



## Brigata Canadian Equity Fund Series A and Series F

Management Report of Fund Performance  
and Financial Statements  
for the six months ended June 30, 2011

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The Brigata Canadian Equity Fund

The views of the management of Brigata Capital Management Inc. contained in this report are as of the day they were written, and this report is not intended to provide legal, accounting, tax or specific investment advice. Portfolio holdings and allocations are as at June 30, 2011, unless otherwise noted. Views, portfolio holdings and allocations may have changed subsequent to these dates. Securityholders may contact us by writing to us at Brigata Capital Management Inc., 35 Antares Drive, Ottawa, Ontario K2E 8B1 or by calling toll-free 1-888-BRIGATA (1-888-274-4282) or in Ottawa (613) 288-0572 to request a copy of the Fund's quarterly portfolio disclosure, proxy voting policies and procedures or proxy voting disclosure record.

Commissions, trailing commissions, management fees and expenses may all be associated with mutual fund investments. Please read the simplified prospectus before investing. The indicated rates of return are the historical and annual compounded total returns including changes in security value and reinvestment of all dividends/distributions, and do not take into account sales, redemption, dividend/distributions or optional charges, or income taxes payable by any investor, which would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Mutual funds are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer.

This report includes statements that include information concerning possible or assumed future results of the Fund's operations, earnings, liquidity and cash flows, asset levels, merger activities and the effect of completed merger transactions, regulatory developments, demand for and pricing of each Fund, and general economic and securities market conditions. Such statements may be considered "forward-looking statements". When used in this report, words such as "believes," "expects", "anticipates", "intends", "plans", "estimates", "projects", and future or conditional verbs such as "will", "may", "could", "should" and "would", or any other statement that necessarily depends on future events are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Although we make such statements based on assumptions that we believe to be reasonable, there can be no assurance that actual results will not differ materially from our expectations. We caution investors not to rely unduly on any forward-looking statements. In connection with any forward-looking statements, you should carefully consider the areas of risk described in the most recent simplified prospectus of the Funds. You may obtain these documents from the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **I. MANAGEMENT REPORT OF FUND PERFORMANCE**

This management report of fund performance ("MRFP") is intended to provide readers with the financial highlights and an assessment of the performance of Brigata Canadian Equity Fund (the "Fund") as at and for the six months ended June 30, 2011. All figures in the MRFP are in Canadian dollars unless otherwise indicated.

### ***Investment Objectives and Strategies***

The Fund's investment objective is to achieve long-term capital growth.

The Fund invests primarily in a broadly diversified portfolio of large- and mid-capitalization Canadian equity securities across various sectors which may include income trusts.

Up to 30% of the assets in the Fund may be held in foreign securities and up to 25% of the assets of the Fund may be held in cash and short-term fixed income instruments.

During difficult market conditions, the Fund may call upon its discretion to make use of cash components to dampen the effects of poorly performing markets.

### ***Risk***

All mutual funds involve some level of risk. The risks associated with investing in a mutual fund are the risks associated with the securities in which the mutual fund invests.

There have been no changes to the Fund during the six months ended June 30, 2011 which have affected the overall level of risk associated with an investment in the Fund as set forth in the Fund's current simplified prospectus.

The Brigata Canadian Equity Fund is suitable for investors who are able to accept a medium level of risk and who intend to hold the Fund for five to ten years.

### ***Results of Operations***

For the six months ended June 30, 2011, the S&P/TSX composite total return index was up 0.16% while the S&P 500 (6.02%), the MSCI Eurofirst (5.92%) and the MSCI World Equity (2.26%) all reported larger increases during the same period. At the same time, the Series A units of the Fund rose 2.13%. This compares to the Brigata Canadian Equity Fund blended benchmark which is comprised of 70% S&P/TSX Composite Total Return Index, and 30% MSCI World Equity Index, which rose 0.79% for the period. The Fund outperformed the benchmark due to its appropriate overweight levels of cash during the period, as well as being substantially underweight in the Energy and Materials sectors and being substantially overweight in Industrials and the more stable Consumer Staples sectors. Hurting the Fund's performance was its larger underweight position in Financials as well as its overweight position in Information Technology. It is the policy of the Fund not to have more than 20% of their assets invested in any one sector. As the Energy sector represents 16.05% of the Fund (27.41% of the TSX Composite Index) and the Financial sector 17.29% (29.43% of the TSX Composite Index), the Fund will exhibit reduced volatility than the index when these two sectors have a significant impact on the performance of the S&P/TSX Composite return.

Uncertainty over key issues gave markets a bout of economic anxiety during the past quarter. While softer leading indicators and coincident economic data have signaled a pause in the global economic upswing, we expect this downturn to be temporary. We have shaved our forecast for growth in 2011 but

**Results of Operations (*continued*)**

we have retained our more positive outlook for 2012. Considering a low base effect in Japanese production, a likely stabilizing of Chinese and emerging markets CPI numbers, as well as our belief that the U.S. remains on track for above-trend expansion in 2012, global industrial production growth is likely to regain its momentum. Given our more positive long term outlook, we have used the recent market weakness to increase our exposure to the more cyclical market segments (energy, basic industries and industrials), although we remain underweight relative to our benchmark.

We have also maintained an above average exposure to high yielding securities (i.e. REITS) and dividend growing companies in the consumer sector. We continue to like the fundamentals behind agricultural commodities, as weather patterns (too much rain and/or droughts) around the world will continue to support elevated prices. Large-cap multinational companies retain their importance, providing exposure to developing markets. We particularly like industrials because of the window of opportunity which may develop due to current and eventual capital spending requirements. We also added to our bank holdings as we feel that the sector continues to look reasonably valued on a longer term basis.

**Recent Developments**

At December 31, 2010 the Manager has developed a plan to meet the timetable published by the Canadian Institute of Chartered Accountants (CICA) for changeover to International Financial Reporting Standards (IFRS). The Manager has presently determined that the differences between Canadian GAAP and IFRS are not expected to impact on Net Assets or Net Asset Values. The Manager expects that the implementation on the Funds' financial statements will result in additional disclosures and potentially a different presentation of unitholder interests and certain other items. However, this present determination is subject to change if new standards or new interpretations of existing standards are issued. In January 2011 the Canadian Accounting Standards Board (the AcSB) extended the mandatory adoption date of the IFRS for Investment Companies to January 1, 2013.

**Related Party Transactions**

Brigata Capital Management Inc. (BCMI) is the Manager of the Fund pursuant to a management agreement. BCMI is responsible for the daily administration of the Fund and provides the Fund, or makes sure the Fund is provided with, all services (accounting, custody, portfolio management, record maintenance, transfer agent) required to function properly. The Fund pays all of its operating expenses, together with all applicable taxes such as HST. The Fund also pays the Manager management fees, before HST, calculated daily on the net asset value of the Fund at an annual rate of 1.95% for Series A units and 1.00% for Series F units.

Independent Planning Group Inc. (IPG) is affiliated with the Manager. As at June 30, 2011, IPG owned 75.47% of the issued and outstanding shares of the Manager.

Operating expenses of the Fund are being absorbed by the Manager in amount sufficient to ensure that the management expense ratio (MER) will not exceed 2.50% per annum in respect of Series A units and 1.55% per annum in respect of Series F units (exclusive of HST). For the six months ended June 30, 2011, the Manager absorbed \$88,332 of the Fund's operating expenses, of which \$45,445 is shown as a receivable from the Manager as at June 30, 2011. The Manager may amend or remove this absorption of expenses at its discretion.

**Financial Highlights**

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since inception.

**Series A****The Fund's Net Assets Per Unit (\$) <sup>(1)</sup>**

<b>Series A*</b>	<b>2011**</b>	<b>2010*</b>	<b>2009*</b>	<b>2008*</b>
<b>Net assets, beginning of the period</b>	<b>9.72</b>	<b>9.05</b>	<b>7.41</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.14	0.22	0.17	0.16
Total expenses	(0.14)	(0.24)	(0.21)	(0.26)
Realized gains (losses) for the year	0.34	0.31	0.01	(2.05)
Unrealized gains (losses) for the year	(0.14)	0.39	1.75	(1.85)
<b>Total increase(decrease) from operations <sup>(2)</sup></b>	<b>0.20</b>	<b>0.68</b>	<b>1.72</b>	<b>(4.00)</b>
<b>Distributions:</b>				
From income	-	-	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of the period <sup>(4)</sup></b>	<b>9.92</b>	<b>9.72</b>	<b>9.05</b>	<b>7.41</b>

**Series F****The Fund's Net Assets Per Unit (\$) <sup>(1)</sup>**

<b>Series F*</b>	<b>2011**</b>	<b>2010*</b>	<b>2009*</b>	<b>2008*</b>
<b>Net assets, beginning of the period</b>	<b>10.00</b>	<b>9.23</b>	<b>7.48</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.14	0.22	0.17	0.16
Total expenses	(0.09)	(0.15)	(0.13)	(0.18)
Realized gains (losses) for the year	0.37	0.33	(0.01)	(1.41)
Unrealized gains (losses) for the year	(0.17)	0.43	1.75	(1.98)
<b>Total increase(decrease) from operations <sup>(2)</sup></b>	<b>0.25</b>	<b>0.83</b>	<b>1.78</b>	<b>(3.41)</b>
<b>Distributions:</b>				
From income	-	-	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of the period <sup>(4)</sup></b>	<b>10.27</b>	<b>10.00</b>	<b>9.23</b>	<b>7.48</b>

(1) This information is derived from the Fund's financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for Fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or re-invested in additional units of the Fund.

(4) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the period. Accordingly totals may not add due to the different basis for computing the per unit amounts.

\* The Series A and Series F units were first issued on January 3, 2008. The financial information is for the period ending December 31, 2008, and the years ended 2009 and 2010.

\*\* The financial information is for the six months ended June 30, 2011.

**Ratios and Supplementary Data**

<b>Series A*</b>	<b>2011**</b>	<b>2010*</b>	<b>2009*</b>	<b>2008*</b>
Total net asset value <sup>(1)</sup>	\$13,290,244	\$13,480,658	\$11,091,816	\$4,922,033
Number of units outstanding <sup>(1)</sup>	1,337,888	1,386,009	1,223,103	662,755
Management expense ratio <sup>(2)</sup>	2.80%	2.60%	2.52%	2.52%
Management expense ratio before waivers or absorption	4.06%	3.96%	5.32%	7.48%
Trading expense ratio <sup>(3)</sup>	0.14	0.15	0.23	0.46
Portfolio turnover rate <sup>(4)</sup>	29.56%	50.36%	54.04%	58.3%
Net asset value per unit <sup>(1)</sup>	\$9.93	\$9.73	\$9.07	\$7.43

<b>Series F*</b>	<b>2011**</b>	<b>2010*</b>	<b>2009*</b>	<b>2008*</b>
Total net asset value <sup>(1)</sup>	\$710,942	\$519,449	\$421,146	\$233,768
Number of units outstanding <sup>(1)</sup>	69,138	51,862	45,556	31,183
Management expense ratio <sup>(2)</sup>	1.75%	1.58%	1.52%	1.52%
Management expense ratio before waivers or absorption	3.04%	2.93%	4.41%	7.73%
Trading expense ratio <sup>(3)</sup>	0.14	0.15	0.23	0.46
Portfolio turnover rate <sup>(4)</sup>	29.56%	50.36%	54.04%	58.3%
Net asset value per unit <sup>(1)</sup>	\$10.28	\$10.02	\$9.24	\$7.50

(1) The information is provided as at June 30, 2011 and December 31, 2010, 2009 and 2008.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period, and includes GST/HST.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

\* The Series A and Series F units were first issued on January 3, 2008. The financial information is for the period ending December 31, 2008 and the year ended December 31, 2009 and 2010.

\*\* The financial information is for the six month period ending June 30, 2011.

**Past Performance**

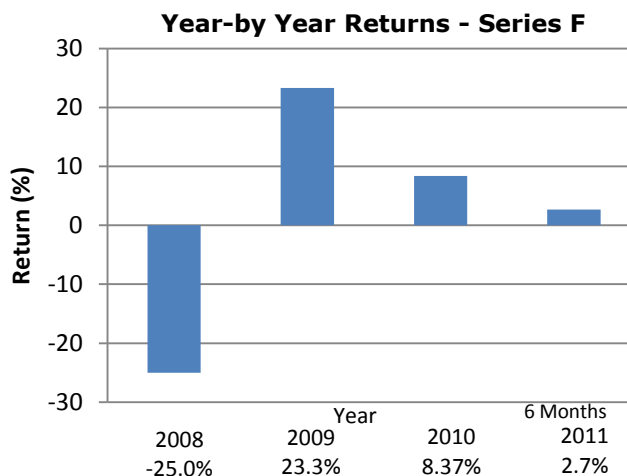
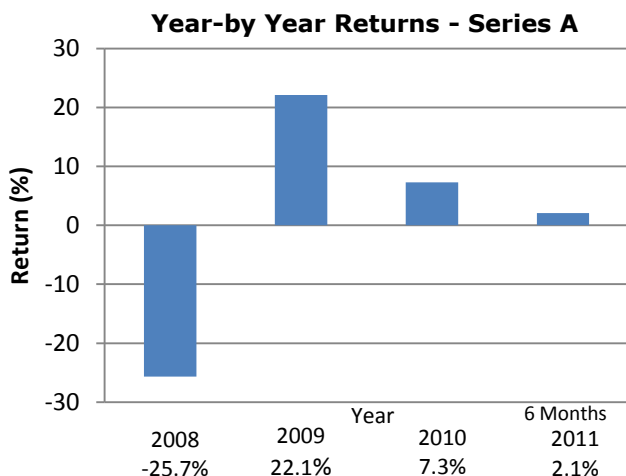
The past performance of the Fund is set out in the Year-by-Year Returns charts. Performance returns:

- are calculated as of June 30, 2011, December 31, 2008, 2009 and 2010.
- assume all dividends and distributions made by the Fund were reinvested without charge to purchase additional shares of the Fund; and are not reduced by any income taxes payable by you.
- you will be taxed on the dividends and distributions of net income even if you have reinvested them to purchase additional shares, unless your investment is in a registered tax plan.

The past performance of the Fund does not necessarily indicate how it will perform in the future.

**Year-by-Year Returns**

This bar chart shows the Fund’s performance for the six months ended June 30, 2010 and years ended December 31, 2008, 2009 and 2010. The chart shows in percentage terms how an investment made on January 1 would have increased or decreased by December 31 of each year and to June 30, 2011 and how the performance varied during the respective periods.



**Management Fees**

The management fee for Series A and Series F is calculated as a percentage of its daily pricing NAV. The Fund’s management fees were used by Brigata Capital Management Inc. to pay costs for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions and providing other services. BCMI also used the management fees to fund trailer fees to dealers for units of the Fund bought and held by investors.

For the six months ended June 30, 2011, approximately 45% (2010 - 48%) of the total management fee revenues received from the Fund were used to fund trailer fees to dealers. The remainder of the management fees were used to fund the investment management services and other expenses.

**II. SUMMARY OF INVESTMENT PORTFOLIO as at June 30, 2011**

The *Summary of Investment Portfolio* may change due to ongoing portfolio transactions. Updates are available at [www.brigatafunds.com](http://www.brigatafunds.com) for quarterly periods where an annual or semi-annual report is not published. For more information, please contact us at [info@brigatafunds.com](mailto:info@brigatafunds.com) or 1-888-BRIGATA (1-888-274-4282).

<b>TOP 25 HOLDINGS</b>	1	Cash and Cash Equivalents	4.70%
	2	Bank of Nova Scotia	3.49%
	3	Toronto Dominion Bank	3.45%
	4	Canadian Natural Resources Ltd.	3.44%
	5	Royal Bank of Canada	3.29%
	6	IShares MSCI Emerging Markets Index	3.12%
	7	EnCana Corp.	2.98%
	8	SNC-Lavalin Group Inc.	2.94%
	9	Power Corp. of Canada Inc.	2.69%
	10	Cenovus Energy Inc.	2.65%
	11	Canadian Apartment Properties REIT	2.62%
	12	Agrium Inc.	2.51%
	13	Thomson Reuters Corp.	2.48%
	14	QUALCOMM Inc.	2.47%
	15	Canadian Oil Sand Trust Units	2.46%
	16	United Technology Corp.	2.44%
	17	Shaw Communications Inc.	2.41%
	18	Finning International Ltd.	2.39%
	19	Suncor Energy Inc.	2.39%
	20	Goldcorp. Inc.	2.37%
	21	Rogers Communications Inc.	2.26%
	22	Canadian National Railway Co.	2.18%
	23	TransCanada Corp.	2.13%
	24	Nestle SA ADR	2.11%
	25	Microsoft Corp.	2.10%
		<b>83.07%</b>	
<b>ASSET ALLOCATION</b>		Canadian Equity	68.34%
		U.S. Equity	19.50%
		Foreign Equity	7.46%
		Cash and Cash Equivalents	4.70%
		<b>Total asset allocation</b>	<b>100.00%</b>
<b>SECTOR ALLOCATION</b>		Financials	17.29%
		Energy	16.05%
		Consumer Discretionary	13.40%
		Industrial	11.68%
		Materials	8.84%
		Information Technology	7.69%
		Consumer Staples	6.68%
		Telecommunications	5.07%
		Cash and Cash Equivalents	4.70%
		Other	4.49%
		Health Care	2.82%
	Utilities	1.29%	
	<b>Total sector allocation</b>	<b>100.00%</b>	
<b>GEOGRAPHIC ALLOCATION</b>		Canada	68.43%
		United States	24.11%
		Switzerland	5.49%
		U.K.	1.97%
		<b>Total geographic allocation</b>	<b>100.00%</b>

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# **Brigata Canadian Equity Fund**

## **Semi-Annual Financial Statements**

**June 30, 2011 (Unaudited)**

## Brigata Canadian Equity Fund

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### Statements of Net Assets

As at June 30, 2011 and December 31, 2010 (Unaudited)

	2011	2010
<b>Assets</b>		
Investments at fair value (notes 3 and 9)	\$ 13,324,308	\$ 13,360,638
Cash	761,770	638,821
Accrued dividends receivable	29,609	32,918
Due from manager (note 7)	45,445	13,847
Due from broker	91,617	-
Subscriptions receivable	-	5,000
<b>Total Assets</b>	<b>14,252,749</b>	<b>14,051,224</b>
<b>Liabilities</b>		
Management fees payable (note 7)	21,716	22,518
Due to broker	198,992	-
Accounts payable and accrued liabilities	50,039	44,685
<b>Total Liabilities</b>	<b>270,747</b>	<b>67,203</b>
<b>Net Assets representing unitholders' equity</b>	<b>\$ 13,982,002</b>	<b>\$ 13,984,021</b>
<b>Net Assets representing unitholders' equity per series (note 4)</b>		
Series A	\$ 13,272,034	\$ 13,465,169
Series F	\$ 709,968	\$ 518,852
<b>Units Outstanding (note 5)</b>		
Series A	1,337,888	1,386,009
Series F	69,138	51,862
<b>Net Assets per unit</b>		
Series A	\$ 9.92	\$ 9.72
Series F	\$ 10.27	\$ 10.00

(See accompanying notes to financial statements)

## Brigata Canadian Equity Fund

### Statements of Operations

For the six-month periods ended June 30 (Unaudited)

	2011	2010
<b>Investment income</b>		
Dividend income (net of withholding tax: \$7,163; 2010 - \$5,925)	\$ 193,331	\$ 150,788
Interest income	743	-
Foreign exchange gain (loss)	(31)	(8,692)
	<u>194,043</u>	<u>142,096</u>
<b>Expenses</b>		
Management fees (note 7)	149,155	122,631
Financial reporting expense	2,952	1,738
Legal fees	5,346	2,480
Audit fees	16,455	9,159
Custody fees	6,665	6,154
Securityholder reporting costs	50,594	36,041
Trustee fees	6,092	4,487
IRC fees	12,965	11,907
Operating expenses	8,344	18,490
Transaction fees	1,425	4,525
Valuation fees	20,151	23,780
Other expenses	522	683
Total expenses	<u>280,666</u>	<u>242,075</u>
Less:		
Expenses absorbed by manager (note 7)	(88,332)	(100,201)
	<u>192,334</u>	<u>141,874</u>
<b>Net investment (loss)</b>	<u>1,709</u>	<u>222</u>
<b>Realized and unrealized gain (loss) on investments</b>		
Net realized gain (loss) on sale of investments	497,433	236,644
Transaction costs	(9,551)	(10,321)
Change in unrealized appreciation (depreciation) on investments	(196,455)	(1,016,159)
<b>Net gain (loss) on investments</b>	<u>291,427</u>	<u>(789,836)</u>
<b>Increase (decrease) in Net Assets from operations</b>	<u>\$ 293,136</u>	<u>\$ (789,614)</u>
<b>Increase (decrease) in Net Assets from operations per series</b>		
Series A	\$ 277,602	\$ (763,813)
Series F	\$ 15,534	\$ (25,801)
<b>Increase (decrease) in Net Assets from operations per unit</b>		
Series A	\$ 0.20	\$ (0.57)
Series F	\$ 0.25	\$ (0.55)

(See accompanying notes to financial statements)

## Brigata Canadian Equity Fund

### Statements of Changes in Net Assets

For the six-month periods ended June 30 (Unaudited)

	2011			2010		
	Series A	Series F	Total	Series A	Series F	Total
<b>Increase (decrease) in Net Assets from operations</b>	<b>\$ 277,602</b>	<b>\$ 15,534</b>	<b>\$ 293,136</b>	<b>\$ (763,813)</b>	<b>\$ (25,801)</b>	<b>\$ (789,614)</b>
<b>Capital unit transactions</b>						
Proceeds from units issued	935,504	175,582	1,111,086	1,874,627	20,766	1,895,393
Amounts paid for units redeemed	(1,406,241)	-	(1,406,241)	(593,902)	-	(593,902)
	<b>(470,737)</b>	<b>175,582</b>	<b>(295,155)</b>	<b>1,280,725</b>	<b>20,766</b>	<b>1,301,491</b>
<b>Increase (decrease) in Net Assets for the period</b>	<b>(193,135)</b>	<b>191,116</b>	<b>(2,019)</b>	<b>516,912</b>	<b>(5,035)</b>	<b>511,877</b>
<b>Net Assets, beginning of the period</b>	<b>13,465,169</b>	<b>518,852</b>	<b>13,984,021</b>	<b>11,069,178</b>	<b>420,286</b>	<b>11,489,464</b>
<b>Net Assets, end of the period (note 4)</b>	<b>\$ 13,272,034</b>	<b>\$ 709,968</b>	<b>\$ 13,982,002</b>	<b>\$ 11,586,090</b>	<b>\$ 415,251</b>	<b>\$ 12,001,341</b>

(See accompanying notes to financial statements)

## Brigata Canadian Equity Fund

### Statement of Investments

As at June 30, 2011 (Unaudited)

No. of Shares or Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
<b>EQUITIES</b>				
<b>Energy</b>				
11,900	Canadian Natural Resources Ltd.	416,263	479,688	
12,400	Canadian Oil Sands Ltd.	336,865	344,596	
10,200	Cenovus Energy Inc.	299,107	370,464	
14,000	EnCana Corp.	419,835	415,800	
8,852	Suncor Energy Inc.	312,530	333,720	
7,050	TransCanada Corp.	253,204	297,651	
	<b>Total Energy</b>	<b>2,037,804</b>	<b>2,241,919</b>	<b>16.03</b>
<b>Materials</b>				
4,150	Agrium Inc.	369,991	351,132	
11,500	Anglo American PLC, ADR	286,946	275,802	
7,100	Goldcorp Inc.	274,179	330,292	
24,800	Yamana Gold Inc.	302,937	278,008	
	<b>Total Materials</b>	<b>1,234,053</b>	<b>1,235,234</b>	<b>8.83</b>
<b>Industrials</b>				
9,500	ABB Ltd., ADR	195,530	237,738	
4,000	Canadian National Railway Co.	229,148	308,200	
4,000	United Technologies Corp.	335,651	341,646	
11,700	Finning International Inc.	256,457	333,684	
7,000	SNC-Lavalin Group Inc.	340,870	411,600	
	<b>Total Industrials</b>	<b>1,357,656</b>	<b>1,632,868</b>	<b>11.68</b>
<b>Consumer Discretionary</b>				
2,500	Canadian Tire Corp Ltd., Class A	134,691	157,625	
8,000	Dollarama Inc.	220,331	260,800	
3,125	McDonald's Corp.	211,325	254,184	
4,500	Magna International Inc.	214,852	234,450	
15,350	Shaw Communications Inc., Class B	313,944	337,392	
9,600	Thomson Reuters Corp.	315,302	347,328	
6,000	Tim Hortons Inc.	204,195	282,300	
	<b>Total Consumer Discretionary</b>	<b>1,614,640</b>	<b>1,874,079</b>	<b>13.40</b>
<b>Consumer Staples</b>				
4,900	Nestle SA, ADR	247,614	294,995	
12,200	North West Co., Inc.	204,161	246,684	
14,750	The Jean Coutu Group PJC Inc.	132,896	161,955	
4,500	Wal-Mart Stores Inc.	246,221	230,655	
	<b>Total Consumer Staples</b>	<b>830,892</b>	<b>934,289</b>	<b>6.68</b>
<b>Health Care</b>				
17,000	CML Healthcare Income Fund	177,113	158,610	
4,000	Novartis AG, ADR	212,243	235,794	
	<b>Total Health Care</b>	<b>389,356</b>	<b>394,404</b>	<b>2.82</b>

(see accompanying notes to financial statements)

## Brigata Canadian Equity Fund

### Statement of Investments

As at June 30, 2011 (Unaudited)

No. of Shares or Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
<b>Financials</b>				
8,400	Bank of Nova Scotia	433,481	487,284	
19,000	Canadian Apartment Properties REIT	318,477	367,080	
14,000	Power Corp. of Canada	379,229	375,200	
8,350	Royal Bank of Canada	385,784	459,167	
9,500	RioCan Real Estate Investment Trust	224,573	245,955	
5,900	Toronto-Dominion Bank	368,454	482,502	
	<b>Total Financials</b>	<b>2,109,998</b>	<b>2,417,188</b>	<b>17.29</b>
<b>Information Technology</b>				
13,700	Cisco Systems Inc.	341,670	206,262	
1,400	International Business Machines Corp.	218,058	231,613	
11,700	Microsoft Corp.	324,891	293,358	
6,300	QUALCOMM Inc.	266,904	345,109	
	<b>Total Information Technology</b>	<b>1,151,523</b>	<b>1,076,342</b>	<b>7.70</b>
<b>Telecommunication Services</b>				
6,500	AT&T Inc.	199,365	196,915	
8,300	Rogers Communications Inc., Class B	301,543	316,312	
3,700	TELUS Corp.	116,066	196,396	
	<b>Total Telecommunication Services</b>	<b>616,974</b>	<b>709,623</b>	<b>5.08</b>
<b>Utilities</b>				
5,700	Emera Inc.	115,793	180,177	
	<b>Total Utilities</b>	<b>115,793</b>	<b>180,177</b>	<b>1.29</b>
	<b>Total Equities</b>	<b>11,458,689</b>	<b>12,696,123</b>	<b>90.80</b>
<b>Funds</b>				
9,500	iShares MSCI Emerging Markets Index Fund	367,423	436,144	
8,500	Powershares India Portfolio	186,997	192,041	
		<b>554,420</b>	<b>628,185</b>	<b>4.50</b>
	<b>Total Investments</b>	<b>12,013,109</b>	<b>13,324,308</b>	<b>95.30</b>
	<b>Less: Transaction Costs (note 2)</b>	<b>(14,201)</b>		
	<b>Total Investments</b>	<b>11,998,908</b>	<b>13,324,308</b>	<b>95.30</b>
	<b>Other net assets</b>	<b>657,694</b>	<b>657,694</b>	<b>4.70</b>
	<b>Total Net Assets</b>	<b>12,656,602</b>	<b>13,982,002</b>	<b>100.00</b>

(see accompanying notes to financial statements)

# BRIGATA CANADIAN EQUITY FUND

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## Notes to the Financial Statements

June 30, 2011 (Unaudited)

### 1. Establishment of Fund

Brigata Canadian Equity Fund (the "Fund") is an open-end investment trust established under the laws of the Province of Ontario by a Master Declaration of Trust (the "Declaration of Trust"). The Declaration of Trust establishing the Fund was dated as of January 2, 2008. The Manager and Trustee of the Fund is Brigata Capital Management Inc. (the "Manager" and "Trustee") and the custodian of the Fund is RBC Dexia Investor Services Trust (the "Custodian"). The Fund commenced operation on January 3, 2008 with Series A and Series F units.

Series A units are available to all investors. Series F units are only sold to investors in fee based accounts that do not require the payment of trailer fees to dealers.

### 2. Summary of Significant Accounting Policies

These interim financial statements have been prepared on a consistent basis with the annual financial statements. The interim financial statements, together with the notes to financial statements, should be read in conjunction with the most recent annual financial statements. Certain disclosures presented in the notes to the annual financial statements that are required under Canadian Generally Accepted Accounting Principles (GAAP) have been omitted here.

#### Basis of Presentation

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (Canadian GAAP), which include estimates and assumptions by management that may affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results could vary from these estimates.

#### Basis of fair value measurement

All financial instruments recognized at fair value on the Statement of Net Assets are classified into three fair value hierarchy levels, based on the transparency of the input values, as follows:

- |         |   |
|---------|---|
| Level 1 | Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Investment Manager has the ability to access at the measurement date. |
| Level 2 | Inputs other than quoted prices that is observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.    |
| Level 3 | Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.          |

#### Valuation of investments

Investments are categorized as held for trading and are recorded at fair value. The fair value of investments as at the financial reporting period is determined as follows:

- (i) Securities listed upon a recognized public stock exchange are valued at their last bid prices on the valuation date. Securities with no available bid prices are valued at the closing sale prices.
- (ii) Securities not listed upon a recognized public stock exchange are valued using valuation techniques, on such basis and in such manner established by the Manager.
- (iii) Short-term notes, treasury bills and bonds are valued at the average bid quotations from recognized investment dealers.

## **BRIGATA CANADIAN EQUITY FUND**

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### **Notes to the Financial Statements**

*June 30, 2011 (Unaudited)*

## **2. Summary of Significant Accounting Policies (continued)**

### **Transaction costs**

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs are expensed and are included in "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 excluding transaction costs.

### **Investment transactions and income**

Investment transactions are accounted for on the trade date. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions are calculated on an average cost basis.

### **Cash**

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

### **Foreign currency translation**

Assets and liabilities in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the period end. Purchases and sales of investments and income and expenses are translated into Canadian dollars at the rate of exchange prevailing at the transaction date.

### **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 per unit. A valuation date is each day on which the Toronto Stock Exchange is open for business. The Net Asset Value per unit of a series for the purposes of subscription or redemption is computed by dividing the Net Asset Value of the Fund attributable to the series (that is, the total market value of the assets of the Fund less its liabilities) by the total number of units of the series of the Fund outstanding at such time. Net Asset Value is calculated in accordance with Section 14.2 of National Instrument 81-106. This differs from Net Assets calculated in accordance with Section 3855 of Canadian GAAP presented on the Financial Statements. For a comparison of Net Asset Value to Net Assets refer to note 4.

### **Increase (decrease) in net assets from operations per unit**

Increase (decrease) in net assets from operations per unit of the respective series in the statement of operations represents the increase (decrease) in net assets from operations for the period, attributable to the series, divided by the weighted average number of units outstanding in that series during the period.

## **3. Fair value disclosures**

The Fund's assets recorded at fair value have been categorized based upon the fair value hierarchy as disclosed in Note 2. The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of June 30, 2011 and December 31, 2010.

## BRIGATA CANADIAN EQUITY FUND

### Notes to the Financial Statements

June 30, 2011 (Unaudited)

### 3. Fair value disclosures (continued)

	Financial Assets at fair value as at June 30, 2011			
	Level 1	Level 2	Level 3	Total
Cash	\$ 761,770	\$ -	\$ -	\$ 761,770
Equities	12,753,511	570,797	-	13,324,308
	<b>\$ 13,515,281</b>	<b>\$ 570,797</b>	<b>\$ -</b>	<b>\$ 14,086,078</b>

	Financial Assets at fair value as at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Cash	\$ 638,821	\$ -	\$ -	\$ 638,821
Equities	13,004,114	356,524	-	13,360,638
	<b>\$ 13,642,935</b>	<b>\$ 356,524</b>	<b>\$ -</b>	<b>\$ 13,999,459</b>

During the periods, there were no transfers of investment between levels.

### 4. Reconciliation of Net Asset Value

Net Asset Value (“NAV”) is the value of the total assets of a Fund less the value of its total liabilities at a valuation date for the purpose of processing unitholder transactions. Net assets are determined in accordance with *CICA Handbook Section 3855, “Financial Instruments – Recognition and Measurement”* (“Section 3855”). Sections 3855 required the use of bid prices for long positions and ask prices for short positions in the fair valuation of investments, rather than the use of closing prices currently used for the purpose of determining NAV. The following is the reconciliation between Net Assets and Net Asset Value.

	Net Asset Value			Net Asset Value Per Unit		
	Net Asset Value \$	Adjustment \$	Net Assets \$	Net Asset Value Per Unit \$	Adjustment \$	Net Assets Per Unit \$
<b>As at June 30, 2011</b>						
Series A	\$ 13,290,244	\$ (18,210)	\$ 13,272,034	\$ 9.93	\$ (0.01)	\$ 9.92
Series F	\$ 710,942	\$ (974)	\$ 709,968	\$ 10.28	\$ (0.01)	\$ 10.27
<b>As at December 31, 2010</b>						
Series A	\$ 13,480,658	\$ (15,489)	\$ 13,465,169	\$ 9.73	\$ (0.01)	\$ 9.72
Series F	\$ 519,449	\$ (598)	\$ 518,852	\$ 10.02	\$ (0.02)	\$ 10.00

### 5. Unitholders' Equity

The Fund currently consists of Series A and Series F units which are available on a daily basis. The number of Series A and Series F units of the Fund that may be issued is unlimited unless the Manager determines otherwise.

## BRIGATA CANADIAN EQUITY FUND

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### Notes to the Financial Statements

June 30, 2011 (Unaudited)

### 5. Unitholders' Equity (continued)

in its sole discretion. Unit transactions of the Fund for the periods ended June 30, 2011 and 2010 were as follows:

	2011		2010	
	Series A	Series F	Series A	Series F
<b>Units - Beginning of period</b>	<b>1,386,009</b>	<b>51,862</b>	1,223,103	45,556
Unit issued	95,166	17,276	210,254	2,255
Units redeemed	(143,287)	-	(67,210)	-
<b>Units - End of period</b>	<b>1,337,888</b>	<b>69,138</b>	1,366,147	47,811

### 6. Brokerage Commissions on Securities Transactions

The total fees paid to brokers in connection with investment portfolio transactions for the period ended June 30, 2011 were \$9,551 (2010 - \$10,321). There were \$3,018 (2010 - \$1,265) soft dollar commissions paid by the Fund during this period. The term "soft dollar" is used to describe a widely acceptable business practice by which the investment advisor receives various benefits from the broker throughout the course of the normal business relationship. Such benefits may be in the form of research, or other materials that aid the investment process, thus contributing to long-term realization of returns for the unit holders.

### 7. Management Fees and Expenses

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 services of the Portfolio Managers and pays for the investment management services of the Investment Advisors.

Pursuant to the terms of the trust agreement, the Manager receives a management fee from the Fund equal to 1.95% of the net asset value (the "Net Asset Value") of Series A units of the Fund and 1.00% of net asset value (the "Net Asset Value") of Series F units of the Fund, calculated in arrears and payable monthly. For the period ended June 30, 2011, management fees incurred by the Brigata Canadian Equity Fund Series A and Series F were \$145,567 (2010 - \$120,426) and \$3,588 (2010 - \$2,205) respectively.

In addition to the management fee, the Fund pays its own operating expenses. These expenses include, but are not limited to audit, accounting and legal fees, custodial, trustee, valuation, recordkeeping, operating, Independent Review Committee and filing fees, and all costs associated with the qualification for sale of Series A and Series F units of the Fund.

The Management Expense Ratio ("MER") per series of units of the Fund for a fiscal period represents the total expenses of the series of units of the Fund expressed as a percentage of the average daily net asset values for the series of units during the fiscal period.

The Manager may absorb some of the operating expenses generally payable by the Fund. Operating expenses of the Fund were absorbed by the Manager in amounts sufficient to ensure that the MER for the Fund did not exceed 2.50% per annum in respect of the Series A and 1.55% per annum in respect of series F. The absorption of expenses is exclusive of HST and the Manager may amend or remove the absorption of expenses at its discretion.

## **BRIGATA CANADIAN EQUITY FUND**

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### **Notes to the Financial Statements**

*June 30, 2011 (Unaudited)*

#### **8. Income Taxes**

The Fund has qualified as a mutual fund trust as defined in the Income Tax Act (Canada) as it meets the number of unitholders requirement. Pursuant to the terms of the Declaration of Trust, the Fund pays or makes payable in the calendar year to the unitholders all the net income and such portion of the net capital gains which will result in the Fund paying no tax under the current provisions of the Act. As a result, under existing tax legislation, the net income and net capital gains are taxable in the hands of the unitholders of the Fund. Accordingly, no provision for Canadian income taxes has been made in these financial statements.

As of December 15, 2010, the Fund's latest taxation year, the Fund had \$735,500 (2009 - \$875,000) in capital losses carried forward and no non-capital losses carried forward.

#### **9. Risks Arising From Financial Instruments**

The Fund's financial instruments consist of cash and investments. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments, and markets in which it invests. These risks include market risk, currency risk, interest rate risk, credit risk and liquidity risk. The value of investments within a fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions and market and company news related to specific securities within the fund. The level of risk depends on the Fund's investment objectives and the type of securities it invests in. These risks and related risk management practices employed by the Fund are discussed below.

##### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, currency fluctuations, and changes in interest rates. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager manages this risk through a careful selection of securities within specified limits and diversification of the investment portfolio. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

##### **(i) Market Fluctuation Risk**

The Fund is exposed to market fluctuation risk to the extent of its investment in equity instruments. If the market indexes had increased (decreased) by 5% at June 30, 2011 with all other variables held constant, this could have approximately increased (decreased) net assets by \$666,000 (December 31, 2010 – \$668,000). In practice, actual results may differ from the sensitivity analysis and the difference may be material in relation to the NAV of the Fund.

##### **(ii) 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. 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.

## BRIGATA CANADIAN EQUITY FUND

### Notes to the Financial Statements

June 30, 2011 (Unaudited)

## 9. Risks Arising From Financial Instruments (continued)

### (ii) Currency risk (continued)

Exposures to foreign currencies as at June 30, 2011 and December 31, 2010 are presented in the table below:

<b>As at June 30, 2011</b>	Cash and other Net Assets	Investments at Fair Value	Total Foreign Holdings	Percentage of Net Assets
Currency	Cdn \$	Cdn \$	Cdn \$	(%)
US Dollar	645,394	3,496,452	4,141,846	29.6
British Pound	-	275,802	275,802	2.0

<b>As at December 31, 2010</b>	Cash and other Net Assets	Investments at Fair Value	Total Foreign Holdings	Percentage of Net Assets
Currency	Cdn \$	Cdn \$	Cdn \$	(%)
US Dollar	106,966	3,390,200	3,497,166	25.0
British Pound	-	223,229	223,229	1.6

As at June 30, 2011, if the exchange rate between the Canadian Dollar and the foreign currencies (i.e. British Pound and US Dollar) increased or decreased by 5%, with all other variables being constant, the increase or decrease in net assets respectively, in terms of British Pounds and US Dollars, could amount to approximately \$14,000 (December 31, 2010 - \$11,000) and \$207,000 (December 31, 2010 - \$175,000) respectively. In practice, actual results may differ from the sensitivity analysis and the difference may be material.

### (iii) Interest rate risk

Interest rate risk is the risk that the market value of the Fund's interest-bearing investments will fluctuate due to changes in market interest rates. The majority of the Fund's financial assets are non-interest bearing. The Fund does receive interest on any cash balance. While cash can currently be considered a significant position of the investment portfolio, the interest rate risk is minimal. The Fund does not have significant exposure to interest rate risk.

### Credit risk

As at June 30, 2011, the Fund does not hold any fixed income investments. Therefore, the Fund does not have significant exposure to credit risk.

### Liquidity risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Funds' assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

The Fund's investments are considered readily realizable and highly liquid, therefore the Fund's liquidity risk is considered minimal.

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