BMO NESBITT BURNS

BMO Nesbitt Burns Group of Funds

Semi-Annual Financial Statements

BMO NESBITT BURNS BALANCED PORTFOLIO FUND

JUNE 30, 2009

FS05-077 E

BMO Nesbitt Burns®

STATEMENT OF NET ASSETS (ALL AMOUNTS IN CANADIAN DOLLARS)

As at

	June 30, 2009	December 31, 2008
ASSETS		
Cash	576,489	2,348,123
Investments at fair value (note 2)	48,240,558	43,757,912
Subscriptions receivable	21,986	725
Due from broker	60,000	–
Total assets	**48,899,033**	**46,106,760**
LIABILITIES		
Distributions payable	8,765	–
Accrued expenses	102,539	109,180
Redemptions payable	90,372	5,734
Total liabilities	**201,676**	**114,914**
Net assets representing unitholders' equity (note 2)	**48,697,357**	**45,991,846**
Total net assets representing unitholders' equity		
Class A units	48,640,842	45,942,937
Class F units	56,515	48,909
Units issued and outstanding		
Class A units	4,920,586	4,868,557
Class F units	5,535	5,014
Net assets per unit (note 2)		
Class A units	$9.89	$9.44
Class F units	$10.21	$9.75

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

STATEMENT OF OPERATIONS (ALL AMOUNTS IN CANADIAN DOLLARS)

For the period ended

	June 30, 2009	June 30, 2008
INCOME		
Dividends	349,800	430,702
Interest	1,375	–
	351,175	**430,702**
EXPENSES		
Management fees (note 5(a))	498,944	615,938
Audit fees	9,263	9,253
Independent Review Committee fees	1,304	2,366
Custodian fees	2,646	6,203
Legal fees	7,413	12,940
Unitholder servicing fees (note 5(b))	59,004	70,666
Printing and stationery fees	3,569	3,008
	582,143	**720,374**
Net investment loss for the period	(230,968)	(289,672)
Realized loss on sale of investments	(5,118,031)	(718,240)
Change in unrealized appreciation/(depreciation) in value of investments	8,233,568	(455,441)
Increase/(decrease) in net assets from operations	**2,884,569**	**(1,463,353)**
Increase/(decrease) in net assets from operations		
Class A units	2,881,185	(1,463,353)
Class F units	3,384	–
Increase/(decrease) in net assets from operations per unit (note 2)		
Class A units	$0.59	$(0.31)
Class F units	$0.68	–

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

STATEMENT OF CHANGES IN NET ASSETS (ALL AMOUNTS IN CANADIAN DOLLARS)

For the period ended

	Class A Units		Class F Units	
	June 30 2009	**June 30 2008**	**June 30 2009**	**June 30 2008**
Net assets – beginning of period (note 2)	**45,942,937**	**55,812,622**	**48,909**	**–**
Increase/(decrease) in net assets from operations	**2,881,185**	**(1,463,353)**	**3,384**	**–**
UNIT TRANSACTIONS:				
Proceeds from sale of units	3,302,294	9,031,966	24,000	–
Reinvested distributions	718,324	3,662	1,164	–
Amount paid on units redeemed	(3,476,809)	(7,432,656)	(19,778)	–
Total unit transactions	**543,809**	**1,602,972**	**5,386**	**–**
DISTRIBUTIONS TO UNITHOLDERS FROM:				
Net investment income	(727,089)	(214,346)	(1,164)	–
Total distributions paid to unitholders	**(727,089)**	**(214,346)**	**(1,164)**	**–**
Net assets – end of period (note 2)	**48,640,842**	**55,737,895**	**56,515**	**–**
Change in Units				
Units issued and outstanding, beginning of period	4,868,557	4,694,464	5,014	–
Issued for Cash	353,511	771,442	2,342	–
Issued on reinvestment of distributions	72,631	311	114	–
	5,294,699	**5,466,217**	**7,470**	**–**
Redeemed during the period	(374,113)	(632,743)	(1,935)	–
Units issued and outstanding, end of period	**4,920,586**	**4,833,474**	**5,535**	**–**

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

STATEMENT OF INVESTMENT PORTFOLIO (ALL AMOUNTS IN CANADIAN DOLLARS)

As at June 30, 2009

Description	Number of Units	Cost ($)	Fair Value ($)
Holdings in Underlying Investment Funds – 99.1%			
Capital International Global Equity Fund, Series I	105,932	1,478,781	1,271,236
CI American Value Corporate Class, I Shares	813,032	8,843,200	9,748,253
CI Harbour Fund, Class I	596,195	10,923,965	10,284,363
Mackenzie Cundill Value Fund, Class O	232,380	1,514,942	1,243,253
Synergy Canadian Corporate Class, I Shares	1,137,181	10,639,965	10,962,429
TD Canadian Bond Fund, Class O	1,483,487	14,651,933	14,731,024
		48,052,786	**48,240,558**
Total Investment Portfolio – 99.1%		**48,052,786**	**48,240,558**
Other Assets less Liabilities – 0.9%			**456,799**
Total Net Assets – 100.00%			**48,697,357**

THE FUND'S INVESTMENT PORTFOLIO IS CONCENTRATED IN THE FOLLOWING SEGMENTS AS AT:	June 30 2009	December 31 2008
Canadian Bond	30.2%	29.9%
Canadian Focused Equity	46.3%	50.8%
Global Equity	2.6%	14.4%
US Equity	20.0%	–
Other Assets less Liabilities	0.9%	4.9%
	100.0%	**100.0%**

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

June 30, 2009

1. **THE FUND**

The Fund is an open-ended mutual fund trust established under the laws of the province of Ontario. BMO Nesbitt Burns Inc. (the "Manager") is responsible for the management of the Fund.

The information provided in these unaudited financial statements is for the six month period(s) ended as at June 30, 2009 and 2008 except for the comparative information presented in the Statement of Net Assets which is as at December 31, 2008. Financial information for the Fund or class established during the period(s) is presented from the date of inception as noted in note 8(a).

Independent review committee

On May 1, 2007, the Independent Review Committee ("IRC") for the Fund was established pursuant to National Instrument 81-107 ("NI 81-107") Independent Review Committee for Investment Funds. On September 12, 2007, the IRC became operational. The IRC provides independent oversight regarding actual and perceived conflicts of interest involving the Fund and performs all other functions required of an independent review committee under NI 81-107.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), which include estimates and assumptions by management that may affect the reported amounts of assets, liabilities, income and expenses during the reported periods. Actual results could differ from estimates. Certain prior period balances have been reclassified to conform with the current period presentation.

Adoption of new accounting policies —
Financial Instruments Disclosure and Presentation

On January 1, 2008, the Fund adopted CICA Handbook Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation". The new standards replaced Section 3861, "Financial Instruments – Disclosure and Presentation". The new disclosure standards increase the emphasis on the disclosure of risks associated with financial instruments and how those risks are managed. The previous requirements related to presentation of financial instruments have been carried forward unchanged. Adoption of the new standards does not impact the daily price of the Fund's securities for subscription and redemption purposes, nor for the calculation of Net Assets. Refer to Note 6 and Note 8 for new disclosures relating to adoption of the new requirements.

Capital Disclosures

On January 1, 2008 the Fund adopted CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. This standard applies to financial statements relating to fiscal years beginning on or after October 1, 2007. The adoption of this standard results in additional disclosures relating to the redeemable units of the Funds but does not affect the Funds' results or financial positions. The disclosure requirements pertaining to Section 1535 are contained in Note 3.

Valuation of investments

The CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement" ("Section 3855"), requires the fair value of financial instruments traded in active markets to be measured based on a security's bid price.

The Canadian Securities Administrators ("CSA") allows investment funds to calculate the daily Net Asset Value for the purpose of processing unitholder transactions ("Net Asset Value") using fair value measures as defined in National Instrument 81-106 ("NI 81-106").

The Net Asset Value calculated in accordance with Section 3855 is referred to as "Net Assets" from hereon forward.

Investments are categorized as held for trading in accordance with Section 3855, "Financial Instruments – Recognition and Measurement". Investments are recorded at their fair value with the difference between this amount and cost being recorded as unrealized appreciation or depreciation in value of investments in the Statement of Operations. In the case of securities listed on stock exchanges, the fair value means the latest bid price. For bonds and debentures, the fair value means the bid price provided by independent security pricing services. Short-term investments are included in the Statement of Investment Portfolio at their cost including applicable foreign exchange translation. This value, together with accrued interest, approximates fair value using current bid price. Investments for which reliable quotations are not readily available are valued at their fair value as determined by the Manager using a valuation technique that requires the use of inputs and assumptions based on observable market data including volatility, comparable companies and other applicable rates and prices.

Mutual fund units

Mutual fund units held as investments are valued at their respective net asset values on the relevant valuation dates, as these values are the most readily and regularly available.

Investment transactions

Investment transactions are accounted for on the trade date. Realized gains and losses from the sale of investments and unrealized appreciation (depreciation) in the value of investments are calculated with reference to the average cost of the related investments which exclude brokerage commissions and other trading expenses. All income, net realized gains (losses), unrealized appreciation (depreciation) in value, and transaction costs are attributable to investments and derivative instruments.

Transaction Costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are expensed and included in "Commissions and other portfolio transaction costs" in the Statement of Operations.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis. Cost includes commission and other portfolio transaction costs.

Income recognition

Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

June 30, 2009

Distributions received from trust units 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. Amounts recorded as a return of capital reduce the cost of the investment in the trust unit.

Distributions received from Mutual Fund units are recognized by the Fund in the same form in which they were received from the underlying funds.

Translation of foreign currencies

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Fund's functional currency at the rates of exchange prevailing at the period-end date. Purchases and sales of investments, income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Foreign exchange gains (losses) on completed transactions are included in realized gain (loss) on sale of investments and unrealized gains (losses) are included in unrealized appreciation (depreciation) in value of investments in the Statement of Operations. Realized and unrealized exchange gains (losses) on assets (other than investments) and liabilities are included in "Gain (loss) on foreign exchange" in the Statement of Operations.

Securities lending

A Fund may engage in securities lending pursuant to the terms of an agreement which includes restrictions as set out in Canadian securities legislation. Collateral held is government Treasury Bills and qualified Notes.

Income from securities lending is included in the Statement of Operations and is recognized when earned. The securities on loan continue to be displayed in the Statement of Investment Portfolio. The market value of the securities loaned and collateral held is determined daily. Aggregate values of securities on loan and related collateral held in trust as at June 30, 2009, where applicable, are disclosed in Note 8.

Increase or decrease in net assets from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Operations represents the increase (decrease) in net assets from operations attributable to the class, divided by the average number of units of the class outstanding during the period.

Short-term trading penalty

To discourage excessive trading, the Fund may, at the Manager's sole discretion, charge a short-term trading penalty. This penalty is paid directly to the Fund.

Cash

Cash is comprised of cash on deposit and cash equivalents and is deemed to be held for trading carried at fair value.

Other assets and liabilities

Interest and dividends receivable, subscriptions receivable, receivable for margin on futures, due from broker, are designated as loans and receivables and recorded at cost or amortized cost. Amounts due to broker, accrued expenses and redemptions payable are designated as financial liabilities and reported at amortized cost. Other assets and liabilities are short-term in nature and amortized cost approximates fair value.

3. UNIT VALUATION

Units of the Fund are offered for sale on a continuous basis and may be purchased or redeemed on any valuation date at the Net Asset Value of a particular class. A valuation date is each day on which the Toronto Stock Exchange is open for business. The Net Asset Value per unit of a class for the purposes of subscription or redemption is computed by dividing the Net Asset Value of the Fund attributable to the class (that is, the total assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time. This amount may be different from the Net Asset per unit of a class calculation, which is presented on the Statement of Net Assets. Generally, any differences are due to valuing actively traded securities at bid prices for GAAP purposes while Net Asset Value typically utilizes closing price to determine fair value for the purchase and redemption of units. See Note 8(b) for the Net Asset Value per unit as of June 30, 2009 and December 31, 2008 for each class of the Fund.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative Net Asset Value of each class.

The capital of the Fund is represented by issued redeemable units with no par value. They are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's Net Asset Value per unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The relevant movements are shown on the Statement of Changes in Net Assets. In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 6, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

4. INCOME TAXES

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act, and accordingly, is not subject to tax on its net taxable income for the tax year which ends in December, including net realized capital gains, which is paid or payable to its unit holders as at the end of the tax year. However, such part of the Fund's net income and net realized capital gains as is not so paid or payable, is subject to income tax. Income tax on net realized capital gains not paid or payable is generally recoverable by virtue of refunding provisions contained in tax legislation, as redemptions occur. It is the intention of the Fund to distribute all of its income and sufficient net realized capital gains so that the Fund will not be subject to income tax.

Non-capital losses that arose in taxation years before 2004 are available to be carried forward for seven years and applied against future taxable income. Non-capital losses that arose in 2004 and 2005 are available to be carried forward for ten years. Non-capital losses that arose in 2006 and after are available to be carried forward for twenty years. Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years.

The Fund's available non-capital and capital losses for income tax purposes as of the tax year ended December 2008 are included in Note 8(c).

5. RELATED PARTY TRANSACTIONS

(a) **Management Fees**
The Manager is responsible for the day-to-day management of the Fund and its investment portfolio in compliance with the Fund's constating documents. The Manager monitors and evaluates the performance of the Fund, pays for the investment management services of the investment advisors and provides all administrative services required by the Fund. As compensation for its services the Manager is entitled to receive a fee payable monthly, calculated at the maximum annual rates included in Note 8(d).

(b) **Securityholder servicing, commissions and other portfolio transaction costs**
The Fund is provided with certain facilities and services by the Manager and its affiliates. A portion of the securityholder servicing expenses include expenses incurred in the administration of the Fund that were paid to Bank of Montreal.

Refer to Note 8(d) for related party fees charged to the Fund for the periods ended June 30, where applicable.

(c) **Initial investments**
In order to establish a new fund, or class of a fund, BMO Nesbitt Burns Inc., the Manager, may make an initial investment in the fund or class. Refer to Note 8(d) for the investment in units of the Fund held by BMO Nesbitt Burns Inc. as at June 30, 2009, where applicable.

d) **Other related party transactions**
From time to time, the Manager may on behalf of the Fund enter into transactions or arrangements with or involving other members of Bank of Montreal Group of Companies, or certain other persons or companies that are related or connected to the Manager of the Fund. These transactions or arrangements may include transactions or arrangements with or involving Bank of Montreal, BMO Harris Investment Management Inc., Jones Heward Investment Counsel Inc., BMO InvestorLine Inc., HIM Monegy Inc., BMO Trust Company, Harris Investment Management Inc. or other mutual funds, and may involve the purchase or sale of portfolio securities through or from a member of Bank of Montreal Group of Companies, the purchase or sale of securities issued or guaranteed by a member of Bank of Montreal Group of Companies, a fund entering into forward contracts with a member of Bank of Montreal Group of Companies acting as counterparty, the purchase or redemption of units of other BMO funds or the provision of services to the Manager.

6. FINANCIAL INSTRUMENT RISK

A fund may be exposed to a variety of financial risks. A fund's exposure to financial risks are concentrated in its investment holdings, including derivative instruments. The Statement of Investment Portfolio groups securities by asset type, geographic region and/or market segment. The Fund's risk management practice includes the monitoring of compliance to investment guidelines. The Manager manages the potential effects of these financial risks on the Fund's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

(a) **Currency risk**
Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. All investments and derivative instruments, denominated in foreign currencies are identifiable on the Statement of Investment Portfolio. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value. The Fund may enter into forward currency contracts for hedging purposes to reduce foreign currency exposure or to establish exposure to foreign currencies. The Fund's exposure to currency risk, if any, is further discussed in Note 8(e).

(b) **Interest rate risk**
Interest rate risk is the risk that the fair value of the Fund's interest-bearing investments will fluctuate due to changes in market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in debt securities (such as bonds, money market instruments and debentures) and interest rate derivative instruments, if any. Other assets and liabilities are short-term in nature and/or non-interest bearing. The Fund's exposure to interest rate risk, if any, is further discussed in Note 8(e).

(c) **Other market risk**
Other market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market. Other assets and liabilities are monetary items that are short term in nature and are not subject to other market risk. The Fund's exposure to other market risk, if any, is further discussed in Note 8(e).

(d) **Credit risk**
Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet it's financial obligations. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Fund's unrealized gain of the contractual obligations with the counterparty as at the reporting date. The credit exposure of other assets is represented by its carrying amount. The Fund's exposure to credit risk, if any, is further discussed in Note 8(e).

(e) **Liquidity risk**
The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Fund retains sufficient cash and cash equivalent positions to maintain liquidity. The Fund may, from time to time, enter into over the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid. Securities for which a market quotation could not be obtained and may be illiquid are identified on the Statement of Investment Portfolio. The proportion of illiquid assets to the total Net Assets of the Fund is monitored by the Manager to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

7. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Canadian publicly accountable enterprises, which include mutual funds, will be required to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, for financial years beginning on or after January 1, 2011. Effective January 1, 2011, the Fund will adopt IFRS as the basis for preparing its financial statements. The Fund will issue its financial results for the semi-annual period ended June 30, 2011 prepared in accordance with IFRS. It will also provide comparative data on an IFRS basis, including an opening statement of net assets as at January 1, 2010.

In order to meet the requirements to changeover to IFRS, the Manager is following an orderly transition plan. Due to anticipated changes in IFRS prior to transition, the Manager is not in a position to determine the impact on the Fund's financial statements

8. FUND SPECIFIC INFORMATION

(a) Fund and Unit Class information

The Fund's inception date was November 1, 2004. The Fund may issue an unlimited number of units in each of Class A and F.

Unit Class	Launch Date
Class A Units	November 1, 2004
Class F Units	October 31, 2008

(b) Reconciliation of Net Asset Value per Unit to Net Assets per Unit

	June 30, 2009		
Unit Class	Net Asset Value per Unit	Section 3855 Adjustment	Net Assets per Unit
Class A Units	9.89	–	9.89
Class F Units	10.21	–	10.21

	December 31, 2008		
Unit Class	Net Asset Value per Unit	Section 3855 Adjustment	Net Assets per Unit
Class A Units	9.44	–	9.44
Class F Units	9.75	–	9.75

(c) Income Taxes

As at the tax year ended December 2008, the Fund has the following available non-capital and capital losses for income tax purposes:

		Non-Capital Losses That Expire in		
Total Capital Losses ($)	Total Non-Capital Losses ($)	2009 ($)	2010 ($)	2011 and thereafter ($)
537,688	140,479	–	–	140,479

(d) Related party transactions

Management and Administration Fees

The Manager is entitled to receive the following fees payable monthly, calculated at the following maximum annual rates:

Unit Class	Management Fees (%)	Administration Fees (%)
Class A Units	2.25	as incurred
Class F Units	1.25	as incurred

Securityholder servicing, commissions and other portfolio transaction costs

The related party fees charged relating to securityholder servicing, commissions and other portfolio transaction costs are as follows:

	June 30, 2009	June 30, 2008
Unit Class	Securityholder Servicing ($)	Securityholder Servicing ($)
Class A Units	45,653	67,261
Class F Units	56	–

Initial investments

As at June 30, 2009, BMO Nesbitt Burns Inc. held the following investments in units of the Fund:

Unit Class	Units held by BMO Nesbitt Burns Inc.	Value of units held as at June 30, 2009 ($)
Class A Units	–	–
Class F Units	1,029	10,506

(e) Financial instrument risk

The Fund's objective was to achieve long-term capital growth consistent with the preservation of capital by investing primarily in other mutual funds that have long-term growth potential or that pay, or are expected to pay, above-average dividends. No changes affecting the overall level of risk of investing in the Fund were made during the period. The risks of this Fund remain as discussed in the most recent Simplified Prospectus.

Currency risk

As at June 30, 2009, 37% (December 31, 2008 – 25%) of the Fund's Net Assets were exposed to currency risk. If the Canadian Dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other variables held constant, Net Assets could possibly have increased or decreased by approximately $857,777 (December 31, 2008 – $559,124). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

As at June 30, 2009, if the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, Net Assets could possibly have increased or decreased, respectively, by approximately $146,132 (December 31, 2008 – $136,893). The Fund's interest rate sensitivity was determined based on portfolio weighted duration. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other market risk

The fund is exposed to other market risk from its investment in equity securities (including income trust securities). If prices on the respective stock exchanges for these securities had increased or decreased by 10% as at the period end, with all other variables held constant, Net Assets could possibly have increased or decreased by approximately $3,119,159 (December 31, 2008 – $2,781,011), respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk

As at June 30, 2009 and December 31, 2008, the Fund was exposed to credit risk from investment in mutual fund units. These mutual funds invested in debt securities and could enter into over-the-counter derivative contracts.

9. ADOPTION OF FUTURE ACCOUNTING STANDARDS

The Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA") recently issued an amendment to CICA Handbook Section 3862: Financial Instruments – Disclosures. The new financial reporting standards are effective for annual financial statements relating to fiscal years ending after September 30, 2009.

The amendments to the existing standard require classification of the Fund's assets and liabilities into three levels based on the method used to value the assets or liabilities. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the fund's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investment. For example, Canadian government bonds are generally high-quality and liquid; however, they may be reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market.

The Fund has a financial year ending December 31, 2009, and as such, these changes will not be reflected until the annual financial statements are prepared for December 31, 2009.

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