



Brigata Canadian Balanced Fund Series A and Series F

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

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The Brigata Canadian Balanced 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.

I. MANAGEMENT DISCUSSION 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 Balanced 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.

Investment Objectives and Strategies

The Fund's investment objective is to provide long-term total investment returns with moderate risk through a combination of long-term capital growth and current income.

The Fund invests primarily in common and preferred shares of large- and mid-capitalization Canadian companies, Canadian federal and provincial bonds, Canadian corporate bonds rated A- or better, and high quality money market instruments. Up to 30% of the assets of the Fund may be held in foreign securities.

The Portfolio Manager uses a disciplined investment process which takes the entire investment universe and narrows investment options to only companies with market leadership, quality management and excellent businesses trading at attractive prices from a valuation standpoint.

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 Balanced Fund is suitable for investors who are able to accept a low to moderate level of risk and who intend to hold the Fund for 5 to 10 years.

Results of Operations

For the period ending December 31, 2008, the Brigata Canadian Balanced Fund Series A units declined 21.31%, underperforming the 60% S&P/TSX Composite Index (-33.0%), 35% PC Bond Index (6.41%), 5% DEX 91-Day Treasury Bill Index (3.33%) blended benchmark, which declined 17.39% for the period.

The equity/fixed income ratio of the Fund at December 31, 2008 was 60% equity, 24% fixed income and 16% cash equivalents. The equity portion of the portfolio was 88.9% in Canadian securities and 11.1% in foreign securities (6.6% of the total portfolio). The top equity holdings as of December 31, 2008 were Royal Bank of Canada, Sun Life Financial Inc., TD Bank, TransCanada Corp., Manulife Financial Corp., Suncor Energy, Talisman Energy Inc., Bank of Montreal, Bank of Nova Scotia, and Petro-Canada. Our largest foreign holdings were 3M Company, Diageo Plc SP/ADR New, Glaxosmithkline Plc ADR., Johnson & Johnson, and Nokia Corp. ADR. The fixed income portfolio had a corporate bond weighting of 86.4%, with all securities rated A- or better by DBRS. As the Fund commenced operation in January 2008, all securities were purchased during this period, with only a few securities sold.

Results of Operations (continued)

The Fund's equity sector weightings include an overweight position in Financials, Consumer Discretionary, and Consumer Staples, and an underweight position in Materials. The overweight position in Financials had the largest negative impact on the Fund's performance with the underweight position in Materials also hurting performance - particularly the lack of any gold company holdings. The Fund's overweight position in Consumer Staples had a positive effect on the Fund's performance, particularly by the holdings of foreign multinational companies, additionally aided by the strength of foreign currencies, particularly the U.S. dollar.

Our bond holdings are all rated A- or better. The bonds underperformed as investors fled corporate bonds in favour of Government-backed bonds, regardless of their miniscule yields. The Fund ended the year with approximately 16% of the portfolio in cash. We would expect to be deploying this cash in the near future.

Although market performance for 2008 was extremely disappointing, and the Fund continues to mirror this performance, we feel our investment approach is the right one.

The Fund's investment strategy has been established using a bottom-up fundamental approach "Great Companies at Great Prices" to both fixed income and stock selections in domestic (Canadian) and foreign securities. The Fund has been built to provide a diversified and balanced portfolio to achieve capital preservation, dividend and interest income, and capital growth.

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 its operating expenses, together with all applicable taxes, such as GST. The Fund pays the Manager management fees before GST, calculated daily on the net asset value of the Fund at the 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, 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 expenses ratio (MER) will not exceed 2.4% 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 ending December 31, 2008 the Manager absorbed \$181,161 of the Fund's operating expenses, of which \$71,449 are 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	(0.30)
Total expenses	(0.23)
Realized gains (losses) for the year	(0.64)
Unrealized gains (losses) for the year	(2.17)
Total increase (decrease) from operations ⁽²⁾	(2.74)
Distributions:	
From income (excluding dividends)	(0.01)
From dividends	(0.05)
From capital gains	-
Return of capital	
Total annual distributions	(0.06)
Net assets, end of the period ⁽³⁾	7.79

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	0.30
Total expenses	(0.15)
Realized gains (losses) for the year	(0.62)
Unrealized gains (losses) for the year	(1.69)
Total increase (decrease) from operations ⁽²⁾	(2.16)
Distributions:	
From income (excluding dividends)	(0.01)
From dividends	(0.09)
From capital gains	-
Return of capital	
Total annual distributions	(0.10)
Net assets, end of the period ⁽³⁾	7.83

(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⁾	\$3,804,281
Number of units outstanding ⁽¹⁾	487,208
Management expense ratio ⁽²⁾	2.52%
Management expense ratio before waivers or absorption	8.90%
Trading expense ratio ⁽³⁾	0.12
Portfolio turnover rate ⁽⁴⁾	11.31%
Net asset value per unit ⁽¹⁾	\$7.81

Series F*	2008
Total net asset value ⁽¹⁾	\$784,444
Number of units outstanding ⁽¹⁾	99,969
Management expense ratio ⁽²⁾	1.52%
Management expense ratio before waivers or absorption	9.23%
Trading expense ratio ⁽³⁾	0.12
Portfolio turnover rate ⁽⁴⁾	11.31%
Net asset value per unit ⁽¹⁾	\$7.85

(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).

TOP 25 HOLDINGS	1	Cash and Cash Equivalents	16.46%
	2	Royal Bank of Canada common	3.54%
	3	Sun Life Financial Inc. common	3.28%
	4	Toronto Dominion Bank common	3.08%
	5	TransCanada Corp. common	2.89%
	6	Manulife Financial Corp. common	2.85%
	7	Suncor Energy Inc. common	2.58%
	8	Talisman Energy Inc. common	2.41%
	9	Bank of Montreal common	2.40%
	10	Bank of Nova Scotia common	2.17%
	11	Petro-Canada Inc. common	2.10%
	12	Nexen Inc. common	2.02%
	13	Loblaw Cos. Ltd. common	1.92%
	14	Enbridge Inc. common	1.89%
	15	Canadian Pacific Railway Ltd common	1.87%
	16	EPCOR Power LP	1.74%
	17	TELUS Corp., non-voting shares	1.69%
	18	BCE Inc. common	1.61%
	19	Dorel Industries Inc. Class B	1.60%
	20	Canadian National Railway Co. common	1.56%
	21	EnCana Corp. common	1.55%
	22	Royal Bank of Canada 5.20% debenture due Aug. 15, 2012	1.48%
	23	Maple Leaf Foods Inc. common	1.45%
	24	Bank of Nova Scotia 5.04% debenture due Apr. 08, 2013	1.36%
	25	Province of Ontario 4.20% debenture due Mar. 08, 2018	1.32%
	Aggregate % of top holdings	66.82%	
ASSET ALLOCATION	Canadian Equity	53.27%	
	Fixed Income Securities	23.55%	
	Cash and Cash Equivalents	16.46%	
	US Equity	4.65%	
	Foreign Equity	2.07%	
	Total asset allocation	100.00%	
SECTOR ALLOCATION	Fixed Income	23.55%	
	Financials	20.34%	
	Cash & Cash Equivalents	16.46%	
	Energy	15.84%	
	Consumer Staples	5.44%	
	Consumer Discretionary	4.65%	
	Industrial	4.35%	
	Telecommunications	3.33%	
	Other	2.84%	
	Utilities	1.74%	
	Materials Sector	1.46%	
Total asset allocation	100.00%		
GEOGRAPHIC ALLOCATION	Canada	92.21%	
	United States	6.06%	
	UK	0.96%	
	Other European	0.77%	
	Other	0.00%	
	Total geographic allocation	100.00%	

Brigata Canadian Balanced Fund

Annual Financial Statements

December 31, 2008

March 4, 2009

Auditors' Report

To the Unitholders of Brigata Canadian Balanced Fund

We have audited the statements of investments and net assets of the Brigata Canadian Balanced 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 Balanced 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 Balanced Fund

Statement of Net Assets

As at December 31, 2008

	2008
Assets	
Investments at fair value	\$ 4,416,356
(Cost \$5,058,451)	
Cash	71,232
Accrued interest and dividends receivable	22,870
Due from Manager	71,449
Subscriptions receivable	81,544
Total Assets	<u>4,663,451</u>
Liabilities	
Management fees payable	7,218
Distribution Income payable	39,443
Accounts payable and accrued liabilities	39,699
Total Liabilities	<u>86,360</u>
Net Assets representing unitholders' equity	<u>\$ 4,577,091</u>
Net Assets representing unitholders' equity per series	
Series A	\$ 3,794,644
Series F	\$ 782,447
Units Outstanding (note 4)	
Series A	487,208
Series F	99,969
Net Assets per unit	
Series A	\$ 7.79
Series F	\$ 7.83

(See accompanying notes to financial statements.)

Brigata Canadian Balanced Fund

Statement of Operations

For the period from January 3 to December 31

	2008
Investment income	
Dividend income (net of withholding tax of \$1,114)	\$ 48,616
Interest income	47,403
Foreign exchange loss	(4,669)
Other income	1,077
	<u>92,427</u>
Expenses	
Management fees (note 6)	51,115
Financial reporting expense	3,491
Legal fees	4,987
Audit fees	22,320
Custody fees	5,367
Securityholder reporting costs	52,218
Trustee fees	7,230
Operating expenses	12,938
IRC fees	23,430
Transaction fees	19,777
Valuation fees	40,449
Other expenses	1,892
Total expenses	<u>245,214</u>
Less:	
Expenses absorbed by manager	<u>(181,161)</u>
	<u>64,053</u>
Net investment income	<u>28,374</u>
Realized and unrealized gain (loss) on investments and transaction costs	
Net realized loss on sale of investments	(195,289)
Transaction costs	(3,298)
Change in unrealized depreciation on investments and foreign currency	<u>(642,095)</u>
Net loss on investments	<u>(840,682)</u>
Decrease in Net Assets from operations	<u>\$ (812,308)</u>
Decrease in Net Assets from operations per series	
Series A	\$ (693,511)
Series F	\$ (118,797)
Decrease in Net Assets from operations per unit	
Series A	\$ (2.74)
Series F	\$ (2.16)

(See accompanying notes to financial statements.)

Brigata Canadian Balanced Fund

Statement of Changes in Net Assets

For the period from January 3 to December 31

	<u>Series A</u> <u>2008</u>	<u>Series F</u> <u>2008</u>	<u>Total</u> <u>2008</u>
Decrease in Net Assets from operations	\$ (693,511)	\$ (118,797)	\$ (812,308)
Distributions to unitholders			
From net investment income	<u>(29,657)</u>	<u>(9,786)</u>	<u>(39,443)</u>
Capital unit transactions			
Proceeds from units issued	4,667,239	912,071	5,579,310
Amounts paid for units redeemed	<u>(149,427)</u>	<u>(1,041)</u>	<u>(150,468)</u>
	<u>4,517,812</u>	<u>911,030</u>	<u>5,428,842</u>
Increase in Net Assets for the period	3,794,644	782,447	4,577,091
Net Assets, beginning of the period	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, end of the period (note 3)	<u>\$ 3,794,644</u>	<u>\$ 782,447</u>	<u>\$ 4,577,091</u>

(See accompanying notes to financial statements.)

Brigata Canadian Balanced Fund

Statement of Investments

As at December 31, 2008

No. of Shares or Par Value	Description	Coupon Rate (%)	Maturity	Average Cost \$	Fair Value \$	% of Net Assets
SHORT TERM INVESTMENTS						
Bankers' Acceptance						
480,000	Canadian Imperial Bank of Commerce	2.079%	7-Jan-09	478,882	479,856	
115,000	Royal Bank of Canada	1.462%	30-Jan-09	114,862	114,862	
	Total Short Term Investments			593,744	594,718	12.99
BONDS						
Federal Bonds						
30,000	Canada Housing Trust No. 1	4.800%	15-Jun-12	31,247	32,735	0.72
Provincial Bonds						
60,000	Province of Ontario	4.200%	8-Mar-18	60,137	60,622	
20,000	Province of Ontario	4.000%	19-May-10	20,072	20,664	
30,000	Province of Saskatchewan	4.900%	3-Dec-13	31,398	32,553	
				111,607	113,839	2.49
Corporate Bonds						
50,000	Bank of Montreal	6.020%	2-May-18	50,006	51,024	
35,000	Bank of Montreal	5.750%	26-Sep-22	35,674	31,217	
40,000	Bank of Montreal	5.180%	10-Jun-15	39,720	40,033	
50,000	Bank of Montreal	5.050%	3-Sep-13	50,059	51,080	
30,000	Bank of Montreal	5.450%	17-Jul-17	29,454	29,803	
60,000	Bank of Nova Scotia	5.040%	8-Apr-13	60,225	62,224	
50,000	Bank of Nova Scotia	4.400%	9-May-11	49,725	50,896	
50,000	Bank of Nova Scotia	4.990%	27-Mar-18	49,575	48,251	
50,000	Canadian Imperial Bank of Commerce	4.350%	1-Nov-11	49,293	50,295	
45,000	Canadian Imperial Bank of Commerce	4.400%	7-Mar-11	45,051	45,527	
50,000	Canadian Imperial Bank of Commerce	5.150%	6-Jun-18	50,076	47,850	
50,000	National Bank of Canada	5.550%	15-Nov-18	50,114	47,492	
50,000	Royal Bank of Canada	4.250%	1-Jun-11	49,994	50,865	
35,000	Royal Bank of Canada	4.180%	1-Jun-14	35,252	35,141	
65,000	Royal Bank of Canada	5.200%	15-Aug-12	66,095	67,828	
50,000	Royal Bank of Canada	5.000%	6-Jun-18	49,985	48,133	
30,000	Shoppers Drug Mart Inc.	4.990%	3-Jun-13	29,991	30,074	
35,000	Thomson Reuters Corp.	5.700%	15-Jul-15	35,074	33,591	
50,000	Toronto-Dominion Bank	4.854%	13-Feb-13	50,282	51,723	
25,000	Toronto-Dominion Bank	5.141%	19-Nov-12	25,590	26,079	
35,000	Toronto-Dominion Bank	5.480%	2-Apr-20	34,836	33,051	
				936,071	932,177	20.37
	Total Bonds			1,078,925	1,078,751	23.58
EQUITIES						
Energy						
2,200	Enbridge Inc.			86,042	86,900	
1,254	EnCana Corp.			77,661	71,165	
500	Marathon Oil Corp.			17,043	16,833	
4,354	Nexen Inc.			117,861	92,827	
3,619	Petro-Canada			137,849	96,302	
5,000	Suncor Energy Inc.			127,304	118,600	
9,070	Talisman Energy Inc.			121,140	110,472	
3,992	TransCanada Corp.			143,812	132,055	
	Total Energy			828,712	725,154	15.84

(See accompanying notes to financial statements.)

Brigata Canadian Balanced Fund

Statement of Investments

As at December 31, 2008

No. of Shares or Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
Materials				
1,800	Inmet Mining Corp.	91,720	34,920	
800	Labrador Iron Ore Royalty Income Fund	15,730	17,024	
20,967	Norbord Inc.	82,762	14,258	
	Total Materials	190,212	66,202	1.45
Industrials				
358	3M Co.	28,044	25,430	
1,600	Canadian National Railway Co.	76,843	71,583	
2,100	Canadian Pacific Railway Ltd.	107,763	85,806	
813	General Electric Co.	25,961	16,228	
	Total Industrials	238,611	199,047	4.35
Consumer Discretionary				
2,710	Dorel Industries Inc., Class B	78,695	73,468	
3,571	North West Co. Fund	62,527	60,029	
3,167	Reitmans Canada Ltd.	36,030	31,670	
3,320	Reitmans Canada Ltd., Class A	55,134	38,612	
188	Thomson Reuters Corp.	5,744	6,693	
	Total Consumer Discretionary	238,130	210,472	4.60
Consumer Staples				
333	Diageo PLC, ADR	26,287	23,325	
2,524	Loblaws Cos Ltd.	75,259	88,189	
6,017	Maple Leaf Foods Inc.	64,700	66,548	
322	Nestle SA, ADR	14,421	15,491	
245	Procter & Gamble Co.	16,732	18,692	
353	The Coca-Cola Co.	18,421	19,706	
273	Walgreen Co.	9,599	8,311	
132	Wal-Mart Stores Inc.	6,403	9,127	
	Total Consumer Staples	231,822	249,389	5.45
Health Care				
450	Dentsply International Inc.	15,703	15,689	
451	GlaxoSmithKline PLC, ADR	20,399	20,751	
271	Johnson & Johnson	17,442	19,999	
	Total Health Care	53,544	56,439	1.23
Financials				
3,523	Bank of Montreal	155,716	109,987	
425	Bank of New York Mellon Corp.	15,723	14,864	
3,007	Bank of Nova Scotia	130,875	99,682	
6,280	Manulife Financial Corp.	182,794	130,373	
650	Merrill Lynch & Co. Inc.	13,977	9,340	
2,702	Power Corp. of Canada	78,151	60,011	
3,894	RioCan Real Estate Investment Trust	80,758	53,192	
4,500	Royal Bank of Canada	204,072	162,000	
5,300	Sun Life Financial Inc.	187,182	150,255	
3,256	Toronto-Dominion Bank	183,619	141,375	
	Total Financials	1,232,867	931,079	20.34

(See accompanying notes to financial statements.)

Brigata Canadian Balanced 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			
955	Cisco Systems Inc.	22,975	19,193	
150	International Business Machines Corp.	15,604	15,584	
800	Microsoft Corp.	23,071	19,199	
1,035	Nokia OYJ, Class A, ADR	29,377	19,932	
	Total Information Technology	91,027	73,908	1.61
	Telecommunication Services			
2,951	BCE Inc.	96,720	73,922	
2,250	TELUS Corp., Non-Voting Shares	92,256	77,625	
	Total Telecommunication Services	188,976	151,547	3.31
	Utilities			
4,500	EPCOR Power LP	94,287	79,650	1.74
	Total Equities	3,388,188	2,742,887	59.92
	Total Investments	5,060,857	4,416,356	96.49
	Less: Transaction Costs (note 2)	(2,406)	-	-
	Total Investments	5,058,451	4,416,356	96.49
	Other net assets	160,735	160,735	3.51
	Total net assets	5,219,186	4,577,091	100.00

(See accompanying notes to financial statements.)

BRIGATA CANADIAN BALANCED FUND

Notes to the Financial Statements

December 31, 2008

1. Establishment of Fund

Brigata Canadian Balanced 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 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

BRIGATA CANADIAN BALANCED FUND

Notes to the Financial Statements

December 31, 2008

2. Summary of Significant Accounting Policies (continued)

arising from financial instruments and how the entity manages those risks. The new standards apply to interim 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 "Transactions 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.

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

BRIGATA CANADIAN BALANCED FUND

Notes to the Financial Statements

December 31, 2008

2. Summary of Significant Accounting Policies (continued)

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 Asset value 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 \$	Section 3855 \$	Net Assets Per Unit \$
As at December 31, 2008						
Series A	3,804,281	(9,637)	3,794,644	7.81	(0.02)	7.79
Series F	784,444	(1,997)	782,447	7.85	(0.02)	7.83

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	505,174	100,103
Units redeemed	(17,966)	(134)
Units - End of period	487,208	99,969

5. Brokerage Commissions and Other Transaction costs

The total fees paid to brokers in connection with investment portfolio transactions for the period ended December 31, 2008 were \$3,298. There were no soft dollars commissions paid by the Fund during this period.

BRIGATA CANADIAN BALANCED FUND

Notes to the Financial Statements

December 31, 2008

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 daily in arrears and payable monthly. For the period ended December 31, 2008, management fees incurred by the Brigata Canadian Balanced Fund Series A and Series F were \$45,890 and \$5,225 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 \$201,000 in capital losses carried forward and no 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 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:

BRIGATA CANADIAN BALANCED FUND

Notes to the Financial Statements

December 31, 2008

8. Risks Arising From Financial Instruments (continued)

(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 \$137,000. In practice, actual results may differ from the sensitivity analysis and the difference may be material in respect to the NAV of the Fund.

(ii) Currency risk

Currency risk is the risk that the value of financial instruments 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	49,229	307,514	356,743	7.79

As at December 31, 2008, if the exchange rate between the Canadian Dollar and the US Dollar the Fund is exposed to be increased or decreased by 5%, with all other variables held constant, the increase or decrease respectively in net assets could amount to approximately \$18,000. In practice, actual results may differ from the sensitivity analysis and the difference may be material in respect 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 Fund's exposure to interest rate risk is concentrated in its investment in debt securities (such as bonds, money market instruments and debentures). Other assets and liabilities are short-term in nature and non-interest bearing.

The Fund attempts to mitigate the interest rate risk by managing the duration of the bond portfolio with an emphasis to minimize interest rate risk.

The table below summarizes the Fund's exposure to interest rate risk. It categorizes the Fund's Short-term Investments and Bond Portfolio by maturity dates.

BRIGATA CANADIAN BALANCED FUND

Notes to the Financial Statements

December 31, 2008

8. Risks Arising From Financial Instruments (continued)

Debt Instruments By Maturity Dates	Fair Value \$	Percentage (%)
Less than 1 year	594,718	13.0
1-4 years	572,542	12.5
5-8 years	138,569	3.0
9-12 years	336,442	7.4
13-16 years	31,218	0.7
Total Interest Bearing	1,673,469	36.6
Non-Interest Bearing	2,903,622	63.4
Net Assets	4,577,091	100.0

At December 31, 2008, should interest rates have decreased by 25 basis points with all other variables remaining constant, the increase in net assets for the period would amount to approximately \$17,000. Conversely, if interest rates had risen by 25 basis points, the decrease in net assets could amount to approximately \$17,000. In practice, actual results may differ from the sensitivity analysis and the difference may be material in respect to the NAV of the Fund.

(iv) Credit risk

The Fund's main credit risk concentration is spread on bond and short-term debt securities. The Fund limits its exposure to credit loss by placing its cash and cash equivalents and short-term investments in high credit quality investments. To maximize the credit quality of its investments, the Fund's investment manager performs ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information.

The Fund invests in financial assets, which have an investment grade as rated primarily by DBRS and Standard & Poor's. Ratings for securities that subject the Fund to credit risk at December 31, 2008 are noted below:

Portfolio by rating category As at December 31 2008	As a % of Net Assets
Rating	
Bond	
AAA	13.7%
AA	10.0%
A	12.2%
A-	0.7%
Total	36.6%

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

BRIGATA CANADIAN BALANCED FUND

Notes to the Financial Statements

December 31, 2008

8. Risks Arising From Financial Instruments (continued)

(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 notes disclosures in the financial statements of the Fund.

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