



WEBB ASSET MANAGEMENT

Management Report of Fund Performance

December 31, 2011

Webb Enhanced Growth Fund



Contents

MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance	1
Financial Highlights	5
Past Performance	8
Summary of Investment Portfolio	9

**MANAGEMENT REPORT OF FUND PERFORMANCE**

This management report of fund performance contains fiscal highlights but does not contain the complete audited interim financial statements for the investment fund. You may request a copy of the 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 or through SEDAR at 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">• Stock market risk• Timing risk• Reliance on historical data• Liquidity risk• Slippage risk• Credit risk• Exchange traded funds risk• Regulatory risk• Foreign security risk | <ul style="list-style-type: none">• Currency risk• Multiple series risk• Derivatives risk• Short selling risk• Investment trust risk• Specific issuer risk• Securities lending, repurchase and reverse repurchase transaction risk• Commodity risk |
|---|---|

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 year and was exposed to both Canadian and U.S. securities.

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.

Results of Operations

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

For the twelve-month period ended December 31, 2011, Series A and Series F units of the Fund returned -46.8% and -46.3%, respectively. The Fund's blended benchmark index (the "Benchmark"), comprised of the



Management Discussion of Fund Performance *(continued)*

S&P/TSX Composite Total Return Index™ (60%), the Russell 3000 Total Return Index (20%) and the MSCI EAFE Gross Total Return Index (20%), returned -7.7% for the same period.

It was a tumultuous year for the financial markets with the following headlines: the Japanese tsunami, the Greek bailout, the massive deficits of Ireland, Italy, Spain, Portugal, England, Japan and the USA, and rising unemployment rates globally. On top of all of this, growth and cyclical stocks declined -20% to -50% in during the summer months as markets feared a double dip recession.

With all of the terrible financial headlines in 2011, surprisingly the blended benchmark was only down -7.7%. Even though many ‘risk assets’ like growth and cyclical stocks declined -50%, during the summer, ‘non-risk assets’ like bonds, REITs, high dividend stocks, and conservative stocks appreciated. This allowed the benchmark to mask the substantial carnage in risk assets.

Unfortunately, the performance of the Fund was significantly below the benchmark. The first period of underperformance came as a result of the Japan earthquake. The fund had significant exposure to commodity stocks which declined substantially during this crisis. In particular, uranium stocks fell over -50% as countries began to re-think their commitment to nuclear energy.

The fund was punished again with the melt down of growth and cyclical stocks during the summer. When the ‘risk trade’ went off during the summer of 2011, many growth and cyclical stocks declined -30% to -50%. The carnage was non-sector specific with declines in names like: Baker Hughes -47%, Caterpillar -38%, Potash Corp -33%, Cameco Corp. -33%, etc.

I hired a portfolio manager to manage this fund in January of 2011. He had worked at Dynamic Funds, Horizon Funds and for myself during the 2000-2003 bear market. Though his past track record was impressive, this did not translate in 2011. He was hospitalized in October of 2011 with a nervous breakdown from stress. I have taken over the full responsibility of managing the fund as of January 2, 2012.

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.

Harmonized Sales Tax

Effective July 1, 2010, the provinces of Ontario and British Columbia have implemented their previously announced plan to harmonize their existing provincial sales tax with the federal goods and services tax (“GST”). The Fund is subject to the new harmonized tax and is required to pay the harmonized sales tax on expenses such as management fees and other operating expenses, rather than the previously imposed 5% GST. This resulted in an increase in costs borne by the Fund.

Future Accounting Standards

In February 2008, the Canadian Accounting Standards Board (the “AcSB”) originally confirmed January 1, 2011 as the date International Financial Reporting Standards (“IFRS”) would 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.

The AcSB announced that the implementation of IFRS for investment funds be postponed and instead be adopted for all fiscal years beginning on or after January 1, 2014.

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

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, 2014, 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 as it is currently drafted. 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 Manager's current assessment is subject to change resulting from the issuance of new standards or new interpretations of existing standards.



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 and the current unaudited interim 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

Class A					
Year	2011	2010	2009	2008	
Net assets, beginning of year ⁽¹⁾	\$ 9.83	8.61	5.58	10.00	
Increase (decrease) from operations:					
Total revenue	0.04	0.07	0.14	0.22	
Total expenses	(0.47)	(0.38)	(0.48)	(0.58)	
Realized gains (losses) for the year	(2.11)	0.01	3.47	(6.37)	
Unrealized gains (losses) for the year	(1.98)	0.96	(0.20)	(0.45)	
Total increase (decrease) from operations ⁽³⁾	(4.52)	0.66	2.93	(7.18)	
Net assets, end of year ⁽²⁾⁽⁵⁾	\$ 5.13	9.83	8.61	5.58	

Class F					
Year	2011	2010	2009	2008	
Net assets, beginning of year ⁽¹⁾	\$ 10.13	8.78	5.64	10.00	
Increase (decrease) from operations:					
Total revenue	0.04	0.07	0.14	0.22	
Total expenses	(0.39)	(0.29)	(0.40)	(0.54)	
Realized gains (losses) for the year	(2.18)	0.01	3.47	(6.57)	
Unrealized gains (losses) for the year	(2.30)	0.55	(0.25)	(0.90)	
Total increase (decrease) from operations ⁽³⁾	(4.83)	0.34	2.96	(7.79)	
Net assets, end of year ⁽²⁾⁽⁵⁾	\$ 5.34	10.13	8.78	5.64	

- (1) This information is derived from the Fund's audited annual financial statements as at December 31 of the years 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. There were no Series I units issued or outstanding as at June 30, 2011, though they remain available for purchase.
- (2) The application 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) 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****Class A**

Year⁽¹⁾	2011	2010	2009	2008
Net asset value ⁽²⁾ (000's)	\$ 2,118	7,558	12,108	4,068
Number of units outstanding	407,207	767,322	1,400,610	719,717
Management expense ratio ⁽³⁾	5.85%	4.43%	6.69%	7.15%
Management expense ratio before waivers or absorptions ⁽⁴⁾	5.85%	4.43%	6.69%	8.55%
Trading expense ratio ⁽⁵⁾	4.66%	0.84%	1.06%	1.54%
Portfolio turnover rate ⁽⁶⁾	2086.31%	906.04%	981.20%	2857.99%
Net asset value per unit, end of year ⁽²⁾	\$ 5.20	9.85	8.64	5.65

Class F

Year⁽¹⁾	2011	2010	2009	2008
Net asset value ⁽²⁾ (000's)	\$ 239	820	2,482	560
Number of units outstanding	44,107	80,817	281,477	97,908
Management expense ratio ⁽³⁾	4.71%	3.39%	5.61%	6.67%
Management expense ratio before waivers or absorptions ⁽⁴⁾	4.71%	3.39%	5.61%	8.09%
Trading expense ratio ⁽⁵⁾	4.66%	84.00%	1.06%	1.54%
Portfolio turnover rate ⁽⁶⁾	2086.31%	906.04%	981.20%	2857.99%
Net asset value per unit, end of year ⁽²⁾	\$ 5.41	10.15	8.82	5.72

1 This information is provided for the years ended December 31.

2 The impact of the adoption of the accounting policy Section 3855 on net assets may result in a different valuation of securities held by the Fund, for financial reporting purposes, 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 and the net assets per unit presented may differ from the net asset value and net asset value per unit as of December 31, 2007 and onward.

3 Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net assets during the year. 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, waived and/or absorbed 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 year.

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, 2010, the Fund did not pay a performance fee.

SERIES OF UNIT	MANAGEMENT FEE	TRAILER FEE	PERFORMANCE FEE
Series A Units	2.00%	1.00%	20.00% of performance over benchmark
Series F Units	1.00%	0%	20.00% of performance over benchmark
Series I Units	Negotiable	Negotiable	Negotiable

The Manager of fund is Webb Asset Management Canada, Inc. The Manager is responsible for the payment of the portfolio management fees to the portfolio manager and sub-advisor Webb Asset Management, USA. 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. In addition, the Manager will monitor the performance of the portfolio manager to ensure compliance with the investment guidelines.

Fully 100% of the Fund's management fees are used for portfolio management fees, trailer fees, general administrative costs and profit.



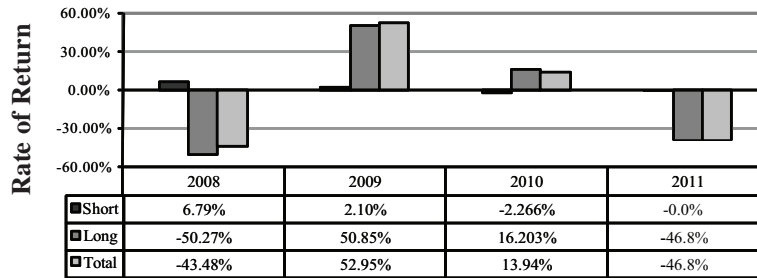
Past Performance

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.

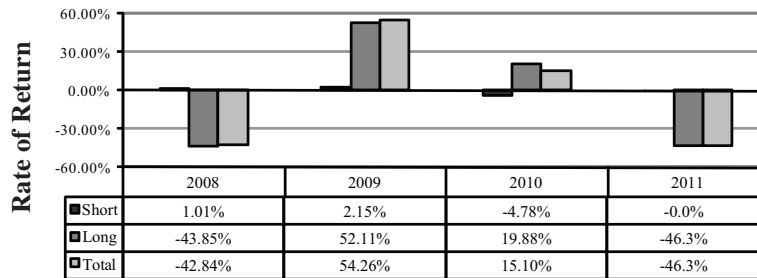
Year-by-Year Returns

The following charts show the Fund’s performance for each of the periods 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.

Webb Enhanced Growth Fund Series A



Webb Enhanced Growth Fund Series F



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. There were no Series I units issued or outstanding as at June 30, 2011, therefore no performance information has been provided for the Series I units.

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.

**Summary of Investment Portfolio***As at December 31, 2011*

Asset Mix	Net Asset Value	% of Fund's Net Asset Value
U.S. Equities	\$ 1,720,737	74.0%
Canadian Equities	996,778	42.9%
Global Equities	28,139	1.2%
Currency Forward Contracts	18,654	0.8%
Net Other Assets	295,129	12.7%
Cash and Cash Equivalents	(733,442)	-31.5%
	\$ 2,325,995	100.0%

Sector Mix	Net Asset Value	% of Fund's Net Asset Value
Exchange Traded Funds	\$ 852,997	36.7%
Materials	536,218	23.1%
Consumer Discretionary	348,247	15.0%
Energy	316,320	13.6%
Health Care	309,184	13.3%
Financial Services	251,298	10.8%
Industrials	67,710	2.9%
Consumer Staples	63,680	2.7%
Currency Forward Contracts	18,654	0.8%
Net Other Assets	295,129	12.7%
Cash and Cash Equivalents	(733,442)	-31.5%
	\$ 2,325,995	100.0%

**Summary of Investment Portfolio** *(continued)**As at December 31, 2011*

Top 25 Holdings by Absolute Value	% of Fund's Net Asset Value
Direxion Daily Financial Bear 3X Shares	15.6%
ProShares UltraPro Short Russell 2000	8.2%
ProShares UltraPro Short QQQ	7.9%
Quadra FNX Mining Ltd., Warrants, 2012/09/09	5.3%
UltraShort Semiconductor ProShares	4.9%
Fairfax Financial Holdings Ltd.	4.6%
Questcor Pharmaceuticals Inc.	4.5%
Yamana Gold Inc.	4.3%
Poseidon Concepts Corp.	3.9%
Sturm, Ruger & Co. Inc.	3.8%
Columbia Banking Systems Inc.	3.7%
Rio Alto Mining Ltd.	3.7%
Cambrex Corp.	3.5%
PHX Energy Services Corp.	3.2%
VOXX International Corp.	3.2%
Darling International Inc.	3.2%
Cogeco Cable Inc.	3.1%
Cream Minerals Ltd.	3.0%
Northern Superior Resources Inc.	2.9%
PFB Corp.	2.9%
Seneca Foods Corp., Class 'A'	2.7%
ABIOMED Inc.	2.8%
United Therapeutics Corp.	2.5%
Goodyear Tire & Rubber Co. (The)	2.5%
Bank Mutual Corp.	2.5%

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 920, Toronto, Ontario, M5E 1S2, by visiting our website at www.WAMfunds.com or through SEDAR at www.sedar.com.



WEBB ASSET MANAGEMENT CANADA, INC.

26 Wellington Street East, Suite 700
Toronto, Ontario
M5E 1S2
www.WAMfunds.com

