

**Year Ended December 31, 2010**

# REPORT OF INDEPENDENT REVIEW COMMITTEE OF THE BRIGATA FUNDS TO SECURITYHOLDERS

This is the Report to Securityholders of the Brigata Canadian Balanced Fund and the Brigata Canadian Equity Fund (collectively, the “Brigata Funds”) presented by the Independent Review Committee of the Brigata Funds.

## INTRODUCTION

The Canadian Securities Administrator’s National Instrument 81-107, *Independent Review Committee for Investment Funds*, requires each publicly offered investment fund to have an Independent Review Committee to review conflicts of interest matters affecting the ability of Brigata Capital Management Inc. (the “Manager”) of such investment fund to act in good faith and in the best interests of that investment fund.

National Instrument 81-107, further requires the appointed Independent Review Committee to report on certain matters to the Securityholders of such investment fund on an annual basis.

The Independent Review Committee (the “IRC”) of the Brigata Funds (“the Funds”) is pleased to present its annual report to Securityholders for the year ended December 31, 2010.

The mandate of the IRC is to review conflict of interest matters identified and referred to it by the Manager, including the policies and procedures, either proposed or in place, to manage these conflicts, in order to achieve a fair and reasonable result for the Funds.

The IRC provides the Manager with its input on these policies and procedures and also provides the Manager with its approval, often in the form of a standing instruction or recommendation, on conflict of interest matters referred to it by the Manager.

The IRC reviews and assesses at least once a year, the adequacy and effectiveness of the policies and procedures of the Manager and the related standing instructions of the IRC.

In addition, the IRC conducts an annual self-assessment of the independence, compensation and effectiveness of the IRC as a committee and of the members of the IRC as individuals.

## MEMBERS OF THE IRC

Each of the members of the IRC listed below was appointed December 17, 2007 and there were no changes in the composition of the IRC during the year ended December 31, 2010.

John J. Lisowski, B. Comm; CA (Chair)

Andrew Billingsley, MBA<sup>1</sup>

Lisa Johnson, LL.B<sup>2</sup>

The members of the IRC have a broad range of experience, including backgrounds in the mutual fund industry as well as financial reporting, legal, governance and accounting experience.

The IRC meets regularly with representatives of the Manager, as well as separately without representatives of the Manager being present.

As at December 31, 2010, the members of the IRC did not own, directly or indirectly, or exercise control and/or direction over, any securities of the Funds, the Manager or any entity related to the Manager, or any principal service provider to the Funds or the Manager, where such ownership is 1% or more of such entity or where if such ownership is less than 1% of such entity, would in their opinion impair their independence.

1. Mr. Billingsley is also a member of the independent review committee of the mutual funds managed by MD Physician Services Inc. and MD Private Trust Company.
2. Ms. Johnson is also a member of the independent review committee of the mutual funds managed by:
  - (a) MD Physician Services Inc. and MD Private Trust Company;
  - (b) HSBC Investment Funds (Canada) Inc. and HSBC Investments (Canada) Limited; and
  - (c) Capital International Asset Management (Canada) Inc.

## COMPENSATION AND INDEMNITIES

The members of the IRC are entitled to be compensated by the Funds and to be indemnified by the Funds in appropriate circumstances.

The compensation for the IRC's first year of operation was set by the Manager. Subsequently, the IRC reviews and determines its own compensation on an annual basis. In determining the appropriate level of compensation, the IRC considers the best interests of the Funds and its Securityholders, the nature and complexity of the Funds, as well as the contribution made by each of its members.

The compensation paid to each member of the IRC amounted to \$15,000 for a total of \$45,000 for the IRC as a whole, for the year ended December 31, 2010. The members of the IRC received no indemnity payments from the Funds during the year ended December 31, 2010.

## CONFLICT OF INTEREST MATTERS

National Instrument 81-107 requires the IRC to review all conflict of interest matters identified and referred to the IRC by the Manager and to give its approval or recommendation, depending on the nature of the matter. In certain instances, the IRC may also issue standing instructions to the Manager, in conjunction with such approval or recommendation, that permit the Manager to act on a particular conflict of interest matter in a continuing and ongoing basis. The manager must request the IRC to review and renew such standing instructions on an annual basis.

The IRC has issued standing instructions to the Manager that requires the Manager to comply with its related policies and procedures in respect of conflict of interest matters. Further, the Manager is required to report to the IRC as to its compliance with such policies and procedures.

During the year ended December 31, 2010, the Manager followed its General Conflicts of Interest Policy and the recommendations and standing instructions made by the IRC with respect to additional specific conflict of interest matters addressed by the following policies and procedures of the Manager:

- (1) Unitholder Complaints Policy;
- (2) Policy for Monitoring Services Provided by Portfolio Managers;
- (3) Operational Error Correction Policy;
- (4) Fund Operating Costs and Allocation Policy and Procedures; and
- (5) Code of Ethics for Personal Trading Policy.

The Manager has an obligation to notify the IRC of any instance in which the Manager acted contrary to any conditions imposed by the IRC through its recommendations, approvals or standing instructions. The Manager did not report any such instance and the IRC is not aware of any such instance.

Respectfully,

### **The Brigata Funds Independent Review Committee**

John J. Lisowski, Chair  
Andrew Billingsley, Member  
Lisa Johnson, Member

Date: February 15 , 2011