



## Brigata Canadian Equity Fund Series A and Series F

Management Report of Fund Performance  
and Financial Statements  
for the year ended December 31, 2009

Brigata Capital Management Inc.  
35 Antares Drive  
Ottawa, ON, K2E 8B1  
Tel: 613-288-0572 Fax: 613-288-0574  
Toll Free: 1-888-BRIGATA (1-888-274-4282)  
[www.brigatafunds.com](http://www.brigatafunds.com) [info@brigatafunds.com](mailto:info@brigatafunds.com)

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 December 31, 2009, 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).

To our Unitholders,

The accompanying Management Report of Fund Performance and Financial Statements have been prepared by Brigata Capital Management Inc., the Manager of the Brigata Canadian Equity Fund and approved by the Manager's Board of Directors. The Fund's Manager is responsible for the information and representations contained in the Management Report of Fund Performance and Financial Statements. The Management Report of Fund Performance in the front section of this document is unaudited, whereas the Financial Statements appearing in the second section are audited.

Brigata Capital Management Inc. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The Financial Statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgements. The significant accounting policies that management believes are appropriate for the Fund are described in Note 2 to the Financial Statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund, appointed by the shareholders of Brigata Capital Management Inc. They have audited the Financial Statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements.



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Vince Valenti  
President and Chief Executive Director  
Brigata Capital Management Inc.



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A. Ross Dedman  
Chief Operating Officer  
Brigata Capital Management Inc.

March 2, 2010

## 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 year ended December 31, 2009. 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 year ended December 31, 2009 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 an average level of risk and who intend to hold the Fund for five to ten years.

### *Results of Operations*

For the year ended December 31, 2009, the S&P/TSX composite total return index was up 35.05%, while during the same time frame the S&P 500 (26.46%), the MSCI Eurofirst (15.35%) and the MSCI World Equity (10.39%) all reported smaller increases. During the same period the Series A units of the Fund rose 22.1%, compared to the 80% S&P/TSX Composite Total Return Index, 10% MSCI World Equity Index, 10% 91 Day Treasury Bill Index (0.61%) blended benchmark which showed a return of 29.0% for the period. The Fund underperformed the benchmark due to its appropriate overweight levels of cash during the period, as well as being substantially underweight in the Energy and Financial sectors and being substantially overweight in the Consumer Discretionary and the more stable Consumer Staples sectors. As it is the policy of the Fund not to have more than 20% of their assets invested in any one sector, the Energy sector represents 15.91% of the Fund (27.60% of the TSX Composite Index) and the Financial sector 14.18% (30.51% of the TSX Composite Index). Also the strengthening of the Canadian dollar vis-à-vis the U.S. dollar negated the potential returns of our foreign holdings.

When changes in market levels occur in narrow ranges, sector and stock selection decisions will ultimately drive performance. Our portfolio has been positioned for economic recovery throughout most of 2009 and this stance has worked out quite well. We are now concentrating on establishing positions in the more defensive durable themes. Global giants in the Pharmaceutical, Food and Consumer Staples sectors will

**Results of Operations (continued)**

not only provide exposure to developing markets and will also be beneficiaries of any U.S. dollar appreciation. Within Materials we prefer food commodities as long term demand will be driven by population growth and changes in dietary trends.

With inflation expected to increase in the future, the impact would be felt on food, energy and commodities. In order to take advantage of this, the Fund continues to offset the cyclical factors with an increased focus on Canadian companies in the more consumer/defensive sectors whose fundamentals remain intact. These holdings emphasize quality management teams, visible earnings growth, growth in dividends and high dividend yields.

In light of the relative market volatility we continue to maintain a substantial cash position in the Fund.

**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 GST. The Fund also pays the Manager management fees, before GST, 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) acts as the Fund's principal distributor and as such receives no additional fee or commission from the Fund. As at December 31, 2009, IPG owned 75.8% of the issued and outstanding shares of the Manager.

Operating expenses of the Fund are being capped such that the management expense ratio (MER) will not exceed 2.40% per annum in respect of Series A units and 1.45% per annum in respect of Series F units (exclusive of GST). For the year ended December 31, 2009, the Manager absorbed \$224,115 of the Fund's operating expenses, of which \$68,110 is shown as a receivable from the Manager as at December 31, 2009. The Manager may amend or remove this cap 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>2009**</b>	<b>2008*</b>
<b>Net assets, beginning of the period</b>	<b>7.41</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>		
Total revenue	0.17	0.16
Total expenses	(0.21)	(0.26)
Realized gains (losses) for the year	0.01	(2.05)
Unrealized gains (losses) for the year	1.75	(1.85)
<b>Total increase(decrease) from operations<sup>(2)</sup></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>Net assets, end of the period<sup>(4)</sup></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>2009**</b>	<b>2008*</b>
<b>Net assets, beginning of the period</b>	<b>7.48</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>		
Total revenue	0.17	0.16
Total expenses	(0.13)	(0.18)
Realized gains (losses) for the year	(0.01)	(1.41)
Unrealized gains (losses) for the year	1.75	(1.98)
<b>Total increase(decrease) from operations<sup>(2)</sup></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>Net assets, end of the period<sup>(4)</sup></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.

\*\* The financial information is for the year ending December 31, 2009.

**Ratios and Supplementary Data**

<b>Series A*</b>	<b>2009**</b>	<b>2008*</b>
Total net asset value <sup>(1)</sup>	\$11,091,816	\$4,922,033
Number of units outstanding <sup>(1)</sup>	1,223,103	662,755
Management expense ratio <sup>(2)</sup>	2.52%	2.52%
Management expense ratio before waivers or absorption	5.32%	7.48%
Trading expense ratio <sup>(3)</sup>	0.23	0.46
Portfolio turnover rate <sup>(4)</sup>	54.04%	58.3%
Net asset value per unit <sup>(1)</sup>	\$9.07	\$7.43

<b>Series F*</b>	<b>2009**</b>	<b>2008*</b>
Total net asset value <sup>(1)</sup>	\$421,146	\$233,768
Number of units outstanding <sup>(1)</sup>	45,556	31,183
Management expense ratio <sup>(2)</sup>	1.52%	1.52%
Management expense ratio before waivers or absorption	4.41%	7.73%
Trading expense ratio <sup>(3)</sup>	0.23	0.46
Portfolio turnover rate <sup>(4)</sup>	54.04%	58.3%
Net asset value per unit <sup>(1)</sup>	\$9.24	\$7.50

(1) The information is provided as at December 31 of the year shown.

(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.

(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.

\*\* The financial information is for the year ended December 31, 2009.

### Past Performance

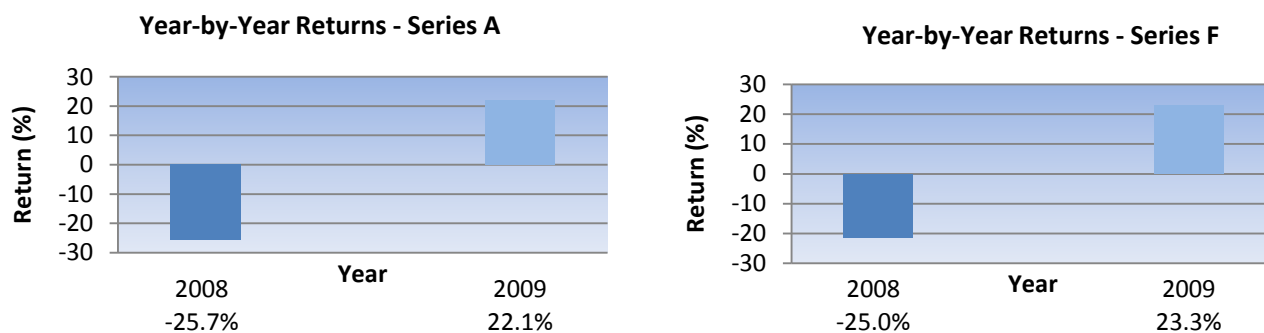
The past performance of the Fund is set out in the Year-by-Year Returns charts. Performance returns:

- are calculated as of December 31, 2008 and December 31, 2009.
- 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 year ended December 31, 2008 and 2009. 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 how the performance varied during the respective periods.



### Annual Compound Returns (%)

Benchmark Indices:

**Brigata Canadian Equity Benchmark:** This blended benchmark is weighted 80% S&P/TSX Composite Index, 10% Morgan Stanley Capital International (MSCI) EAFE index and 10% Dex 91 Day Treasury Bill Index.

**S&P/TSX Composite Index:** This index is based upon a broad-based, market capitalization-weighted index of the largest, most widely held stocks traded on the Toronto Stock Exchange.

**Morgan Stanley Capital International (MSCI) World Index:** This index is a market capitalization-weighted index comprised of equity securities available in developed markets globally. The index is comprised of companies from 23 countries.

**Dex 91 Day Treasury Bill Index:** This index is based upon the average daily yield of 91 day Treasury bills.

The table shows the historical annual compound total return for each series of the Fund as compared to the benchmarks listed below. The returns are for the periods ended December 31, 2009. For a discussion

**Annual Compound Returns (%) (continued)**

on the relative performance of the Fund compared to the index, see the "Results of Operations" section in the Management Discussion of Fund Performance on page 3.

	<b>1 Year</b>	<b>Since Inception</b>
<b>Series A</b>	22.1	(4.8)
<b>Series F</b>	23.3	(3.9)
Brigata Canadian Equity Benchmark <sup>(1)</sup>	29.0	(4.9)
S&P/TSX Composite Total Return Index <sup>(1)</sup>	35.1	(4.9)
Morgan Stanley Capital International (MSCI) World Index <sup>(1)</sup>	10.4	(9.5)
DEX 91 Day Treasury Bill Index <sup>(1)</sup>	0.6	1.8

<sup>(1)</sup> "Since Inception" corresponds to inception date for Series A and F of January 3, 2008

**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 Independent Planning Group Inc. (IPG) for units of the Fund bought and held by investors.

For the year ended December 31, 2009, approximately 48% (2008 - 47%) of the total management fee revenues received from Brigata Funds were used to fund trailer fees to IPG. In comparison, such trailer fee payments for the Fund represented 45% (2008 - 44%) of the management fees paid.

**Future Changes in Accounting Standards**

At December 31, 2009 the Manager has developed a changeover 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.

**II. SUMMARY OF INVESTMENT PORTFOLIO as at December 31, 2009**

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	9.99%
	2	IShares MSCI Emerging Markets Index	3.40%
	3	Cisco Systems Inc. common	2.66%
	4	TMX Group Inc. common	2.65%
	5	Talisman Energy common	2.57%
	6	TransCanada Corp. common	2.53%
	7	Shaw Communications Inc. common	2.51%
	8	Jean Coutu Group Inc. common	2.51%
	9	Power Corp. Canada common	2.41%
	10	Thomson Reuters Inc. common	2.39%
	11	Tim Hortons Inc. common	2.37%
	12	Canadian Oil Sands Trust units	2.34%
	13	Nexen Inc. common	2.30%
	14	Suncor Energy Inc. common	2.28%
	15	Viterra Inc. common	2.27%
	16	Telus Corp. common	2.25%
	17	Empire Company Ltd., Class A	2.24%
	18	Toronto-Dominion Bank common	2.23%
	19	Novartis ADR	2.23%
	20	Shoppers Drug Mart Corp. common	2.21%
	21	Canadian Tire Corp. Ltd. common	2.20%
	22	Agrium Inc. common	2.16%
	23	SNC-Lavalin Group Inc. common	2.16%
	24	Rona Inc. common	2.15%
	25	Reitmans Canada Ltd. Class A	2.14%
		<b>Aggregate % of top holdings</b>	<b>67.15%</b>
<b>ASSET ALLOCATION</b>		Canadian Equity	72.12%
		U.S. Equity	11.50%
		Cash and Cash Equivalents	9.99%
		Foreign Equity	6.39%
		<b>Total asset allocation</b>	<b>100.00%</b>
<b>SECTOR ALLOCATION</b>		Energy	15.94%
		Consumer Discretionary	15.84%
		Financial	14.16%
		Consumer Staples	11.24%
		Cash and Cash Equivalents	9.99%
		Materials Sector	9.51%
		Information Technology	7.79%
		Industrial	5.07%
		Telecommunications	4.35%
		Health Care	4.31%
		Utilities	1.80%
		<b>Total sector allocation</b>	<b>100.00%</b>
<b>GEOGRAPHIC ALLOCATION</b>		Canada	79.88%
		United States	13.73%
		Australia	2.06%
		Switzerland	2.23%
		U.K.	2.10%
			<b>Total geographic allocation</b>

# **Brigata Canadian Equity Fund**

**Annual Financial Statements**

**December 31, 2009**

**March 2, 2010**

**To the Unitholders of Brigata Canadian Equity Fund**

We have audited the statement of investments of the Brigata Canadian Equity Fund as at December 31, 2009, the statements of net assets as at December 31, 2009 and 2008 and the statements of operations and changes in net assets for the periods then ended. These financial statements are the responsibility of the Fund's manager. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Brigata Canadian Equity Fund as at December 31, 2009 and 2008 and the results of its operations and the changes in its net assets for the periods then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

**Chartered Accountants, Licensed Public Accountants**  
**Ottawa, Ontario**

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## Brigata Canadian Equity Fund

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### Statements of Net Assets

As at December 31, 2009 and December 31, 2008

	2009	2008
<b>Assets</b>		
Investments at fair value (Cost: \$9,367,731; 2008 - \$5,326,183)	\$ 10,339,426	\$ 4,537,053
Cash	1,136,677	772,886
Accrued dividends receivable	19,681	7,907
Due from manager	68,110	75,728
Subscriptions receivable	-	20,230
<b>Total Assets</b>	<b>11,563,894</b>	<b>5,413,804</b>
<b>Liabilities</b>		
Management fees payable (note 7)	19,024	8,676
Payable for investment transactions	-	218,035
Accounts payable and accrued liabilities	55,406	44,189
<b>Total Liabilities</b>	<b>74,430</b>	<b>270,900</b>
<b>Net Assets representing unitholders' equity</b>	<b>\$ 11,489,464</b>	<b>\$ 5,142,904</b>
<b>Net Assets representing unitholders' equity per series</b>		
Series A	\$ 11,069,178	\$ 4,909,721
Series F	\$ 420,286	\$ 233,183
<b>Units Outstanding (note 5)</b>		
Series A	1,223,103	662,755
Series F	45,556	31,183
<b>Net Assets per unit</b>		
Series A	\$ 9.05	\$ 7.41
Series F	\$ 9.23	\$ 7.48

(See accompanying notes to financial statements)

## Brigata Canadian Equity Fund

### Statements of Operations

For the year ended December 31, 2009 and for the period from January 3, 2008 to December 31, 2008

	2009	2008
<b>Investment income</b>		
Dividend income (net of withholding tax: \$2,314; 2008 - \$1,009)	\$ 178,194	\$ 56,622
Interest income	16,254	19,805
Foreign exchange gain (loss)	(29,543)	(9,824)
Other income	295	185
	<b>165,200</b>	<b>66,788</b>
<b>Expenses</b>		
Management fees (note 7)	163,635	73,966
Financial reporting expense	4,025	3,490
Interest expense	16	18
Legal fees	5,001	4,987
Audit fees	22,826	19,317
Custody fees	13,002	4,646
Securityholder reporting costs	78,798	68,679
Trustee fees	15,017	9,461
IRC fees	22,806	24,027
Operating expenses	43,420	17,689
Transaction fees	4,829	9,146
Valuation fees	48,365	40,561
Other expenses	9,532	4,765
Total expenses	431,272	280,752
Less:		
Expenses absorbed by manager (note 7)	(224,115)	(189,080)
	<b>207,157</b>	<b>91,672</b>
<b>Net investment (loss)</b>	<b>(41,957)</b>	<b>(24,884)</b>
<b>Realized and unrealized gain (loss) on investments and transaction costs</b>		
Net realized gain (loss) on sale of investments	24,300	(851,786)
Transaction costs	(19,078)	(17,195)
Change in unrealized appreciation (depreciation) on investments	1,760,825	(789,130)
<b>Net gain (loss) on investments</b>	<b>1,766,047</b>	<b>(1,658,111)</b>
<b>Increase (decrease) in Net Assets from operations</b>	<b>\$ 1,724,090</b>	<b>\$ (1,682,995)</b>
<b>Increase (decrease) in Net Assets from operations per series</b>		
Series A	\$ 1,653,266	\$ (1,583,471)
Series F	\$ 70,824	\$ (99,524)
<b>Increase (decrease) in Net Assets from operations per unit</b>		
Series A	\$ 1.72	\$ (4.00)
Series F	\$ 1.78	\$ (3.41)

(See accompanying notes to financial statements)

## Brigata Canadian Equity Fund

### Statements of Changes in Net Assets

For the year ended December 31, 2009 and for the period from  
January 3, 2008 to December 31, 2008

	Series A	Series F	Total	Series A	Series F	Total
	2009			2008		
<b>Increase (decrease) in Net Assets from operations</b>	<b>\$ 1,653,266</b>	<b>\$ 70,824</b>	<b>\$ 1,724,090</b>	<b>\$ (1,583,471)</b>	<b>\$ (99,524)</b>	<b>\$ (1,682,995)</b>
<b>Capital unit transactions</b>						
Proceeds from units issued	4,789,515	126,911	4,916,426	6,772,421	417,010	7,189,431
Amounts paid for units redeemed	(283,324)	(10,632)	(293,956)	(279,229)	(84,303)	(363,532)
	<b>4,506,191</b>	<b>116,279</b>	<b>4,622,470</b>	<b>6,493,192</b>	<b>332,707</b>	<b>6,825,899</b>
<b>Increase (decrease) in Net Assets for the year</b>	<b>6,159,457</b>	<b>187,103</b>	<b>6,346,560</b>	<b>4,909,721</b>	<b>233,183</b>	<b>5,142,904</b>
<b>Net Assets, beginning of the year</b>	<b>4,909,721</b>	<b>233,183</b>	<b>5,142,904</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets, end of the year (note 4)</b>	<b>\$ 11,069,178</b>	<b>\$ 420,286</b>	<b>\$ 11,489,464</b>	<b>\$ 4,909,721</b>	<b>\$ 233,183</b>	<b>\$ 5,142,904</b>

(See accompanying notes to financial statements)

## Brigata Canadian Equity Fund

### Statement of Investments

As at December 31, 2009

No. of Shares or Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
<b>EQUITIES</b>				
<b>Energy</b>				
3,000	Canadian Natural Resources Ltd.	158,085	227,010	
9,000	Canadian Oil Sands Trust	247,405	268,110	
3,700	Cenovus Energy Inc.	111,567	97,939	
3,700	EnCana Corp.	118,468	125,985	
10,500	Nexen Inc.	201,724	263,970	
7,052	Suncor Energy Inc.	245,619	261,700	
15,000	Talisman Energy Inc.	280,719	293,250	
8,050	TransCanada Corp.	289,478	291,008	
	<b>Total Energy</b>	<b>1,653,065</b>	<b>1,828,972</b>	<b>15.91</b>
<b>Materials</b>				
3,800	Agrium Inc.	170,124	245,898	
2,950	BHP Billiton Ltd., ADR	190,084	236,741	
5,300	Goldcorp Inc.	200,445	218,943	
5,000	Owens-Illinois Inc.	158,660	172,296	
15,000	Quadra Mining Ltd.	217,828	217,500	
	<b>Total Materials</b>	<b>937,141</b>	<b>1,091,378</b>	<b>9.50</b>
<b>Industrials</b>				
12,125	CAE Inc.	121,957	105,730	
4,000	Canadian National Railway Co.	193,069	228,600	
4,600	SNC-Lavalin Group Inc.	207,236	248,032	
	<b>Total Industrials</b>	<b>522,262</b>	<b>582,362</b>	<b>5.07</b>
<b>Consumer Discretionary</b>				
4,400	Canadian Tire Corp. Ltd.	238,372	252,340	
6,850	Cogeco Cable Inc.	226,094	239,202	
14,700	Reitmans Canada Ltd. Class A	204,917	244,902	
16,000	RONA Inc.	202,184	246,880	
13,350	Shaw Communications Inc.	273,564	288,360	
8,100	Thomson Reuters Corp.	255,134	274,590	
8,500	Tim Hortons Inc.	261,375	272,595	
	<b>Total Consumer Discretionary</b>	<b>1,661,640</b>	<b>1,818,869</b>	<b>15.83</b>
<b>Consumer Staples</b>				
5,400	Empire Co., Ltd., Class A	231,569	254,718	
12,200	North West Co Fund	204,161	231,678	
5,600	Shoppers Drug Mart Corp.	244,876	254,184	
29,750	The Jean Coutu Group PJC Inc.	268,044	288,278	
26,500	Viterra Inc.	273,302	261,290	
	<b>Total Consumer Staples</b>	<b>1,221,952</b>	<b>1,290,148</b>	<b>11.23</b>
<b>Health Care</b>				
3,550	Johnson & Johnson	236,610	239,413	
4,500	Novartis AG, ADR	239,164	256,542	
	<b>Total Health Care</b>	<b>475,774</b>	<b>495,955</b>	<b>4.32</b>

(See accompanying notes to financial statements)

## Brigata Canadian Equity Fund

### Statement of Investments

As at December 31, 2009

No. of Shares or Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
	<b>Financials</b>			
9,000	iShares MSCI Emerging Markets Index Fund	312,017	391,464	
9,000	Manulife Financial Corp.	249,766	173,700	
9,500	Power Corp. of Canada	260,429	276,640	
4,000	Royal Bank of Canada	144,548	225,440	
9,200	TMX Group Inc.	302,529	304,612	
3,900	Toronto-Dominion Bank	214,384	257,166	
	<b>Total Financials</b>	<b>1,483,673</b>	<b>1,629,022</b>	<b>14.18</b>
	<b>Information Technology</b>			
14,500	CGI Group Inc.	150,700	205,900	
12,200	Cisco Systems Inc.	305,717	306,189	
6,700	Microsoft Corp.	177,011	214,090	
2,400	Research In Motion Ltd.	170,325	170,304	
	<b>Total Information Technology</b>	<b>803,753</b>	<b>896,483</b>	<b>7.80</b>
	<b>Telecommunication Services</b>			
7,600	TELUS Corp.	235,741	258,704	
10,000	Vodafone Group PLC, ADR	225,951	241,959	
	<b>Total Telecommunication Services</b>	<b>461,692</b>	<b>500,663</b>	<b>4.36</b>
	<b>Utilities</b>			
8,200	Emera Inc.	158,955	205,574	
	<b>Total Utilities</b>	<b>158,955</b>	<b>205,574</b>	<b>1.79</b>
	<b>Total Investments</b>	<b>9,379,907</b>	<b>10,339,426</b>	<b>89.99</b>
	<b>Less: Transaction Costs (note 2)</b>	<b>(12,176)</b>		
	<b>Total Investments</b>	<b>9,367,731</b>	<b>10,339,426</b>	<b>89.99</b>
	<b>Other net assets</b>	<b>1,150,038</b>	<b>1,150,038</b>	<b>10.01</b>
	<b>Total Net Assets</b>	<b>10,517,769</b>	<b>11,489,464</b>	<b>100.00</b>

(See accompanying notes to financial statements)

## BRIGATA CANADIAN EQUITY FUND

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### Notes to the Financial Statements

December 31, 2009

#### 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 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.

##### Adoption of new accounting standards

Effective on January 1, 2009, the Fund adopted the recent amendments to CICA 3862, *Financial Instruments – Disclosures*. The amendments establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are 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 are observable for the asset or liability either directly or indirectly, including inputs from 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.          |

##### Changes in accounting policies

Effective January 20, 2009, the Fund adopted the Emerging Issues Committee abstract, "EIC-173 – Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" ("EIC 173"). The abstract provides further guidance on Section 3855, *Financial Instruments – Recognition and Measurement* and concludes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. Adoption of EIC-173 did not have a material effect on the Funds' financial position or earnings.

## **BRIGATA CANADIAN EQUITY FUND**

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

*December 31, 2009*

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

### **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 year end is determined as follows:

- (i) Securities listed upon a recognized public stock exchange are valued at their last bid price on the valuation date. Securities with no available bid prices are valued at the closing sale price.
- (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.

### **Transaction costs**

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission 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 cash equivalents and is deemed to be held for trading and 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 year 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

## BRIGATA CANADIAN EQUITY FUND

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### Notes to the Financial Statements

December 31, 2009

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

### Unit valuation (continued)

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 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, of the respective series.

## 3. Fair value disclosures

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the amendments to *CICA Handbook Section 3862, "Financial Instruments – Disclosures"* ("Section 3862"). See Note 2 for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2009.

	<b>Financial Assets at fair value as at December 31, 2009</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$ 1,136,677	\$ -	\$ -	\$ 1,136,677
Equities	10,339,426	-	-	10,339,426
	<b>\$ 11,476,103</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,476,103</b>

As of December 31, 2009 there were no transfers of investments 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"). Section 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 defining NAV. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques, rather than the use of valuation techniques by virtue of general practice in investment funds industry. The following is the reconciliation between Net Assets and Net Asset Value.

## BRIGATA CANADIAN EQUITY FUND

### Notes to the Financial Statements

December 31, 2009

#### 4. Reconciliation of Net Asset Value (continued)

	Net Asset Value \$	Adjustment \$	Net Assets \$	Net Asset Value Per Unit \$	Adjustment \$	Net Assets Per Unit \$
<b>As at December 31, 2009</b>						
Series A	11,091,816	(22,638)	11,069,178	9.07	(0.02)	9.05
Series F	421,146	(860)	420,286	9.24	(0.01)	9.23
<b>As at December 31, 2008</b>						
Series A	4,922,033	(12,312)	4,909,721	7.43	(0.02)	7.41
Series F	233,768	(585)	233,183	7.50	(0.02)	7.48

#### 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 in its sole discretion. Unit transactions of the Fund for the year ended December 31, 2009 and for the period from January 3, 2008 to December 31, 2008 were as follows:

	2009		2008	
	Series A	Series F	Series A	Series F
<b>Units - Beginning of year</b>	<b>662,754</b>	<b>31,183</b>	-	-
Unit issued	595,362	15,647	697,620	43,184
Units redeemed	(35,013)	(1,274)	(34,865)	(12,001)
<b>Units - End of year</b>	<b>1,223,103</b>	<b>45,556</b>	662,755	31,183

#### 6. Brokerage Commissions on Securities Transactions

The total fees paid to brokers in connection with investment portfolio transactions for the year ended December 31, 2009 were \$19,078 (2008 - \$17,195). There were \$3,280 (2008 - \$3,400) 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.

## **BRIGATA CANADIAN EQUITY FUND**

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

*December 31, 2009*

#### **7. Management Fees and Expenses (continued)**

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 year ended December 31, 2009, management fees incurred by the Brigata Canadian Equity Fund Series A and Series F were \$160,198 (2008 - \$71,136) and \$3,437 (2008 - \$2,830) 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, IRC 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 will be capped such that the management expense ratio "MER" for the Fund will not exceed 2.40% per annum in respect of the Series A and 1.45% per annum in respect of Series F. These caps are exclusive of GST and the Manager may amend or remove these caps at its discretion.

#### **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, 2009, the Fund's latest taxation year, the Fund had \$875,000 (2008 - \$875,000) in capital losses carried forward and \$117,000 (2008 - \$6,000) in non-capital losses carried forward. \$6,000 in non-capital losses expire in 2028 and \$111,000 expire in 2029.

#### **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, market activities 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. Market risk comprises various types of risks: interest rate risk, equity market fluctuation risk and foreign currency risk. 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 moderates this risk through a

## BRIGATA CANADIAN EQUITY FUND

### Notes to the Financial Statements

December 31, 2009

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

### Market risk (continued)

Careful selection of securities within specified limits and the Fund's market price risk is managed through 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

If the market indexes had increased (decreased) by 5% at December 31, 2009, with all other variables held constant, this could have approximately increased (decreased) net assets by \$517,000 (2008 – \$227,000). 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.

Exposures to foreign currencies as at December 31, 2009 and 2008 are presented in the table below:

<b>As at December 31, 2009</b>	Cash and other Foreign Holdings	Investments at Fair Value	Total Foreign Holdings	Percentage of Net Assets
Currency	Cdn \$	Cdn \$	Cdn \$	(%)
US Dollar	251,975	1,816,736	2,068,711	18.0
British Pound	0	241,959	241,959	2.1

<b>As at December 31, 2008</b>	Cash and other Foreign Holdings	Investments at Fair Value	Total Foreign Holdings	Percentage of Net Assets
Currency	Cdn \$	Cdn \$	Cdn \$	(%)
US Dollar	179,049	690,954	870,003	16.9
British Pound	0	57,347	57,347	1.1

As at December 31, 2009, 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 \$12,000 (2008 - \$3,000) and \$104,000 (2008 - \$44,000) respectively. In practice, actual results may differ from the sensitivity analysis and the difference may be material in relation to the NAV of the Fund.

#### (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

## **BRIGATA CANADIAN EQUITY FUND**

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

*December 31, 2009*

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

### **(iii) Interest rate risk (continued)**

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.

### **Credit risk**

Credit risk is the risk that counterparty to a financial contract will fail to discharge its obligation in accordance with agreed-upon terms. As at December 31, 2009, the Fund does not hold any short-term investments or interest-bearing securities. 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 Transactional 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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**Manager and Trustee****Brigata Capital Management Inc.**

35 Antares Drive  
Ottawa, Ontario K2E 8B1  
Tel: 613-288-0572  
Fax: 613-288-0574  
Toll Free: 1-888-BRIGATA (1-888-274-4282)  
email: [info@brigatafunds.com](mailto:info@brigatafunds.com)  
website: [www.brigatafunds.com](http://www.brigatafunds.com)

**Portfolio Manager****C.F.G. Heward  
Investment Management Ltd.**

2155 rue de la Montagne  
Montreal, Quebec H3G 1Z8

**Independent Review Committee**

Andrew Billingsley, MBA  
Ottawa, Ontario  
Lisa Johnson, LL.B  
Ottawa, Ontario  
John Lisowski, CA  
Ottawa, Ontario

**Auditors****PricewaterhouseCoopers LLP**

99 Bank Street, Suite 700  
Ottawa, Ontario K1P 1K6

**Legal Counsel****Borden Ladner Gervais LLP**

100 Queen Street, Suite 1100  
Ottawa, Ontario K1P 1J9

**Custodian, Registrar and Transfer Agent****RBC Dexia Investor Services Trust**

155 Wellington Street West, Street Level  
Toronto, Ontario M5V 3L3

**Principal Distributor****Independent Planning Group Inc.**

35 Antares Drive  
Ottawa, Ontario K2E 8B1



Brigata Capital Management Inc.  
35 Antares Drive, Ottawa, Ontario, K2E 8B1  
Tel: 613-288-0572 Fax: 613-288-0574  
Toll Free: 1-888-BRIGATA (1-888-274-4282)  
[www.brigatafunds.com](http://www.brigatafunds.com)  
[info@brigatafunds.com](mailto:info@brigatafunds.com)