

Sceptre Pooled Investment Fund - Canadian Equity Section

Financial Statements

December 31, 2008

February 19, 2009

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Auditors' Report

To the Unitholders of Sceptre Pooled Investment Fund – Canadian Equity Section

We have audited the statements of investment portfolio and net assets of the Sceptre Pooled Investment Fund – Canadian Equity Section (the Fund) as at December 31, 2008 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the fund 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 the fund manager, 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 the Fund as at December 31, 2008 and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Sceptre Pooled Investment Fund - Canadian Equity Section

Statements of Net Assets

As December 31

	2008	2007
	\$	\$
Assets		
Investments at fair value	189,470,150	118,636,880
Short-term investments at fair value	4,547,001	3,978,013
Cash	200,460	75,601
	<u>194,217,611</u>	<u>122,690,494</u>
Interest and dividends receivable	492,263	250,434
	<u>194,709,874</u>	<u>122,940,928</u>
Liabilities		
Redemptions payable	32,851	60,942
Accounts payable	19,683	10,777
	<u>52,534</u>	<u>71,719</u>
Net Assets and Unitholders' Equity	<u>194,657,340</u>	<u>122,869,209</u>
Number of units outstanding	<u>965,228</u>	<u>414,846</u>
Net Assets per unit	<u>\$ 201.67</u>	<u>\$ 296.18</u>

Sceptre Pooled Investment Fund - Canadian Equity Section

Statements of Operations

For the years ended December 31

	2008	2007
	\$	\$
Income		
Interest	226,357	119,406
Dividends	3,435,643	1,754,379
Income received from income trusts	174,166	62,862
Securities lending income	17,459	3,929
	<u>3,853,625</u>	<u>1,940,576</u>
Expenses		
Audit fees	7,115	6,166
Custodial fees	11,506	8,614
Trustee fees	1,500	1,590
Other expenses	52,694	36,620
	<u>72,815</u>	<u>52,990</u>
Net investment income for the year	<u>3,780,810</u>	<u>1,887,586</u>
Realized and unrealized gain (loss) on investments		
Net realized gain (loss) on investments	(1,390,529)	5,764,322
Transaction costs	(139,672)	(50,647)
Change in unrealized appreciation (depreciation) in value of investments during the year	<u>(82,111,385)</u>	<u>5,208,559</u>
Net gain (loss) on investments	<u>(83,641,586)</u>	<u>10,922,234</u>
Increase (decrease) in net assets from operations	<u>(79,860,776)</u>	<u>12,809,820</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (123.25)</u>	<u>\$ 31.22</u>

Sceptre Pooled Investment Fund - Canadian Equity Section

Statements of Changes in Net Assets

For the years ended December 31

	2008	2007
	\$	\$
Net assets at beginning of year	<u>122,869,209</u>	<u>87,181,801</u>
Increase (decrease) in net assets from operations	<u>(79,860,776)</u>	<u>12,809,820</u>
Capital		
Issue of 608,611 units (2007 - 159,459 units) on subscription	167,000,623	44,009,290
Redemption of 58,229 units (2007 - 73,704 units)	(15,351,716)	(21,131,702)
Capitalized distributions	<u>3,586,118</u>	<u>7,418,644</u>
Net capital unit transactions	<u>155,235,025</u>	<u>30,296,232</u>
Distributions to unitholders		
Net investment income	(3,586,118)	(1,763,065)
Net realized gain on investments	<u>-</u>	<u>(5,655,579)</u>
Total distributions	<u>(3,586,118)</u>	<u>(7,418,644)</u>
Increase in net assets for the year	<u>71,788,131</u>	<u>35,687,408</u>
Net assets at end of year	<u><u>194,657,340</u></u>	<u><u>122,869,209</u></u>

Number of Units

	2008	2007
Balance - beginning of year	414,846	329,091
Units issued during the year	608,611	159,459
Units redeemed during the year	<u>(58,229)</u>	<u>(73,704)</u>
Balance - end of year	<u><u>965,228</u></u>	<u><u>414,846</u></u>

SCEPTRE POOLED INVESTMENT FUND - CANADIAN EQUITY

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2008

	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	MARKET VALUE (\$)	% OF TOTAL
Cash		200,460	200,460	0.10
Short-Term Investments				
Treasury Bills				
Canada Treasury Bills, with various due dates to March 19, 2009 1.280% - 1.830%		4,528,883	4,547,001	2.34
Total Short-Term		4,528,883	4,547,001	2.34
Equities				
Energy				
ARC Energy Trust	105,093	2,635,719	2,107,119	
Cameco Corp.	111,369	2,890,573	2,333,181	
Canadian Natural Resources Ltd.	51,208	3,741,889	2,496,390	
Crescent Point Energy Trust	78,500	2,578,987	1,884,000	
EnCana Corp.	230,588	13,102,772	13,085,868	
Husky Energy Inc.	117,752	4,306,004	3,632,649	
Imperial Oil Ltd.	117,957	6,074,923	4,832,698	
Nexen Inc.	245,684	5,663,867	5,237,983	
Petro-Canada	33,840	1,330,099	900,482	
Suncor Energy Inc.	214,208	10,459,278	5,081,014	
Talisman Energy Inc.	320,787	4,621,011	3,907,186	
Total Energy		57,405,122	45,498,570	23.43
Materials				
Agnico-Eagle Mines Ltd.	55,679	3,037,316	3,494,971	
Barrick Gold Corp.	137,955	5,452,336	6,163,829	
Goldcorp Inc.	216,469	6,766,107	8,303,750	
Kinross Gold Corp.	74,660	1,224,408	1,672,384	
Potash Corp. of Saskatchewan	81,730	9,083,322	7,316,470	
Teck Cominco Ltd., Class B	83,647	2,503,016	501,047	
Total Materials		28,066,505	27,452,451	14.13
Industrials				
Transportation				
Canadian National Railway Co.	187,409	8,013,669	8,384,679	
Canadian Pacific Railway Ltd.	55,213	2,858,134	2,256,003	
		10,871,803	10,640,682	5.48
Total Industrials		10,871,803	10,640,682	5.48
Consumer Discretionary				
Media				
Shaw Communications Inc., Class B	230,270	4,523,679	4,971,529	2.56
Retailing				
Canadian Tire Corp. Ltd., Class A	53,100	2,522,827	2,307,195	1.19
Total Consumer Discretionary		7,046,506	7,278,724	3.75
Consumer Staples				
Food & Staples Retailing				
Shoppers Drug Mart Corp.	85,758	3,893,729	4,118,957	2.12
Total Consumer Staples		3,893,729	4,118,957	2.12

See accompanying notes to the financial statements

SCEPTRE POOLED INVESTMENT FUND - CANADIAN EQUITY

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2008

	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	MARKET VALUE (\$)	% OF TOTAL
Financials				
Banks				
Bank of Montreal	105,745	5,071,504	3,301,359	
Bank of Nova Scotia	311,938	13,298,896	10,340,744	
Canadian Imperial Bank of Commerce	137,493	9,241,520	7,008,018	
Royal Bank of Canada	366,210	15,785,908	13,183,560	
Toronto Dominion Bank	98,404	5,396,415	4,272,702	
		48,794,243	38,106,383	19.62
Insurance				
Manulife Financial Corp.	481,800	14,285,933	10,002,168	
Power Corp. of Canada	43,655	1,183,822	969,578	
Power Financial Corp.	131,725	3,801,787	3,120,565	
		19,271,542	14,092,311	7.26
Real Estate				
Brookfield Asset Management Inc., Class A	150,122	5,131,668	2,783,262	
		5,131,668	2,783,262	1.43
Total Financials		73,197,453	54,981,956	28.31
Information Technology				
Technology Hardware & Equipment				
Research In Motion Ltd.	126,415	9,308,897	6,252,486	
Total Information Technology		9,308,897	6,252,486	3.22
Telecommunication Services				
BCE Inc.	210,193	7,237,459	5,265,335	
Rogers Communications Inc., Class B	210,099	6,331,815	7,685,421	
TELUS Corp.	87,246	3,659,787	3,242,061	
Total Telecommunication Services		17,229,061	16,192,817	8.34
Total Equities		207,019,076	172,416,643	88.78
Pooled Funds				
Sceptre Pooled Investment Fund - Small Capitalization Section	248,691	23,747,403	17,053,507	
Total Pooled Funds		23,747,403	17,053,507	8.78
Transaction Costs				
		(159,094)		
Total Investment Portfolio Including Cash and Short-Term Notes		235,336,728	194,217,611	100.00

See accompanying notes to the financial statements

Sceptre Pooled Investment Fund - Canadian Equity Section

Notes to Financial Statements

December 31, 2008

1. Organization

The Sceptre Pooled Investment Fund (the "Fund") was established under a Declaration of Trust dated May 4, 1983, as amended, with RBC Dexia Investor Services Trust as Trustee as a means by which assets of certain of the clients of Sceptre Investment Counsel Limited are pooled and jointly managed. Since fees are charged to the participants, no fees are charged to the fund by Sceptre Investment Counsel Limited, although the fund does bear certain administrative costs.

The Canadian Equity Section of the Fund (the "Section") commenced operations on November 24, 1997 with a net asset value of \$100 per unit.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which include estimates and assumptions by management that may affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results could vary from these estimates.

Adoption of New Accounting Standards

On January 1, 2008, the Fund adopted CICA Handbook Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation". The new standards replaced Section 3861, "Financial Instruments – Disclosure and Presentation". These sections establish standards for the comprehensive disclosure and presentation requirements for financial instruments.

The standards include new requirements to quantify certain risk exposures and to provide sensitivity analysis for certain risks. This standard will impact the Fund's disclosures provided but will not affect the Fund's net assets. Refer to Note 10 for new disclosures relating to adoption of the new requirements.

Effective January 1, 2007, the Fund adopted CICA Section 3855, "Financial Instruments – Recognition and Measurement" which establishes standards for the fair valuation of investments as well as the accounting treatment of transaction costs. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires that bid prices (for investments held) and ask prices (for investments sold short) be used in determining the fair value of investments. Prior to the adoption of this standard, fair value was commonly based on the closing price of an investment for the day. For financial reporting purposes, on January 1, 2007, the Fund adopted the amended valuation policy for actively traded securities held by the Fund without retroactive restatement of prior periods.

Sceptre Pooled Investment Fund - Canadian Equity Section

Notes to Financial Statements

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Valuation of Investments

As a result of amendments made to National Instrument 81-106 by the Canadian Securities Administrators effective September 8, 2008, the Fund continues to use the close or last trade price as fair value of securities to determine the daily transactional Net Asset Value for purchases and redemptions by clients. This means the valuation method used to calculate the daily Net Asset Value to transact units of the Fund is not identical to the accounting policies used to determine the financial statement Net Assets. Any difference between the Net Asset Value per unit and Net Assets per unit is not significant and is disclosed in note 8.

The market value of investments as at the financial reporting period end is determined as follows:

- (i) Securities traded in an active market are valued at their bid prices through recognized public stock exchanges or through recognized investment dealers, on the valuation date. Securities with no available bid prices are valued at their closing sale prices.
- (ii) Securities not traded in an active market are valued using valuation techniques, on such basis and in such manner as established by the Manager.
- (iii) Short-term notes, treasury bills, bonds, asset backed securities and other debt instruments are valued at the bid quotations from recognized investment dealers.
- (iv) Underlying funds are valued each business day at the price calculated by the manager of such underlying fund in accordance with the relevant documents of such underlying fund.

Financial Instruments

The Section classifies their financial assets and financial liabilities in the following categories: available-for-trading, loans and receivables and other financial liabilities at amortized cost.

The Section's financial instruments consist of cash, investments, receivables and payables. The carrying values of cash, receivables and payables approximate fair value due to their short term nature. The Section is exposed to various types of risks that are associated with its investment strategies, financial instruments, and markets in which it invests.

Transaction Costs

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

Sceptre Pooled Investment Fund - Canadian Equity Section

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Investment Transactions

Investment transactions are accounted for on the trade date.

Income Recognition

Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Realized gains and losses on investments and unrealized appreciation or depreciation of investments are calculated with reference to the average cost of the related investments. The unrealized gain of short-term investments valued on mark to market basis is recorded as interest income. Income includes income received from other pooled fund units.

Unit Valuation and Valuation Date

Units are issued and redeemed on a continuous basis at their net asset value per unit. Net asset value per unit is determined daily as of the close of business on each day on which The Toronto Stock Exchange is open for trading. The unit valuation is made by dividing the total value of net assets by the total number of units outstanding. Units are not issued upon reinvestment of distributions to unitholders due to unit consolidation.

Foreign Exchange

Currency conversions are made at the relevant daily rate based on London 4:00 PM GMT, as quoted by Reuters. The market value of investments in foreign funds is translated into Canadian dollars at the exchange rate prevailing at the period-end date. Purchases and sales of investment securities and income and expense transactions are translated at the rate of exchange prevailing on the date of such transactions.

Increase (Decrease) in Net Assets from Operations Per Unit

Increase (decrease) in net assets from operations per unit in the Statements of Operations represents the net increase (decrease) in net assets from operations for the year, divided by the weighted average number of units outstanding during the year.

3. Income Taxes

The Section qualifies as a Unit Trust as defined in the Income Tax Act (Canada). Pursuant to the terms of The Declaration of Trust establishing the Fund, the Section is deemed to distribute annually to the unitholders all of the net taxable income, including net realized gains on investment transactions and such distributions are immediately recontributed to the Section without any increase in the number of units outstanding. As the net income, including net realized gains, is paid or

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payable to the unitholders, under existing tax legislation it is taxable in the hands of the unitholders and not in the Section. Accordingly, no provision for Canadian income taxes on such income has been included in these financial statements.

4. Related Party Transactions

The Section invests in other sections of the Fund. All sections of the Fund are under common control. As at December 31, 2008 and 2007 these investments were as follows:

Name	Fair Value	
	2008	2007
Sceptre Pooled Investment Fund -	\$	\$
Small Capitalization Section	17,053,507	16,937,300
Total	17,053,507	16,937,300

5. Commissions and Other Transaction Costs

The Section paid \$139,672 (2007 - \$50,647) in brokerage commissions and other transaction costs for portfolio transactions during the year.

The Section paid \$31,691 (2007 - \$13,733) in soft dollar commissions during the year.

6. Loss Carryforwards

The net capital losses for tax purposes are available for carry forward indefinitely, and may be applied against net capital gains realized in the future.

As at December 31, 2008, the Section had no accumulated (2007- \$nil) non-capital losses and \$1,421,094 (2007 - \$nil) net capital losses to carry forward.

7. Securities Lending

The aggregate market value of securities loaned and collateral held under securities lending transactions as at December 31, 2008 and 2007 are as follows:

	Outstanding Loans		Collateral Amount	
	2008	2007	2008	2007
Canadian Equity Section	\$ 16,939,546	\$ 4,307,733	\$ 18,006,986	\$ 4,630,894

The collateral held is in the form of Treasury Bills, Bankers' Acceptances and debt obligations of the Federal and Provincial Governments. The collateral held is not included in the Statement of Investment Portfolio.

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8. Filing Exemption

National Instrument 81-106 Investment Fund Continuous Disclosure (the "rule") allows for Investment Funds categorized as non-reporting issuers to take advantage of an exemption to file annual and interim financial statements with the relevant regulatory authority as per Section 2.11 of the rule. The Fund, as a non-reporting issuer, is relying on this exemption and therefore does not make such filings.

9. Comparison of Net Asset Value and Net Assets

The table below shows the difference between Net Asset Value per unit and Net Assets per unit.

	2008		2007	
	Net Assets Per Unit (\$)	Net Asset Value Per Unit (\$)	Net Assets Per Unit (\$)	Net Asset Value Per Unit (\$)
As at December 31, 2008				
Sceptre Pooled Investment Fund - Canadian Equity Section	201.67	202.03	296.18	296.43

10. Financial Instrument Risk

The Section's financial instruments consist of cash, investments, receivables and payables. As a result, the Section is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, credit risk, liquidity risk and underlying fund risk. These risks and related risk management practices employed by the Section are discussed below.

Market risk is comprised of three components: market price risk, interest rate risk and foreign currency risk.

As at December 31, 2008, the Section's market risk is primarily related to changes in actual market prices on its portfolio of equity securities, and to a limited degree by interest rate risk on its short-term note investments. There is no foreign currency risk as the Section's financial instruments are denominated in Canadian dollars.

(a) Market Price Risk

Market price 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 Section 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 Section is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of

Sceptre Pooled Investment Fund - Canadian Equity Section

Notes to Financial Statements

December 31, 2008

securities within specified limits and the Section's market price risk is managed through diversification of the investment portfolio. The Investment Manager monitors the Section's overall market positions on a daily basis and positions are maintained within established ranges.

As at December 31, 2008, the Section's market risk is primarily related to changes in actual market prices on its portfolio of equity securities, and to a limited degree by interest rate risk on its short-term note investments. If the following index had increased (decreased) by 5% at December 31, 2008, with all other variables held constant, this would have approximately increased (decreased) the Section's net assets as follows:

Index	5% Increase	5% Decrease
S&P/TSX Composite Index	\$ 9,758,000	\$ (9,758,000)

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in market interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Section invests in interest-bearing financial instruments, and indirectly through its investment holdings in underlying Sections of the Fund. Interest rate risk is considered to be minimal in the Section as its holdings of short-term investments, represent only 2.34% of the fair value of the Section at December 31, 2008.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Section is subject to credit risk from its short-term note investments. However, since the short-term notes are Canada Treasury Bills or are guaranteed by the Government of Canada, and represent only 2.34% of the fair value of the Section, credit risk is considered minimal.

All portfolio transactions in listed securities are settled/paid 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 are received by the broker. The trade will not settle if either party fails to meet its obligation.

Sceptre Pooled Investment Fund - Canadian Equity Section

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The Section may engage in securities lending transactions with counterparties. Credit risk associated with these transactions is considered minimal as: the value of the collateral must be no less than 102% of the value of the loaned securities (where the amount of collateral is adjusted each trading day to make sure that the value of the collateral does not go below 102% minimum level); the collateral to be held may consist only of cash, qualified securities or securities that can be immediately converted into identical securities to those that are on loan; the Section cannot loan more than 50% of the total value of its assets through securities lending transactions; and the Section's total exposure to any one borrower in securities, derivative transactions and securities lending will be limited to 10% of the total value of the Section's assets.

Liquidity Risk

Liquidity risk is the risk that the Section will encounter difficulty in raising funds to meet cash-flow commitments associated with financial instruments. The Section is exposed to daily cash redemptions of redeemable units. The units of the Section 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 Section's assets in investments that are traded in an active market and can be readily disposed of. In addition, the Section aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

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

Underlying Fund Risk

Underlying fund risk is the risk that the securities of underlying fund may be held in significant percentages by the Section (a "top fund"). In order to meet redemption requests by the Section, the underlying fund may have to alter its portfolio significantly to accommodate large fluctuations in assets and sell their investments at unfavorable prices. This can reduce the returns of the underlying fund. However, the Section's investments in underlying funds at December 31, 2008 are not significant in relation to the size of the underlying funds and therefore, underlying fund risk is considered minimal.

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11. Future changes in accounting standards

In February 2008, the Canadian Accounting Standards Board confirmed that the International Financial Reporting Standards (“IFRS”) will replace current Canadian standards and interpretations as Canadian GAAP for publicly accountable enterprises effective January 1, 2011, which includes investment funds. Management has commenced activities to identify key issues and the likely impacts resulting from the adoption of IFRS and is in the process of developing a changeover plan, which will include identifying differences between the Section’s current accounting policies and those it expects to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any, on NAV of the Section. Management has presently determined that there will be no significant impact to Net Assets per Unit as a result of the changeover to IFRS.