GTU Portfolio Trust

Interim Financial Statements (Unaudited)

June 30, 2012

The accompanying interim financial statements have not been reviewed by the external auditors of the Fund. The external auditors will be auditing the annual financial statements of the Fund as at December 31, 2012, in accordance with Canadian generally accepted auditing standards.

GTU Portfolio Trust

STATEMENTS OF FINANCIAL POSITION (Unaudited)

As at	June 30, 2012	December 31, 2011
Assets		
Investments, at fair value (cost $30,340,235 2011 - $31,886,586)	$ 29,065,520	$ 29,831,986
Dividends and interest receivable	230,529	203,045
	$ 29,296,049	**$ 30,035,013**
Liabilities		
Bank overdraft (Note 9)	5,567,857	4,557,901
Redemptions payable	210,000	190,000
Interest payable	10,497	11,507
	$ 5,788,354	**$ 4,759,408**
Net assets representing unitholder's equity	**$ 23,507,695**	**$ 25,275,605**
Unitholder's equity (Note 3)		
Unitholder's capital	27,511,569	29,681,569
Deficit	(4,003,874)	(4,405,964)
Unitholders' equity	**$ 23,507,695**	**$ 25,275,605**
Number of units outstanding (Note 3)	**2,126,044**	**2,329,130**
Net assets per unit (Note 8)	**$ 11.06**	**$ 10.85**

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

STATEMENTS OF OPERATIONS (Unaudited)

For the periods ended June 30,	2012	2011
Investment income		
Dividends	$ 1,107,775	$ 1,269,841
Less: foreign withholding taxes	(136,509)	(153,244)
	971,266	**1,116,597**
Expenses		
Management fees (Note 4)	134,908	93,282
Unitholder reporting costs (Note 4)	1,711	-
Audit fees	2,308	10,660
Custodian fees and bank charges	17,336	3,581
Interest expense (Note 9)	60,803	84,146
Filing fees	4,189	2,652
Legal Fees	1,234	-
	222,489	**194,321**
Net investment income	**748,777**	**922,276**
Realized and unrealized gain / (loss) on investments and foreign currencies		
Realized gain / (loss) on sale of investments	(1,102,182)	25,222
Realized gain on foreign exchange	12,167	171,189
Transaction costs	(4,111)	(90,654)
Unrealized depreciation of foreign exchange	(32,464)	(4,041)
Unrealized appreciation / (depreciation) of investments	779,903	(457,895)
Net loss on investments	**(346,687)**	**(356,179)**
Increase in net assets from operations	**$ 402,090**	**$ 566,097**
Increase in net assets from operations per unit	**$ 0.17**	**$ 0.23**

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CHANGES IN FINANCIAL POSITION (Unaudited)

For the periods ended June 30,	2012	2011
Net assets, beginning of period	**$ 25, 275,605**	**$ -**
Increase in net assets from operations	**402,090**	**566,097**
Unitholder's transactions		
Proceeds from issue of units	-	30,059,200
Reinvestment of distributions		-
Cost of units redeemed	(2,170,000)	(670,000)
Net unitholders' transactions	**(2,170,000)**	**29,389,200**
Distributions to unitholder		
Return of capital	-	-
Total distributions to unitholder	**$ 23,507,695**	**$ -**
Net assets, end of the period	**$ 23,507,695**	**$ 29,955,297**
Income/(deficit), beginning of the period	**$ (4,405,964)**	**$ -**
Increase in net assets from operations	402,090	566,097
Distributions to unitholder	-	-
Income/(deficit), end of the period	**$ (4,003,874)**	**$ 566,097**

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

STATEMENTS OF CASH FLOWS (Unaudited)

For the periods ended June 30,	2012	2011
Operating activities		
Increase/ (decrease) in net assets from operations	**$ 402,090**	**$ 566,097**
Add (deduct) items not affecting cash:		
Realized gain/ loss on sale of investments	1,102,182	(25,222)
Unrealized appreciation/ depreciation of investments	(779,903)	457,895
Proceeds from sale of investments	1,279,726	25,222
Purchases of investments	(835,557)	(36,191,771)
Net change in non-cash assets and liabilities	**(28,494)**	**(245,612)**
Net cash flow used in operating activities	**$ 1,140,044**	**$ (35,413,391)**
Financing Activities		
Proceeds from units issued	-	30,059,200
Payments on cancellation of units	(2 150,000)	(420,000)
Net cash flow provided by financing activities	**(2,150,000)**	**29,639,200**
Net change in cash and cash equivalents during the period	(1,009,956)	(5,774,191)
Cash and cash equivalents, at beginning of the period	(4,557,901)	-
Cash and cash equivalents, at end of the period	**$ (5,567,857)**	**$ (5,774,191)**

Supplemental disclosure of cash flow information		
Amount of interest paid during the period included in net investment income	**$ 60,803**	**$ 32,091**

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

STATEMENT OF INVESTMENTS (Unaudited)

As at June 30, 2012				
Number of Shares	**Security**	**Average Cost ($)**	**Fair Value ($)**	**% of Net Assets**
	EQUITIES			
	Consumer Discretionary Issuers			
71,666	Vivendi SA	1,700,811	1,356,445	5.8
		1,700,811	**1,356,445**	**5.8**
	Telecommunication Services Issuers			
35,000	AT&T Inc.	988,741	1,272,019	5.4
20,000	Belgacom SA	741,049	580,886	2.5
53,000	Bell Aliant, Inc.	1,426,172	1,353,090	5.8
200,000	BT Group PLC	611,515	675,719	2.9
25,000	CenturyLink Inc.	994,039	1,006,197	4.3
150,000	Chorus Ltd.	348,035	385,929	1.6
35,000	Deutsche Telekom AG	539,131	390,908	1.7
50,000	France Telecom SA	1,084,126	670,154	2.8
35,000	Koninklijke (Royal) KPN NV	571,292	342,005	1.4
48,000	Manitoba Telecom Services Inc.	1,431,494	1,591,200	6.8
750,000	Telecom Corporation of New Zealand Limited	1,092,943	1,462,598	6.2
300,000	Telecom Italia SPA	448,725	302,734	1.3
40,000	Telefonica SA	986,422	536,382	2.3
45,000	Telekom Austria AG	638,417	453,285	1.9
75,000	Teliasonera AB	578,584	488,058	2.1
350,000	Telstra Corporation Limited	953,403	1,345,944	5.7
27,000	Verizon Communications Inc.	987,370	1,222,942	5.2
200,000	Vodafone Group PLC	548,280	573,226	2.4
		14,969,738	**14,653,276**	**62.3**
	Utility Issuers			
25,000	Ameren Corp.	675,098	854,299	3.6
100,000	Drax Group PLC	602,712	896,215	3.8
35,000	Duke Energy Corporation	612,370	823,155	3.5
25,000	E.ON AG	735,502	547,573	2.3
200,000	Electricidade de Portugal SA	747,681	482,304	2.1
30,000	Endesa, SA	897,773	536,964	2.3
100,000	Enel SPA	599,491	328,608	1.4
15,000	FirstEnergy Corp.	536,251	751,895	3.2
40,000	Gas Natural SDG SA	734,593	522,668	2.2
15,000	GDF Suez	577,654	363,960	1.6
85,000	Iberdrola SA	718,975	408,749	1.7
15,000	Integrys Energy Group, Inc.	730,651	869,030	3.7
75,000	National Grid PLC	695,557	810,071	3.5
30,000	Pepco Holdings, Inc.	538,171	598,213	2.5
25,000	PPL Corp.	601,769	708,518	3.0
24,000	RWE AG	1,199,684	995,760	4.2
30,000	Scottish and Southern Energy PLC	580,327	667,245	2.8
150,000	Terna SPA	690,973	551,518	2.4
75,000	United Utilities Group PLC	692,549	809,472	3.4
41,000	Veolia Environnement	501,905	529,582	2.3
		13,669,686	**13,055,799**	**55.5**

The accompanying notes are an integral part of these financial statements

STATEMENT OF INVESTMENTS (Unaudited)(continued)

As at June 30, 2012				
Number of Shares	**Security**	**Average Cost ($)**	**Fair Value ($)**	**% of Net Assets**
	Total investments	**30,340,235**	**29,065,520**	**123.6**
	Other assets less liabilities		**(5,557,825)**	**(23.6)**
	Net assets		**23,507,695**	**100.0**

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

June 30, 2012

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. As at June 30, 2012, 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.

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 will be calculated on each Thursday during the year (or, if a Thursday is not a Business Day, the Business Day following such Thursday) and on the last Business Day of each month, and any other time as may be determined by the Manager from time to time. ''Business Day'' means any day on which the TSX is open for trading.

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

There was no significant change in the composition of the Fund's financial instruments levels as at June 30, 2012 compared to the classification as at December 31, 2011. Please refer to the December 31, 2011 audited annual financial statements disclosure of the Fund's financial assets and liabilities into the fair value levels classification

There were no Level 3 securities held by the Fund as at June 30, 2012 and December 31, 2011, and there were no transfers between Level 1 and Level 2 for the periods ended June 30, 2012 and December 31, 2011.

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. 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 Fund's NAV per unit or net assets per 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 June 30, 2012	Total units outstanding
Initial issuance – March 23,2011	**2,419,430**
Subscriptions	84,053
Subscriptions – reinvestment of distributions	149,977
Consolidation of units	(149,977)
Units cancelled	(174,353)
As at December 31, 2011	**2,329,130**
Units cancelled	(203,086)
Total outstanding as at June 30, 2012	**2,126,044**

Distributions

All distributions are 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 the average NAV plus HST payable monthly.

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 June 30, 2012, 124%, (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 $2,906,552 (2011 - $2,983,197) or 12.4% (2011 - 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 June 30, 2012 and 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 June 30, 2012		
Currency	**Currency exposure ($)***	**As a % of net assets**
Euro	10,057,358	42.8
U.S. dollar	8,144,072	34.6
Pound sterling	4,508,624	19.2
New Zealand Dollar	1,848,528	7.9
Australian Dollar	1,345,944	5.7
Swedish Krona	488,058	2.1

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 stated in Canadian dollars

As at June 30, 2012, 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 $1,319,629 (2011 - $1,419,713) or 5.6% (2011 - 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 June 30, 2012, the Fund had a bank overdraft of $5,567,857 (2011 - $4,557,901). If interest rates were to change by 1.0%, the interest expense could increase / (decrease) by $ 55,679 (2011- $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 June 30, 2012	**Less than 1 month ($)**	**1-3 months ($)**	**No stated maturity ($)**
Bank overdraft	5,567,857	-	-
Redemptions payable	210,000	-	-
Interest payable	10,497	-	-
Total financial liabilities	**5,788,354**	**-**	**-**

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 June 30, 2012, 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 $5,567,857 (2011 - $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 periods ended June 30, 2012 and , 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 June 30, 2012.

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
June 30, 2012	$11.07	$11.06
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 $5,567,857 at June 30, 2012 (2011 – $4,557,901).

For the period ended June 30, 2012 the Fund recorded interest expense of $60,803 (2011 – $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.