

SCEPTRE INVESTMENT COUNSEL

Quarterly Investment Review
of the Equity Pooled Fund
for the period ending

June 30, 2010



SCEPTRE

INVESTMENT COUNSEL LIMITED

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SCEPTRE INVESTMENT COUNSEL EQUITY POOLED FUND

MANDATE

Sceptre Investment Counsel Limited manages a Pooled fund portfolio of equities for <<COMPANY NAME>>

INCEPTION DATE

<<INCEPTION>>

CURRENT BENCHMARK

S&P/TSX Composite	75%
MSCI World ex Canada	25%

SCEPTRE CONTACTS

<<CONTACT>>

Portfolio Administrator

<<Administrator>>

July 15, 2010

The global economic recovery has begun to falter as nations move away from massive stimulation of their economies and toward the implementation of austerity measures designed to reduce annual deficits and rising total indebtedness. Without increased participation by consumers and corporations to take up the slack left by governments gradual withdrawing of support programmes, the outlook is for more modest global growth. With consumer confidence weakening and with corporations continuing to hoard their substantial cash holdings, the near term outlook remains worrisome. With all the problems that persist in Europe, with evidence that the Chinese economy is slowing and with the US recording only a modest recovery, investors have become increasingly skeptical about the future and are employing risk averse strategies to protect their portfolios. Consequently, equity markets have come under pressure, the highest quality bonds are greatly sought after and the risk of deflation in the US and many other nations has escalated.

In the second quarter, the S&P/TSX Composite Index declined 5.5% while the Morgan Stanley World ex-Canada Index was off 8.6%. With bond yields continuing to decline, the DEX Bond Universe increased 2.9%.

In this environment, the second quarter return for your Fund was -7.5%.

We look forward to the opportunity to discuss your report with you in more detail.



ECONOMIC SUMMARY

Although the global economy has begun its recovery from the worst recession since the Second World War, the headwinds against which it is struggling remain daunting. The massive stimulation undertaken by governments to counter the recessionary forces has begun to work its magic, but at what cost? Annual deficits and total indebtedness particularly among European nations have reached unsustainable levels and are going to have to be addressed over the next several years. At the recent G20 meetings in Canada, most advanced nations with the exception of Japan pledged to halve their deficits by 2013 and stabilize their debt/GDP ratios by 2016. Such fiscal austerity measures are bound to negatively impact future economic growth unless the consumer and corporate sectors of the market are able to step forward and fill the gap. As employment growth remains muted and consumers continue to deleverage, this may prove to be a difficult transition.

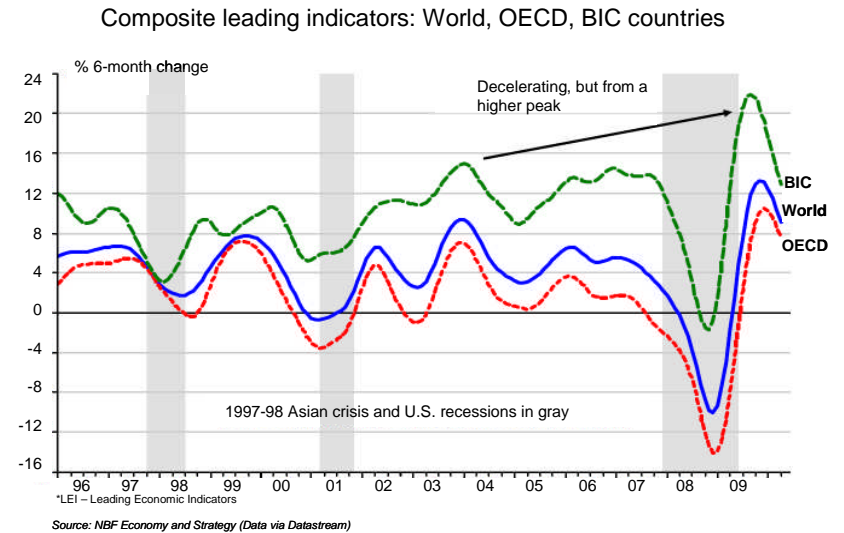
Although the focus of investors is currently on Europe's debt problems and the risk of financial contagion and a second global credit crisis leading to a double dip recession, in reality, Europe is far less important to the global economy than in the past. Europe currently accounts for only 14% of global GDP versus 20% several years ago. As long as

there is no financial contagion, weak economic growth in the Euro zone will not be enough to derail the current global economic recovery. Emerging Asia is now a much bigger participant in the global economy and despite signs that China is attempting to moderate its pace of expansion, this region is still expected to record high levels of growth in 2010 which in turn will assist the recovery of many other nations. Global trade flows are currently up 15% year over year and are now only 7% off their peak of April 2008.

Following two significant quarters of economic growth in the fourth quarter of 2009 and first quarter of 2010, the economic recovery appears to be faltering. As the stimulus spending by governments has begun to unwind, it appears that the recovery in consumer and corporate spending is, as yet, not sufficiently strong to offset the impact of reduced government participation.

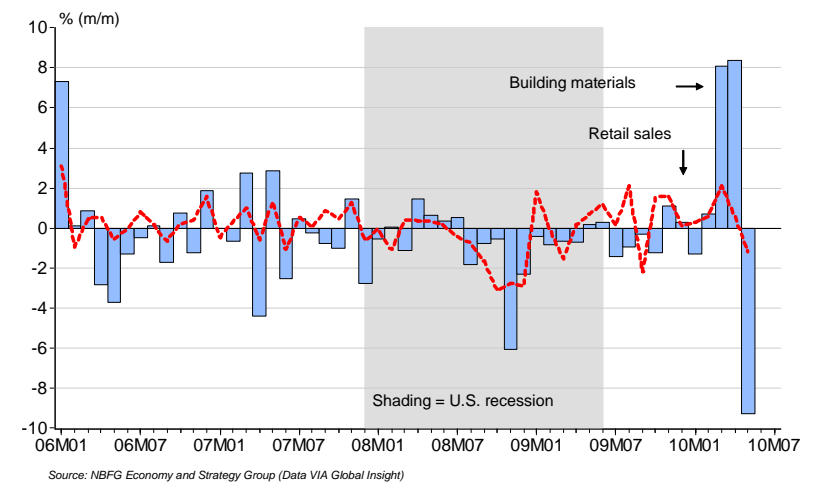
The US economy is forecast to record reasonable growth in 2010 of approximately 3.3%. The manufacturing and machinery and equipment sectors are performing well and corporate profits have rebounded strongly. The difficulty in the US lies with consumers as the crucial housing and auto sectors are falling once again as incentives are removed. With employment showing only modest improvement, consumers remain cautious

WORLD: LEI GROWTH PEAKS, GDP GROWTH WILL CONTINUE*



UNITED STATES: RETAIL SALES PULL BACK IN MAY

Retail sales and building materials, garden equipment and supplies



ECONOMIC SUMMARY (cont'd)

and are continuing to concentrate on debt reduction. The Conference Board's consumer confidence index declined 9.8 points in June to a three month low of 52.9. Retail sales in May declined 1.2%. Another worry for the United States is the housing market. Until the end of April, sales were positively impacted by the tax incentives available to first time home buyers. With the cessation of these incentives, sales of existing and new homes declined 4.4% in May. Foreclosures continue to weigh on the market and without an improvement on the job front, there is little likelihood of a significant recovery in this important sector.

The outlook for the US in 2011 is for growth of marginally above 2%. As core inflation declines to less than 1%, the spectre of deflation has raised its ugly head. The Fed Funds Rate is expected to remain on hold for an extended period. Despite the many problems that the US government faces in dealing with its soft economy and mounting deficits and debts, the US dollar remains strong relative to the Euro as US treasuries become the asset of choice for risk-averse investors seeking a safe haven.

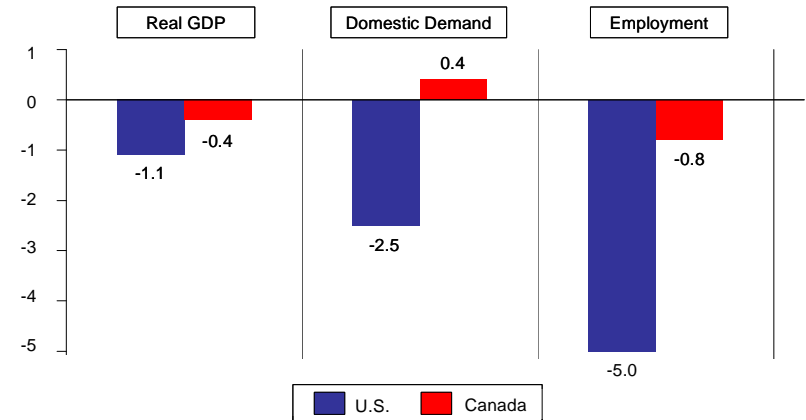
Although Canada entered the recession later than many other nations and has enjoyed a faster, more buoyant pace of

recovery, we are also seeing evidence of a faltering in the pace of expansion. The housing market which has been on fire is expected to cool in coming months as higher mortgage rates, the introduction of the HST in Ontario and B.C. and reduced affordability weigh on the market. Both the housing and auto sectors have shown signs of weakness in May. Retail sales declined in April and following an incredible 6.1% annualized growth of real GDP in the first quarter of 2010, growth was flat in the month of April. With domestic savings less than 3%, the domestic sector of the economy is unlikely to offset the effects on our trade of weaker global growth. The Bank of Canada raised its Overnight Target Interest Rate on June 1 by 25 basis points to 0.5% but will likely go slow on further increases if the pace of our recovery continues to falter. Despite all this, Canada remains in a favourable position relative to most other developed nations.

Although the initial pace of global economic recovery was quite good, it appears that we are now moving to a slower but hopefully more sustainable pace of growth. The risks of financial contagion and deflation within North America have increased and will remain a cause of concern to investors in coming quarters. This will likely result in continued high levels of volatility within both equity and currency markets.

A TALE OF TWO ECONOMIES

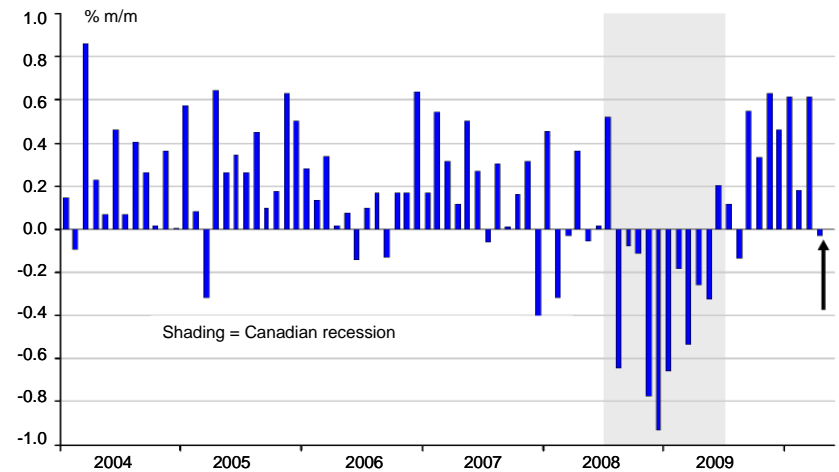
Distance from pre-recession peaks, U.S. and Canada



Source: NBF Economy and Strategy

CANADIAN ECONOMY TAKES A BREAK IN APRIL

Real GDP (chained dollars)



Source: NBF Economy and Strategy (Data VIA Global Insight)



PERFORMANCE REVIEW

Equity markets fell in the quarter as fears of a double dip recession intensified. On the other hand bonds, in particular Government of Canada bonds, benefited from this concern as yields declined.

The portfolio was adversely affected by the performance of the equity portfolios, offset slightly by an underweight in foreign equities and an overweight in Canadian stocks.

PORTFOLIO PERFORMANCE

Periods Ending June 30, 2010

	Current Quarter	Year to Date	One Year	Two Year	Three Years	Four Years
Total Fund	-7.5%	-5.8%	5.9%	-11.4%	-7.6%	-0.6%
Benchmark*	-6.3%	-4.1%	9.1%	-8.8%	-5.7%	0.5%
Canadian Equity	-6.9%	-4.3%	7.8%	-9.9%	-4.5%	2.3%
S&P/TSX Composite	-5.5%	-2.6%	12.0%	-8.8%	-3.9%	2.2%
Foreign Equity	-10.1%	-10.7%	1.1%	-16.2%	-17.0%	-9.1%
MSCI World ex Canada	-8.6%	-8.8%	0.5%	-9.8%	-11.8%	-5.1%
91-day T-Bills	0.1%	0.2%	0.3%	1.2%	2.1%	2.7%
CPI (May)	0.6%	1.0%	1.4%	0.7%	1.2%	1.5%

* Benchmark (75% S&P/TSX Composite, 25% MSCI World Ex-Canada)



ASSET MIX STRATEGY

Although the economic recovery commenced on a strong note in the latter part of 2009, it currently appears to be faltering. The imposition of stringent austerity measures by many governments to counter growing deficits and total government debts are having a negative impact on the growth of the affected countries. Nor are these measures solely confined to the weakest nations. Virtually all countries have to retrench following the massive stimulation undertaken to counter the worst affects of the most serious recession since the Second World War. It is now necessary for corporations and consumers to pick up the slack in order to sustain the current recovery. This is far from certain as consumers continue to deleverage in the face of weak labour markets and corporations continue to hoard their massive cash resources. With China showing signs of slowing and with weakening growth prospects for the global economy, the threat of deflation has increased.

In this environment we are taking a cautious approach to investing, seeking investments that can weather uncertain times.

PORTFOLIO ASSET MIX

	Portfolio Weights		
	Mar 31 '10	Jun 30 '10	Benchmark
Short-Term	1.0%	1.4%	0%
Equities	99.0	98.6	100
Canadian	76.2	76.5	75
Foreign	22.8	22.1	25
Total Fund	100.0%	100.0%	100%
Your Market Value	\$	\$	
Unit Value	658.4	608.9	



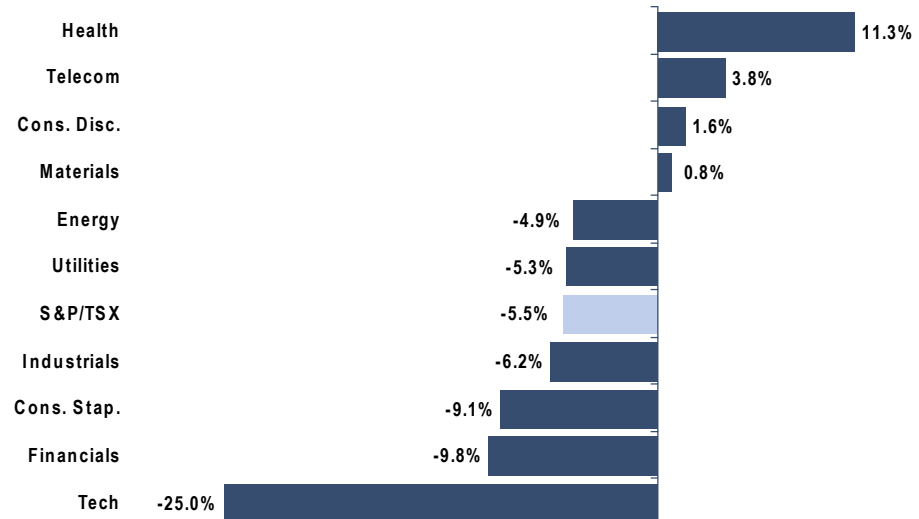
**CANADIAN EQUITY:
 MARKET OVERVIEW**

As attention focused on the debt problems of European nations and evidence that the global economic recovery was facing heavy headwinds, investors have become increasingly cautious and equity investments have been under pressure. In the second quarter, the S&P/TSX Composite Index declined 5.5%. Health Care which has the smallest sector weight within the composite index was a market leader with a return of 11.3%. The more defensive Telecom sector also had a positive return as it was buoyed by stocks such as BCE Inc. and Telus Corp. The Technology sector provided the weakest returns primarily due to the poor performance of Research In Motion which is facing stiff competition from Apple Inc’s new line of hand held products. Financial stocks were also under pressure with banks, insurance companies and asset management companies all performing poorly as investors avoided securities that could be negatively impacted by European debt problems, slower economic growth or poor equity markets.

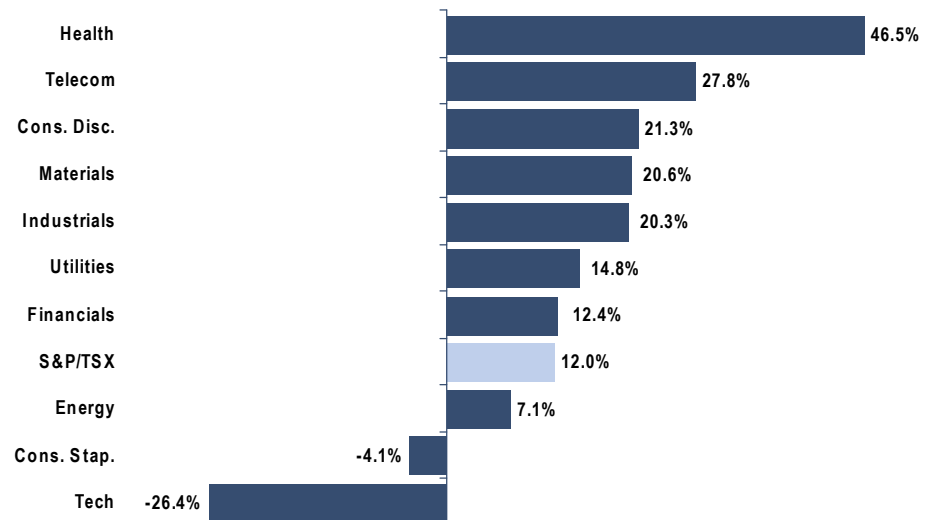
Although the 12 month return for the S&P/TSX Composite Index remains positive, the rate of advance is down substantially from the 42% year over year advance recorded in March. With the modest first quarter and negative second quarter returns, the year to date market performance is negative 2.6%.

S&P/TSX MARKET RETURNS

Second Quarter 2010



12 Months Ending June 30, 2010



CANADIAN EQUITY: REVIEW & STRATEGY

In the second quarter, the Fund purchased three new holdings - Methanex Corp, Saputo Inc. and Vermillion Energy Trust. Rising demand for methanol, primarily due to the Chinese beginning to blend it with their gasoline, is helping to improve the longer-term outlook for Methanex. A disciplined management approach to acquisitions has enabled Saputo Inc. to successfully develop its dairy and cheese businesses in Canada, the US, Germany and Argentina. Vermillion Energy Trust is a very successful Canadian based international energy producer with operations in Canada, Western Europe and Australia. The company has been very disciplined and successful in the allocation of its capital and has provided investors with a high yield and overall rate of return.

Four stocks were eliminated from the portfolio – Petrobank Energy, Inmet Mining, Canadian Tire and Power Corp. Petrobank and Canadian Tire were experiencing deteriorating fundamentals while Inmet was sold and Teck Resources was trimmed to reduce overall exposure to base metals and coal and to enable increased exposure to precious metals with additional purchases of Agnico Eagle and Silver Wheaton. EnCana and Canadian Oil Sands were trimmed to finance the purchase of more Suncor, which has a more attractive outlook. The Fund also trimmed several banks to finance the purchase of more TD Bank.

CANADIAN SECTOR ALLOCATION

Sector	Portfolio Weights (%)		S&P / TSX Weights (%)	
	Mar 31 '10	Jun 30 '10	Mar 31 '10	Jun 30 '10
Energy	25.4	25.7	26.2	26.5
Materials	18.7	20.1	19.3	20.8
Industrials	7.9	8.2	5.7	5.7
Consumer Discretionary	4.1	3.6	4.4	4.7
Consumer Staples	2.1	2.5	2.7	2.6
Health Care	0.1	0.1	0.5	0.5
Financials	33.8	32.0	31.7	30.1
Technology	3.8	3.2	3.5	2.8
Telecommunications	4.0	4.5	4.3	4.6
Utilities	0.1	0.1	1.7	1.7
Total	100.0	100.0	100.0	100.0



SMALL CAP HOLDINGS

In the second quarter, the Small Cap Pooled Fund's return of -5.6% underperformed the benchmark return of -4.6%. Although several of our holdings such as Semafo Inc, (+42.2%), New Gold (+51.3%), San Gold (+44.0%), Macdonald Dettwiler (+16.0%) and Melcor Developments (+14.5%) provided strong returns, this was more than offset by our underweight exposure to the Gold sector and negative security selection in the Energy and Industrial sectors.

Significant transactions during the quarter included the purchase of three new securities, Angle Energy Inc., IESI-BFC Ltd and Keyera Facilities. Angle Energy is a low cost growth-oriented oil and gas producer in Alberta. IESI-BFC Ltd is the best waste management company in North America while Keyera Facilities operates one of the largest independent mid-stream natural gas and natural gas liquids businesses in Western Canada.

Positions that were eliminated from the portfolio included AGF Management and Dundee Corp as we reduced our exposure to the mutual fund industry. Two securities, FNX Mining and Result Energy, were taken over by other companies while several other companies were sold as they reached our price objectives or saw a change in their fundamentals.

Despite the market volatility, we continue to see good investment opportunities in this area.

SMALL CAPITALIZATION POOLED FUND

	Current Quarter	Year to Date	One Year	Two Years	Three Years	Four Years
Small Cap Pooled Fund	-5.6%	-0.4%	37.2%	-7.4%	-6.4%	1.0%
TSX Small Cap Index	-4.6%	0.1%	37.8%	-5.7%	-7.2%	-1.6%

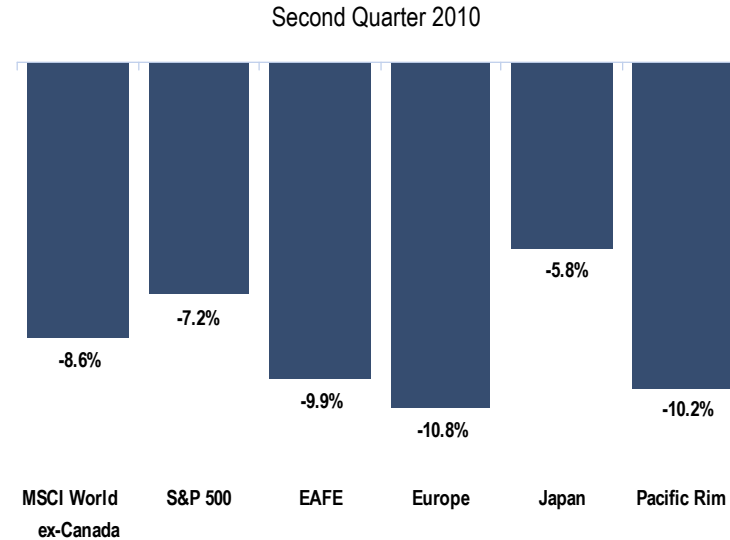


**FOREIGN EQUITY:
 MARKET OVERVIEW**

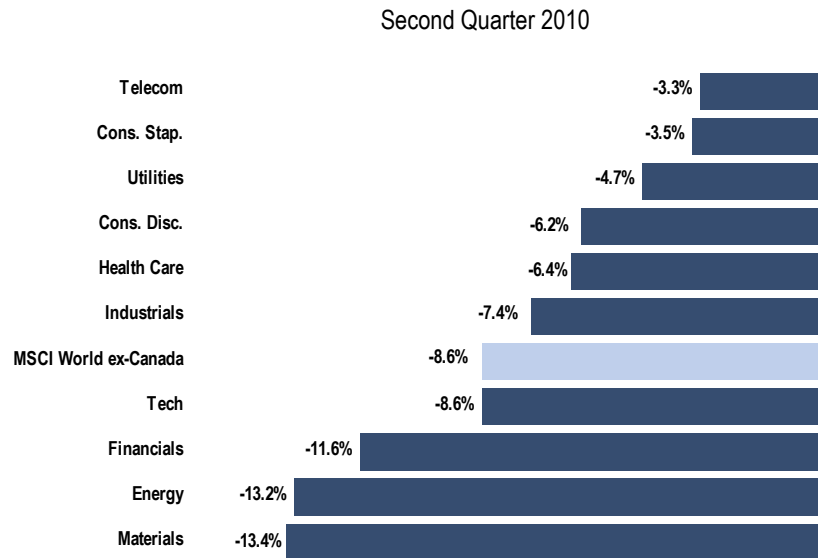
Global equity markets were markedly negative in the second quarter as investors focused on the problems in Europe and initial evidence that the pace of the global economic recovery was faltering. Investors became increasingly risk averse with many investors moving money into the perceived safety of US treasuries and out of aggressive and economy-sensitive equities. European securities were the hardest hit while US returns benefited from a stronger US dollar. Overall the Morgan Stanley World ex Canada Index declined 8.6%.

Defensive sectors of the market outperformed in the second quarter with Telecommunications, Consumer Staples and Utilities outperforming while Materials, Energy and Financials lagged the overall market. The dynamics within the markets have turned more bearish as fewer and fewer stocks are able to reach new highs and selling pressure dominates even during up-days for the market. Without evidence of a return to stronger economic growth, further weakness is anticipated for equity markets.

FOREIGN EQUITY MARKET RETURNS (CDN\$)



MSCI SECTOR PERFORMANCE (CDN\$)



**FOREIGN EQUITY:
 REVIEW & STRATEGY**

While the recent spike in market volatility and some fundamental developments suggest that caution is advisable in the near term, equities look very attractive for those with a longer time horizon. Corporate restructuring has helped to strengthen balance sheets and profitability, while depressed, is on the upswing. The free cash flow yield on global equities is very attractive versus yields on sovereign bonds. However, the economic & political uncertainties that have helped to create the long-term upside potential for equities pose significant risks that the fund managers are carefully managing.

Both style teams have reassessed their exposure to unpredictable political risks that can have a material effect on markets, companies and stocks. For example, Goldman Sachs, while offering a compelling opportunity if it emerges unscathed from a regulatory probe and pending industry reforms, was trimmed as other securities that don't face similar threats trade at equally attractive valuations. Similarly, BP and Transocean shares were sold due to the unpredictable nature of their liabilities associated with the Gulf of Mexico oil spill and the possible consequences for their future operations in the region.

In this environment, the Fund remains heavily exposed to emerging markets which will continue to lead the global economic recovery.

COUNTRY WEIGHTS

Sector Commitments	Portfolio Weights (%)		MSCI World Ex Canada Index Weight (%)	
	Mar 31 '10	Jun 30 '10	Mar 31 '10	Jun 30 '10
United States	47.0	49.5	51.7	52.5
Europe	32.9	29.4	31.5	30.4
Japan	7.3	7.9	10.7	11.1
Pacific ex Japan	2.7	2.9	6.1	6.0
Emerging Markets	8.0	7.9	—	—
Cash	2.1	2.4	—	—
Total	100.0	100.0	100.0	100.0



**FOREIGN EQUITY:
REVIEW & STRATEGY** *(cont'd.)*

In the second quarter, the portfolio still favoured cyclically-sensitive companies and sectors. The largest sector overweights are in Consumer Discretionary and Technology, while the largest underweights are in Financials, Consumer Staples and Utilities. During the quarter, many cash-rich firms were added to the portfolio including Sara Lee, Proctor & Gamble and Japan Tobacco. Within Technology, the Fund added Cap Gemini and Hewlett-Packard and added to Toshiba. All three trade at discounts to their peers. The Technology sector is a major overweight as earnings revisions have been strong in the sector because of a confluence of growing emerging-market demand and renewed corporate spending. Another new addition to the Fund is Man, a German truckmaker that stands to benefit as European demand for new trucks rebounds from current low levels.

The Fund likes data storage specialists EMC and NetApp which have gained share of the growing storage market throughout the recession. As the numbers of computers churning out information grows around the world, vast quantities of data need a place to live. The team also likes its global mining holdings and industrial firms that benefit from infrastructure developments in the emerging markets, such as ABB, a Swiss leader in power generation projects; Vinci, a French construction and engineering company; and Komatsu, a Japanese mining and construction-equipment manufacturer.

FOREIGN SECTOR ALLOCATION

Sector	Sceptre Weights (%)		MSCI World Ex Canada Index Weight (%)	
	Mar 31 '10	Jun 30 '10	Mar 31 '10	Jun 30 '10
Energy	9.7	8.9	9.7	9.1
Materials	6.5	5.6	6.9	6.6
Industrials	12.0	10.4	11.1	11.3
Consumer Discretionary	15.7	15.2	10.0	10.2
Consumer Staples	7.0	9.3	10.7	10.9
Health Care	10.1	10.6	10.4	10.8
Financials	19.5	18.1	20.0	19.8
Technology	13.5	15.5	12.5	12.4
Telecommunications	4.0	3.7	4.2	4.3
Utilities	2.0	2.7	4.5	4.6
Total	100.0	100.0	100.0	100.0



COMPLIANCE REPORT: SCEPTRE INVESTMENT COUNSEL EQUITY POOLED FUND

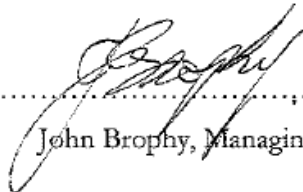
As part of our service to our clients, please find below confirmation that, except for the shaded item, we were in compliance with our operating guidelines as of June 30, 2010.

		Guidelines	Actual
ASSET MIX			
Cash and Short-Term Investments		0% – 10% of fund	1.4%
Equities	Total	90% – 100% of fund	98.6%
	Canadian	60% – 100% of fund	76.5%
	Foreign	0% – 40% of fund	22.1%
QUALITY			
	Short term	R1 or equivalent	Yes
	Equities listed on recognized exchange (or convertible into listed)	Minimum: 95%	Yes
OTHER CONSTRAINTS			
	Holding of single company	Maximum: 10% of total fund (B.V. at purchase)	Yes
REPORTING		Quarterly	Yes
SECURITIES LENDING		Permitted	Yes
PERFORMANCE			
	Over 4 years	3% Real = 4.5%	Actual -0.6%
		Exceed Benchmark	No

Voting: We have voted all proxies received.

Soft Dollar: We are compliant with the CFA Institute Soft Dollar Standards. Details are available upon request.

Conflict of Interest: To the best of our knowledge, there has been no conflict of interest situation in the latest quarter.

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 John Brophy, Managing Director



APPENDIX

PROPOSED MERGER OF SCEPTRE INVESTMENT COUNSEL LIMITED & FIERA CAPITAL INC.

IMPLICATIONS FOR SCEPTRE CLIENTS

Sceptre Investment Counsel Limited and Fiera Capital Inc. recently announced the proposed merger of the two firms which, when approved by Sceptre shareholders at a meeting on August 24, 2010, will create a leading, publicly traded, fast growing independent money manager with \$30 billion dollars in assets under management. The terms of the transaction and information about Fiera and Sceptre and the merged entity are outlined in a press release and an investor presentation contained within Sceptre's web site at www.sceptre.ca.

As this is a major development for both firms, many of our clients are asking how this transaction will affect them and their relationship with existing Sceptre personnel. The short answer is that we feel that the merger will prove to be a significant positive for our clients.

The expertise of the two firms is complementary and supportive. There are currently no intended changes in either investment or client service personnel or in the style or philosophy governing the management of our clients' portfolios. From a Sceptre clients' perspective, it is business as usual-but with pluses. Fiera Capital Inc. has an enviable track record in the Fixed Income sector where a significant portion of their assets under management are invested. The expertise of their people in combination with our Fixed Income professionals will strengthen this segment of your portfolio.

The strength of the firm will be enhanced with increased investment management depth and dedicated operating management.

Fiera Capital has demonstrated an expertise in a broad range of other product offerings such as structured fixed income products, market neutral portfolios and non-traditional investment strategies including an infrastructure fund. For more information on these products and a discussion of how these services may benefit your Fund, please contact your client service manager.

The merger of Fiera and Sceptre will result in a much stronger entity with expanded investment and service capabilities. The two firms share the same entrepreneurial values and business culture and employ one of the larger and stronger teams of investment professionals to provide the solid long-term investment returns required by our clients.

We look forward to continuing to work closely with you. If you would like to further discuss the implications of this merger, please do not hesitate to contact us.



SCEPTRE'S BROKERAGE COMMISSION POLICIES

REQUIRED DISCLOSURES REGARDING USE OF CLIENT BROKERAGE COMMISSIONS UNDER NATIONAL INSTRUMENT 23-102

It is Sceptre's policy to select dealers to effect securities transactions in a manner that serves the best interests of the firm's clients. Brokerage commissions are paid for both order execution and research goods and services. As part of the process of allocating brokerage transactions, both trading and research personnel vote on which dealers contribute the most to the firm's investment management process. The specific aim is to leverage our research knowledge and to acquire the best execution when trading securities. The firm has no affiliated trading operation.

The nature of the services provided by dealers used by Sceptre to effect securities transactions ranges from order execution only to trading commissions for full service brokers who provide order execution as well as research. The firm also participates in third party "soft dollar" arrangements whereby a portion of the commission paid to the dealer is allocated to a third party independent research house or data provider. The independent services provided are covered by contractual arrangements between Sceptre and the provider. The cost of these services is paid directly by "soft dollar" dealers who set aside part of the trading commission for such purpose. The names of dealers and third parties providing research services will be provided upon request.

The type of goods and services provided in addition to order execution services includes dealer research and dealer sponsored research conferences, company financial data, market data, risk analysis, economic and strategy analysis and market and trading information.

Sceptre receives high quality execution and research in return for brokerage commissions paid to dealers. Sceptre has determined that the overall value of order execution and research services received is reasonable considering the total amount of client brokerage commissions paid. This determination was made based on the industry experience and expertise of the Sceptre personnel involved, taking into account the total commission dollars generated by Sceptre in managing its clients' portfolios, relative to the research services received. Since Sceptre's management style is generally consistent across all of its clients, all clients incur approximately similar amounts of brokerage commission on a proportional basis (relative to the size of the account). Sceptre utilizes the value of research received, that was funded by brokerage commissions, across all of its clients with similar mandates.

