GTU PORTFOLIO TRUST

Annual Financial Statements

December 31, 2011

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by Harvest Portfolios Group Inc. in its capacity as Manager of the Fund and approved by the Board of Directors of the Manager. The Fund's Manager is responsible for the information and representation contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies, which the Manager believes are appropriate, are described in Note 2 to the financial statements.

PricewaterhouseCoopers LLP are the external auditors of the Fund. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out below.

On behalf of Harvest Portfolios Group Inc.,

(Signed) "Michael Kovacs"
President and Chief Executive Officer

(Signed) "B. Mark Riden CA"
Chief Financial Officer

Oakville, Canada
March 2012

pwc

March 19, 2012

Independent Auditor's Report

To the Unitholder of
GTU Portfolio Trust (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statements of investments and financial position as at December 31, 2011 and the statements of operations, changes in financial position, and cash flows for the period from March 23, 2011 (commencement of operations) to December 31, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP, Chartered Accountants
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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2011 and the results of its operations, the changes in its financial position, and cash flows for the period from March 23, 2011 (commencement of operations) to December 31, 2011 in accordance with Canadian generally accepted accounting principles.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants

GTU Portfolio Trust

STATEMENT OF FINANCIAL POSITION

As at December 31,		**2011**
Assets		
Investments, at fair value (cost $31,886,586)	$	29,831,968
Dividends and interest receivable		203,045
		30,035,013
Liabilities		
Bank overdraft (Note 9)		4,557,901
Redemptions payable		190,000
Interest payable		11,507
		4,759,408
Net assets representing unitholder's equity	**$**	**25,275,605**
Unitholder's equity (Note 3)		
Unitholder's capital		29,681,569
Deficit		(4,405,964)
Unitholders' equity	**$**	**25,275,605**
Number of units outstanding (Note 3)		**2,329,130**
Net assets per unit (Note 8)	**$**	**10.85**

Approved on behalf of the Manager,

(Signed) "Michael Kovacs"
President and Chief Executive Officer

(Signed) "B. Mark Riden CA"
Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS

For the period March 23, 2011 (commencement of operations) to December 31, 2011

Investment income		
Dividends	$	2,518,394
Less: foreign withholding taxes		(281,597)
		2,236,797
Expenses		
Management fees (Note 4)		244,913
Audit fees		22,233
Custodian fees and bank charges		29,892
Interest expense (Note 9)		97,313
Filing fees		1,652
Independent review committee fees		-
		396,003
Expenses absorbed by manager		-
		396,003
Net investment income		**1,840,794**
Realized and unrealized gain / (loss) on investments and foreign currencies		
Realized loss on sale of investments		(2,637,345)
Realized gain on foreign exchange		160,349
Transaction costs		(109,044)
Unrealized appreciation of foreign exchange		26,269
Unrealized depreciation of investments		(2,054,618)
Net loss on investments		**(4,614,389)**
Decrease in net assets from operations	**$**	**(2,773,595)**
Decrease in net assets from operations per unit	**$**	**(1.14)**

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the period March 23, 2011 (commencement of operations) to December 31, 2011

Net assets, beginning of period	**$ -**
Decrease in net assets from operations	(2,773,595)
Unitholder's transactions	
Proceeds from issue of units	30,059,200
Reinvestment of distributions	1,632,369
Cost of units redeemed	(2,010,000)
Net unitholders' transactions	**29,681,569**
Distributions to unitholder	
Return of capital	(1,632,369)
Total distributions to unitholder	**(1,632,369)**
Net assets, end of the period	**$ 25,275,605**
Deficit, beginning of the period	**$ -**
Decrease in net assets from operations	(2,773,595)
Distributions to unitholder	(1,632,369)
Deficit, end of the period	**$ (4,405,964)**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the period March 23, 2011 (commencement of operations) to December 31, 2011		
Operating activities		
Decrease in net assets from operations	$	(2,773,595)
Add (deduct) items not affecting cash:		
Realized loss on sale of investments		2,637,345
Unrealized depreciation of investments		2,054,618
Proceeds from sale of investments		3,633,928
Purchases of investments		(38,157,859)
Net change in non-cash assets and liabilities		(191,538)
Net cash flow used in operating activities		(32,797,101)
Financing Activities		
Proceeds from units issued		31,691,569
Payments on cancellation of units		(1,820,000)
Distributions to unitholders		(1,632,369)
Bank overdraft		4,557,901
Net cash flow provided by financing activities		32,797,101
Net change in cash and cash equivalents during the period		
Cash and cash equivalents, at beginning of the period		-
Cash and cash equivalents, at end of the period	**$**	**-**

Supplemental disclosure of cash flow information

Amount of interest paid during the period included in net investment income	$	85,806

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INVESTMENTS

As at December 31, 2011				
Number of Shares	Security	Average Cost ($)	Fair Value ($)	% of Net Assets
	EQUITIES			
	Consumer Discretionary Issuers			
50,000	Vivendi Universal SA	1,367,158	1,117,947	4.4
		1,367,158	1,117,947	4.4
	Telecommunication Services Issuers			
35,000	AT&T Inc.	988,741	1,076,647	4.3
20,000	Belgacom SA	741,049	639,771	2.5
53,000	Bell Aliant, Inc.	1,426,172	1,510,500	6.0
200,000	BT Group PLC	611,515	604,184	2.4
1,000,000	Cable & Wireless Communications PLC	724,183	601,019	2.4
25,000	CenturyLink Inc.	994,039	946,718	3.7
150,000	Chorus Ltd.	348,035	370,558	1.5
35,000	Deutsche Telekom AG	539,131	409,024	1.6
50,000	France Telecom SA	1,084,126	801,697	3.2
35,000	Koninklijke (Royal) KPN NV	571,292	427,715	1.7
48,000	Manitoba Telecom Services Inc.	1,431,494	1,422,240	5.6
70,000	Portugal Telecom SGPS, SA	794,605	411,568	1.6
750,000	Telecom Corporation of New Zealand Limited	1,092,943	1,209,378	4.8
300,000	Telecom Italia SPA	448,726	325,173	1.3
75,000	Telefonica SA	1,849,542	1,326,468	5.2
45,000	Telekom Austria AG	638,416	547,302	2.2
75,000	Teliasonera AB	578,584	520,243	2.0
350,000	Telstra Corporation Limited	953,403	1,216,678	4.8
27,000	Verizon Communications Inc.	987,370	1,102,184	4.4
200,000	Vodafone Group PLC	548,280	566,205	2.2
		17,351,646	16,035,272	63.4
	Utility Issuers			
25,000	Ameren Corp.	675,098	843,620	3.3
100,000	Drax Group PLC	602,712	860,860	3.4
35,000	Duke Energy Corporation	612,370	783,340	3.1
25,000	E.ON AG	735,502	547,903	2.2
200,000	Electricidade de Portugal SA	747,681	632,104	2.5
30,000	Endesa, SA	897,774	628,139	2.5
100,000	Enel SPA	599,491	409,771	1.6
15,000	FirstEnergy Corp.	536,251	676,169	2.7
40,000	Gas Natural SDG SA	734,593	701,105	2.8
15,000	GDF Suez	577,654	417,768	1.7
85,000	Iberdrola SA	718,975	543,131	2.1
15,000	Integrys Energy Group, Inc.	730,651	827,073	3.3
75,000	National Grid PLC	695,557	740,593	2.9
30,000	Pepco Holdings, Inc.	538,171	619,809	2.5
25,000	PPL Corp.	601,769	748,923	3.0
24,000	RWE AG	1,199,684	856,236	3.4
30,000	Scottish and Southern Energy PLC	580,327	612,413	2.4
150,000	Terna SPA	690,973	511,156	2.0
75,000	United Utilities Group PLC	692,549	718,636	2.8
		13,167,782	12,678,749	50.2

The accompanying notes are an integral part of these financial statements

STATEMENT OF INVESTMENTS (continued)

As at December 31, 2011				
Number of Shares	**Security**	**Average Cost ($)**	**Fair Value ($)**	**% of Net Assets**
	Total investments	**31,886,586**	**29,831,968**	**118.0**
	Other assets less liabilities		**(4,556,363)**	**(18.0)**
	Net assets		**25,275,605**	**100.0**

The accompanying notes are an integral part of these financial statements

1. ORGANIZATION

GTU Portfolio Trust (the "Fund") is an investment trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated February 25, 2011, being the inception date. There was no significant activity in the Fund from the date of inception, February 25, 2011 to commencement of operations on March 23, 2011. The Fund commenced operations on March 23, 2011 with issuance of 2,419,430 units at $12.00 per unit, for total proceeds of $29,033,160. On April 11, 2011, 84,053 additional units were purchased at $12.21 for additional gross proceeds of $1,026,040, for total proceeds of $30,059,200.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are presented in Canadian dollars. The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions. Such estimates and assumptions affect reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

Valuation of investments

The fair value of investments as at the financial reporting date is as follows:

a) Investments are categorized as held for trading in accordance with CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement. Investments held that are traded on an active market are valued at their bid prices through recognized public stock exchanges or through recognized investment dealers on the valuation date. Investments held include equities, listed warrants, short-term notes, treasury bills, bonds and other debt instruments. Investments held with no available bid prices are valued at their closing sale price.

b) Investments held that are not traded on an active market are valued using valuation techniques, on such basis and in such a manner established by the Manager. The value of any security for which, in the opinion of the Manager, the published market quotations are not readily available shall be the fair value as determined by the Manager in accordance with CICA Handbook Section 3855 methodologies. The fair values of certain securities are determined using valuation models that are based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indication of value. These values are independently assessed internally to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for the aforementioned securities and interests may be materially different from the values that would be used had a ready market for the security existed. The fair values of such securities are affected by the perceived credit risks of the issuer, predictability of cash flows and length of time to maturity. At December 31, 2011, there were no securities that required pricing using assumptions.

National Instrument 81-106 – ''Investment Fund Continuous Disclosure'' (''NI 81-106'') requires all investment funds to calculate net asset value for all purposes other than for financial statements in accordance with part 14.2, which differs in some respects from the requirements of Section 3855 of Canadian GAAP. Canadian GAAP includes the requirement that the fair value of financial instruments listed on a recognized public stock exchange be valued at their last bid price for securities held in a long position and at their last ask price for securities held in a short position, instead of their close price or the last sale price of the security for the day as required by NI 81-106. This results in differences between net asset value ("NAV") calculated based on NI 81-106 and on net assets calculated based on Canadian GAAP ("Net assets"). A reconciliation between NAV per unit and Net assets per unit at the period end is provided in Note 8.

Cash and cash equivalents

Cash is comprised of cash on deposit. Cash equivalents are comprised of highly liquid investments having terms to maturity of 90 days or less.

Other assets and liabilities

For the purposes of categorization in accordance with CICA Handbook Section 3862, accrued interest and dividends, receivable for securities issued, amounts due from brokers, the Manager, and other Funds, and other net assets are designated as loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, loan payable, accrued expenses and other liabilities are designated as other financial liabilities and reported at cost or amortized cost, which approximates fair value for these assets and liabilities.

Transaction costs

Transaction costs, such as brokerage commissions, incurred on the purchase and sale of securities by the Fund are expensed in accordance with Section 3855 are recognized in the Statement of Operations in the period in which they are incurred.

Investment transactions and income recognition

Investment transactions are accounted for on the trade date. The cost of investments which represents the amount paid for each security is determined on an average cost basis excluding transaction costs. Realized gains/(losses) from the sale of investments and unrealized appreciation/(depreciation) of investments are calculated on an average cost basis.

Investment income is recorded on an accrual basis. Interest income is recorded on an accrual basis and dividend income is recorded on the ex-dividend date.

Distributions received from income trusts are recorded as income, capital gains or a return of capital, based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information. Distributions from investment trusts treated as a return of capital reduce the average cost of the underlying investment trust. Distributions received from mutual funds are recognized in the same form in which they are received from the underlying funds.

Foreign currency translation

Purchases and sales of investments denominated in foreign currencies and foreign currency dividend and interest income are translated into Canadian dollars at the rate of exchange prevailing at the time of the transactions. Realized and unrealized foreign currency gains or (losses) on investments are included in the Statement of Operations in ''Realized gain (loss) on sale of investments'' and ''Unrealized appreciation (depreciation) of investments'', respectively. Realized and unrealized foreign currency gains or losses on assets, liabilities, and income, other than investments denominated in foreign currencies, are included in the Statement of Operations in "Net realized foreign exchange gain (loss)" and "Unrealized foreign exchange gain (loss)", respectively.

Assets and liabilities in the Statement of Financial Position are translated into Canadian dollars on the statement date.

Securities valuation

The NAV on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV and NAV per Trust Unit ("NAVP") will be calculated as of 4:00 p.m. (Toronto time) or such other time as the Manager or its agent deem appropriate (the valuation time) every business day (valuation date). A valuation date is each day on which the Toronto Stock Exchange is open for business.

Increase / (decrease) in net assets from operations per unit

"Increase (decrease) in net assets from operations per unit" in the Statements of Operations represents the increase (decrease) in net assets from operations, divided by the weighted average units outstanding for the financial period.

Fair value of financial instruments

The table below summarizes the fair value of the Fund's financial instruments using the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data. Additional quantitative disclosures are required for Level 3 securities.

There were no Level 3 securities held by the Fund as at December 31, 2011.

Securities Classification:

Investments at fair value as at December 31, 2011				
	Level 1	**Level 2**	**Level 3**	**Total**
Investments at fair value				
Equities				
Common stock	29,831,968	-	-	29,831,968
Total investment in securities	29,831,968	-	-	29,831,968

Transition to International Financial Reporting Standards ("IFRS")

As previously confirmed by the Canadian Accounting Standards Board ("AcSB"), most Canadian publicly accountable entities adopted all IFRS, as published by the International Accounting Standards Board ("IASB"), on January 1, 2011. However, the AcSB had initially allowed most investment funds to defer adoption of IFRS until fiscal years beginning on or after January 1, 2013. At its December 12, 2011 meeting, the AcSB decided to extend the deferral of mandatory adoption of IFRS for Investment Companies and Segregated Accounts of Life Insurance Enterprises to 2014. The decision was in response to the possibility that the IASB may not complete its Investment Entities project before January 1, 2013. The AcSB expects to issue the amendment in March 2012. Accordingly, the Fund will adopt IFRS for the fiscal period beginning January 1, 2014 and will issue its initial financial statements in accordance with IFRS, including comparative financial information, for the interim period ending June 30, 2014. Management has been monitoring developments in the IFRS conversion program and has been assessing the likely impacts on implementation decisions, internal controls, information systems and training.

In May 2011, the IASB issued IFRS 13 Fair Value Measurement, which defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosure about fair value measurements. It only applies when other IFRSs require or permit fair value measurement. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. It allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. This may result in elimination of the differences between the net assets per series unit and NAV per series unit at the financial statements reporting dates.

Based on management's current assessment of the differences between Canadian GAAP and IFRS, other than the impact due to IFRS 13 noted above, it is not expected that there would be any other impact on the Funds' NAV per series unit or net assets per series unit. Management has presently determined that the impact of IFRS to the financial statements would be otherwise limited to additional note disclosures and potential modifications to presentation including unitholders' equity. However, this determination is subject to change as we finalize our assessment of potential IFRS differences and as new standards are issued by the IASB prior to the Fund's adoption of IFRS.

3. UNITHOLDERS' EQUITY

The authorized capital of the Fund consists of an unlimited number of transferable, units of one class, each of which represents an equal, undivided interest in the net assets of the Fund. Except as provided in the Declaration of Trust, all units have equal rights and privileges. Each whole unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally in any and all distributions made by the Fund.

The following units were issued and redeemed during the period indicated:

For the period ended December 31, 2011	Total units outstanding
Initial issuance March 23, 2011	**2,419,430**
Subscriptions	84,053
Subscriptions (reinvestment of distribution)	149,977
Consolidation of units	(149,977)
Units cancelled	(174,353)
Total outstanding as at December 31, 2011	**2,329,130**

Distributions

All distributions will be paid in units. Immediately after any distribution in units, the number of outstanding units will be consolidated such that each unitholder will hold the same number of units as it held before the distribution.

4. EXPENSES

Management fees

HARVEST Portfolios Group Inc. is the Manager of the Fund and is responsible for managing or arranging for managing the Fund's overall business and operations. The Manager has retained Avenue Investment Management Inc. (''Avenue'' or the "Investment Manager") to provide investment management services to the Fund and pays Avenue a fee for its portfolio advisory service, from the management fee received from the Fund, calculated on the basis of the Fund's net assets. The Manager is entitled to a fee of 1.00 per cent of NAV plus HST payable monthly.

Independent Review Committee ("IRC") Fees

The IRC, is required under National Instrument 81-107, reviews conflict of interest matters referred to it by the manager and provided recommendations or approves actions, as appropriate, that are in the best interest of the Fund. There are currently three members of the IRC who are independent of Harvest and its affiliates. IRC members are compensated by way of an annual retainer fee and a per meeting attendance fee, as well as reimbursed for expenses associated with IRC duties. These costs are allocated among the individual funds appropriately by assets.

Other expenses

The Fund is responsible for all expenses relating to the operation and the carrying on of its business, including legal fees and audit fees, interest, taxes and administrative costs relating to the redemption of securities as well as the cost of financial and other reports and compliance with applicable laws, regulations and policies.

5. FINANCIAL RISK MANAGEMENT

Investment objectives

The Fund has been established to provide investors with exposure to an actively managed portfolio comprised primarily of equity securities of Global Telecom Issuers and Global Utilities Issuers.

The yields on many Global Telecom Issuers remain above average historical levels and attractive when compared to other equity, bond and fixed income securities. Over the longer term, the Investment Manager believes that Global Telecom Issuers will benefit from the mass acceptance of mobile and broadband communications which will be reflected through increasing distributions and capital appreciation of the individual securities.

The yields on Global Utilities Issuers remain at attractive levels due to the stability of earnings and the long track records of consistent dividends that these issuers provide. The Investment Manager believes that the Global Utilities Issuers in developing markets will continue to benefit and expand with the growth of these economies, while the Global Utilities Issuers in developed economies often have natural monopolies or operate in monopolistic-like markets that give them the ability to maintain pricing levels throughout the economic cycle. The Investment Manager believes that Global Utilities Issuers offer reduced exposure to inflation due to their ability to pass through higher costs to the end consumer.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices The value of securities in the Fund's portfolio may be affected by the stock market conditions rather than each company's performance. Developments in the market are affected by general economic and financial conditions. Political, social and environmental factors can also affect the value of any investment.

The Investment Manager of the Fund has attempted to moderate this risk through the careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk of loss resulting from financial instruments is equivalent to their fair value.

As at December 31, 2011, 118% of the Fund's portfolio investments were traded on public stock exchanges. If equity prices on these exchanges had increased or decreased by 10%, as at period end, with all other factors remaining constant, net assets would have increased or decreased by approximately $2,983,197 or 11.8% of net assets.

In practice, the actual trading results may differ and the difference could be material.

Currency risk

Currency risk is the risk that the value of investments denominated in currencies other than the financial currency of the Fund will fluctuate as a result of changes in foreign exchange rates. When a Fund, buys an investment priced in a foreign currency and the exchange rate between the Canadian dollar and the foreign currency changes unfavorably, it could reduce the value of the Fund's investment.

The table below summarizes the Fund`s exposure to currency risk as at December 31, 2011. Amounts shown are based on the carrying value of the monetary and non-monetary assets (including derivatives and the underlying principal (notional) amount of the forward currency contracts (if any).

As at December 31, 2011		
Currency	**Currency exposure ($)***	**As a % of net assets**
Euro	10,910,793	43.2
U.S. dollar	10,313,119	40.8
Pound sterling	3,842,683	15.2
New Zealand Dollar	1,579,936	6.3
Australian Dollar	1,216,678	4.8
Swedish Krona	520,243	2.1

*Amounts are in Canadian

As at December 31, 2011, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by approximately $1,419,713 or 5.6% of total net assets. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. A fund that invests in fixed income securities, such as bonds and money market instruments, is sensitive to changes in interest rates. The Fund does not hold any bonds or money market instruments, therefore, the Fund's exposure to interest rate risk is insignificant.

A Fund that has an interest-bearing liability is exposed to risks associated with the effects of fluctuations in interest rates on its cash flows. As at December 31, 2011, the Fund had a bank overdraft of $4,557,901. If interest rates were to change by 1.0%, the interest expense could increase / (decrease) by $45,579.

Liquidity risk

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund primarily invests in securities that are actively traded in public markets and can be readily disposed of to raise liquidity.

The table below analyzes the Fund's financial liabilities into groupings based on the remaining period at the period end date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As of December 31, 2011	Less than 1 month	1-3 months	No stated maturity
Bank overdraft	4,557,901	-	-
Redemptions payable	190,000	-	-
Interest payable	11,507	-	-
Total financial liabilities	**4,759,408**	**-**	**-**

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with a fund. The Fund has exposure to credit risk in its trading of listed securities, as it does not invest in fixed income securities. The Fund minimizes the concentration of credit risk by trading with a large number of brokers and counterparties on recognized and reputable exchanges. The risk of default is considered minimal as all transactions are settled and paid for upon delivery using approved brokers.

The Fund has exposure to credit risk through its prime brokerage relationship with a Canadian chartered bank (the "Prime Broker"). At December 31, 2011, the Prime Broker had a credit rating of A+ from Standard & Poor`s. The maximum credit risk of default is the carrying amount of the bank overdraft of $4,557,901, which is secured by the carrying amounts of the underlying investments as presented in the Statement of Investments.

6. SOFT DOLLAR COMMISSIONS

Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of security transactions, also provide for the cost of investment research services provided to the investment manager.

The value of such research services included in commissions paid to brokers for the period ended December 31, 2011 amounted to $NIL.

7. INCOME TAXES

The Trust is a financial institution for purposes of the "specific debt obligation" and "mark-to-market" rules contained in the Income Tax Act (Canada) at any time if more than 50% of the fair market value of all interests in the Trust are held at that time by one or more such financial institutions. The Trust will be subject to tax in each taxation year under Part I of the Income Tax Act (Canada) on the amount of its income for the year, including net realized and unrealized gains, if any, less the portion thereof that it deducts in respect of the amount paid or payable to unitholders in the period. The Trust may also be subject to "minimum tax" under the Tax Act. The Trust has non-capital losses of $2,901,693 at December 31, 2011.

Harmonized sales tax

Effective July 1, 2010, certain provinces have harmonized their provincial sales tax ("PST") with the federal goods and services tax ("GST"). The harmonized sales tax ("HST") combines the GST rate of 5% with the PST rate of certain provinces. For the province of Ontario the HST rate is 13%. As the manager is a resident of Ontario, the expenses paid by the Fund include HST of 13%. HST is calculated using the residency of unitholders in the Fund as at specific times, rather than the physical location of the manager. A blended rate refund is filed with Revenue Canada on behalf of the Fund, in arrears, using each province's HST rate or GST rate in the case of non-participating provinces. Any refund received is applied against future HST payable.

8. NET ASSET VALUE AND NET ASSETS

CICA Handbook Section 3855 requires that the fair value of financial instruments which are actively traded be measured based on the bid price for long positions held and the asking price for short positions held.

The NAV per unit for purposes of unitholder transactions (i.e. purchases, switches, redemptions) and net assets per unit calculated in accordance with CICA Handbook Section 3855 are shown below:

Per Unit ($):	NAV	Net assets
As at December 31, 2011	$10.88	$10.85

9. BANK OVERDRAFT

The Fund established a revolving margin with its Prime Broker, a Canadian chartered bank. Interest charged is included in "Interest expense" on the Statement of Operations. The amount drawn on the margin was $4,557,901 at December 31, 2011.

For the period from commencement of operations on March 23 to December 31, 2011, the Fund recorded interest expense of $97,313.

The overdraft function is to borrow for the purpose of making investments in accordance with its investment objectives and restrictions, and to pledge its assets to secure the borrowings.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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 or offering memorandum. 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 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.