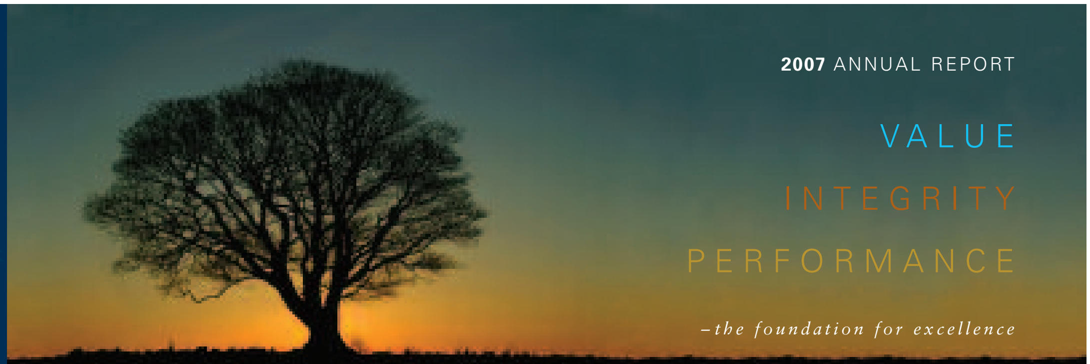
BROMPTON FUNDS



BROMPTON FLOW-THROUGH LP 2007

Brompton 2007 Flow-Through LP

Diversified portfolio of flow-through shares of resource issuers engaged in the oil and gas and mining sectors.

Management Report of Fund Performance

March 12, 2008

This annual management report of fund performance for Brompton 2007 Flow-Through LP (the "Fund") contains financial highlights but does not contain the audited annual financial statements. The audited annual financial statements follow this report.

Limited Partners may obtain a copy of the Fund's independent review committee's report or quarterly portfolio disclosure, at no cost, by calling 866-642-6001 or by sending a request to Brompton Funds, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, P.O. Box 793, Toronto, Ontario, M5J 2T3.

The Fund

Brompton 2007 Flow-Through LP is a limited partnership managed by Brompton Funds Management Limited (the "Manager").

Investment Objectives and Strategies

The Fund's investment objective is to provide Limited Partners with the opportunity for capital appreciation by investing, on a tax-advantaged basis, in a diversified portfolio of resource issuers engaged in the oil and gas and mining sectors. The Fund will seek to achieve its investment objective by investing in flow-through shares of resource issuers such that Limited Partners will be entitled to claim certain deductions from their taxable income. The Fund is actively managed by Morrison Williams Investment Management LP (the "Portfolio Manager"), a leading institutional asset manager.

Risks

Risks associated with an investment in the units of the Fund are discussed in the Fund's prospectus, which is available on the Fund's website at www.bromptongroup.com or on SEDAR at www.sedar.com. There were no changes to the Fund over the period that materially affected the risks associated with an investment in the units of the Fund.

Recent Developments

Initial Public Offering and Final Closing

The Fund was formed on September 27, 2007 and completed its initial public offering ("IPO") and commenced operations on October 4, 2007. A total of 382,440 units on its IPO were issued for proceeds of $9.6 million. An additional 471,456 units were issued on its final closing on October 31, 2007 for total gross proceeds of $21.4 million.

Adoption of Accounting Standard in the Financial Statements
The Fund has adopted the new accounting standard, Canadian Institute of Chartered Accountants ("CICA") Section 3855, Financial Instruments – Recognition and Measurement, in the December 31, 2007 financial statements. This standard requires that securities traded in an active market are valued using the last available bid price and at the average of the latest bid and ask prices for securities traded over-the-counter.

Investment funds, including the Fund, are currently exempt from applying CICA Section 3855 in the calculation of its weekly net asset values ("Published NAV") and the amount of the net asset value for redemption purposes. As a result, the Published NAVs of the Fund are not the same as the net asset values calculated in accordance with GAAP ("GAAP NAV"). As at December 31, 2007, the Published NAV per unit was $16.55 and the GAAP NAV per unit was $16.52. A reconciliation is also provided in the notes to the financial statements.

In accordance with investment fund industry practice, all figures presented in this management report of fund performance are based on the Fund's Published NAV, except for the figures presented in the Net Asset Value per Unit table, which can be found under Financial Highlights. In accordance with National Instrument ("NI") 81-106, the figures in this table must be derived from the financial statements (GAAP NAV).

Results of Operations

Net Asset Value
Since inception on October 4, 2007, the net asset value per unit of the Fund decreased by $5.76 per unit, or 25.8%, from $22.31 to $16.55 as at December 31, 2007 primarily as a result of the premiums paid for flow-through shares and due to a sell-off of mining and commodity stocks late in the year. Please see the Portfolio Manager's Report for further analysis.

Investment Portfolio
As of December 31, 2007, the Fund had invested all of its available funds in a diversified portfolio of 18 flow-through securities of resource issuers and 1 warrant issue acquired in conjunction with an investment in flow-through shares. The portfolio consists of 68% oil and gas flow-through issuers and 32% mining issuers. A detailed listing of the Fund's security holdings is provided in the financial statements.

The Fund recorded net unrealized losses of $5.2 million during the period.

Capital Resources
As of December 31, 2007, the Fund had borrowings of $1.7 million under a 364-day revolving credit facility, which represented 10.5% of total assets or 11.9% of net assets. The credit facility provides for maximum borrowings of $4.5 million at either the prime rate of interest of the bankers' acceptance rate plus a fixed percentage. During the period ended December 31, 2007, the minimum and maximum amounts of borrowings were $0.7 million and $1.7 million, respectively. Borrowings under the credit facility were used to pay the costs of issuing the units of the Fund and for working capital purposes. The borrowings allowed the Fund to invest the entire proceeds of the offering in flow-through shares.

Related Party Transactions

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 1.50% per annum of the Published NAV of the Fund. The Manager is responsible for paying the fees to Morrison Williams Investment Management LP, the Portfolio Manager of the Fund. During the period, management fees amounted to $0.1 million.

The Manager will be entitled to a performance bonus payable on a per unit basis by the Fund to the Manager in an amount equal to 20% of the amount by which the net asset value per unit on the performance bonus date plus the aggregate amount of all distributions made, if any, on a per unit basis exceeds $28.00, multiplied by the number of units outstanding on the performance bonus date.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the fiscal periods indicated. This information is derived from the Fund's audited annual financial statements. *The information in the following tables is presented in accordance with NI 81-106 and, as a result, does not act as a continuity of opening and closing net asset value per unit.* The increase (decrease) in net assets from operations is based on average units outstanding during the period, and all other numbers are based on actual units outstanding at the relevant point in time.

Net Asset Value per Unit

For the Period Ended December 31		2007[1]
Net asset value, beginning of year[2][3]	**$**	**22.31**
Increase (decrease) from operations:[4]		
Total revenue		**0.12**
Total expenses		**(0.24)**
Realized loss for the year		**—**
Unrealized gain (loss) for the year		**(7.41)**
Total increase (decrease) in net assets from operations	**$**	**(7.53)**
Net asset value, end of period[2]	**$**	**16.52**

(1) Period from October 4, 2007 (commencement of operations) to December 31, 2007.

(2) The net asset value per unit at the beginning and at the end of the period for 2007 are the GAAP NAV.

(3) Net asset value per unit is based on the actual number of units outstanding at the relevant time.

(4) The increase (decrease) in net assets from operations per unit is based on the weighted average number of units outstanding over the fiscal period.

Ratios and Supplemental Data (Based on Published NAV)

December 31		2007[1]
Net assets (in 000s)	**$**	**14,563**
Number of units outstanding (in 000s)		**854**
Management expense ratio ("MER")[2]		**17.71%**
MER excluding interest expense and issuance costs[3]		**3.04%**
Portfolio turnover rate[4]		**N/A**
Trading expense ratio[5]		**—**

(1) Annualized, if applicable, for the period from October 4, 2007 (commencement of operations) to December 31, 2007.

(2) MER is based on the requirements of NI 81-106 and includes the total expenses of the Fund for the stated period, including interest expense and issuance costs, but excluding brokerage commissions on securities transactions, and is expressed as an annualized percentage of the average net assets of the period.

(3) MER, excluding interest expense and issuance costs, has been presented separately as it expresses only the ongoing management and administrative expenses of the Fund as a percentage of average net assets.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor 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 the Fund. The portfolio turnover rate is not provided when the Fund is less than one year old. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

(5) The trading expense ratio represents total commissions expressed as an annualized percentage of daily average net assets of the Fund during the period.

Expense Ratio

The MER of the Fund was 17.71%. This ratio is exaggerated by the inclusion of interest expense to fund the agents' fee, the expenses of the offering and certain operating expenses of the Fund.

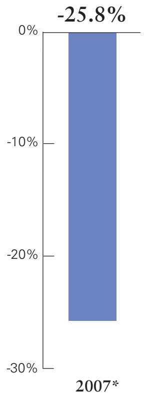
The MER, excluding interest expense and issuance costs, was 3.04% for the period. This latter rate is representative of the ongoing efficiency of the administration of the Fund.

Past Performance

The following chart and table show the past performance of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future. The information shown is based on the Published NAV per unit.

The bar chart shows the Fund's return since inception to December 31, 2007. The chart shows, in percentage terms, how an investment held on the inception date would have changed by the last day of the fiscal period.

Return Since Inception



* Period from October 4, 2007 (commencement of operations) to December 31, 2007.

The following table shows the Fund's return since inception, compared with the S&P/TSX Composite Energy Index ("Energy Index") and the S&P/TSX Composite Materials Index ("Materials Index"). The Energy Index and the Materials Index are derived from the S&P/TSX Composite Index based on the energy sector and materials sector, respectively, of the Global Industry Classification Standard. The Energy Index and the Materials Index are calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees for expenses.

Return Since Inception

	Since Inception[1]
Brompton 2007 Flow-Through LP[2]	(25.8%)
S&P/TSX Composite Energy Index	2.8%
S&P/TSX Composite Materials Index	(13.2%)

[1] Period from October 4, 2007 (commencement of operations) to December 31, 2007.

[2] Based on Published NAV.

The Fund underperformed both the Energy Index and the Materials Index since its inception in October 2007, primarily because flow-through shares are issued at premiums to common equity shares due to the tax benefits that they provide for their investors. Excluding the average premium of 18.6% paid for the flow-through shares in the Fund, a decline of 5% in value would have resulted over the period. Companies issuing flow-through shares have fully renounced their Canadian exploration and development expenses, such that investors are able to receive a tax deduction equal to their investment. In addition, the Fund's return is net of all administration costs as represented in the MER, while the benchmarks' returns do not include these expenses.

As at December 31, 2007, the Fund was invested approximately 68% in energy investments and 32% in mining.

Summary of Investment Portfolio

As at December 31, 2007

Total Published NAV	$ 14,131,304

Portfolio Composition	% of Portfolio	% of Published NAV
Flow-Through Shares	99.5%	113.9%
Cash and short-term investments	0.5%	0.6%
Total investment portfolio	100.0%	114.5%
Other net liabilities		(14.5%)
Total net asset value		100.0%

Holdings	% of Portfolio	% of Published NAV
OPTI Canada Inc.	16.4%	18.8%
Baffinland Iron Mines Corporation	13.2%	16.9%
Athabasca Oil Sands Corp.	12.3%	15.1%
Oilsands Quest Inc.	8.1%	9.3%
UTS Energy Corporation	6.6%	7.6%
Kodiak Exploration Ltd.	6.0%	6.9%
Shore Gold Inc.	5.7%	6.5%
Grey Wolf Exploration Inc.	5.2%	5.9%
Laricina Energy Ltd.	4.9%	5.7%
Connacher Oil and Gas Limited	4.7%	5.4%
Ascot Resources Ltd.	4.2%	4.8%
Buffalo Resources Corp.	4.0%	4.6%
Crew Energy Inc.	2.2%	2.6%
VMS Ventures Inc.	1.9%	2.2%
Aurora Energy Resources Inc.	1.7%	1.9%
Erdene Gold Inc.	1.3%	1.5%
ProspEx Resources Ltd.	0.6%	0.6%
Cash and short-term investments	0.5%	0.6%
Breaker Energy Ltd.	0.4%	0.4%
Athabasca Oil Sands Corp. – Warrants	0.1%	0.1%

The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Quarterly updates are available within 60 days of each quarter end.

Portfolio Manager

Morrison Williams Investment Management LP

Morrison Williams Investment Management LP is a leading institutional asset manager which offers discretionary investment management services to pension funds, mutual funds, high net worth individuals and other third parties which has total assets under management of approximately $4.3 billion as at November 30, 2007, including approximately $900 million in resource companies.

MORRISON WILLIAMS
Investment Management LP

Portfolio Manager's Report

The Brompton 2007 Flow-Through LP, which closed in October 2007, was fully invested by November 30, providing unitholders with tax deductions equivalent to 100% of their investment. Fourth quarter volatility in base metal prices, energy and other commodities provided some excellent buying opportunities, which we were able to capitalize on. We focused the portfolio on the higher-quality, larger capitalization resource issuers with two-thirds of the assets invested in energy companies and one-third in mining companies, providing broad diversification for investors. These larger capitalization issuers, with generally current or near-term production, provide greater downside protection in these volatile markets.

Within the energy portion of the portfolio, we preferred oil levered names compared to natural gas. Fundamentals for oil continue to look strong over the next few years with demand growing while supply continues to be affected by high depletion rates and geopolitical concerns. Some of the larger oil investments made last year included mid- to large-cap companies, such as OPTI Canada Inc., UTS Energy Corporation, Connacher Oil and Gas Limited, and Laricina Energy Ltd.

On the mining side, the Fund diversified its investments across precious metals and base metals, such as iron ore, gold, coal, zinc, uranium, diamonds, and aggregates. In the fourth quarter, the TSX materials industry group rose 3.1% and the energy industry group was up 0.8%, but both indices had negative returns of 2.7% and 2.6% from October 31, 2007 to year-end when most of the investing occurred. Markets globally became more volatile, as concerns increased about declining economic growth rates.

Worldwide GDP growth is expected to soften somewhat in 2008 to approximately 4.0% according to the IMF, compared to the expected growth rate of approximately 5.0% in 2007. We believe that by being selective in our investments and by focusing on those companies with current or near-term production, strong management teams, strong balance sheets and financial flexibility, this portfolio is well suited for current market conditions and is likely to perform well in relation to the energy and materials markets and other flow-through limited partnerships over the two-year life of the Fund.

Forward-Looking Statements

Some of the statements contained herein including, without limitation, financial and business prospects and financial outlook may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may," "will," "should," "could," "anticipate," "believe," "expect," "intend," "plan," "potential," "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based on what management believes to be reasonable assumptions, we cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no obligation to update or revise them to reflect new events or circumstances.

Management's Responsibility Statement

The financial statements of Brompton 2007 Flow-Through LP (the "Fund") have been prepared by Brompton Funds Management Limited (the "Manager" of the Fund) and approved by the Board of Directors of the Fund. The Manager is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. 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 applicable to the Fund are described in Note 2 to the financial statements.

The Board of Directors of the Manager is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements. The Board carries out this responsibility through the Audit Committee, which is comprised of a majority of independent directors.

The Manager, with the approval of its Board of Directors, has appointed the external firm of PricewaterhouseCoopers LLP as the auditors of the Fund. They have audited the financial statements of the Fund in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements. The auditors have full and unrestricted access to the Audit Committee to discuss their findings.

(Signed)

Mark A. Caranci
President and Chief Executive Officer
Brompton Funds Management Limited
March 12, 2008

(Signed)

Craig T. Kikuchi
Chief Financial Officer
Brompton Funds Management Limited

Auditors' Report to Limited Partners

To the Limited Partners of Brompton 2007 Flow-Through LP:

We have audited the statements of investments and net assets of Brompton 2007 Flow-Through LP (the Fund) as at December 31, 2007 and the statements of operations and deficit, changes in net assets and cash flows for the period from September 27, 2007 (date of formation) to December 31, 2007. 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 investments and net assets of the Fund as at December 31, 2007 and the results of its operations and deficit, the changes in its net assets and its cash flows for the period from September 27, 2007 (date of formation) to December 31, 2007 in accordance with Canadian generally accepted accounting principles.

(Signed)

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
March 12, 2008

Statement of Net Assets

As at December 31	2007
Assets	
Investments, at market value	$ 16,073,227
Cash and short-term investments	84,192
Total assets	16,157,419
Liabilities	
Accounts payable and accrued liabilities	319,715
Loans payable	1,734,196
Total liabilities	2,053,911
Partners' equity	
Partners' capital (note 4)	19,456,476
Deficit	(5,352,968)
Net assets, representing Limited Partners' equity	$ 14,103,508
Units outstanding (note 4)	853,896
Net asset value per unit	$ 16,52

Approved on behalf of Brompton 2007 Flow-Through LP by the Board of Directors of Brompton Funds Management Limited, the Manager.

(Signed)

Peter A. Braaten
Director

(Signed)

Raymond R. Pether
Director

The accompanying notes are an integral part of these financial statements.

Statement of Operations and Deficit

For the period from September 27 (date of formation) to December 31	2007
Income	
Interest income	$ 88,352
	88,352
Expenses	
Management fees (note 5)	51,562
Independent review committee and director fees	7,100
Audit fees	22,601
Custodial fees	1,500
Legal expense	10,000
Unitholder reporting costs	8,500
Other administrative expenses	50,300
Interest and bank charges (note 7)	16,601
	168,164
Net investment loss	(79,812)
Net change in unrealized gain/loss on investments and short-term investments	(5,273,156)
Decrease in net assets from operations	(5,352,968)
Retained earnings (deficit), beginning of period	—
Deficit, end of period	$ (5,352,968)
Increase (decrease) in net assets from operations per unit[1]	$ (7.53)

[1] Based on the weighted average number of Equity shares outstanding for the period (note 4).

Statement of Cash Flows

For the period from September 27 (date of formation) to December 31	2007
Cash flows from operating activities:	
Decrease in net assets from operations	$ (5,352,968)
Adjustments to reconcile net cash provided by (used in) operations:	
Net change in unrealized (gain) loss on investments	5,273,823
Increase (decrease) in accounts payable and accrued liabilities	319,715
Purchase of investments (note 6)	(21,347,050)
Cash used in operating activities	(21,106,480)
Cash flows from financing activities:	
Increase (decrease) in loans payable	1,734,196
Proceeds from issuance of partnership units (note 4)	19,456,476
Cash provided by financing activities	21,190,672
Net increase in cash and short-term investments	84,192
Cash and short-term investments, beginning of period	—
Cash and short-term investments, end of period	$ 84,192
Supplemental information:	
Interest paid	$ 12,591

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

For the period from September 27 (date of formation) to December 31	2007
Net assets, beginning of period	$ —
Operations:	
Decrease in net assets from operations	(5,352,968)
Unitholder transactions:	
Proceeds from issuance of limited partnership units (note 4)	19,456,476
Net increase in net assets	14,103,508
Net assets, end of period	**$ 14,103,508**

The accompanying notes are an integral part of these financial statements.

Statement of Investments

As at December 31, 2007		Cost	Market Value	% of Portfolio
No. of Shares				
400,000	Ascot Resources Ltd.	$ 800,000	$ 700,000	
240,000	Athabasca Oil Sands Corp.	2,390,400	1,992,000	
240,000	Athabasca Oil Sands Corp. – Warrants	9,600	9,600	
20,000	Aurora Energy Resources Inc.	410,000	270,600	
475,000	Baffinland Iron Mines Corporation	2,517,500	2,113,750	
10,000	Breaker Energy Ltd.	69,000	58,600	
610,000	Buffalo Resources Corp.	805,200	646,600	
200,000	Connacher Oil and Gas Limited	1,000,000	752,000	
50,000	Crew Energy Inc.	537,500	362,000	
190,000	Erdene Gold Inc.	266,000	209,000	
500,000	Grey Wolf Exploration Inc.	1,275,000	840,000	
208,300	Kodiak Exploration Ltd.	999,840	970,678	
24,600	Laricina Energy Ltd.	998,760	799,500	
325,000	Oilsands Quest Inc.	2,005,250	1,308,699	
160,000	OPTI Canada Inc.	3,952,000	2,656,000	
30,000	ProspEx Resources Ltd.	111,000	85,800	
200,000	Shore Gold Inc.	1,260,000	920,000	
200,000	UTS Energy Corporation	1,520,000	1,076,000	
280,000	VMS Ventures Inc.	420,000	302,400	
		21,347,050	**16,073,227**	**100.0%**
	Embedded Broker Commission (note 2)	—	—	
	Total	**$ 21,347,050**	**$ 16,073,227**	**100.0%**

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

December 31, 2007

1. OPERATIONS

Brompton 2007 Flow-Through LP (the "Fund") is a limited partnership created under the laws of the Province of Ontario on September 27, 2007, pursuant to an amended and restated limited partnership agreement. Brompton Funds Management Limited (the "Manager") is responsible for managing the affairs of the Fund. Morrison Williams Investment Management LP manages the Fund's portfolio. RBC Dexia Investor Services Trust is the custodian of the Fund's assets and prepares the weekly valuation of the Fund. The Fund commenced operations on October 4, 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and they include estimates and assumptions made by management that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported amounts of income and expenses during the period for which the financial statements report. Actual results could differ from these estimates.

(a) Section 3855 – Financial Instruments – Recognition and Measurement

The Fund adopted Section 3855, "Financial Instruments – Recognition and Measurement," of the CICA Handbook – Accounting. Section 3855 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. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) and ask prices (for investments sold short) to be used in determining the fair value of investments. Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of investments by the Fund be expensed in the period incurred.

Section 14.2 of National Instrument ("NI") 81-106, issued by the Canadian Securities Administrators ("CSA") in 2005, requires the net asset value of an investment fund to be calculated in accordance with Canadian GAAP. The CSA has granted relief to investment funds from complying on an interim basis with Section 3855 for the purposes of calculating and reporting of net asset value other than for financial reporting purposes (the "Published NAV"). Relief has been granted to the earlier of (i) September 30, 2008, or (ii) the date on which changes to NI 81-106 become effective for calculating the Published NAV.

In accordance with the relief granted by the CSA, a reconciliation between the Published NAV and the net asset value calculated in accordance with Section 3855 (the "GAAP NAV") has been provided in note 3.

On June 1, 2007, the CSA proposed amendments to NI 81-106 that would remove the requirement to calculate the Published NAV in accordance with Canadian GAAP. The proposed amendments, if adopted, would not require the Fund to change the way that it calculates its Published NAV and continue to use GAAP NAV for financial statement reporting purposes.

Section 1506 – Accounting Changes

On January 1, 2007, the Fund adopted Section 1506 of the CICA Handbook, Accounting Changes, which prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Section 1506 also requires the disclosure of new primary sources of GAAP that have been issued but are not yet effective. This standard did not affect the Fund's financial position or results of operations.

(b) Valuation of Investments

The Fund's investments are valued at estimated market value. Investments held that are publicly traded are valued at their bid prices on the valuation date. Investments with no available bid prices are valued at their closing price. Investments that are not publicly traded are valued at the estimated market value. Generally, such investments are valued at cost until there is a clear indication of an increase or decrease in value. Short-term investments and bonds are valued at the average bid quotations from recognized investment dealers. The cost of investments is based on their average cost.

(c) Cash and Short-Term Investments

Cash and short-term investments consist of cash on hand and short-term debt instruments with maturities of less than three months on acquisition.

(d) Investment Transactions and Income Recognition

Investment transactions are recorded on trade date. Realized gains or losses are recognized using the average cost of the investments. Interest income is recognized on an accrual basis. Dividend income is recognized on the ex-dividend date. Net realized gains or losses on investments include net realized gains or losses from foreign currency changes.

(e) Transaction Costs

Transaction costs such as brokerage commissions incurred in the purchase and sale of securities are expensed and are recognized in the Statement of Operations. Transaction costs related to the issuance of partners' equity are netted against the related proceeds from the issuance.

Notes to the Financial Statements (continued)

(f) Income Taxes

The Fund is not subject to income taxes. The income or loss for Canadian income tax purposes is allocable to the partners, pro-rated by units held, and is included in the taxable income of the partners in accordance with the provisions of the Income Tax Act (Canada). Accordingly, income tax is not provided for in these financial statements. Income for Canadian income tax purposes is allocated 99.99% to the Limited Partners and 0.01% to the General Partner. Losses for Canadian income tax purposes are allocated fully to the Limited Partners.

(g) Tax Shelter Identification Number

The identification number TS 073395 issued for the Fund shall be included in any income tax return filed by the investor. Issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of an investment to claim any tax benefits associated with the Fund.

(h) Fair Value of Financial Instruments

The fair value of the Fund's financial instruments, excluding investments and short-term investments, which are composed of cash, distributions and interest receivable, accounts payable, accrued liabilities and loans payable, approximates their book value.

(i) Recent Accounting Pronouncements

Section 1535 – Capital Disclosures

The new CICA Handbook Section 1535, Capital Disclosures, requires that an entity disclose information that enables users of its financial statements to evaluate an entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. The new standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Fund.

This standard will impact the Fund's disclosures provided but will not affect the Fund's results or financial position.

Section 3862 – Financial Instruments – Disclosures

CICA Handbook Section 3862, Financial Instruments – Disclosures, replaces Section 3861 and increases the disclosures currently required that enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments including specified minimum disclosures about liquidity risks and market risk. The quantitative disclosures must also include a sensitivity analysis for each type of market risk to which an entity is exposed, showing how net income would have been affected by reasonably possible changes in the relevant risk variable. The new standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Fund.

This standard will impact the Fund's disclosures provided but will not affect the Fund's results or financial position.

Section 3863 – Financial Instruments – Presentation

CICA Handbook Section 3863, Financial Instruments – Presentation, also replaces Section 3861. This section carries forward the presentation requirements of Section 3861. The new standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Fund.

This standard will impact the Fund's disclosures provided but will not affect the Fund's results or financial position.

3. RECONCILIATION OF NET ASSET VALUE

In accordance with the decision made by the Canadian securities regulatory authorities, a reconciliation between the Published NAV and the GAAP NAV of an investment fund is required to be disclosed in the financial statements.

The impact of the adoption of Section 3855 on the net asset value of the Fund is as follows:

As at December 31, 2007	Published NAV	Section 3855 Adjustment	GAAP NAV
Net asset value	$ 14,131,304	(27,796)	$ 14,103,508
Net asset value per unit	$ 16.55	(0.03)	$ 16.52

4. PARTNERS' EQUITY

Authorized
The authorized capital of the Fund consists of an unlimited number of limited partnership units.

	2007	
	Number of Units	Amount
Units, beginning of period	—	$ —
Initial public offering, net	382,440	8,533,193
Final closing, net	471,456	10,923,283
Units, end of period	853,896	$ 19,456,476

On October 4, 2007, the Fund completed its initial public offering of 382,440 units at a price of $25.00 per unit for proceeds, net of agents' fees and issuance costs, of $8,533,193. On October 31, 2007, the Fund completed its final closing for 471,456 units at a price of $25.00 per unit for proceeds, net of agents' fees and issuance costs, of $10,923,283. Including the proceeds of the initial public offering and final closing, the gross proceeds raised by the Fund were $21,347,400.

The weighted average number of units outstanding for the period ended December 31, 2007, was 710,870.

5. MANAGEMENT FEES

The Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 1.50% per annum of the Published NAV of the Fund, plus applicable taxes. The net asset value of the Fund is determined by taking the total assets of the Fund and deducting the Fund's liabilities. The Manager is responsible for paying fees to Morrison Williams Investment Management LP, the portfolio manager of the Fund. The fees are calculated and payable monthly.

The Manager will be entitled to a performance bonus payable on a per unit basis by the Fund to the Manager in an amount equal to 20% of the amount by which the NAV per unit on the performance bonus date plus the aggregate amount of all distributions made, if any, on a per unit basis exceeds $28.00, multiplied by the number of units outstanding on the performance bonus date. No performance bonus is payable in respect of the period ended December 31, 2007.

6. INVESTMENT TRANSACTIONS

Investment transactions excluding brokerage commissions for the period ended December 31 were as follows:

	2007[1]
Proceeds from sale of investments	$ —
Less cost of investments sold:	
Investments at cost, beginning of period	—
Investments purchased during the period	21,347,050
Investments at cost, end of period	(21,347,050)
Cost of investments sold during the period	—
Net realized gain (loss) on sale of investments	$ —

[1] In accordance with Section 3855, investment transactions for the period ended December 31, 2007 exclude brokerage commissions.

Brokerage commissions on investments purchased and sold during the period ended December 31, 2007 amounted to nil. For the period ended December 31, 2007, there were no soft dollar amounts paid.

7. LOANS PAYABLE

Pursuant to an agreement with a Canadian chartered bank, the Fund has a 364-day renewable revolving credit facility. The revolving credit facility provides for maximum borrowings of $4.5 million at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage. There were $1.7 million in borrowings under this facility at December 31, 2007. The loan facility has been used to fund the agents' fee, the expenses of the offering and certain operating expenses of the Fund.

During the period ended December 31, 2007, the minimum and maximum amounts of borrowings were $0.7 million and $1.7 million, respectively.

Corporate Information

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