



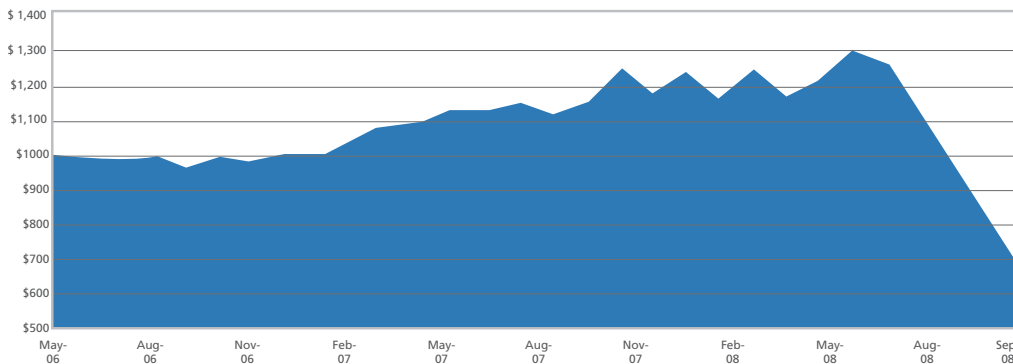
Process

We screen a database of over 3,000 securities. Those with adequate liquidity are tested and ranked according to their earnings characteristics. Specifically, we look for the rate of change in reported earnings and reported earnings in relation to expected earnings. The securities are further screened for strong fundamentals and attractive technical indicators. The securities that best pass these tests are selected as long positions for the Fund. Those companies that screen the worst are selected as short positions for the Fund. Each position in the portfolio, long or short, is monitored on a continuous basis. Should any security no longer meet our investment criteria, the position is sold or covered accordingly.

Commentary

October proved once again a month to be feared by investors with markets collapsing worldwide. The S&P/TSX declined 16.7%, the S&P500 declined 17.0% and the Fund declined 18.1%. The recent round of carnage appears to be the recognition of a poor economic environment and further deleveraging of investment accounts. Contrasting this, the liquidity situation seems to be improving with LIBOR declining and buyout deals like Fording Coal and Teranet closing. [Continued on page 2](#)

Growth of \$1000 – A Class



Monthly Performance (%) – A Class

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	-4.83	6.25	-5.80	4.13	6.41	-2.84	-8.70	-12.62	-18.09	-18.12			-45.14
2007	-0.62	4.88	2.88	1.28	3.36	-0.75	2.27	-2.61	2.59	7.63	-4.52	3.70	21.31
2006						-0.40	-0.05	0.95	-3.52	2.59	-1.75	3.41	1.06

Performance Statistics

Total Returns (%)	A Class	F Class
1 Month	-18.12%	-17.68%
3 Months	-41.40%	-40.86%
6 Months	-44.68%	-44.01%
YTD	-45.14%	-44.31%
12 Months	-45.68%	-44.76%
2 Years Annualized	-17.76%	-16.82%
Inception Annualized	-14.67%	-13.87%

Top 5 Fund Positions (October 31, 2008)

Long

- 1 ProShares Ultra Short QQQ
- 2 BCE
- 3 HBP Financials Bull+
- 4 HBP Global Gold Bull+
- 5 Telus (A Class)

Short

- 1 Telus
- 2 Rona
- 3 Loblaw
- 4 Jean Coutu
- 5 Canadian Tire

Sectors	Long (%)	Short (%)	Net (%)
Energy	1.0	0.0	1.0
Materials	7.2	0.3	6.9
Industrials	0.0	2.1	-2.1
Consumer	0.0	16.9	-16.9
Health Care	0.0	8.2	-8.2
Financials	15.0	0.0	15.0
Technology	0.0	26.8	-26.8
Telecom	40.1	6.5	33.6
Utilities	0.0	0.0	0.0
Total	63.3	60.8	2.5

Disclaimer: Commissions, trailing commissions, management fees and expenses all may be associated with the Fund. The investment may not be suitable for all investors. Some conditions apply. Investors should carefully review the Fund's Offering Memorandum, including the risk factors detailed therein under the heading "Risk Factors", prior to investing in the Fund. The indicated rates of return are the historical annualized compounded total returns (periods less than 1 year are un-annualized simple 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 security holder that would have reduced returns. There can be no assurance that the Fund objectives will be met. The Fund is not guaranteed, its value changes frequently and past performance may not be repeated. The opinions expressed in the commentary are those of the author and do not necessarily reflect the views and opinions of the Manager or any distributor of the Manager Funds. The views expressed are of a general nature should not be interpreted as investment advice to you in any way. Please consult a qualified financial advisor before making an investment decision. The portfolio manager/advisor/sub-advisor has a direct interest in the management and performance fees of the Fund, and may, at any given time, have a direct interest in the Fund itself. Interest in the management and performance fees of the Fund, and may, at any given time, have a direct interest in the Fund itself.



How do we make money in this confusion? In an environment of absolute uncertainty, we are focusing on opportunities with the greatest relative certainty. Our largest positions have been BCE, Fording and Teranet, based on the assertion that the bids for them were firm. Given the destruction of the risk arbitrage community, these deals offered spreads to closing of 10% to 30%. Never have we seen deal spreads this wide. The carnage in the markets has changed the nature of market participants to such a degree that it allows us to take advantage of opportunities that would otherwise be available only to the very large institutional players. The Fording Coal deal closed as expected, while the Teranet deal closed but at a slightly lower price of \$10.25. BCE appears to be on track to close at the original \$42.75 price, leaving a very attractive return opportunity over the next month, especially in an environment where little else is working. We continue to focus on deal spreads in the US and have identified some that offer very attractive risk-adjusted returns.

Beyond deal stocks, the only way to make returns on the long side is to buy the market indexes when they decline 10% to 20% and to sell them when they rebound 5 to 10%. Buying or shorting individual stocks is dangerous as they are not trading on fundamentals or any other traditional metrics. Conversely, although we remain short of many individual names, the best way to make returns on the short side is to short the overall market when it rallies 5% to 10% over a short period of time.

Until the deleveraging ends, stocks will not trade on fundamentals. During this period of volatility and uncertainty, the only thing that makes sense is going long when markets are very oversold and going short when markets are overbought. Longer term this chaos will pass. This economic decline will not be like the great depression as governments worldwide are taking aggressive actions to shore up the financial system and stimulate their economies. Currently, the largest worldwide monetary and fiscal stimulus is underway. At some point, these actions will serve their purpose.