



Brigata Canadian Equity Fund Series A and Series F

Management Report of Fund Performance
and Financial Statements
for the period ended December 31, 2008

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 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, 2008, 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 each 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.

MANAGEMENT REPORT OF FUND PERFORMANCE

This annual 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 period ended December 31, 2008. All figures in the MRFP are in Canadian dollars unless otherwise indicated.

I. MANAGEMENT DISCUSSION OF FUND PERFORMANCE

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 period ended December 31, 2008 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 moderate level of risk and who intend to hold the fund for five to ten years.

Results of Operations

Having gone through a financial crises which today registers second only to the Great Depression, and which permeated so pervasively through the entire world economy, 2008 may be remembered as the year of the failed or bailed out financial institution. Canada has been less impacted due to relatively healthy banking practices, but a weak U.S. economy, coupled with declining commodity prices, will continue to create some difficulty.

For the period ending December 31, 2008, the S&P/TSX total return index was down 35.5%, while during the same time frame, the UK index (-31.3%), the MSCI Eurofirst (-45.1%), the S&P 500 (-38.5%) and MSCI World Equity (-42.1%) all reported large declines. During the same period the Series A units of the Brigata Canadian Equity Fund fell 25.7%. The Fund outperformed the benchmark due to its substantial underweight positions in energy stocks and in financial services and its overweight position in the more stable consumer staples sector. It is the policy of the Fund not to have more than 20% invested in any one sector while the TSX energy sector represents almost 27.4% of the TSX composite index (Fund 16.7%) and financials 29.2% of the index (Fund 7.4%).

Positively impacting on the Fund's performance was the consumer staples sector which comprised 3.4% of the index, while the Fund's weighting was 10.7%. The Fund also maintained a large cash position, higher than the benchmark weight of 5%, in order to reduce the impact of the excessive volatility in the markets. Negatively impacting the Fund's performance was its relatively larger materials (15.1%) and industrial (10.9%) positions, as well as some of the Fund's individual stocks substantially underperformed their respective sub-groups. Foreign holdings outperformed the Fund's primary benchmark (the S&P/TSX index) and they performed better than their foreign benchmarks. Within the Fund, the global exposure complements its Canadian holdings.

In light of economic uncertainty and relative market volatility, we continue to maintain a substantial cash position in the Fund. The Fund's portfolio has emphasized domestic holdings primarily in the materials, consumer discretionary and industrial sectors. Going forward the portfolio manager will maintain a defensive posture, concentrating on companies with quality balance sheets, good management, visible earnings and that distribute dividends so investors are paid to wait. They continue to avoid risky assets and credit, as preserving capital in these markets will be paramount.

Related Party Transactions

Brigata Capital Management Inc. (BCMI) is the Manager of the Fund pursuant to a management agreement. BCMI ensures 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 commissions from the Fund. As at December 31, 2008, IPG owned 79.8% 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 period ended December 31, 2008 the Manager absorbed \$189,080 of the Fund's operation expenses, of which \$75,728 is shown as a receivable from the Manager as at December 31, 2008. 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 (\$) ⁽¹⁾

Series A* - as at December 31	2008*
Net assets, beginning of the period ⁽²⁾	10.00
Increase (decrease) from operations:	
Total revenue	0.16
Total expenses	(0.26)
Realized gains (losses) for the year	(2.05)
Unrealized gains (losses) for the year	(1.85)
Total increase (decrease) from operations ⁽²⁾	(4.00)
Distributions:	
From income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
Total annual distributions	-
Net assets, end of the period ⁽³⁾	7.41

Series F

The Fund's Net Assets Per Unit (\$) ⁽¹⁾

Series F* - as at December 31	2008*
Net assets, beginning of the period ⁽²⁾	10.00
Total revenue	0.16
Total expenses	(0.18)
Realized gains (losses) for the year	(1.41)
Unrealized gains (losses) for the year	(1.98)
Total increase (decrease) from operations ⁽²⁾	(3.41)
Distributions:	
From income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
Total annual distributions	-
Net assets, end of the period ⁽³⁾	7.48

(1) This information is derived from the Fund's audited annual 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. This difference is due to the revaluation of the investment portfolio using bid pricing in determining the net assets of the Fund.

(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) Net assets 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 in the above table 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.

Ratios and Supplemental Data

Series A*	2008
Total net asset value ⁽¹⁾	\$4,922,033
Number of units outstanding ⁽¹⁾	662,755
Management expense ratio ⁽²⁾	2.52%
Management expense ratio before waivers or absorption	7.48%
Trading expense ratio ⁽³⁾	0.46
Portfolio turnover rate ⁽⁴⁾	58.3%
Net asset value per unit ⁽¹⁾	\$7.43

Series F*	2008
Total net asset value ⁽¹⁾	\$233,768
Number of units outstanding ⁽¹⁾	31,183
Management expense ratio ⁽²⁾	1.52%
Management expense ratio before waivers or absorption	7.73%
Trading expense ratio ⁽³⁾	0.46
Portfolio turnover rate ⁽⁴⁾	58.3%
Net asset value per unit ⁽¹⁾	\$7.50

(1) The information is provided as at December 31.

(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.

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 period, approximately 46% 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 47% of the management fees paid.

II. SUMMARY OF INVESTMENT PORTFOLIO as at December 31, 2008

The *Summary of Investment Portfolio* may change due to ongoing portfolio transactions. Updates are available at 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 or 1-888-BRIGATA (1-888-274-4282).

	<u>% of Net Assets</u>
TOP 25 HOLDINGS	
1 Cash and Cash Equivalents	11.75%
2 Agrium Inc. common	4.02%
3 Canadian Natural Resources Inc. common	3.78%
4 Shaw Communications Inc. common	3.71%
5 Jean Coutu Group Inc. common	3.58%
6 CGI Group Inc. common	3.54%
7 TransCanada Corp. common	3.51%
8 SNC-Lavalin Group Inc. common	3.46%
9 Rogers Communications Inc. common	3.37%
10 Goldcorp Inc. common	3.35%
11 Cogeco Cable Inc. common	3.31%
12 Owens-Illinois Inc. common	3.27%
13 Johnson & Johnson Inc. common	3.22%
14 Encana Corp. common	3.19%
15 Vterra Inc. common	3.13%
16 Reitmans Canada Ltd. Class A	2.86%
17 Canadian National Railway Co. common	2.86%
18 Power Corp. of Canada common	2.84%
19 Empire Co. Ltd. Class A	2.82%
20 North West Co. Fund units	2.67%
21 CAE Inc. common	2.63%
22 BHP Billiton Ltd. ADR	2.62%
23 Suncor Energy Inc. common	2.48%
24 Microsoft Corp. common	2.42%
25 Manulife Financial Corp. common	2.42%
Aggregate % of top holdings	86.81%
ASSET ALLOCATION	
Canadian Equity	73.73%
Cash and Equivalents	11.75%
US Equity	10.79%
Foreign Equity	3.73%
Total asset allocation	100.00%
SECTOR ALLOCATION	
Energy	16.65%
Materials Sector	15.14%
Consumer Discretionary	14.98%
Cash and Cash Equivalents	11.75%
Industrial	10.87%
Consumer Staples	10.67%
Financial	7.40%
Information Technology	5.96%
Telecommunications	3.37%
Health Care	3.21%
Total sector allocation	100.00%
GEOGRAPHIC ALLOCATION	
Canada	82.00%
United States	14.26%
UK	1.12%
Other	2.62%
Total geographic allocation	100.00%

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Brigata Canadian Equity Fund

Annual Financial Statements

December 31, 2008

March 4, 2009

Auditors' Report

To the Unitholders of Brigata Canadian Equity Fund

We have audited the statements of investments and net assets of the Brigata Canadian Equity Fund as at December 31, 2008 and the statements of operations and changes in net assets for the period from January 3 to December 31, 2008. 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, 2008 and the results of operations and changes in net assets for the period then ended, as applicable, in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

Brigata Canadian Equity Fund

Statement of Net Assets

As at December 31, 2008

	2008
Assets	
Investments at fair value	\$ 4,537,053
(Cost \$5,326,183)	
Cash	772,886
Accrued dividends receivable	7,907
Due from Manager	75,728
Subscriptions receivable	20,230
Total Assets	<u>5,413,804</u>
Liabilities	
Management fees payable (note 6)	8,676
Due to broker	218,035
Accounts payable and accrued liabilities	44,189
Total Liabilities	<u>270,900</u>
Net Assets representing unitholders' equity	<u>\$ 5,142,904</u>
Net Assets representing unitholders' equity per series	
Series A	\$ 4,909,721
Series F	\$ 233,183
Units Outstanding (note 4)	
Series A	662,755
Series F	31,183
Net Assets per unit	
Series A	\$ 7.41
Series F	\$ 7.48

(See accompanying notes to financial statements.)

Brigata Canadian Equity Fund

Statement of Operations

For the period from January 3 to December 31

	2008
Investment income	
Dividend income (net of withholding tax \$1,009)	\$ 56,622
Interest income	19,805
Foreign exchange loss	(9,824)
Other income	185
	<u>66,788</u>
Expenses	
Management fees (note 6)	73,966
Financial reporting expense	3,490
Interest expense	18
Legal fees	4,987
Audit fees	19,317
Custody fees	4,646
Securityholder reporting costs	68,679
Trustee fees	9,461
IRC fees	24,027
Operating expenses	17,689
Transaction fees	9,146
Valuation fees	40,561
Other expenses	4,765
Total expenses	<u>280,752</u>
Less:	
Expenses absorbed by manager	<u>(189,080)</u>
	<u>91,672</u>
Net investment loss	<u>(24,884)</u>
Realized and unrealized gain (loss) on investments and transaction costs	
Net realized loss on sale of investments	(851,786)
Transaction costs	(17,195)
Change in unrealized depreciation on investments and foreign currency	<u>(789,130)</u>
Net loss on investments	<u>(1,658,111)</u>
Decrease in Net Assets from operations	<u>\$ (1,682,995)</u>
Decrease in Net Assets from operations per series	
Series A	\$ (1,583,471)
Series F	\$ (99,524)
Decrease in Net Assets from operations per unit	
Series A	\$ (4.00)
Series F	\$ (3.41)

(See accompanying notes to financial statements.)

Brigata Canadian Equity Fund

Statement of Changes in Net Assets

For the period from January 3 to December 31

	<u>Series A</u>	<u>Series F</u>	<u>Total</u>
	<u>2008</u>	<u>2008</u>	<u>2008</u>
Decrease in Net Assets from operations	\$ (1,583,471)	\$ (99,524)	\$ (1,682,995)
Capital unit transactions			
Proceeds from units issued	6,772,421	417,010	7,189,431
Amounts paid for units redeemed	<u>(279,229)</u>	<u>(84,303)</u>	<u>(363,532)</u>
	<u>6,493,192</u>	<u>332,707</u>	<u>6,825,899</u>
Increase in Net Assets for the period	4,909,721	233,183	5,142,904
Net Assets, beginning of the period	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, end of the period (note 3)	<u>\$ 4,909,721</u>	<u>\$ 233,183</u>	<u>\$ 5,142,904</u>

(See accompanying notes to financial statements.)

Brigata Canadian Equity Fund

Statement of Investments

As at December 31, 2008

No. of Shares or Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
EQUITIES				
Energy				
4,000	Canadian Natural Resources Ltd.	180,549	195,000	
2,900	EnCana Corp.	189,070	164,575	
4,025	Petro-Canada	170,309	107,105	
8,250	Peyto Energy Trust	152,926	81,015	
5,400	Suncor Energy Inc.	203,518	128,088	
5,450	TransCanada Corp.	204,900	180,285	
	Total Energy	1,101,272	856,068	16.64
Materials				
5,000	Agrium Inc.	204,956	207,350	
2,550	BHP Billiton Ltd., ADR	155,099	135,049	
3,200	Freeport-McMoRan Copper & Gold Inc., Class B	214,649	96,430	
4,500	Goldcorp Inc.	160,022	172,620	
5,000	Owens-Illinois Inc.	134,449	168,634	
	Total Materials	869,175	780,083	15.17
Industrials				
22,000	Bombardier Inc.	150,442	97,240	
16,800	CAE Inc.	184,718	135,408	
3,300	Canadian National Railway Co.	159,308	147,642	
4,500	SNC-Lavalin Group Inc.	200,213	178,560	
	Total Industrials	694,681	558,850	10.87
Consumer Discretionary				
2,850	Canadian Tire Corp Ltd.	165,176	123,833	
4,950	Cogeco Cable Inc.	179,474	170,577	
8,200	North West Co. Fund	140,040	137,842	
12,700	Reitmans Canada Ltd., Class A	176,937	147,701	
8,850	Shaw Communications Inc.	183,024	191,072	
	Total Consumer Discretionary	844,651	771,025	14.99
Consumer Staples				
3,000	Empire Co. Ltd., Class A	119,790	145,500	
22,250	Jean Coutu Group PJC Inc.	197,235	182,228	
9,000	Tesco PLC	75,054	57,347	
17,000	Viterra Inc.	199,223	161,160	
	Total Consumer Staples	591,302	546,235	10.62
Health Care				
2,250	Johnson & Johnson	151,681	166,047	3.23
Financials				
6,000	Manulife Financial Corp.	194,147	124,560	
6,600	Power Corp. of Canada	195,671	146,586	
2,500	Toronto-Dominion Bank	157,145	108,550	
	Total Financials	546,963	379,696	7.38

(See accompanying notes to financial statements.)

Brigata Canadian Equity Fund

Statement of Investments

As at December 31, 2008

No. of Shares or Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
	Information Technology			
19,000	CGI Group Inc.	199,710	180,500	
5,200	Microsoft Corp.	145,706	124,794	
	Total Information Technology	345,416	305,294	5.94
	Telecommunication Services			
4,750	Rogers Communications Inc., Class B	188,416	173,755	3.38
	Total Investments	5,333,557	4,537,053	88.22
	Less: Transaction Costs (note 2)	(7,374)	-	-
	Total Investments	5,326,183	4,537,053	88.22
	Other net assets	605,851	605,851	11.78
	Total net assets	5,932,034	5,142,904	100.00

(See accompanying notes to financial statements.)

BRIGATA CANADIAN EQUITY FUND

Notes to the Financial Statements

December 31, 2008

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.

Independent Review Committee

On December 13, 2007, the Independent Review Committee ("IRC") for the Fund was established pursuant to National Instrument 81-107 ("NI 81-107") *Independent Review Committee for Investment Funds*. The IRC provides independent oversight regarding actual and perceived conflicts of interest involving the Fund and performs all other functions required of an independent review committee under NI 81-107.

2. Summary of Significant Accounting Policies

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

Recent accounting pronouncements issued

On April 1, 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3855, "Financial Instruments – Recognition and Measurement" of the CICA Handbook – Accounting, which establishes standards for the fair valuation of investments as well as the accounting treatment of transaction costs. Section 3855 applies to fiscal years beginning on or after October 1, 2006.

National Instrument 81-106 ("NI 81-106"), *Investment Fund Continuous Disclosure*, previously required the daily Net Asset Value of an investment fund to be calculated in accordance with GAAP. The Canadian Securities Administration ("CSA") have issued amendments to NI 81-106 to replace the previous requirements to calculate the daily Net Asset Value for the purposes of processing unitholder transactions ("Net Asset Value") in accordance with GAAP and allow investment funds to value their investments using fair measures as defined in NI 81-106.

The interim relief granted by the CSA to investment funds from complying with Section 3855 remained in place until amendments to NI 81-106 became effective on September 8, 2008.

In accordance with the decision made by the Canadian securities regulatory authorities, a reconciliation between the net asset value and the net assets calculated in accordance with Section 3855 (the "GAAP NAV") of an investment fund is required in the notes to the financial statements. Refer to Note 3 for such reconciliation for the period ended December 31, 2008.

CICA Handbook Section 3862 and 3863

Sections 3862 and 3863 replace Handbook Section 3861 Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The new standards apply to interim

BRIGATA CANADIAN EQUITY FUND

Notes to the Financial Statements

December 31, 2008

2. Summary of Significant Accounting Policies (continued)

and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 3, 2008 for the Fund.

These new standards impact the Fund's disclosures but do not affect the Fund's results or financial position. Refer to Note 8 for the detail of the risk disclosure.

Valuation of investments

The market value of investments as at the financial reporting period end 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.

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 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.

BRIGATA CANADIAN EQUITY FUND

Notes to the Financial Statements

December 31, 2008

2. Summary of Significant Accounting Policies (continued)

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.

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 during the period, of the respective series.

3. Reconciliation of Net Asset Value

As outlined in Note 2, there is a difference between the Net Assets reported in the Statement of Net Assets (the GAAP NAV) and the Net Asset Value. Following is the reconciliation between Net Assets and Net Asset Value.

	Net Asset Value	Section 3855	Net Assets	Net Asset Value Per Unit	Section 3855	Net Assets Per Unit
	\$	\$	\$	\$	\$	\$
As at December 31, 2008						
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

4. 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 period ended December 31, 2008 were as follows:

	2008	
	Series A	Series F
Units - Beginning of period	-	-
Unit issued	697,620	43,184
Units redeemed	(34,865)	(12,001)
Units - End of period	662,755	31,183

BRIGATA CANADIAN EQUITY FUND

Notes to the Financial Statements

December 31, 2008

5. Brokerage Commissions on Securities Transactions

The total fees paid to brokers in connection with investment portfolio transactions for the period ended December 31, 2008 were \$17,195. There were \$3,400 in 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.

6. 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 December 31, 2008, management fees incurred by the Brigata Canadian Equity Fund Series A and Series F were \$71,136 and \$2,830 respectively.

In addition to the management fee, each series of 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 each 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 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.

7. 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 at December 31, 2008 the Fund has \$875,000 in capital losses carried forward and \$6,000 in non-capital losses carried forward.

8. 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

BRIGATA CANADIAN EQUITY FUND

Notes to the Financial Statements

December 31, 2008

8. Risks Arising From Financial Instruments (continued)

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 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:

(i) 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. 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 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.

As at December 31, 2008, the Fund's market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. If the market indexes had increased (decreased) by 5% at December 31, 2008, with all other variables held constant, this could have increased (decreased) net assets by approximately \$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, 2008 are presented in the table below:

Currency	Cash and other Net Assets \$	Investments at Fair Value \$	Total Net Assets \$	Percentage of Net Assets (%)
US Dollar	179,049	690,954	870,003	16.9
British Pound	–	57,347	57,347	1.1

As at December 31, 2008, if the exchange rate between the Canadian Dollar and the foreign currencies (i.e. British Pound and US Dollar) the Fund is exposed to had increased or decreased by 5%, with all other variables held constant, the increase or decrease in net assets respectively in term of British Pounds and US Dollars could amount to approximately \$3,000 and \$44,000. In practice, actual results may differ from the sensitivity analysis and the difference may be material in relation to the NAV of the Fund.

(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.

BRIGATA CANADIAN EQUITY FUND

Notes to the Financial Statements

December 31, 2008

8. Risks Arising From Financial Instruments (continued)

(iv) Credit risk

As at December 31, 2008, the Fund does not hold any short-term investments. Therefore, the Fund does not have significant exposure to credit risk.

(v) Liquidity risk

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.

9. Future changes in accounting standards

At December 31, 2008 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 there will be no impact to net asset value per unit from the changeover to IFRS. The impact of IFRS on accounting policies and implementation decisions will mainly be in the areas of additional note disclosures in the financial statements of the Fund.

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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
website: 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

77 King Street West
Toronto, Ontario M5W 1P9

Principal Distributor

Independent Planning Group Inc.

35 Antares Drive
Ottawa, Ontario K2K 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
info@brigatafunds.com