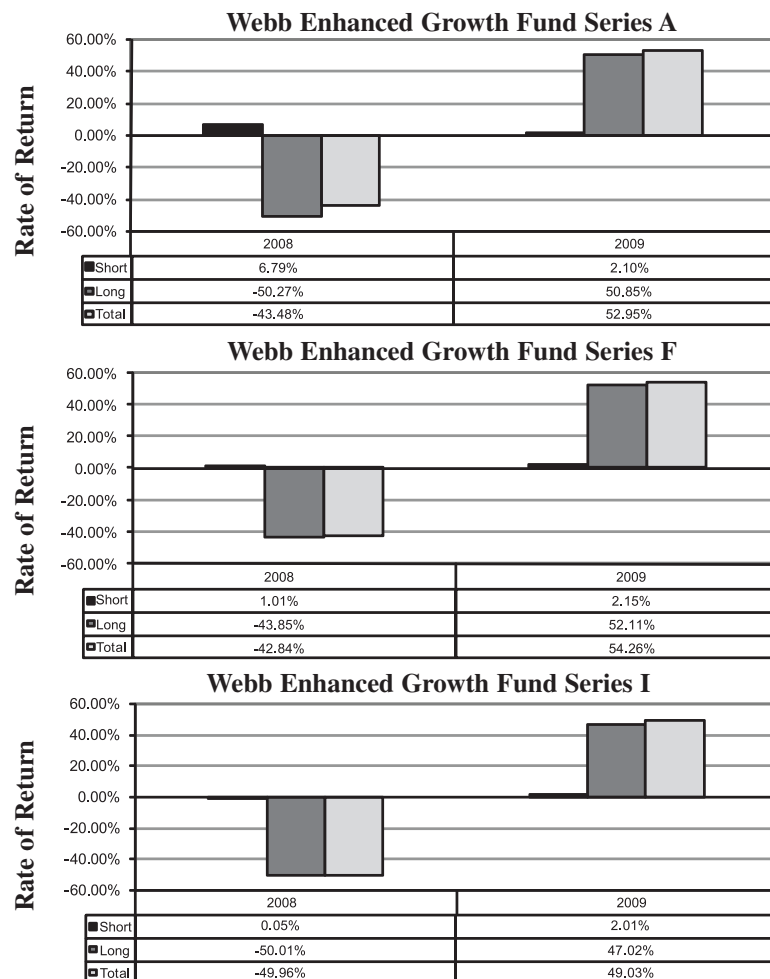


## Past Performance

Sales commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. 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 investor that would have reduced returns. Mutual funds are not guaranteed. Their values change frequently and past performance may not be repeated. The Fund's performance numbers assume that all distributions are reinvested in additional units of the Fund. If you hold this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional units. The amount of the reinvested taxable distributions is added to the adjusted cost base of the units that you own. This would decrease your capital gain or increase your capital loss when you later redeem from the Fund, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

### Year-by-Year Returns

The following charts show the Fund's performance for each of the years shown, and illustrate how the Fund's performance has changed since inception. In percentage terms, the charts show how much an investment made on the first day of the financial period would have grown or decreased by the last day of the financial period.



The returns indicated for 2008 represent the period from inception to December 31, 2008 only. Series A, Series F, and Series I started to price on January 25, 2008.

The performance shown for short positions is based on pure performance of such positions, while the performance shown for long positions is comprehensive of all fees and expenses, as is the performance for each Class of the Fund as a total.

**Past Performance** *(continued)***Annual Compound Returns**

The following table shows the Fund's historical annual compound total returns since inception and for the periods ended December 31, 2009 compared with the Fund's applicable benchmark. The table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the Fund or future returns on investments in the Fund.

|                           | Series A<br>Return % | Series F<br>Return % | Series I<br>Return % | S&P/TSX<br>Composite Total<br>Return Index (60%) | Russell 3000<br>Total Return<br>Index (20%) | MSCI EAFE<br>Gross Total<br>Return Index<br>(20%) | Benchmark % |
|---------------------------|----------------------|----------------------|----------------------|--|---|---|-------------|
| One Year - Long Position  | 50.85%               | 52.11%               | 47.02%               |  |   |   |             |
| One Year - Short Position | 2.10%                | 2.15%                | 2.01%                |  |   |   |             |
| One Year - Total Return   | 52.95%               | 54.26%               | 49.03%               | 35.05%   | 28.34%                                      | 25.36%  | 31.77%      |
| Since Inception           | -7.24%               | -6.29%               | -14.06%              | -1.58%   | -5.93%                                      | -8.48%  | -3.83%      |

*Series A, Series F and Series I started to price on January 25, 2008.*

The S&P/TSX Composite Total Return Index is designed to be a proxy for a diversified Canadian equity portfolio. The index is capitalization-weighted, based on the stock prices of certain large-capitalization companies listed on the Toronto Stock Exchange that meet certain size and liquidity criteria. This index is a "total return" index which means that it reflects distributions paid by the companies comprising the index.

The Russell 3000 Total Return Index is a broad-based modified capitalization-weighted index that represents approximately 98% of the value of the investable U.S. equity markets. It is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market, and is completely reconstituted annually to ensure that new and growing equities are reflected. This is a total return index priced in U.S. dollars.

The MSCI EAFE Gross Total Return Index is widely used to measure international equity performance. It comprises 21 MSCI country indices, representing the developed markets outside of North America: Europe, Australasia and the Far East. MSCI aims to include in its international indices, 85% of the free float-adjusted market capitalization in each industry group, within each country. This is total return index with local currency pricing variation.

The Benchmark for the Fund is a combination of the S&P/TSX Composite Total Return Index (60% weighting), the Russell 3000 Total Return Index (20% weighting) and the MSCI EAFE Gross Total Return Index (20% weighting).

**Summary of Investment Portfolio***As at December 31, 2009*

| <b>Asset Mix</b>          | <b>Net Asset Value</b> | <b>% of Fund's<br/>Net Asset Value</b> |
|---------------------------|------------------------|--|
| <b>Long Positions</b>     |                        |  |
| Canadian Equities         | \$ 7,310,131           | 50.0%                                  |
| U.S. Equities             | 2,819,202              | 19.3%                                  |
| Foreign Equities          | 1,208,862              | 8.3%                                   |
| Net Other Assets          | 4,443,256              | 30.5%                                  |
| <b>Short Positions</b>    |                        |  |
| Canadian Derivatives      | (18,478)               | -0.1%                                  |
| Cash and Cash Equivalents | (1,171,183)            | -8.0%                                  |
|                           | <b>\$ 14,591,790</b>   | <b>100.0%</b>                          |

| <b>Sector Mix</b>          | <b>Net Asset Value</b> | <b>% of Fund's<br/>Net Asset Value</b> |
|----------------------------|------------------------|--|
| <b>Long Positions</b>      |                        |  |
| Materials                  | \$ 7,366,623           | 50.5%                                  |
| Financials                 | 1,536,627              | 10.5%                                  |
| Information Technology     | 1,039,595              | 7.1%                                   |
| Energy                     | 841,484                | 5.8%                                   |
| Telecommunication Services | 281,972                | 1.9%                                   |
| Exchange Traded Funds      | 268,620                | 1.8%                                   |
| Health Care                | 3,274                  | 0.0%                                   |
| Net Other Assets           | 4,443,256              | 30.5%                                  |
| <b>Short Positions</b>     |                        |  |
| Equity Options             | (18,478)               | -0.1%                                  |
| Cash and Cash Equivalents  | (1,171,183)            | -8.0%                                  |
|                            | <b>\$ 14,591,790</b>   | <b>100.0%</b>                          |

**Summary of Investment Portfolio** *(continued)**As at December 31, 2009*

| <b>Top 25 Holdings</b>                             | <b>% of Fund's<br/>Net Asset Value</b> |
|--|--|
| Athabasca Potash Inc.                              | 6.4%                                   |
| Mercator Minerals Limited                          | 4.6%                                   |
| Westshore Terminals Income Fund                    | 4.2%                                   |
| Franco-Nevada Corporation                          | 4.2%                                   |
| Red Back Mining Inc.                               | 3.9%                                   |
| Harmony Gold Mining Company Limited                | 3.7%                                   |
| Chesapeake Energy Corporation                      | 3.7%                                   |
| Sierra Wireless Inc.                               | 3.4%                                   |
| Goldman Sachs Group Inc.                           | 3.4%                                   |
| Terra Industries Inc.                              | 3.1%                                   |
| AGF Management Limited 'B'                         | 2.9%                                   |
| Barrick Gold Corporation                           | 2.8%                                   |
| Lihir Gold Limited ADR                             | 2.8%                                   |
| Kinross Gold Corporation                           | 2.7%                                   |
| Dollar Financial Corporation                       | 2.3%                                   |
| IAMGOLD Corporation                                | 2.3%                                   |
| AllianceBernstein Holding Limited Partnership      | 2.0%                                   |
| BT Group PLC ADR                                   | 1.9%                                   |
| Horizons BetaPro S&P/TSX Global Gold Bull Plus ETF | 1.8%                                   |
| Petrohawk Energy Corporation                       | 1.7%                                   |
| Potash One Inc.                                    | 1.6%                                   |
| FNX Mining Company Inc.                            | 1.6%                                   |
| HudBay Minerals Inc.                               | 1.6%                                   |
| Perfect World Company Limited ADR                  | 1.4%                                   |
| Norsemont Mining Inc.                              | 1.4%                                   |

The summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. The most recent annual report or semi-annual report is available at no cost by calling 1-866-611-9590, by writing to us at 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2, by visiting our website at [www.WAMfunds.com](http://www.WAMfunds.com) or through SEDAR at [www.sedar.com](http://www.sedar.com).





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