

The Sceptre Mutual Funds

Annual Financial Report

For the year ended
December 31, 2009

SCEPTRE INCOME & GROWTH FUND

SCEPTRE BOND FUND

SCEPTRE HIGH INCOME FUND

SCEPTRE CANADIAN EQUITY FUND

SCEPTRE EQUITY GROWTH FUND

SCEPTRE LARGE CAP CANADIAN EQUITY FUND

SCEPTRE U.S. EQUITY FUND

SCEPTRE GLOBAL EQUITY FUND

SCEPTRE MONEY MARKET FUND



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February 18, 2010

To the Unitholders of

Sceptre Income and Growth Fund
Sceptre Bond Fund
Sceptre Canadian Equity Fund
Sceptre Equity Growth Fund
Sceptre Global Equity Fund
Sceptre Money Market Fund
Sceptre High Income Fund
Sceptre Large Cap Canadian Equity Fund
Sceptre U.S. Equity Fund
(collectively the Funds)

We have audited the statements of investment portfolio of the Funds as at December 31, 2009 and their statements of net assets, operations and changes in net assets as at and for the periods indicated in note 1 of the accompanying financial statements. These financial statements are the responsibility of Sceptre Investment Counsel Limited (the Manager). Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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 each of the Funds, the results of each of their operations and the changes in each of their net assets as at and for the periods indicated in note 1 of the accompanying financial statements in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Canada

SCEPTRE INCOME & GROWTH FUND

STATEMENTS OF NET ASSETS

As at December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Assets		
Investments at fair value	\$ 51,512	\$ 47,673
Short-term investments	950	4,959
Cash	108	252
Accrued interest and dividends receivable	189	261
Accounts receivable for units sold	7	13
Other receivables	5	10
	52,771	53,168
Liabilities		
Accounts payable for units redeemed	8	80
Management fees payable	48	46
Other accrued liabilities	55	62
	111	188
Net assets representing Unitholders' Equity	\$ 52,660	\$ 52,980
Net assets per class		
Class A	\$ 43,612	\$ 40,086
Class D	\$ 1	\$ —
Class F	\$ 53	\$ 1
Class O	\$ 8,994	\$ 12,893
Net assets per unit		
Class A	\$ 17.92	\$ 16.11
Class D	\$ 17.84	\$ —
Class F	\$ 17.92	\$ 16.00
Class O	\$ 18.23	\$ 16.12

Signed on behalf of
Sceptre Investment Counsel Limited, Manager-Trustee



Director



Director

STATEMENTS OF OPERATIONS

For the years ended December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Investment income		
Interest, net of withholding tax (\$nil; 2008 - \$nil)	\$ 1,137	\$ 1,654
Income received from income trusts	9	5
Security lending income	5	6
Dividends, net of withholding tax (\$19; 2008 - \$20)	748	1,023
	1,899	2,688
Expenses		
Management fees	545	641
Custodian fees	23	12
Securityholder reporting costs	123	137
Audit fees	17	11
Legal fees	23	20
Administration fees	57	58
Independent review committee fees	4	4
	792	883
Net investment income (loss)	1,107	1,805
Realized and unrealized gain (loss) on investments and transaction costs		
Realized gain (loss) on sale of investments	(61)	(141)
Transaction costs	(17)	(13)
Unrealized appreciation (depreciation) of investments and foreign currency	7,583	(13,383)
Net gain (loss) on investments	7,505	(13,537)
Increase (decrease) in net assets from operations	\$ 8,612	\$ (11,732)
Increase (decrease) in net assets from operations per class		
Class A	\$ 6,508	\$ (9,693)
Class D*	\$ —	\$ —
Class F	\$ —	\$ —
Class O	\$ 2,104	\$ (2,039)
Increase (decrease) in net assets from operations per unit		
Class A	\$ 2.63	\$ (3.84)
Class D*	\$ 2.75	\$ —
Class F	\$ 0.92	\$ —
Class O	\$ 2.94	\$ (3.30)

* Sceptre Income & Growth Fund — Class D was created on April 1, 2009.

The accompanying notes are an integral part of these financial statements

SCEPTRE INCOME & GROWTH FUND

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31

(Thousands of dollars or units)	2009		2008		2009		2008	
	Class A		Class D*		Class F			
Net assets at beginning of year	\$ 40,086	\$ 53,771	\$ —	\$ —	\$ 1	\$ 1		
Increase (decrease) in net assets from operations	6,508	(9,693)	—	—	—	—		
Capital unit transactions								
Proceeds from units issued	1,059	1,469	1	—	53	—		
Value of units redeemed	(4,000)	(5,386)	—	—	(1)	—		
Units issued on reinvestment of distributions	1,970	2,507	—	—	1	—		
Net capital unit transactions	(971)	(1,410)	1	—	53	—		
Distributions paid to unitholders								
From net investment income	(858)	(1,649)	—	—	(1)	—		
From return of capital	(1,153)	(933)	—	—	—	—		
Total distributions paid to unitholders	(2,011)	(2,582)	—	—	(1)	—		
Net assets at end of year	\$ 43,612	\$ 40,086	\$ 1	\$ —	\$ 53	\$ 1		

	2009		2008		2009		2008	
	Class O		Total Fund					
Net assets at beginning of year		\$ 12,893	\$ 11,367	\$ 52,980	\$ 65,139			
Increase (decrease) in net assets from operations		2,104	(2,039)	8,612	(11,732)			
Capital unit transactions								
Proceeds from units issued		2,504	3,908	3,617	5,377			
Value of units redeemed		(8,399)	(295)	(12,400)	(5,681)			
Units issued on reinvestment of distributions		467	583	2,438	3,090			
Net capital unit transactions		(5,428)	4,196	(6,345)	2,786			
Distributions paid to unitholders								
From net investment income		(238)	(345)	(1,097)	(1,994)			
From return of capital		(337)	(286)	(1,490)	(1,219)			
Total distributions paid to unitholders		(575)	(631)	(2,587)	(3,213)			
Net assets at end of year		\$ 8,994	\$ 12,893	\$ 52,660	\$ 52,980			

	2009		2008		2009		2008	
	Class A		Class D*					
Number of Units								
Balance — beginning of year	2,489	2,568	—	—	—	—	—	—
Units issued and paid during the year	63	76	—	—	—	—	—	—
Units redeemed during the year	(236)	(286)	—	—	—	—	—	—
Units issued on reinvestment of distributions	118	131	—	—	—	—	—	—
Balance — end of year	2,434	2,489	—	—	—	—	—	—

	2009		2008		2009		2008	
	Class F		Class O					
Number of Units								
Balance — beginning of year	—	—	800	551	—	—	—	—
Units issued and paid during the year	3	—	151	233	—	—	—	—
Units redeemed during the year	—	—	(485)	(16)	—	—	—	—
Units issued on reinvestment of distributions	—	—	27	32	—	—	—	—
Balance — end of year	3	—	493	800	—	—	—	—

* Sceptre Income & Growth Fund — Class D was created on April 1, 2009.

The accompanying notes are an integral part of these financial statements

SCEPTRE INCOME & GROWTH FUND

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2009

	MATURITY DATE	COUPON RATE	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Cash				107,859	107,526	0.20
Short-Term Notes						
Treasury Bills						
Canada Treasury Bills, with various due dates to Apr 01, 2010						
0.270% - 0.285%						
				949,417	949,663	1.81
Total Short-Term Notes				949,417	949,663	1.81
Bonds and Debentures						
Government and Guaranteed						
Canada Housing Trust No. 1	15-Sep-11	4.600%	1,365,000	1,446,201	1,437,867	
Canada Housing Trust No. 1	15-Jun-12	4.800%	810,000	869,540	865,211	
Canada Housing Trust No. 1	15-Dec-14	2.750%	480,000	479,112	474,381	
Government of Canada	1-Jun-10	3.750%	30,000	30,474	30,413	
Government of Canada	1-Dec-10	2.750%	110,000	112,255	112,068	
Government of Canada	1-Jun-13	3.500%	30,000	31,410	31,194	
Government of Canada	1-Jun-17	4.000%	20,000	21,378	20,892	
Government of Canada	1-Jun-23	8.000%	170,000	246,053	240,115	
Government of Canada	1-Jun-25	9.000%	175,000	278,950	271,441	
Government of Canada	1-Jun-29	5.750%	25,000	30,852	30,159	
Government of Canada	1-Jun-37	5.000%	65,000	77,306	74,799	
Financement-Quebec	1-Jun-34	5.250%	220,000	238,925	226,598	
OMERS Realty CTT Holdings Inc.	5-May-16	4.750%	115,000	116,245	119,568	
OMERS Realty CTT Holdings Two Inc.	5-May-14	4.050%	50,000	49,987	51,440	
Province of British Columbia	18-Jun-14	4.250%	170,000	179,852	179,355	
Province of British Columbia	18-Dec-19	4.100%	90,000	90,020	88,677	
Province of British Columbia	18-Jun-29	5.700%	215,000	242,659	238,770	
Province of Manitoba	1-Sep-14	3.050%	115,000	114,968	115,344	
Province of Manitoba	3-Dec-15	5.200%	220,000	234,175	241,704	
Province of Manitoba	22-Dec-25	7.750%	110,000	145,735	144,936	
Province of New Brunswick	27-Dec-28	5.650%	150,000	164,150	162,843	
Province of Nova Scotia	25-Nov-19	4.150%	130,000	129,867	127,692	
Province of Nova Scotia	1-Jun-41	4.700%	85,000	84,364	82,983	
Province of Ontario	2-Dec-11	4.400%	60,000	61,764	63,131	
Province of Ontario	2-Dec-12	4.500%	20,000	20,316	21,253	
Province of Ontario	2-Jun-13	4.750%	575,000	607,022	616,226	
Province of Ontario	28-Oct-14	FRN	550,000	549,320	549,472	
Province of Ontario	8-Mar-17	4.300%	85,000	89,675	87,986	
Province of Ontario	2-Jun-20	4.850%	125,000	132,249	129,267	
Province of Ontario	8-Mar-29	6.500%	210,000	255,509	252,760	
Province of Ontario	8-Mar-33	5.850%	295,000	326,259	334,353	
Province of Ontario	2-Jun-35	5.600%	115,000	119,698	127,394	
Province of Quebec	1-Dec-17	4.500%	150,000	158,775	155,565	
Province of Quebec	1-Dec-18	4.500%	450,000	469,350	459,820	
Province of Quebec	1-Dec-19	4.500%	70,000	72,539	70,678	
Province of Quebec	1-Oct-29	6.000%	15,000	16,952	16,981	
Province of Quebec	1-Dec-41	5.000%	325,000	337,727	331,663	
Province of Saskatchewan	3-Dec-15	4.250%	80,000	81,688	83,931	
Province of Saskatchewan	5-Sep-35	5.600%	115,000	128,191	128,377	
TCHC Issuer Trust	11-May-37	4.877%	75,000	75,000	69,613	
Municipal Finance Authority of British Columbia	19-Apr-16	4.650%	35,000	35,838	36,976	

The accompanying notes are an integral part of these financial statements

SCEPTRE INCOME & GROWTH FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	MATURITY DATE	COUPON RATE	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Government and Guaranteed (Continued)						
City of Toronto	27-Sep-16	4.500%	140,000	140,753	144,643	
City of Vancouver	2-Dec-19	4.900%	55,000	54,932	56,073	
				9,148,035	9,104,612	17.32
Corporate Bonds						
407 International Inc.	14-Feb-36	5.750%	45,000	44,688	42,686	
AltaLink LP	5-Jun-13	5.430%	135,000	135,312	144,796	
AltaLink LP	22-Sep-36	5.249%	35,000	35,000	32,763	
American Express Canada Credit Corp.	3-Oct-14	4.853%	80,000	80,000	82,194	
Bank of Montreal	14-Jul-11	4.960%	195,000	206,447	204,968	
Bank of Nova Scotia	15-Apr-14	4.940%	200,000	203,645	211,594	
Bank of Nova Scotia	18-Nov-14	3.350%	165,000	164,932	164,692	
Bank of Nova Scotia	22-Jan-16	6.650%	75,000	80,672	85,091	
BMO Capital Trust	31-Dec-11	6.685%	65,000	70,200	70,164	
Bell Canada	30-Jun-14	4.850%	55,000	54,913	57,723	
BMO Capital Trust	31-Dec-14	5.474%	35,000	36,769	36,821	
BMO Subordinated Notes Trust	26-Sep-17	5.750%	65,000	66,304	70,459	
British Columbia Ferry Services Inc.	13-Oct-34	6.250%	30,000	26,353	32,375	
British Columbia Ferry Services Inc.	20-Mar-37	5.021%	20,000	14,629	18,348	
Brookfield Asset Management Inc.	2-Jun-14	8.950%	255,000	257,830	289,001	
Brookfield Power Corp.	5-Nov-36	5.840%	30,000	29,991	23,288	
Brookfield Renewable Power Inc.	30-Nov-16	6.132%	100,000	100,862	102,292	
Caisse Centrale Desjardins du Quebec	4-Dec-14	3.114%	135,000	135,000	132,839	
Cameco Corp.	2-Sep-19	5.670%	105,000	106,689	106,751	
Canada Capital Auto Receivables Asset Trust	17-Apr-10	4.579%	225,000	225,000	225,601	
Canadian Imperial Bank of Commerce	6-Jun-13	5.150%	120,000	119,841	128,151	
Canadian Imperial Bank of Commerce	23-Jan-14	4.950%	120,000	126,806	128,506	
Canadian Pacific Railway Co.	17-Nov-39	6.450%	70,000	69,963	69,737	
Canadian Tire Corp. Ltd.	1-Jun-16	5.650%	20,000	19,992	21,556	
Canadian Tire Corp. Ltd.	4-Sep-35	5.610%	45,000	30,330	39,552	
Caterpillar Financial Services Ltd.	3-Jun-13	5.200%	100,000	100,160	106,156	
CI Financial Corp.	16-Dec-11	FRN	140,000	140,000	139,968	
CI Financial Corp.	17-Dec-12	3.300%	215,000	214,987	215,066	
CIBC Capital Trust	30-Jun-19	9.976%	55,000	65,039	71,248	
CIBC Capital Trust	30-Jun-39	10.250%	20,000	20,277	28,629	
CU Inc.	26-May-38	5.580%	30,000	30,000	30,148	
CU Inc.	7-Mar-39	6.500%	20,000	20,000	22,623	
Enbridge Gas Distribution Inc.	25-Feb-36	5.210%	20,000	17,412	19,091	
Enbridge Inc.	19-May-16	5.170%	55,000	54,968	58,473	
Enbridge Inc.	24-Jul-30	7.220%	45,000	51,870	51,408	
Enbridge Inc.	18-Jun-32	7.200%	15,000	12,753	17,225	
Enbridge Inc.	2-Sep-39	5.750%	15,000	14,985	14,544	
EPCOR Utilities Inc.	24-Nov-39	5.750%	50,000	49,929	48,607	
Finning International Inc.	3-Sep-13	5.160%	30,000	29,998	31,578	
Fortis Inc.	4-Jul-39	6.510%	70,000	69,954	73,675	
GE Capital Canada Funding Co.	28-Sep-12	4.375%	40,000	36,868	41,439	
GE Capital Canada Funding Co.	1-Jun-16	5.100%	90,000	90,966	92,192	
GE Capital Canada Funding Co.	10-Sep-19	5.680%	125,000	124,906	126,583	
GE Capital Canada Funding Co.	22-Oct-37	5.730%	30,000	29,983	27,035	
Greater Toronto Airports Authority	15-Feb-16	4.700%	165,000	174,442	171,961	
Greater Toronto Airports Authority	1-Jun-17	4.850%	60,000	57,358	62,004	
Greater Toronto Airports Authority	4-Jun-31	7.100%	35,000	32,757	40,378	
Greater Toronto Airports Authority	2-Feb-34	6.470%	50,000	44,454	54,313	

The accompanying notes are an integral part of these financial statements

SCEPTRE INCOME & GROWTH FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	MATURITY DATE	COUPON RATE	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Corporate Bonds (Continued)						
Great-West Life Capital Trust	31-Dec-12	5.995%	75,000	71,527	80,856	
Great-West Lifeco Inc.	21-Mar-18	6.140%	40,000	38,485	43,403	
Great-West Lifeco Inc.	16-Nov-39	5.998%	60,000	60,000	59,940	
HSBC Financial Corporation Ltd.	13-Apr-11	4.800%	30,000	30,360	30,986	
Hydro One Inc.	1-Jun-32	6.930%	75,000	96,046	87,955	
Hydro One Inc.	16-Jul-40	5.490%	30,000	29,960	29,714	
IGM Financial Inc.	8-Apr-19	7.350%	30,000	34,394	34,294	
Industrial Alliance Insurance and Financial Services Inc.	27-Mar-14	8.250%	100,000	99,811	113,059	
Industrial Alliance Insurance and Financial Services Inc.	30-Jun-14	5.130%	35,000	36,500	35,649	
John Deere Credit Inc.	29-Jul-13	3.900%	70,000	69,920	71,392	
Loblaw Cos Ltd.	8-May-14	4.850%	20,000	19,996	20,975	
Loblaw Cos Ltd.	9-Jun-34	6.050%	60,000	48,638	55,023	
Manulife Financial Capital Trust	30-Jun-12	6.700%	100,000	108,932	108,180	
Manulife Financial Capital Trust II	31-Dec-19	7.405%	155,000	158,107	173,559	
Manulife Financial Corp.	2-Jun-14	4.896%	75,000	75,000	79,418	
National Bank of Canada	15-Nov-13	5.550%	140,000	139,750	151,161	
National Bank of Canada	2-Nov-15	4.700%	40,000	41,264	41,359	
NBC Asset Trust	30-Jun-18	7.235%	40,000	42,708	44,745	
NBC Asset Trust	30-Jun-20	7.447%	40,000	38,933	43,148	
Nova Scotia Power Inc.	27-Jul-39	5.950%	60,000	59,910	60,730	
Power Corp. of Canada	22-Apr-39	8.570%	45,000	45,399	56,008	
RBC Capital Trust	30-Jun-11	7.183%	180,000	194,293	193,226	
RBC Capital Trust	30-Jun-18	6.821%	65,000	55,489	71,783	
RioCan Real Estate Investment Trust	31-Mar-15	5.650%	140,000	140,363	141,851	
Rogers Communications Inc.	4-Nov-19	5.380%	125,000	127,391	124,647	
Rogers Communications Inc.	4-Nov-39	6.680%	15,000	14,985	15,263	
Royal Bank of Canada	6-Jun-13	5.000%	205,000	208,478	218,357	
Royal Bank of Canada	4-Nov-13	5.450%	65,000	70,239	70,320	
Scotiabank Capital Trust	30-Jun-12	6.626%	120,000	130,329	130,305	
Scotiabank Tier I Trust	30-Jun-19	7.802%	55,000	55,000	64,773	
Shaw Communications Inc.	20-Nov-13	7.500%	55,000	63,395	62,158	
Shaw Communications Inc.	1-Oct-19	5.650%	30,000	29,905	30,164	
Shaw Communications Inc.	9-Nov-39	6.750%	15,000	14,989	14,778	
SNC-Lavalin Group Inc.	3-Jul-19	6.190%	65,000	65,000	68,711	
Sun Life Capital Trust II	31-Dec-19	5.863%	55,000	55,000	55,280	
Sun Life Financial Inc.	2-Jul-19	5.700%	30,000	30,161	31,244	
Sun Life Financial Inc.	1-Jun-16	4.950%	95,000	94,962	97,941	
TD Capital Trust	31-Dec-12	6.792%	30,000	32,777	33,102	
TD Capital Trust IV	30-Jun-21	6.631%	90,000	90,000	97,536	
TELUS Corp.	15-May-14	4.950%	65,000	69,122	68,279	
Terasen Gas Inc.	25-Sep-36	5.550%	20,000	19,997	19,792	
Terasen Gas Inc.	24-Feb-39	6.550%	35,000	34,872	39,597	
Thomson Reuters Corp.	31-Mar-16	6.000%	25,000	24,941	27,701	
Toronto-Dominion Bank	1-Nov-12	5.382%	115,000	123,437	123,501	
Toronto-Dominion Bank	19-Nov-12	5.141%	75,000	80,834	80,604	
Toronto-Dominion Bank	13-Feb-13	4.854%	85,000	91,027	90,751	
Toronto-Dominion Bank	2-Apr-15	5.480%	85,000	86,097	92,069	
Toronto-Dominion Bank	9-Jul-18	5.828%	20,000	20,565	21,691	
Toronto-Dominion Bank, Tier IIA	30-Oct-15	4.970%	60,000	60,518	61,619	
Toronto-Dominion Bank, Tier IIA	14-Dec-16	4.779%	75,000	75,035	74,932	
TransCanada Pipelines Ltd.	20-Aug-13	5.050%	45,000	44,941	48,219	
TransCanada Pipelines Ltd.	9-Dec-30	6.500%	25,000	20,038	26,808	
TransCanada Pipelines Ltd.	17-Feb-39	8.050%	45,000	46,879	58,918	

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SCEPTRE INCOME & GROWTH FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	MATURITY DATE	COUPON RATE	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Corporate Bonds (Continued)						
Wells Fargo Financial Canada Corp.	28-Feb-11	4.450%	110,000	112,801	113,604	
Wells Fargo Financial Canada Corp.	6-Dec-13	4.330%	65,000	61,069	67,023	
Wells Fargo Financial Canada Corp.	3-Nov-14	3.970%	180,000	179,992	181,118	
Wells Fargo Financial Canada Corp.	30-Jun-15	4.380%	30,000	26,921	30,486	
Winnipeg Airport Authority Inc.	20-Nov-19	4.569%	275,000	274,999	270,541	
YPG Holdings Inc.	2-Feb-15	7.300%	35,000	35,000	36,066	
				8,233,715	8,542,604	16.25
Mortgage Backed Securities						
Canada Mortgage Acceptance Corp.	15-Jan-11	4.731%	65,000	65,004	65,747	
Merrill Lynch Financial Assets Inc.	12-Sep-13	4.743%	115,000	31,869	32,174	
				96,873	97,921	0.19
Total Bonds and Debentures				17,478,623	17,745,137	33.76
Equities						
Energy						
Cameco Corp.			8,700	147,618	294,147	
Canadian Natural Resources Ltd.			13,800	932,437	1,044,246	
Canadian Oil Sands Trust			15,900	451,243	473,661	
Cenovus Energy Inc.			27,850	455,388	737,190	
EnCana Corp.			27,850	500,501	948,293	
Husky Energy Inc.			10,800	225,937	324,216	
Imperial Oil Ltd.			8,800	425,441	357,368	
Nexen Inc.			26,112	552,013	656,456	
Suncor Energy Inc.			32,540	1,392,009	1,207,559	
Talisman Energy Inc.			52,700	591,095	1,030,285	
Total SA, ADR			5,200	285,213	349,109	
Total Energy				5,958,895	7,422,530	14.11
Materials						
Agnico-Eagle Mines Ltd.			6,562	320,658	372,656	
Alcoa Inc.			9,000	435,031	152,095	
Barrick Gold Corp.			15,300	649,847	633,420	
Goldcorp Inc.			23,450	433,593	968,720	
Kinross Gold Corp.			11,000	150,278	212,630	
Potash Corp. of Saskatchewan			11,000	362,044	1,255,210	
Teck Cominco Ltd., Class B			13,900	247,935	510,130	
Total Materials				2,599,386	4,104,861	7.81
Industrials						
Capital Goods						
ABB Ltd.			9,835	212,921	198,781	
BE Aerospace Inc.			4,000	81,570	98,209	
Eaton Corp.			2,600	153,152	173,410	
Finning International Inc.			13,100	206,375	217,329	
General Electric Co.			10,400	464,853	164,960	
Honeywell International Inc.			5,150	264,031	211,533	
Siemens AG, Registered Shares			2,400	246,752	232,296	
				1,629,654	1,296,518	2.47

The accompanying notes are an integral part of these financial statements

SCEPTRE INCOME & GROWTH FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	MATURITY DATE	COUPON RATE	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Transportation						
Canadian National Railway Co.			18,800	511,855	1,074,420	2.05
Total Industrials				2,141,509	2,370,938	4.52
Consumer Discretionary						
Consumer Services						
Yum! Brands Inc.			4,500	166,464	164,926	0.31
Media						
Shaw Communications Inc., Class B			21,400	312,149	462,240	
Time Warner Inc.			10,900	341,400	332,640	
				653,549	794,880	1.51
Retailing						
Canadian Tire Corp. Ltd., Class A			7,000	338,538	401,450	0.77
Total Consumer Discretionary				1,158,551	1,361,256	2.59
Consumer Staples						
Food & Staples Retailing						
CVS Caremark Corp.			11,100	345,835	374,701	
Safeway Inc.			1,500	31,005	33,479	
Shoppers Drug Mart Corp.			7,500	324,806	340,425	
				701,646	748,605	1.42
Food, Beverage & Tobacco						
Nestle SA, Registered Shares			8,305	283,152	422,380	0.81
Total Consumer Staples				984,798	1,170,985	2.23
Health Care						
Health Care Equipment & Services						
Cerner Corp.			2,600	90,165	224,735	
Medco Health Solutions Inc.			6,400	241,704	428,800	
				331,869	653,535	1.24
Pharmaceuticals, Biotechnology & Life Sciences						
Celgene Corp.			3,000	211,077	175,116	
Roche Holding AG			1,600	277,256	285,091	
Teva Pharmaceutical Industries Ltd., ADR			4,600	258,358	270,923	
				746,691	731,130	1.39
Total Health Care				1,078,560	1,384,665	2.63
Financials						
Banks						
Banco Bilbao Vizcaya Argentaria SA			9,958	240,634	190,596	
Bank of America Corp.			6,800	385,179	107,359	
Bank of Montreal			5,200	248,572	290,108	
Bank of Nova Scotia			25,500	887,670	1,254,345	
BNP Paribas			1,500	124,937	125,895	

The accompanying notes are an integral part of these financial statements

SCEPTRE INCOME & GROWTH FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	MATURITY DATE	COUPON RATE	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Banks (Continued)						
Canadian Imperial Bank of Commerce			11,867	749,793	806,363	
National Bank of Greece SA			4,576	198,799	124,304	
Royal Bank of Canada			33,000	1,034,614	1,859,880	
Toronto-Dominion Bank			11,500	501,283	758,310	
				4,371,481	5,517,160	10.50
Diversified Financials						
CME Group Inc., Class A			300	90,302	105,658	
Deutsche Boerse AG			1,600	133,294	139,342	
JPMorgan Chase & Co.			3,500	158,426	152,897	
State Street Corp.			4,000	310,352	182,581	
				692,374	580,478	1.10
Insurance						
AXA SA, ADR			9,000	451,818	222,764	
Intact Financial Corp.			6,300	213,513	232,344	
Manulife Financial Corp.			44,900	935,283	866,570	
Power Financial Corp.			25,800	551,813	799,542	
Prudential Financial Inc.			2,600	128,366	135,631	
Prudential PLC			15,200	181,994	163,273	
The Travelers Cos Inc.			2,500	129,723	130,651	
				2,592,510	2,550,775	4.85
Real Estate						
Brookfield Asset Management Inc., Class A			12,400	261,088	289,416	0.55
Total Financials				7,917,453	8,937,829	17.00
Information Technology						
Software & Services						
Google Inc., Class A			400	214,015	259,982	
Oracle Corp.			11,500	217,184	295,855	
				431,199	555,837	1.06
Technology Hardware & Equipment						
Cisco Systems Inc.			8,200	260,390	205,799	
Research In Motion Ltd.			9,150	371,916	649,284	
				632,306	855,083	1.62
Semiconductor & Semiconductor Equipment						
Samsung Electronics Co. Ltd., GDR			500	144,882	179,268	0.34
Total Information Technology				1,208,387	1,590,188	3.02
Telecommunication Services						
AT&T Inc.			5,400	177,754	158,680	
BCE Inc.			18,800	615,424	544,260	
Rogers Communications Inc., Class B			20,800	401,696	677,248	
TELUS Corp.			4,700	216,445	159,988	
Vodafone Group PLC, ADR			4,925	191,660	119,165	
Total Telecommunication Services				1,602,979	1,659,341	3.16

The accompanying notes are an integral part of these financial statements

SCEPTRE INCOME & GROWTH FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	MATURITY DATE	COUPON RATE	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Miscellaneous						
DPF India Opportunities Fund			56,000	526,400	258,719	
DPF India Opportunities Fund, Warrants (14 Aug 10)			56,000	33,600	280	
iShares MSCI Japan Index Fund			6,000	81,162	61,203	
Total Miscellaneous				641,162	320,202	0.61
Total Equities				25,291,680	30,322,795	57.68
Mutual Funds						
Sceptre Equity Growth Fund, Class O			36,423	2,823,348	3,443,934	
Total Mutual Funds				2,823,348	3,443,934	6.55
Total Bonds, Debentures, Equities, and Mutual Funds				45,593,651	51,511,866	97.99
Transaction costs				(24,698)		
Total Investment Portfolio Including Cash and Short-Term Notes				46,626,229	52,569,055	100.00

The accompanying notes are an integral part of these financial statements

SCEPTRE INCOME & GROWTH FUND

Discussion of Financial Risk Management and Fair Value Disclosure

Financial Risk Management

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

Market risk

The Fund's market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements.

(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 Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments and indirectly through its holdings in underlying Funds. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

Utilizing a predicted beta of 0.96 (2008 – 0.94), if the S&P/TSX Composite index had increased or decreased by 5% at December 31, 2009, with all other variables held constant, the Fund's net assets could have increased or decreased, respectively, by approximately \$1,320,000 (2008 – \$1,232,000). 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 interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in bonds and debentures and short-term notes, and indirectly in interest-bearing securities held in underlying funds.

The table below summarizes the Fund's exposure to interest rate risk, categorized by earlier of contractual re-pricing or maturity dates.

	Less than 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	More than 5 years	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Interest Rate Exposure:						
December 31, 2009	—	—	1,317,745	8,860,694	8,516,361	18,694,800
December 31, 2008	668,398	2,696,039	2,165,606	8,501,386	12,384,456	26,415,885

At December 31, 2009, if market interest rates changed by 25 basis points with all other variables remaining constant, the change in the Fund's net assets would have been approximately \$259,000 (2008: \$336,000). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(c) Currency risk

Currency risk is the risk that the value of investments denominated in currencies other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value.

The Fund holds assets and liabilities, including cash and cash equivalents that are denominated in currencies other than the Canadian Dollar, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates. The Fund is also indirectly exposed to currency risk through its investments in underlying mutual funds which invest in financial instruments that are denominated in a currency other than the Canadian dollar.

The table below summarizes the Fund's exposure to currency risks.

	December 31, 2009		December 31, 2008	
	Currency Exposure (\$)	Percentage of Net Assets (%)	Currency Exposure (\$)	Percentage of Net Assets (%)
United States Dollar	5,475,537	10.40%	6,932,244	13.08%
Euro	812,433	1.54%	348,730	0.66%
British Pound	163,273	0.31%	111,961	0.21%
Swiss Franc	906,251	1.72%	1,042,544	1.97%

The accompanying notes are an integral part of these financial statements

SCEPTRE INCOME & GROWTH FUND

Discussion of Financial Risk Management and Fair Value Disclosure (Continued)

As at December 31, 2009, if the exchange rate between the Canadian Dollar and the foreign currencies the Fund is exposed to increased or decreased by 1%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$74,000 (2008 – \$84,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other financial assets (including dividend and interest receivable) and financial liabilities that are denominated in foreign currencies, do not expose the Fund to significant currency risk.

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 Fund is subject to credit risk from its holdings of bonds, debentures and short-term notes, and indirectly through investments held in underlying Funds. The Fund limits its exposure to credit loss by investing in securities with high credit quality and by diversifying among a large number of issuers.

The Fund invests in financial assets, which have an investment grade as rated primarily by Dominion Bond Rating Services (DBRS), Standard & Poor's (S&P), and Moody's. Ratings for securities, by the higher of the S&P, Moody's and DBRS ratings, that subject the Portfolio to credit risk at December 31, 2009 and 2008, are noted below:

Rating	As a % of Net Assets	
	December 31, 2009	December 31, 2008
AAA	10.46%	21.82%
AA	9.67%	14.70%
A	12.01%	10.61%
BBB	3.36%	2.73%
	<u>35.50%</u>	<u>49.86%</u>

All portfolio transactions in 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.

The Fund 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 the 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 Fund cannot loan more than 50% of the total value of its assets through securities lending transactions; and the Fund'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 Fund's assets.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet cash-flow commitments associated with financial instruments. The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

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

Fair Value Disclosure

The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2009

(Thousands of dollars)	Financial Assets at fair value as at December 31, 2009		
	Level 1	Level 2	Total
Equities – Long	\$ 30,199	\$ 124	\$ 30,323
Bonds	—	17,647	17,647
Short Term Notes	—	950	950
Mutual Funds	3,444	—	3,444
Mortgaged Backed Securities	—	98	98
	<u>\$ 33,643</u>	<u>\$ 18,819</u>	<u>\$ 52,462</u>

At December 31, 2009, equities-long of approximately \$1,468,000 were transferred from Level 2 to Level 1 as they were trading in an active market.

No Level 3 financial assets were held as at December 31, 2009.

The Fund's financial liabilities include management fees payable and other accrued liabilities all having maturity dates of less than 3 months.

The accompanying notes are an integral part of these financial statements

SCEPTRE BOND FUND

STATEMENTS OF NET ASSETS

As at December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Assets		
Investments at fair value	\$ 141,093	\$ 129,176
Cash	456	33
Due from broker	1,239	—
Accrued interest	1,032	1,164
	143,820	130,373
Liabilities		
Accounts payable for units redeemed	7	73
Management fees payable	6	7
Due to brokers	1,641	—
Other accrued liabilities	51	45
	1,705	125
Net assets representing Unitholders' Equity	\$ 142,115	\$ 130,248
Net assets per class		
Class A	\$ 8,983	\$ 9,263
Class D	\$ 1	\$ —
Class O	\$ 133,131	\$ 120,985
Net assets per unit		
Class A	\$ 12.39	\$ 12.12
Class D	\$ 12.33	\$ —
Class O	\$ 11.48	\$ 11.24

Signed on behalf of
Sceptre Investment Counsel Limited, Manager-Trustee



Director



Director

STATEMENTS OF OPERATIONS

For the years ended December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Investment income		
Interest, net of withholding tax (\$nil, 2008 - \$nil)	\$ 6,584	\$ 6,671
Security lending income	15	13
	6,599	6,684
Expenses		
Management fees	70	78
Custodian fees	24	16
Securityholder reporting costs	75	90
Audit fees	23	16
Legal fees	25	24
Administration fees	35	36
Independent review committee fees	9	7
	261	267
Net investment income (loss)	6,338	6,417
Realized and unrealized gain (loss) on sale of investments and transaction costs		
Realized gain (loss) on sale of investments	(1,361)	(8)
Transaction costs	(32)	(36)
Unrealized appreciation (depreciation) of investments and foreign currency	4,216	(1,960)
Net gain (loss) on investments	2,823	(2,004)
Increase (decrease) in net assets from operations	\$ 9,161	\$ 4,413
Increase (decrease) in net assets from operations per class		
Class A	\$ 499	\$ 208
Class D*	\$ —	\$ —
Class O	\$ 8,662	\$ 4,205
Increase (decrease) in net assets from operations per unit		
Class A	\$ 0.69	\$ 0.26
Class D*	\$ 0.65	\$ —
Class O	\$ 0.78	\$ 0.38

* Sceptre Bond Fund — Class D was created on April 1, 2009.

The accompanying notes are an integral part of these financial statements

SCEPTRE BOND FUND

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31

(Thousands of dollars or units)	2009		2008					
	Class A		Class D*					
Net assets at beginning of year	\$	9,263	\$	10,340	\$	—	\$	—
Increase (decrease) in net assets from operations		499		208		—		—
Capital unit transactions								
Proceeds from units issued		686		1,281		1		—
Value of units redeemed		(1,459)		(2,558)		—		—
Units issued on reinvestment of distributions		302		346		—		—
Net capital unit transactions		(471)		(931)		1		—
Distributions paid to unitholders								
From net investment income		(308)		(354)		—		—
Total distributions paid to unitholders		(308)		(354)		—		—
Net assets at end of year	\$	8,983	\$	9,263	\$	1	\$	—

	2009		2008					
	Class O		Total Fund					
Net assets at beginning of year	\$	120,985	\$	126,830	\$	130,248	\$	137,170
Increase (decrease) in net assets from operations		8,662		4,205		9,161		4,413
Capital unit transactions								
Proceeds from units issued		17,475		11,124		18,162		12,405
Value of units redeemed		(13,866)		(21,115)		(15,325)		(23,673)
Units issued on reinvestment of distributions		5,885		6,009		6,187		6,355
Net capital unit transactions		9,494		(3,982)		9,024		(4,913)
Distributions paid to unitholders								
From net investment income		(6,010)		(6,068)		(6,318)		(6,422)
Total distributions paid to unitholders		(6,010)		(6,068)		(6,318)		(6,422)
Net assets at end of year	\$	133,131	\$	120,985	\$	142,115	\$	130,248

	2009		2008					
	Class A		Class D*					
Number of Units								
Balance — beginning of year		764		840		—		—
Units issued and paid during the year		55		104		—		—
Units redeemed during the year		(118)		(208)		—		—
Units issued on reinvestment of distributions		24		28		—		—
Balance — end of year		725		764		—		—

	2009		2008	
	Class O			
Number of Units				
Balance — beginning of year			10,767	11,106
Units issued and paid during the year			1,523	966
Units redeemed during the year			(1,209)	(1,840)
Units issued on reinvestment of distributions			516	535
Balance — end of year			11,597	10,767

* Sceptre Bond Fund — Class D was created on April 1, 2009.

The accompanying notes are an integral part of these financial statements

SCEPTRE BOND FUND

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2009

	MATURITY DATE	COUPON RATE	FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Cash				455,640	455,640	0.32
Bonds and Debentures						
Government and Guaranteed						
Canada Housing Trust No. 1	15-Sep-11	4.600%	10,840,000	11,483,757	11,418,669	
Canada Housing Trust No. 1	15-Jun-12	4.800%	5,420,000	5,818,139	5,789,438	
Canada Housing Trust No. 1	15-Jun-13	3.600%	1,120,000	1,122,399	1,162,207	
Canada Housing Trust No. 1	15-Dec-14	2.750%	3,720,000	3,713,118	3,676,456	
Government of Canada	1-Jun-10	3.750%	235,000	238,713	238,236	
Government of Canada	1-Dec-10	2.750%	440,000	449,020	448,271	
Government of Canada	1-Jun-13	3.500%	250,000	261,158	259,952	
Government of Canada	1-Jun-15	4.500%	160,000	173,810	172,892	
Government of Canada	1-Jun-17	4.000%	140,000	149,643	146,245	
Government of Canada	1-Jun-18	4.250%	140,000	147,588	147,679	
Government of Canada	1-Jun-23	8.000%	1,315,000	1,903,283	1,857,362	
Government of Canada	1-Jun-25	9.000%	1,355,000	2,159,870	2,101,728	
Government of Canada	1-Jun-29	5.750%	860,000	1,059,267	1,037,463	
Government of Canada	1-Jun-37	5.000%	1,580,000	1,835,938	1,818,185	
Financement-Quebec	1-Jun-34	5.250%	1,645,000	1,750,183	1,694,337	
OMERS Realty CTT Holdings Inc.	5-May-16	4.750%	870,000	879,201	904,559	
OMERS Realty CTT Holdings Two Inc.	5-May-14	4.050%	350,000	349,906	360,080	
Province of British Columbia	18-Jun-14	4.250%	1,300,000	1,375,335	1,371,537	
Province of British Columbia	18-Dec-19	4.100%	710,000	710,156	699,566	
Province of British Columbia	18-Jun-29	5.700%	1,660,000	1,874,566	1,843,525	
Province of Manitoba	1-Sep-14	3.050%	820,000	819,770	822,450	
Province of Manitoba	3-Dec-15	5.200%	1,820,000	1,937,298	1,999,548	
Province of Manitoba	22-Dec-25	7.750%	840,000	1,112,882	1,106,785	
Province of New Brunswick	27-Dec-28	5.650%	1,145,000	1,252,736	1,243,036	
Province of Nova Scotia	25-Nov-19	4.150%	1,000,000	998,976	982,249	
Province of Nova Scotia	1-Jun-41	4.700%	705,000	699,728	688,269	
Province of Ontario	2-Dec-11	4.400%	495,000	509,513	520,832	
Province of Ontario	2-Jun-13	4.750%	4,620,000	4,881,498	4,951,246	
Province of Ontario	28-Oct-14	FRN	4,355,000	4,349,893	4,350,819	
Province of Ontario	8-Mar-17	4.300%	670,000	706,850	693,541	
Province of Ontario	2-Jun-20	4.850%	945,000	999,801	977,261	
Province of Ontario	8-Mar-29	6.500%	1,500,000	1,825,065	1,805,428	
Province of Ontario	8-Mar-33	5.850%	1,920,000	2,195,048	2,176,127	
Province of Ontario	2-Jun-35	5.600%	1,113,000	1,232,596	1,232,948	
Province of Quebec	1-Dec-17	4.500%	1,120,000	1,185,520	1,161,549	
Province of Quebec	1-Dec-18	4.500%	3,570,000	3,723,510	3,647,906	
Province of Quebec	1-Dec-19	4.500%	525,000	544,042	530,081	
Province of Quebec	1-Oct-29	6.000%	240,000	274,800	271,701	
Province of Quebec	1-Dec-41	5.000%	2,530,000	2,629,075	2,581,867	
Province of Saskatchewan	3-Dec-15	4.250%	705,000	719,846	739,639	
Province of Saskatchewan	5-Sep-35	5.600%	825,000	919,628	920,968	
TCHC Issuer Trust	11-May-37	4.877%	490,000	489,486	454,803	
Municipal Finance Authority of British Columbia	19-Apr-16	4.650%	240,000	242,169	253,548	
City of Toronto	27-Sep-16	4.500%	840,000	845,078	867,860	
City of Vancouver	2-Dec-19	4.900%	390,000	389,516	397,606	
				72,939,374	72,526,454	51.24

The accompanying notes are an integral part of these financial statements

SCEPTRE BOND FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	MATURITY DATE	COUPON RATE	FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Corporate Bonds						
407 International Inc.	31-Jan-11	5.000%	390,000	405,787	403,413	
407 International Inc.	14-Feb-36	5.750%	310,000	310,128	294,059	
AltaLink LP	5-Jun-13	5.430%	1,285,000	1,355,611	1,378,242	
AltaLink LP	22-Sep-36	5.249%	195,000	194,062	182,535	
American Express Canada Credit Corp.	3-Oct-14	4.853%	625,000	625,000	642,137	
Bank of Montreal	14-Jul-11	4.960%	2,055,000	2,174,344	2,160,043	
Bank of Nova Scotia	8-Apr-13	5.040%	1,190,000	1,237,111	1,272,533	
Bank of Nova Scotia	15-Apr-14	4.940%	1,530,000	1,556,137	1,618,695	
Bank of Nova Scotia	18-Nov-14	3.350%	1,295,000	1,294,469	1,292,582	
Bank of Nova Scotia	22-Jan-16	6.650%	575,000	605,958	652,363	
Bell Canada	30-Jun-14	4.850%	390,000	389,384	409,308	
BMO Capital Trust	31-Dec-11	6.685%	485,000	523,817	523,534	
BMO Capital Trust	31-Dec-14	5.474%	260,000	273,158	273,526	
BMO Subordinated Notes Trust	26-Sep-17	5.750%	530,000	540,634	574,508	
Brookfield Asset Management Inc.	2-Jun-14	8.950%	1,990,000	2,033,402	2,255,338	
Brookfield Power Corp.	5-Nov-36	5.840%	260,000	260,760	201,829	
Brookfield Renewable Power Inc.	30-Nov-16	6.132%	810,000	816,911	828,562	
Caisse Centrale Desjardins du Quebec	4-Dec-14	3.114%	1,070,000	1,070,000	1,052,869	
Cameco Corp.	2-Sep-19	5.670%	785,000	797,522	798,090	
Canada Capital Auto Receivables Asset Trust	17-Apr-10	4.579%	1,415,000	1,408,839	1,418,782	
Canadian Imperial Bank of Commerce	6-Jun-13	5.150%	955,000	954,979	1,019,871	
Canadian Imperial Bank of Commerce	23-Jan-14	4.950%	1,005,000	1,060,288	1,076,234	
Canadian Pacific Railway Ltd.	17-Nov-39	6.450%	565,000	564,701	562,877	
Canadian Tire Corp. Ltd.	1-Jun-16	5.650%	120,000	119,952	129,337	
Canadian Tire Corp. Ltd.	4-Sep-35	5.610%	160,000	110,216	140,630	
Caterpillar Financial Services Ltd.	3-Jun-13	5.200%	695,000	696,130	737,787	
CI Financial Corp.	16-Dec-11	FRN	1,095,000	1,095,000	1,094,748	
CI Financial Corp.	17-Dec-12	3.300%	1,710,000	1,709,897	1,710,526	
CIBC Capital Trust	30-Jun-19	9.976%	430,000	514,169	557,026	
CIBC Capital Trust	30-Jun-39	10.250%	135,000	136,949	193,245	
CU Inc.	26-May-38	5.580%	250,000	250,000	251,236	
CU Inc.	7-Mar-39	6.500%	180,000	180,000	203,605	
Enbridge Gas Distribution Inc.	25-Feb-36	5.210%	165,000	143,651	157,505	
Enbridge Inc.	19-May-16	5.170%	410,000	409,762	435,890	
Enbridge Inc.	24-Jul-30	7.220%	390,000	449,537	445,536	
Enbridge Inc.	18-Jun-32	7.200%	85,000	72,267	97,609	
Enbridge Inc.	2-Sep-39	5.750%	125,000	124,876	121,204	
EPCOR Utilities Inc.	24-Nov-39	5.750%	415,000	414,411	403,438	
Finning International Inc.	3-Sep-13	5.160%	260,000	259,984	273,674	
Fortis Inc.	4-Jul-39	6.510%	535,000	534,647	563,088	
GE Capital Canada Funding Co.	28-Sep-12	4.375%	265,000	244,317	274,530	
GE Capital Canada Funding Co.	1-Jun-16	5.100%	779,000	786,746	797,971	
GE Capital Canada Funding Co.	10-Sep-19	5.680%	910,000	909,318	921,528	
GE Capital Canada Funding Co.	22-Oct-37	5.730%	225,000	224,665	202,763	
Greater Toronto Airports Authority	15-Feb-16	4.700%	1,275,000	1,348,232	1,328,790	
Greater Toronto Airports Authority	1-Jun-17	4.850%	500,000	478,371	516,696	
Greater Toronto Airports Authority	4-Jun-31	7.100%	230,000	215,257	265,339	
Greater Toronto Airports Authority	2-Feb-34	6.470%	360,000	320,146	391,054	
Great-West Life Capital Trust	31-Dec-12	5.995%	585,000	568,877	630,681	
Great-West Lifeco Inc.	16-Nov-39	5.998%	440,000	440,000	439,561	

The accompanying notes are an integral part of these financial statements

SCEPTRE BOND FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	MATURITY DATE	COUPON RATE	FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Corporate Bonds (Continued)						
HSBC Financial Corporation Ltd.	13-Apr-11	4.800%	230,000	232,760	237,561	
Hydro One Inc.	1-Jun-32	6.930%	512,000	653,060	600,440	
Hydro One Inc.	16-Jul-40	5.490%	395,000	396,375	391,229	
IGM Financial Inc.	8-Apr-19	7.350%	240,000	275,153	274,354	
Industrial Alliance Insurance and Financial Services Inc.	27-Mar-14	8.250%	780,000	778,526	881,861	
Industrial Alliance Insurance and Financial Services Inc.	30-Jun-14	5.130%	320,000	333,715	325,937	
John Deere Credit Inc.	29-Jul-13	3.900%	480,000	479,453	489,545	
Loblaw Cos Ltd.	8-May-14	4.850%	130,000	129,971	136,338	
Loblaw Cos Ltd.	9-Jun-34	6.050%	240,000	214,776	220,094	
Manulife Financial Capital Trust	30-Jun-12	6.700%	785,000	855,116	849,211	
Manulife Financial Capital Trust II	31-Dec-19	7.405%	1,230,000	1,253,703	1,377,273	
Manulife Financial Corp.	2-Jun-14	4.896%	650,000	650,000	688,291	
National Bank of Canada	15-Nov-13	5.550%	1,165,000	1,164,235	1,257,875	
National Bank of Canada	2-Nov-15	4.700%	320,000	330,112	330,873	
NBC Asset Trust	30-Jun-18	7.235%	340,000	363,015	380,335	
NBC Asset Trust	30-Jun-20	7.447%	310,000	299,287	334,394	
Nova Scotia Power Inc.	27-Jul-39	5.950%	445,000	444,080	450,415	
Power Corp. of Canada	22-Apr-39	8.570%	355,000	357,655	441,842	
RBC Capital Trust	30-Jun-11	7.183%	1,305,000	1,408,625	1,400,891	
RBC Capital Trust	30-Jun-18	6.821%	500,000	425,797	552,180	
RioCan Real Estate Investments	31-Mar-15	5.650%	1,090,000	1,092,823	1,104,412	
Rogers Communications Inc.	4-Nov-19	5.380%	965,000	983,508	962,272	
Rogers Communications Inc.	4-Nov-39	6.680%	130,000	129,866	132,276	
Royal Bank of Canada	6-Jun-13	5.000%	1,570,000	1,593,405	1,672,295	
Royal Bank of Canada	4-Nov-13	5.450%	490,000	529,494	530,103	
Scotiabank Capital Trust	30-Jun-12	6.626%	930,000	1,009,858	1,009,864	
Scotiabank Tier I Trust	30-Jun-19	7.802%	390,000	390,000	459,297	
Shaw Communications Inc.	20-Nov-13	7.500%	415,000	478,341	469,011	
Shaw Communications Inc.	1-Oct-19	5.650%	245,000	244,223	246,339	
Shaw Communications Inc.	9-Nov-39	6.750%	150,000	149,903	147,782	
SNC-Lavalin Group Inc.	3-Jul-19	6.190%	525,000	525,000	554,969	
Sun Life Capital Trust II	31-Dec-19	5.863%	420,000	420,000	422,136	
Sun Life Financial Inc.	1-Jun-16	4.950%	755,000	752,994	778,370	
Sun Life Financial Inc.	2-Jul-19	5.700%	260,000	261,391	270,785	
TD Capital Trust	31-Dec-12	6.792%	245,000	267,682	270,336	
TD Capital Trust IV	30-Jun-21	6.631%	660,000	660,000	715,265	
TELUS Corp.	15-May-14	4.950%	515,000	547,656	540,980	
Terasen Gas Inc.	25-Sep-36	5.550%	85,000	84,547	84,118	
Terasen Gas Inc.	24-Feb-39	6.550%	305,000	303,887	345,060	
Thomson Reuters Corp.	15-Jul-11	5.250%	390,000	389,084	410,434	
Thomson Reuters Corp.	31-Mar-16	6.000%	475,000	473,874	526,313	
Toronto-Dominion Bank	1-Nov-12	5.382%	855,000	917,731	918,206	
Toronto-Dominion Bank	19-Nov-12	5.141%	640,000	683,308	687,818	
Toronto-Dominion Bank	13-Feb-13	4.854%	700,000	706,321	747,363	
Toronto-Dominion Bank	2-Apr-15	5.480%	675,000	683,708	731,134	
Toronto-Dominion Bank	9-Jul-18	5.828%	130,000	133,212	140,991	
Toronto-Dominion Bank, Tier IIA	30-Oct-15	4.970%	465,000	468,960	477,549	
Toronto-Dominion Bank, Tier IIA	14-Dec-16	4.779%	635,000	619,875	634,420	
TransCanada Pipelines Ltd.	20-Aug-13	5.050%	375,000	374,509	401,824	
TransCanada Pipelines Ltd.	9-Dec-30	6.500%	175,000	140,268	187,653	

The accompanying notes are an integral part of these financial statements

SCEPTRE BOND FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	MATURITY DATE	COUPON RATE	FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Corporate Bonds (Continued)						
TransCanada Pipelines Ltd.	17-Feb-39	8.050%	300,000	368,280	392,787	
Wells Fargo Financial Canada Corp.	28-Feb-11	4.450%	765,000	784,439	790,068	
Wells Fargo Financial Canada Corp.	6-Dec-13	4.330%	550,000	516,659	567,114	
Wells Fargo Financial Canada Corp.	3-Nov-14	3.970%	1,435,000	1,434,942	1,443,924	
Wells Fargo Financial Canada Corp.	30-Jun-15	4.380%	195,000	174,983	198,157	
Winnipeg Airport Authority Inc.	20-Nov-19	4.569%	2,135,000	2,135,000	2,100,387	
YPG Holdings Inc.	2-Feb-15	7.300%	250,000	250,000	257,614	
				65,935,524	68,127,292	48.13
Mortgage Backed Securities						
Canada Mortgage Acceptance Corp., Series 06-B	15-Jan-11	4.731%	355,000	354,317	359,079	
Merrill Lynch Financial Assets Inc.	12-Sep-13	4.743%	285,000	80,609	79,735	
				434,926	438,814	0.31
Total Bonds and Debentures				139,309,824	141,092,560	99.68
Transaction costs				(3,018)		
Total Investment Portfolio Including Cash and Short-Term Notes				139,762,446	141,548,200	100.00

The accompanying notes are an integral part of these financial statements

SCEPTRE BOND FUND

Discussion of Financial Risk Management and Fair Value Disclosure

Financial Risk Management

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

Market risk

Market risk is comprised of three components: market price risk, interest rate risk and foreign currency risk. The Fund's primary market risk is interest rate risk. The Fund is not currently exposed to market price risk as no equities are held in the Fund. The Fund is not exposed to currency risk either as all monetary financial instruments are denominated in Canadian dollars.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in bonds and debentures. Other financial assets and liabilities are short-term in nature and/or non-interest bearing.

The table below summarizes the Fund's exposure to interest rate risk, categorized by earlier of contractual re-pricing or maturity dates.

	Less than 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	More than 5 years	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Interest Rate Exposure:						
December 31, 2009	—	—	2,105,289	71,949,621	67,037,650	141,092,560
December 31, 2008	768,556	—	1,924,972	53,579,008	72,903,539	129,176,075

At December 31, 2009, if market interest rates changed by 25 basis points with all other variables remaining constant, the change in the Fund's net assets would have been approximately \$2,067,000 (2008 – \$2,022,000). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

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 Fund is subject to credit risk from its holdings of bonds and debentures. The Fund limits its exposure to credit loss by investing in securities with high credit quality and by diversifying among a large number of issuers.

The Fund invests in financial assets, which have an investment grade as rated primarily by Dominion Bond Rating Services (DBRS), Standard & Poor's (S&P), and Moody's. Ratings for securities, by the higher of the DBRS, S&P, and Moody's ratings, that subject the Portfolio to credit risk at December 31, 2009 and 2008, are noted below:

Rating	As a % of Net Assets	
	December 31, 2009	December 31, 2008
AAA	26.18%	31.33%
AA	28.32%	35.81%
A	35.05%	25.85%
BBB	9.73%	6.19%
	<u>99.28%</u>	<u>99.18%</u>

All portfolio transactions in 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.

The Fund 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 the 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 Fund cannot loan more than 50% of the total value of its assets through securities lending transactions; and the Fund'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 Fund's assets.

The accompanying notes are an integral part of these financial statements

SCEPTRE BOND FUND

Discussion of Financial Risk Management and Fair Value Disclosure (Continued)

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet cash-flow commitments associated with financial instruments. The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

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

Fair Value Disclosure

The Fund's assets, measured at fair value on a recurring basis as of December 31, 2009, were all Level 2 financial assets comprised of Bonds with a fair value of \$141 million and Mortgage Backed Securities of \$439 thousand.

During the year, no Level 1 and Level 3 financial assets were held.

The Fund's financial liabilities include management fees payable and other accrued liabilities all having maturity dates of less than 3 months.

SCEPTRE HIGH INCOME FUND

STATEMENTS OF NET ASSETS

As at December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Assets		
Investments at fair value	\$ 58,810	\$ 53,181
Short-term investments	1,449	10,009
Cash	110	51
Dividends receivable	405	423
Accounts receivable for units sold	36	29
	60,810	63,693

Liabilities		
Accounts payable for units redeemed	123	89
Management fee payable	49	49
Other accrued liabilities	70	74
	242	212
Net assets representing Unitholders' Equity	\$ 60,568	\$ 63,481

Net assets per class		
Class A	\$ 45,509	\$ 42,879
Class D	\$ 58	\$ —
Class F	\$ 466	\$ 254
Class O	\$ 14,535	\$ 20,348

Net assets per unit		
Class A	\$ 14.11	\$ 11.79
Class D	\$ 14.04	\$ —
Class F	\$ 14.18	\$ 11.80
Class O	\$ 14.03	\$ 11.52

Signed on behalf of
Sceptre Investment Counsel Limited, Manager-Trustee



Director



Director

STATEMENTS OF OPERATIONS

For the years ended December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Investment income		
Interest	\$ 45	\$ 361
Income received from income trusts	2,220	4,719
Security lending income	18	40
Dividends	1,314	1,353
	3,597	6,473

Expenses		
Management fees	559	836
Custodian fees	12	16
Securityholder reporting costs	126	151
Audit fees	33	35
Legal fees	23	22
Administration fees	59	65
Independent review committee fees	4	6
	816	1,131

Net investment income (loss)	2,781	5,342
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Realized and unrealized gain (loss) on investments and transaction costs		
Realized gain (loss) on sale of investments	(9,652)	(8,917)
Transaction costs	(281)	(292)
Unrealized appreciation (depreciation) of investments and foreign currency	21,211	(28,055)

Net gain (loss) on investments	11,278	(37,264)
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Increase (decrease) in net assets from operations	\$ 14,059	\$ (31,922)
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Increase (decrease) in net assets from operations per class		
Class A	\$ 10,622	\$ (21,370)
Class D*	\$ 2	\$ —
Class F	\$ 128	\$ (92)
Class O	\$ 3,307	\$ (10,460)

Increase (decrease) in net assets from operations per unit		
Class A	\$ 3.11	\$ (5.60)
Class D*	\$ 3.37	\$ —
Class F	\$ 3.48	\$ (7.53)
Class O	\$ 2.64	\$ (5.44)

* Sceptre High Income Fund — Class D was created on April 1, 2009.

The accompanying notes are an integral part of these financial statements

SCEPTRE HIGH INCOME FUND

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31

(Thousands of dollars or units)	2009		2008		2009		2008	
	Class A		Class D*		Class F			
Net assets at beginning of year	\$ 42,879	\$ 73,042	\$ —	\$ —	\$ 254	\$ 119		
Increase (decrease) in net assets from operations	10,622	(21,370)	2	—	128	(92)		
Capital unit transactions								
Proceeds from units issued	1,443	4,033	56	—	224	352		
Value of units redeemed	(9,134)	(12,245)	—	—	(111)	(117)		
Units issued on reinvestment of distributions	2,597	4,427	—	—	3	8		
Net capital unit transactions	(5,094)	(3,785)	56	—	116	243		
Distributions paid to unitholders								
From net investment income	(1,442)	(3,259)	—	—	(17)	(6)		
From return of capital	(1,456)	(1,749)	—	—	(15)	(10)		
Total distributions paid to unitholders	(2,898)	(5,008)	—	—	(32)	(16)		
Net assets at end of year	\$ 45,509	\$ 42,879	\$ 58	\$ —	\$ 466	\$ 254		

	2009		2008		2009		2008	
	Class O		Total Fund					
Net assets at beginning of year		\$ 20,348	\$ 33,237	\$ 63,481	\$ 106,398			
Increase (decrease) in net assets from operations		3,307	(10,460)	14,059	(31,922)			
Capital unit transactions								
Proceeds from units issued		1,469	9,840	3,192	14,225			
Value of units redeemed		(10,413)	(12,233)	(19,658)	(24,595)			
Units issued on reinvestment of distributions		865	2,394	3,465	6,829			
Net capital unit transactions		(8,079)	1	(13,001)	(3,541)			
Distributions paid to unitholders								
From net investment income		(502)	(1,604)	(1,961)	(4,869)			
From return of capital		(539)	(826)	(2,010)	(2,585)			
Total distributions paid to unitholders		(1,041)	(2,430)	(3,971)	(7,454)			
Net assets at end of year		\$ 14,535	\$ 20,348	\$ 60,568	\$ 63,481			

	2009		2008		2009		2008	
	Class A		Class D*					
Number of Units								
Balance — beginning of year	3,638	3,910	—	—				
Units issued and paid during the year	115	229	4	—				
Units redeemed during the year	(737)	(770)	—	—				
Units issued on reinvestment of distributions	209	269	—	—				
Balance — end of year	3,225	3,638	4	—				

	2009		2008		2009		2008	
	Class F		Class O					
Number of Units								
Balance — beginning of year	22	6	1,766	1,850				
Units issued and paid during the year	20	24	133	599				
Units redeemed during the year	(9)	(9)	(935)	(834)				
Units issued on reinvestment of distributions	—	1	72	151				
Balance — end of year	33	22	1,036	1,766				

* Sceptre High Income Fund — Class D was created on April 1, 2009.

The accompanying notes are an integral part of these financial statements

SCEPTRE HIGH INCOME FUND

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2009

	NUMBER OF SHARES	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Cash		109,272	109,272	0.18
Short-Term Notes				
Treasury Bills				
Canada Treasury Bill due April 01, 2010 0.285%		1,449,145	1,449,310	2.40
Equities				
Energy				
Baytex Energy Trust	30,000	833,700	885,900	
Crescent Point Energy Corp.	82,670	3,011,451	3,261,332	
Enbridge Inc.	40,000	1,714,284	1,942,000	
Inter Pipeline Fund, Class A	200,000	2,097,570	2,162,000	
Mullen Group Ltd.	55,500	812,434	902,430	
NAL Oil & Gas Trust	200,000	2,443,238	2,732,000	
Peyto Energy Trust	150,000	1,777,605	2,095,500	
TransCanada Corp.	45,000	1,452,515	1,626,750	
Total Energy		14,142,797	15,607,912	25.85
Materials				
Teck Cominco Ltd., Class B	70,000	2,411,361	2,569,000	
Total Materials		2,411,361	2,569,000	4.26
Industrials				
Capital Goods				
AG Growth International Inc.	70,000	1,887,263	2,436,000	
Superior Plus Corp.	100,000	1,361,040	1,461,000	
		3,248,303	3,897,000	6.46
Commercial Services & Supplies				
Vicwest Income Fund	200,000	1,887,346	3,756,000	6.22
Transportation				
Canadian National Railway Co.	50,000	2,846,337	2,857,500	4.73
Total Industrials		7,981,986	10,510,500	17.41
Consumer Discretionary				
Consumer Services				
Black Diamond Income Fund	50,000	755,301	826,500	1.37
Media				
Shaw Communications Inc., Class B	102,400	2,207,373	2,211,840	3.66
Total Consumer Discretionary		2,962,674	3,038,340	5.03

The accompanying notes are an integral part of these financial statements

SCEPTRE HIGH INCOME FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	NUMBER OF SHARES	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Consumer Staples				
Food & Staples Retailing				
Loblaw Cos Ltd.	20,000	653,322	676,400	
Total Consumer Staples		653,322	676,400	1.12
Financials				
Banks				
Bank of Nova Scotia	50,000	2,410,008	2,459,500	
Canadian Imperial Bank of Commerce	30,000	2,123,325	2,038,500	
National Bank of Canada	30,000	1,865,814	1,804,800	
Royal Bank of Canada	55,000	2,140,682	3,099,800	
		8,539,829	9,402,600	15.58
Real Estate				
Allied Properties Real Estate Investment Trust	100,000	1,742,113	1,925,000	
Calloway Real Estate Investment Trust	40,000	778,216	778,400	
Canadian Real Estate Investment Trust	100,000	2,588,272	2,711,000	
Cominar Real Estate Investment Trust	150,000	3,026,878	2,892,000	
First Capital Realty Inc.	122,800	2,547,605	2,641,428	
Gazit America Inc.	12,280	61,400	60,049	
Northern Property Real Estate Investment Trust	100,000	2,179,284	2,190,000	
		12,923,768	13,197,877	21.86
Total Financials		21,463,597	22,600,477	37.44
Telecommunication Services				
BCE Inc.	75,000	2,017,865	2,171,250	
Total Telecommunication Services		2,017,865	2,171,250	3.60
Utilities				
GAZ Metro LP	100,000	1,441,160	1,636,000	
Total Utilities		1,441,160	1,636,000	2.71
Total Equities		53,074,762	58,809,879	97.42
Transaction costs		(90,093)		
Total Investment Portfolio Including Cash and Short-Term Notes		54,543,086	60,368,461	100.00

The accompanying notes are an integral part of these financial statements

SCEPTRE HIGH INCOME FUND

Discussion of Financial Risk Management and Fair Value Disclosure

Financial Risk Management

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

Market risk

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

The Fund'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 currency risk as all monetary financial instruments held in the Fund 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 Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments and indirectly through its holdings in underlying Funds. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

Utilizing a predicted beta of 0.83 (2008 – 0.76), if the S&P/TSX Composite index had increased or decreased by 5% at December 31, 2009, with all other variables held constant, the Fund's net assets could have increased or decreased, respectively, by approximately \$2,441,000 (2008 – \$2,021,000). 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 interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. Interest rate risk is considered to be minimal in the Fund as its holdings of short-term investments represent only 2.40% of the fair value of the Fund at December 31, 2009. At December 31, 2008, the Fund held 15.83% of the fair value of the Fund in short-term investments in reaction to the volatility in the markets at the time.

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 Fund 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 2.40% of the fair value of the Fund, credit risk is considered minimal. At December 31, 2008, the Fund held 15.83% of the fair value of the Fund in short-term investments in reaction to the volatility in the markets at the time.

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.

The Fund 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 the 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 Fund cannot loan more than 50% of the total value of its assets through securities lending transactions; and the Fund'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 Fund's assets.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet cash-flow commitments associated with financial instruments. The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

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

SCEPTRE HIGH INCOME FUND

Discussion of Financial Risk Management and Fair Value Disclosure (Continued)

Fair Value Disclosure

The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2009.

(Thousands of dollars)	Financial Assets at fair value as at December 31, 2009			
	Level 1	Level 2		Total
Equities – Long	\$ 58,810	\$ —	\$	58,810
Short Term Notes	—	1,449		1,449
	\$ 58,810	\$ 1,449	\$	60,259

During the year, there were no transfers of investments between Level 1 and Level 2, and no Level 3 financial assets held.

The Fund's financial liabilities include management fees payable and other accrued liabilities all having maturity dates of less than 3 months.

SCEPTRE CANADIAN EQUITY FUND

STATEMENTS OF NET ASSETS

As at December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Assets		
Investments at fair value	\$ 137,592	\$ 105,566
Short-term investments	2,574	4,544
Cash	140	129
Dividends receivable	285	278
Other receivables	—	5
	140,591	110,522
Liabilities		
Accounts payable for units redeemed	77	18
Management fee payable	23	21
Other accrued liabilities	54	57
	154	96
Net assets representing Unitholders' Equity	\$ 140,437	\$ 110,426
Net assets per class		
Class A	\$ 20,815	\$ 18,075
Class D	\$ 46	\$ —
Class F	\$ 447	\$ 475
Class O	\$ 119,129	\$ 91,876
Net assets per unit		
Class A	\$ 17.66	\$ 13.70
Class D	\$ 17.46	\$ —
Class F	\$ 17.74	\$ 13.71
Class O	\$ 18.67	\$ 14.47

Signed on behalf of
Sceptre Investment Counsel Limited, Manager-Trustee



Director



Director

STATEMENTS OF OPERATIONS

For the years ended December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Investment income		
Interest	\$ 45	\$ 406
Income received from income trusts	208	319
Security lending income	10	14
Dividends, net of withholding tax (\$nil; 2008 - \$11)	3,301	2,625
	3,564	3,364
Expenses		
Management fees	261	359
Custodian fees	18	20
Securityholder reporting costs	98	122
Audit fees	23	18
Legal fees	26	26
Administration fees	46	50
Independent review committee fees	8	9
	480	604
Net investment income before waived/absorbed expenses	3,084	2,760
Expenses waived/absorbed by manager	5	—
Net investment income (loss)	3,089	2,760
Realized and unrealized gain (loss) on investments and transaction costs		
Realized gain (loss) on sale of investments	(80)	(17,540)
Transaction costs	(59)	(215)
Unrealized appreciation (depreciation) of investments and foreign currency	35,125	(48,090)
Net gain (loss) on investments	34,986	(65,845)
Increase (decrease) in net assets from operations	\$ 38,075	\$ (63,085)
Increase (decrease) in net assets from operations per class		
Class A	\$ 5,105	\$ (11,164)
Class D*	\$ 5	\$ —
Class F	\$ 126	\$ (242)
Class O	\$ 32,839	\$ (51,679)
Increase (decrease) in net assets from operations per unit		
Class A	\$ 4.04	\$ (7.98)
Class D*	\$ 2.50	\$ —
Class F	\$ 4.12	\$ (7.61)
Class O	\$ 4.89	\$ (8.43)

* Sceptre Canadian Equity Fund — Class D was created on April 1, 2009.

The accompanying notes are an integral part of these financial statements

SCEPTRE CANADIAN EQUITY FUND

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31

(Thousands of dollars or units)	2009		2008		2009		2008	
	Class A		Class D*		Class F			
Net assets at beginning of year	\$	18,075	\$	30,516	\$	—	\$	571
Increase (decrease) in net assets from operations		5,105		(11,164)		5		(242)
Capital unit transactions								
Proceeds from units issued		2,654		7,812		41		569
Value of units redeemed		(5,021)		(9,092)		—		(423)
Units issued on reinvestment of distributions		147		30		1		—
Net capital unit transactions		(2,220)		(1,250)		42		146
Distributions paid to unitholders								
From net investment income		(142)		(27)		(1)		—
From return of capital		(3)		—		—		—
Total distributions paid to unitholders		(145)		(27)		(1)		—
Net assets at end of year	\$	20,815	\$	18,075	\$	46	\$	475

	2009		2008		2009		2008	
	Class O		Total Fund					
Net assets at beginning of year		\$ 91,876		\$ 107,974		\$ 110,426		\$ 139,061
Increase (decrease) in net assets from operations		32,839		(51,679)		38,075		(63,085)
Capital unit transactions								
Proceeds from units issued		15,070		49,045		17,802		57,426
Value of units redeemed		(20,576)		(13,453)		(25,788)		(22,968)
Units issued on reinvestment of distributions		2,646		1,904		2,797		1,934
Net capital unit transactions		(2,860)		37,496		(5,189)		36,392
Distributions paid to unitholders								
From net investment income		(2,670)		(1,915)		(2,816)		(1,942)
From return of capital		(56)		—		(59)		—
Total distributions paid to unitholders		(2,726)		(1,915)		(2,875)		(1,942)
Net assets at end of year	\$	119,129	\$	91,876	\$	140,437	\$	110,426

	2009		2008		2009		2008	
	Class A		Class D*					
Number of Units								
Balance — beginning of year		1,320		1,421		—		—
Units issued and paid during the year		177		387		3		—
Units redeemed during the year		(327)		(490)		—		—
Units issued on reinvestment of distributions		9		2		—		—
Balance — end of year		1,179		1,320		3		—

	2009		2008		2009		2008	
	Class F		Class O					
Number of Units								
Balance — beginning of year		35		27		6,352		4,757
Units issued and paid during the year		2		28		1,113		2,353
Units redeemed during the year		(12)		(20)		(1,237)		(880)
Units issued on reinvestment of distributions		—		—		153		122
Balance — end of year		25		35		6,381		6,352

* Sceptre Canadian Equity Fund — Class D was created on April 1, 2009.

The accompanying notes are an integral part of these financial statements

SCEPTRE CANADIAN EQUITY FUND

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2009

	NUMBER OF SHARES/ UNITS	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Cash		139,992	139,858	0.10
Short-Term Notes				
Treasury Bills				
Canada Treasury Bill due April 01, 2010 0.285%		2,573,395	2,573,774	1.83
Equities				
Energy				
ARC Energy Trust	61,800	1,018,825	1,232,292	
Cameco Corp.	60,900	1,682,326	2,059,029	
Canadian Natural Resources Ltd.	70,300	4,133,695	5,319,601	
Canadian Oil Sands Trust	79,200	1,845,169	2,359,368	
Cenovus Energy Inc.	125,900	4,131,411	3,332,573	
Crescent Point Energy Trust	44,655	1,014,750	1,761,640	
EnCana Corp.	125,900	4,540,692	4,286,895	
Husky Energy Inc.	27,800	866,854	834,556	
Imperial Oil Ltd.	41,300	1,850,860	1,677,193	
Nexen Inc.	120,286	3,298,014	3,023,990	
Pacific Energy Resources Ltd.	45,176	29,492	14	
Pacific Rubiales Energy Corp., Warrants (12 July 12)	53,308	-	485,103	
Suncor Energy Inc.	158,860	6,395,088	5,895,295	
Talisman Energy Inc.	73,530	1,186,850	1,437,512	
Total Energy		31,994,026	33,705,061	24.02
Materials				
Agnico-Eagle Mines Ltd.	26,500	1,617,100	1,504,935	
Barrick Gold Corp.	65,700	2,633,643	2,719,980	
Franco-Nevada Corp.	40,300	1,204,435	1,131,624	
Geovic Mining Corp., Warrants (27 Apr 12)	115,000	-	1,725	
Goldcorp Inc.	104,525	3,117,382	4,317,928	
Kinross Gold Corp.	40,500	604,138	782,865	
Potash Corp. of Saskatchewan Inc.	52,100	3,919,568	5,945,131	
Teck Cominco Ltd., Class B	85,100	2,379,147	3,123,170	
Total Materials		15,475,413	19,527,358	13.92
Industrials				
Capital Goods				
Finning International Inc.	43,000	677,416	713,370	0.51
Transportation				
Canadian National Railway Co.	102,400	4,660,734	5,852,160	
Canadian Pacific Railway Ltd.	32,500	2,017,338	1,842,750	
		6,678,072	7,694,910	5.48
Total Industrials		7,355,488	8,408,280	5.99
Consumer Discretionary				
Media				
Shaw Communications Inc., Class B	126,000	2,315,412	2,721,600	1.94

The accompanying notes are an integral part of these financial statements

SCEPTRE CANADIAN EQUITY FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	NUMBER OF SHARES/ UNITS	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Retailing				
Canadian Tire Corp. Ltd., Class A	29,100	1,391,264	1,668,885	1.19
Total Consumer Discretionary		3,706,676	4,390,485	3.13
Consumer Staples				
Food & Staples Retailing				
Shoppers Drug Mart Corp.	53,600	2,521,940	2,432,904	1.73
Total Consumer Staples		2,521,940	2,432,904	1.73
Financials				
Banks				
Bank of Montreal	47,100	2,134,807	2,627,709	
Bank of Nova Scotia	160,200	7,283,847	7,880,238	
Canadian Imperial Bank of Commerce	76,399	4,796,262	5,191,312	
Royal Bank of Canada	196,200	8,603,996	11,057,832	
Toronto-Dominion Bank	64,900	3,982,387	4,279,506	
		26,801,299	31,036,597	22.13
Insurance				
Manulife Financial Corp.	261,300	7,653,472	5,043,090	
Power Corp. of Canada	107,200	3,262,414	3,121,664	
Power Financial Corp.	13,620	367,967	422,084	
		11,283,853	8,586,838	6.12
Real Estate				
Brookfield Asset Management Inc., Class A	82,200	2,239,978	1,918,548	1.37
Total Financials		40,325,130	41,541,983	29.62
Information Technology				
Technology Hardware & Equipment				
Research In Motion Ltd.	69,100	3,600,095	4,903,336	
Total Information Technology		3,600,095	4,903,336	3.49
Telecommunication Services				
BCE Inc.	80,100	2,532,523	2,318,895	
Rogers Communications Inc., Class B	96,900	2,228,174	3,155,063	
Total Telecommunication Services		4,760,697	5,473,958	3.90
Total Equities		109,739,465	120,383,365	85.80
Mutual Funds				
Sceptre Equity Growth Fund, Class O	182,001	15,461,152	17,209,068	
Total Mutual Funds		15,461,152	17,209,068	12.27
Total Equities and Mutual Funds		125,200,617	137,592,433	98.07
Transaction costs		(94,142)		
Total Investment Portfolio Including Cash and Short-Term Notes		127,819,862	140,306,065	100.00

The accompanying notes are an integral part of these financial statements

SCEPTRE CANADIAN EQUITY FUND

Discussion of Financial Risk Management and Fair Value Disclosure

Financial Risk Management

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

Market risk

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

The Fund'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 currency risk as all monetary financial instruments held in the Fund 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 Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments and indirectly through its holdings in underlying Funds. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

Utilizing a predicted beta of 1.08 (2008 – 1.03), if the S&P/TSX Composite index had increased or decreased by 5% at December 31, 2009, with all other variables held constant, the Fund's net assets could have increased or decreased, respectively, by approximately \$7,430,000 (2008 – \$5,437,000). 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 interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. Interest rate risk is considered to be minimal in the Fund as its holdings of short-term investments represent only 1.83% (2008 – 4.12%) of the fair value of the Fund at December 31, 2009.

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 Fund 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 1.83% (2008 – 4.12%) of the fair value of the Fund, 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.

The Fund 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 the 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 Fund cannot loan more than 50% of the total value of its assets through securities lending transactions; and the Fund'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 Fund's assets.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet cash-flow commitments associated with financial instruments. The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

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

SCEPTRE CANADIAN EQUITY FUND

Discussion of Financial Risk Management and Fair Value Disclosure (Continued)

Fair Value Disclosure

The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2009.

(Thousands of dollars)	Financial Assets at fair value as at December 31, 2009			
	Level 1	Level 2		Total
Equities – Long	\$ 120,383	\$ —	\$	120,383
Mutual Funds	17,209	—		17,209
Short Term Notes	—	2,574		2,574
	\$ 137,592	\$ 2,574	\$	140,166

During the year, there were no transfers of investments between Level 1 and Level 2, and no Level 3 financial assets were held.

The Fund's financial liabilities include management fees payable and other accrued liabilities all having maturity dates of less than 3 months.

SCEPTRE EQUITY GROWTH FUND

STATEMENTS OF NET ASSETS

As at December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Assets		
Investments at fair value	\$ 443,405	\$ 281,102
Short-term investments	6,596	24,494
Cash	121	55
Due from brokers	2,650	122
Dividends receivable	809	786
Accounts receivable for units sold	261	20
	453,842	306,579
Liabilities		
Due to brokers	2,925	997
Accounts payable for units redeemed	179	311
Management fees payable	410	272
Other accrued liabilities	277	345
	3,791	1,925
Net assets representing Unitholders' Equity	\$ 450,051	\$ 304,654

Net assets per class

Class A	\$ 375,001	\$ 250,990
Class D	\$ 66	\$ —
Class F	\$ 1,649	\$ 1,121
Class O	\$ 73,335	\$ 52,543


Net assets per unit

Class A	\$ 88.59	\$ 55.03
Class D	\$ 86.66	\$ —
Class F	\$ 89.53	\$ 55.56
Class O	\$ 93.97	\$ 57.86

Signed on behalf of
Sceptre Investment Counsel Limited, Manager-Trustee



Director



Director

STATEMENTS OF OPERATIONS

For the years ended December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Investment income		
Interest	\$ 99	\$ 1,845
Income received from income trusts	3,745	1,459
Security lending income	186	340
Dividends	3,913	4,106
	7,943	7,750
Expenses		
Management fees	3,881	6,557
Custodian fees	63	87
Securityholder reporting costs	908	1,169
Audit fees	54	65
Legal fees	44	66
Administration fees	263	328
Independent review committee fees	24	35
	5,237	8,307

Net investment income (loss) 2,706 (557)

Realized and unrealized gain (loss) on investments and transaction costs

Realized gain (loss) on sale of investments	(17,891)	(47,691)
Transaction costs	(1,677)	(1,693)
Unrealized appreciation (depreciation) of investments and foreign currency	194,737	(340,834)

Net gain (loss) on investments 175,169 (390,218)

Increase (decrease) in net assets from operations \$ 177,875 \$ (390,775)

Increase (decrease) in net assets from operations per class

Class A	\$ 145,691	\$ (331,230)
Class D*	\$ 8	\$ —
Class F	\$ 651	\$ (1,607)
Class O	\$ 31,525	\$ (57,938)

Increase (decrease) in net assets from operations per unit

Class A	\$ 33.29	\$ (64.02)
Class D*	\$ 31.70	\$ —
Class F	\$ 33.14	\$ (60.56)
Class O	\$ 36.22	\$ (67.34)

* Sceptre Equity Growth Fund — Class D was created on April 1, 2009.

The accompanying notes are an integral part of these financial statements

SCEPTRE EQUITY GROWTH FUND

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31

(Thousands of dollars or units)	2009		2008		2009		2008	
	Class A		Class D*		Class F			
Net assets at beginning of year	\$ 250,990	\$ 700,095	\$ —	\$ —	\$ 1,121	\$ 3,901		
Increase (decrease) in net assets from operations	145,691	(331,230)	8	—	651	(1,607)		
Capital unit transactions								
Proceeds from units issued	11,956	22,915	58	—	227	1,250		
Value of units redeemed	(33,664)	(140,816)	—	—	(350)	(2,423)		
Units issued on reinvestment of distributions	560	26	—	—	5	—		
Net capital unit transactions	(21,148)	(117,875)	58	—	(118)	(1,173)		
Distributions paid to unitholders								
From net investment income	(240)	—	—	—	(3)	—		
From return of capital	(292)	—	—	—	(2)	—		
Total distributions paid to unitholders	(532)	—	—	—	(5)	—		
Net assets at end of year	\$ 375,001	\$ 250,990	\$ 66	\$ —	\$ 1,649	\$ 1,121		

	2009		2008		2009		2008	
	Class O		Total Fund					
Net assets at beginning of year			\$ 52,543	\$ 90,125	\$ 304,654	\$ 794,121		
Increase (decrease) in net assets from operations			31,525	(57,938)	177,875	(390,775)		
Capital unit transactions								
Proceeds from units issued			8,102	29,002	20,343	53,167		
Value of units redeemed			(18,834)	(8,646)	(52,848)	(151,885)		
Units issued on reinvestment of distributions			600	—	1,165	26		
Net capital unit transactions			(10,132)	20,356	(31,340)	(98,692)		
Distributions paid to unitholders								
From net investment income			(293)	—	(536)	—		
From return of capital			(308)	—	(602)	—		
Total distributions paid to unitholders			(601)	—	(1,138)	—		
Net assets at end of year			\$ 73,335	\$ 52,543	\$ 450,051	\$ 304,654		

	2009		2008		2009		2008	
	Class A		Class D*					
Number of Units								
Balance — beginning of year	4,561	5,811	—	—				
Units issued and paid during the year	174	232	1	—				
Units redeemed during the year	(511)	(1,482)	—	—				
Units issued on reinvestment of distributions	9	—	—	—				
Balance — end of year	4,233	4,561	1	—				

	2009		2008		2009		2008	
	Class F		Class O					
Number of Units								
Balance — beginning of year	20	32	908	723				
Units issued and paid during the year	4	12	119	284				
Units redeemed during the year	(6)	(24)	(256)	(99)				
Units issued on reinvestment of distributions	—	—	9	—				
Balance — end of year	18	20	780	908				

* Sceptre Equity Growth Fund — Class D was created on April 1, 2009.

The accompanying notes are an integral part of these financial statements

SCEPTRE EQUITY GROWTH FUND

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2009

	NUMBER OF SHARES	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Cash		120,434	120,434	0.03
Short-Term Notes				
Treasury Bills				
Canada Treasury Bills, with various due dates to Apr 29, 2010 0.219% - 0.280%		6,595,339	6,595,863	1.47
Equities				
Energy				
AltaGas Income Trust	323,300	6,093,365	6,068,341	
Bankers Petroleum Ltd.	2,468,600	5,482,934	15,330,006	
Birchcliff Energy Ltd.	431,600	3,542,010	4,057,040	
BlackPearl Resources Inc.	1,103,500	1,733,506	2,791,855	
Calfrac Well Services Ltd.	144,200	2,778,249	2,980,614	
Celtic Exploration Ltd.	706,700	10,673,337	14,692,293	
Crew Energy Inc.	452,700	5,031,851	6,604,893	
Daylight Resources Trust	725,400	5,955,223	7,377,318	
Legacy Oil & Gas Inc.	681,733	6,093,158	6,551,454	
Mullen Group Ltd.	538,600	6,086,887	8,757,636	
NAL Oil & Gas Trust	568,400	5,655,734	7,764,344	
Pacific Energy Resources Ltd.	6,042,978	7,425,210	1,901	
Pacific Rubiales Energy Corp.	496,816	1,664,394	7,650,966	
Painted Pony Petroleum Ltd.	274,200	1,601,134	1,568,424	
Pan Ocean Energy Corp. Ltd., Class B	100,000	—	—	
Result Energy	9,542,500	2,671,900	4,198,700	
ShawCor Ltd., Class A	217,500	4,821,754	6,368,400	
Storm Exploration Inc.	347,800	4,005,798	4,524,878	
Trinidad Drilling Ltd.	835,600	4,516,120	5,857,556	
Uranium One Inc.	1,674,700	3,838,354	5,024,100	
Total Energy		89,670,918	118,170,719	26.25
Materials				
Alamos Gold Inc.	819,900	7,591,670	10,248,750	
Argonaut Gold Inc.	745,500	2,236,500	2,422,875	
Argonaut Gold Inc., Warrants (29 Dec 12)	372,750	—	—	
Capstone Mining Corp.	1,788,000	4,008,218	5,024,280	
Consolidated Thompson Iron Mines Ltd.	695,400	2,323,842	4,680,042	
Detour Gold Corp.	291,200	3,260,643	5,186,272	
Equinox Minerals Ltd.	3,114,200	6,026,731	12,581,368	
FNX Mining Co Inc.	329,300	3,792,001	3,790,243	
Geovic Mining Corp., Warrants (06 Mar 12)	1,487,500	-	74,375	
Geovic Mining Corp., Warrants (27 Apr 12)	177,500	-	2,663	
Gold Wheaton Gold Corp., Warrants (08 Jul 13)	2,036,400	47,358	142,548	
Golden Star Resources Ltd.	1,395,000	3,677,853	4,519,800	
Hanfeng Evergreen Inc.	643,700	9,019,813	4,731,195	
Harry Winston Diamond Corp.	193,000	1,946,335	1,928,070	
HudBay Minerals Inc.	225,800	3,152,768	3,052,816	
Jaguar Mining Inc.	494,500	4,865,877	5,800,485	
Lundin Mining Corp.	1,183,300	4,770,419	5,052,691	
Major Drilling Group International	259,800	3,628,753	7,404,300	
Migao Corp.	595,600	4,806,489	4,139,420	
New Gold Inc.	1,689,800	6,336,750	6,387,444	

The accompanying notes are an integral part of these financial statements

SCEPTRE EQUITY GROWTH FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	NUMBER OF SHARES	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Materials (Continued)				
Osisko Mining Corp.	478,500	2,209,978	4,033,755	
Quadra Mining Ltd.	684,900	5,945,399	9,931,050	
Romarco Minerals Inc.	1,982,700	2,284,771	3,330,936	
San Gold Corp.	1,630,600	3,757,599	5,935,384	
Semafo Inc.	2,668,900	3,707,392	11,689,782	
Western Coal Corp.	558,300	1,822,813	1,814,475	
Total Materials		91,219,972	123,905,019	27.53
Industrials				
Capital Goods				
AG Growth International Inc.	174,200	4,923,523	6,062,160	
GENIVAR Income Fund	198,200	4,559,674	5,361,310	
Rocky Mountain Dealership Inc.	252,800	2,528,000	2,280,256	
Stantec Inc.	85,300	1,884,089	2,576,060	
Toromont Industries Ltd.	289,800	6,854,459	8,039,052	
		20,749,745	24,318,838	5.40
Commercial Services & Supplies				
Aecon Group Inc.	540,000	4,959,841	8,083,800	
GLV Inc., Class A	344,100	2,496,622	3,010,875	
Seacliff Construction Corp.	174,100	2,139,547	1,922,064	
The Churchill Corp.	78,300	1,282,984	1,500,228	
		10,878,994	14,516,967	3.23
Transportation				
Transat AT Inc., Class B	302,700	3,567,268	6,353,673	1.41
Total Industrials		35,196,007	45,189,478	10.04
Consumer Discretionary				
Consumer Durables & Apparel				
Dorel Industries Inc., Class B	196,600	5,345,245	6,328,554	1.41
Consumer Services				
Great Canadian Gaming Corp.	404,000	2,015,228	3,175,440	0.71
Media				
Cineplex Galaxy Income Fund	197,400	2,729,152	3,596,628	
Cogeco Cable Inc.	110,900	4,542,854	3,872,628	
Corus Entertainment Inc., Class B	283,600	4,300,630	5,601,100	
		11,572,636	13,070,356	2.90
Retailing				
Dollarama Inc.	188,800	3,360,550	4,219,680	
Reitmans Canada Ltd., Class A	539,800	4,471,378	8,993,068	
		7,831,928	13,212,748	2.93
Total Consumer Discretionary		26,765,037	35,787,098	7.95

The accompanying notes are an integral part of these financial statements

SCEPTRE EQUITY GROWTH FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	NUMBER OF SHARES	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Consumer Staples				
Food & Staples Retailing				
Alliance Grain Traders Income Fund	302,700	4,944,056	9,050,730	
Atrium Innovations Inc.	125,800	1,734,608	1,982,608	
North West Co. Fund	235,200	3,801,620	4,466,448	
Total Consumer Staples		10,480,284	15,499,786	3.44
Health Care				
Health Care Equipment & Services				
Bioms Medical Corp., Warrants (31 Dec 09)	640,000	—	1	
BioMS Medical Corp., Warrants (18 May 10)	342,500	—	—	
BioMS Medical Corp., Warrants (23 May 10)	502,500	211,050	1	
		211,050	2	—
Pharmaceuticals, Biotechnology & Life Sciences				
Paladin Labs Inc.	66,100	1,262,810	1,301,509	0.29
Total Health Care		1,473,860	1,301,511	0.29
Financials				
Banks				
Canadian Western Bank	608,494	13,210,141	13,326,019	
Home Capital Group Inc.	307,200	9,097,534	12,807,168	
		22,307,675	26,133,187	5.80
Diversified Financials				
AGF Management Ltd., Class B	411,400	9,660,092	6,981,458	
Dundee Corp., Class A	1,180,000	12,026,062	14,183,600	
GMP Capital Corp.	148,200	1,504,001	1,861,392	
		23,190,155	23,026,450	5.11
Real Estate				
Calloway Real Estate Investment Trust	387,800	7,058,555	7,546,587	
Dundee Real Estate Investment Trust	108,841	2,926,831	2,244,301	
FirstService Corp.	220,700	3,919,183	4,436,070	
Melcor Developments Ltd.	663,100	3,519,682	7,380,303	
Northern Property Real Estate Investment Trust	300,100	5,492,028	6,572,190	
		22,916,279	28,179,451	6.27
Total Financials		68,414,109	77,339,088	17.18
Information Technology				
Software & Services				
MacDonald Dettwiler & Associates Ltd.	332,500	8,046,898	14,157,850	
		8,046,898	14,157,850	3.15
Semiconductor & Semiconductor Equipment				
Evertz Technologies Ltd.	321,800	4,886,853	4,186,618	
Mosaid Technologies Inc.	185,700	3,115,633	3,530,157	
		8,002,486	7,716,775	1.71
Total Information Technology		16,049,384	21,874,625	4.86

The accompanying notes are an integral part of these financial statements

SCEPTRE EQUITY GROWTH FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	NUMBER OF SHARES	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Utilities				
Ram Power Corp.	1,073,700	3,221,100	4,337,748	
Total Utilities		3,221,100	4,337,748	0.96
Total Equities		342,490,671	443,405,072	98.50
Transaction costs		(871,866)		
Total Investment Portfolio Including Cash and Short-Term Notes		348,334,578	450,121,369	100.00

The accompanying notes are an integral part of these financial statements

SCEPTRE EQUITY GROWTH FUND

Discussion of Financial Risk Management and Fair Value Disclosure

Financial Risk Management

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

Market risk

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

The Fund'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.

(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 Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

Utilizing a predicted beta of 1.37 (2008 – 1.15), if the S&P/TSX Composite index had increased or decreased by 5% at December 31, 2009, with all other variables held constant, the Fund's net assets could have increased or decreased, respectively, by approximately \$28,681,000 (2008 – \$16,163,000). 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 interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. Interest rate risk is considered to be minimal in the Fund as its holdings of short-term investments represent only 1.47% of the fair value of the Fund at December 31, 2009. At December 31, 2008, the Fund held 8.01% of the fair value of the Fund in short-term investments in reaction to the volatility in the markets at the time.

(c) Currency risk

Currency risk is the risk that the value of financial instruments, denominated in currencies other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Investments denominated in foreign currency represent less than 0.01% (2008 – 0.24%) of the fair value of the Fund and therefore, currency risk is considered minimal.

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 Fund 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 less than 1.47% (2008 – 8.01%) of the fair value of the Fund, 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.

The Fund 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 the 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 Fund cannot loan more than 50% of the total value of its assets through securities lending transactions; and the Fund'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 Fund's assets.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet cash-flow commitments associated with financial instruments. The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

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

SCEPTRE EQUITY GROWTH FUND

Discussion of Financial Risk Management and Fair Value Disclosure (Continued)

Fair Value Disclosure

The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2009.

(Thousands of dollars)	Financial Assets at fair value as at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Equities – Long	\$ 436,782	\$ 6,623	\$ —	\$ 443,405
Short Term Notes	—	6,596	—	6,596
	\$ 436,782	\$ 13,219	\$ —	\$ 450,001

During the year, there were no significant transfers of investments between Level 1 and Level 2, and no Level 3 financial assets were held.

The Fund's financial liabilities include management fees payable and other accrued liabilities all having maturity dates of less than 3 months.

SCEPTRE LARGE CAP CANADIAN EQUITY FUND

STATEMENTS OF NET ASSETS

As at December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Assets		
Investments at fair value	\$ 40,902	\$ 36,484
Short-term investments	350	674
Cash	120	8
Dividends receivable	127	137
Accounts receivable for units sold	5	—
	41,504	37,303
Liabilities		
Other accrued liabilities	27	40
	27	40
Net assets representing Unitholders' Equity	\$ 41,477	\$ 37,263
Net assets per unit	\$ 17.30	\$ 13.54

Signed on behalf of
Sceptre Investment Counsel Limited, Manager-Trustee



Director



Director

STATEMENTS OF OPERATIONS

For the years ended December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Investment income		
Interest	\$ 5	\$ 74
Income received from income trusts	31	27
Dividends, net of withholding tax (\$nil; 2008 - \$1)	1,070	1,195
Security lending income	5	4
	1,111	1,300
Expenses		
Custodian fees	4	8
Securityholder reporting costs	28	28
Audit fees	17	13
Legal fees	5	40
Administration fees	20	23
Independent review committee fees	3	3
	77	115
Net investment income (loss)	1,034	1,185
Realized and unrealized gain (loss) on investments and transaction costs		
Realized gain (loss) on sale of investments	627	(694)
Transaction costs	(20)	(19)
Unrealized appreciation (depreciation) of investments and foreign currency	8,509	(17,790)
	9,116	(18,503)
Net gain (loss) on investments	9,116	(18,503)
Increase (decrease) in net assets from operations	\$ 10,150	\$ (17,318)
Increase (decrease) in net assets from operations per unit	\$ 4.04	\$ (6.06)

The accompanying notes are an integral part of these financial statements

SCEPTRE LARGE CAP CANADIAN EQUITY FUND

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31

(Thousands of dollars or units)	2009	2008
Net assets at beginning of year	\$ 37,263	\$ 58,364
Increase (decrease) in net assets from operations	10,150	(17,318)
Capital unit transactions		
Proceeds from units issued	2,845	2,425
Value of units redeemed	(8,755)	(6,182)
Units issued on reinvestment of distributions	918	1,177
Net capital unit transactions	(4,992)	(2,580)
Distributions paid to unitholders		
From net investment income	(944)	(1,203)
Total distributions paid to unitholders	(944)	(1,203)
Net assets at end of year	\$ 41,477	\$ 37,263
	2009	2008
Number of Units		
Balance — beginning of year	2,752	2,929
Units issued and paid during the year	191	149
Units redeemed during the year	(606)	(394)
Units issued on reinvestment of distributions	60	68
Balance — end of year	2,397	2,752

The accompanying notes are an integral part of these financial statements

SCEPTRE LARGE CAP CANADIAN EQUITY FUND

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2009

	NUMBER OF SHARES/ UNITS	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Cash		119,754	119,716	0.29
Short-Term Notes				
Total Treasury Bills				
Canada Treasury Bills, due April 01, 2010 0.285%		349,619	349,833	0.85
Equities				
Energy				
ARC Energy Trust	20,770	635,685	414,154	
Cameco Corp.	43,300	1,730,914	1,463,973	
Canadian Natural Resources Ltd.	19,000	1,232,602	1,437,730	
Cenovus Energy Inc.	35,900	643,138	950,273	
Crescent Point Energy Corp.	12,089	366,669	476,911	
EnCana Corp.	35,900	706,851	1,222,395	
Enbridge Inc.	19,400	372,449	941,870	
Imperial Oil Ltd.	25,600	1,341,540	1,039,616	
Nexen Inc.	22,147	437,556	556,776	
Niko Resources Ltd.	10,800	420,986	1,060,884	
Suncor Energy Inc.	57,400	1,304,138	2,130,114	
TransCanada Corp.	29,300	587,103	1,059,195	
Total Energy		9,779,631	12,753,891	30.82
Materials				
Agnico Eagle Mines Ltd.	15,000	945,821	851,850	
Franco Nevada Corp.	36,000	1,029,817	1,010,880	
Goldcorp Inc.	51,200	1,511,730	2,115,072	
Potash Corp. of Saskatchewan Inc.	10,100	1,117,715	1,152,511	
Teck Cominco Ltd., Class B	22,700	955,910	833,090	
Total Materials		5,560,993	5,963,403	14.41
Industrials				
Transportation				
Canadian National Railway Co.	37,200	1,162,813	2,125,980	
Total Industrials		1,162,813	2,125,980	5.14
Consumer Discretionary				
Media				
Shaw Communications Inc., Class B	55,700	1,094,307	1,203,120	2.91
Retailing				
Canadian Tire Corp. Ltd., Class A	11,600	460,715	665,260	1.61
Total Consumer Discretionary		1,555,022	1,868,380	4.52

The accompanying notes are an integral part of these financial statements

SCEPTRE LARGE CAP CANADIAN EQUITY FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	NUMBER OF SHARES/ UNITS	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Consumer Staples				
Food & Staples Retailing				
Shoppers Drug Mart Corp.	22,200	768,305	1,007,658	
Total Consumer Staples		768,305	1,007,658	2.44
Financials				
Banks				
Bank of Nova Scotia	50,900	1,375,220	2,503,771	
Canadian Imperial Bank of Commerce	22,440	1,200,823	1,524,798	
National Bank of Canada	13,800	614,058	830,208	
Royal Bank of Canada	59,500	1,642,204	3,353,420	
Toronto-Dominion Bank	28,100	1,103,756	1,852,914	
		5,936,061	10,065,111	24.32
Insurance				
Manulife Financial Corp.	50,700	1,172,317	978,510	
Power Financial Corp.	39,800	899,475	1,233,402	
		2,071,792	2,211,912	5.35
Real Estate				
Brookfield Asset Management Inc., Class A	40,000	857,694	933,600	2.26
Total Financials		8,865,547	13,210,623	31.93
Information Technology				
Technology Hardware & Equipment				
Research In Motion Ltd.	18,900	1,646,901	1,341,144	
Total Information Technology		1,646,901	1,341,144	3.24
Telecommunication Services				
BCE Inc.	58,249	1,818,659	1,686,308	
Rogers Communications Inc., Class B	29,000	652,899	944,240	
Total Telecommunication Services		2,471,558	2,630,548	6.36
Total Equities		31,810,770	40,901,627	98.86
Transaction costs		(21,747)		
Total Investment Portfolio Including Cash and Short-Term Notes		32,258,396	41,371,176	100.00

The accompanying notes are an integral part of these financial statements

SCEPTRE LARGE CAP CANADIAN EQUITY FUND

Discussion of Financial Risk Management and Fair Value Disclosure

Financial Risk Management

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

Market risk

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

The Fund'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 currency risk as all financial instruments held in the Fund 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 Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

Utilizing a predicted beta of 0.93 (2008 – 0.92), if the S&P/TSX Composite index had increased or decreased by 5% at December 31, 2009, with all other variables held constant, the Fund's net assets could have increased or decreased, respectively, by approximately \$1,902,000 (2008 – \$1,678,000). 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 interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. Interest rate risk is considered to be minimal in the Fund as its holdings of short-term investments represent only 0.85% (2008 – 1.81%) of the fair value of the Fund at December 31, 2009.

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 Fund is subject to credit risk from its short-term note investments. However, since the short-term notes are Canada Treasury Bills, and represent only 0.85% (2008 – 1.81%) of the fair value of the Fund, 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.

The Fund 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 the 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 Fund cannot loan more than 50% of the total value of its assets through securities lending transactions; and the Fund'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 Fund's assets.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet cash-flow commitments associated with financial instruments. The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

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

SCEPTRE LARGE CAP CANADIAN EQUITY FUND

Discussion of Financial Risk Management and Fair Value Disclosure (Continued)

Fair Value Disclosure

The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2009.

(Thousands of dollars)	Financial Assets at fair value as at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Equities – Long	\$ 40,902	\$ —	\$ —	\$ 40,902
Short Term Notes	—	350	—	350
	\$ 40,902	\$ 350	\$ —	\$ 41,252

During the year, there were no transfers of investments between Level 1 and Level 2, and no Level 3 financial assets were held.

The Fund's financial liabilities include management fees payable and other accrued liabilities all having maturity dates of less than 3 months.

SCEPTRE U.S. EQUITY FUND

STATEMENTS OF NET ASSETS

As at December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Assets		
Investments at fair value	\$ 10,749	\$ 8,987
Short-term investments	150	895
Cash	169	990
Dividends receivable	13	20
	<u>11,081</u>	<u>10,892</u>
Liabilities		
Due to brokers	—	499
Other accrued liabilities	15	6
	<u>15</u>	<u>505</u>
Net assets representing Unitholders' Equity	\$ 11,066	\$ 10,387
Net assets per unit	\$ 9.50	\$ 8.47

Signed on behalf of
Sceptre Investment Counsel Limited, Manager-Trustee



Director



Director

STATEMENTS OF OPERATIONS

For the year ended December 31, 2009 and for the period from September 2, 2008 (creation date) to December 31, 2008

(Thousands of dollars except per-unit amounts)	2009	2008
Investment income		
Interest	\$ 2	\$ 265
Dividends, net of withholding tax (\$27;2008 - \$8)	184	46
	<u>186</u>	<u>311</u>
Expenses		
Custodian fees	5	3
Securityholder reporting costs	18	1
Audit fees	11	—
Legal fees	18	—
Administration fees	21	7
Independent review committee fees	1	—
	<u>74</u>	<u>11</u>
Net investment income before waived/absorbed expenses	112	300
Expenses waived/absorbed by manager	21	—
Net investment income (loss)	133	300
Realized and unrealized gain (loss) on investments and transaction costs		
Realized gain (loss) on sale of investments	(182)	(231)
Realized gain (loss) on foreign exchange	(116)	—
Transaction costs	(9)	(6)
Unrealized appreciation (depreciation) of investments and foreign currency	1,415	(785)
Net gain (loss) on investments	1,108	(1,022)
Increase (decrease) in net assets from operations	\$ 1,241	\$ (722)
Increase (decrease) in net assets from operations per unit	1.05	(0.90)

The accompanying notes are an integral part of these financial statements

SCEPTRE U.S. EQUITY FUND

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2009 and for the period from September 2, 2008 (creation date) to December 31, 2008

(Thousands of dollars or units)	2009	2008
Net assets at beginning of period	\$ 10,387	\$ —
Increase (decrease) in net assets from operations	1,241	(722)
Capital unit transactions		
Proceeds from units issued	2,024	11,583
Value of units redeemed	(2,585)	(464)
Units issued on reinvestment of distributions	36	279
Net capital unit transactions	(525)	11,398
Distributions paid to unitholders		
From net investment income	(12)	(289)
From return of capital	(25)	—
Total distributions paid to unitholders	(37)	(289)
Net assets at end of period	\$ 11,066	\$ 10,387
	2009	2008
Number of Units		
Balance — beginning of period	1,227	—
Units issued and paid during the period	229	1,248
Units redeemed during the period	(295)	(55)
Units issued on reinvestment of distributions	4	34
Balance — end of period	1,165	1,227

The accompanying notes are an integral part of these financial statements

SCEPTRE U.S. EQUITY FUND

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2009

	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Cash		168,735	168,592	1.52
Short-Term Notes				
Canada Treasury Bills, due April 01, 2010 0.285%		149,873	149,929	1.35
Total Short-Term Notes		149,873	149,929	1.35
Equities				
Energy				
Anadarko Petroleum Corp.	5,200	345,247	340,278	
Exxon Mobil Corp.	3,900	308,685	278,513	
Hess Corp.	4,600	289,842	291,563	
Marathon Oil Corp.	8,500	303,101	278,201	
Total Energy		1,246,875	1,188,555	10.75
Materials				
Air Products & Chemicals Inc.	2,600	218,130	220,782	
Monsanto Co.	2,000	193,762	171,405	
Newmont Mining Corp.	2,000	112,810	99,195	
Total Materials		524,702	491,382	4.44
Industrials				
Capital Goods				
BE Aerospace Inc.	8,000	153,407	196,419	
Eaton Corp.	2,400	147,621	160,070	
General Electric Co.	11,700	165,956	185,580	
Honeywell International Inc.	7,400	305,353	303,950	
		772,337	846,019	7.65
Transportation				
CSX Corp.	6,000	346,988	305,007	2.76
Total Industrials		1,119,325	1,151,026	10.41
Consumer Discretionary				
Consumer Services				
Yum! Brands Inc.	9,100	332,359	333,518	3.01
Media				
Time Warner Cable Inc.	5,855	235,643	254,055	
Time Warner Inc.	9,900	290,091	302,123	
		525,734	556,178	5.03
Total Consumer Discretionary		858,093	889,696	8.04

The accompanying notes are an integral part of these financial statements

SCEPTRE U.S. EQUITY FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Consumer Staples				
Food & Staples Retailing				
CVS Caremark Corp.	12,000	422,026	405,082	3.66
Food, Beverage & Tobacco				
Altria Group, Inc.	10,000	198,839	205,791	
Kraft Foods Inc., Class A	9,000	296,464	256,353	
Philip Morris International	5,200	263,464	262,377	
		758,767	724,521	6.54
Household & Personal Products				
Procter & Gamble Co.	2,000	136,468	127,060	1.15
Total Consumer Staples		1,317,261	1,256,663	11.35
Health Care				
Health Care Equipment & Services				
Cerner Corp.	3,700	172,323	319,815	
Medco Health Solutions Inc.	6,800	329,615	455,600	
Thermo Fisher Scientific Inc.	9,000	430,210	449,491	
		932,148	1,224,906	11.07
Pharmaceuticals, Biotechnology & Life Sciences				
Celgene Corp.	6,000	386,384	350,233	3.16
Total Health Care		1,318,532	1,575,139	14.23
Financials				
Banks				
Bank of America Corp.	10,700	124,283	168,933	1.53
Diversified Financials				
CME Group Inc., Class A	700	219,304	246,536	
JPMorgan Chase & Co.	9,000	392,979	393,164	
State Street Corp.	5,300	269,113	241,919	
		881,396	881,619	7.96
Insurance				
Prudential Financial Inc.	4,400	149,604	229,530	
The Travelers Companies Inc.	3,400	156,432	177,685	
		306,036	407,215	3.68
Total Financials		1,311,715	1,457,767	13.17

The accompanying notes are an integral part of these financial statements

SCEPTRE U.S. EQUITY FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Information Technology				
Software & Services				
Google Inc., Class A	450	185,649	292,480	
Microsoft Corp.	18,700	503,302	597,534	
Oracle Corp.	18,000	380,311	463,077	
		1,069,262	1,353,091	12.22
Technology Hardware & Equipment				
Cisco Systems Inc.	10,000	224,372	250,975	2.27
Semiconductor & Semiconductor Equipment				
Intel Corp.	10,600	212,733	226,584	2.05
Total Information Technology		1,506,367	1,830,650	16.54
Telecommunication Services				
Verizon Communications Inc.	9,000	321,119	312,586	
Total Telecommunication Services		321,119	312,586	2.82
Miscellaneous				
SPDR Trust Series I	5,100	602,627	595,822	
Total Miscellaneous		602,627	595,822	5.38
Total Equities		10,126,616	10,749,286	97.13
Transaction costs		(7,865)		
Total Investment Portfolio Including Cash and Short-Term Notes		10,437,359	11,067,807	100.00

The accompanying notes are an integral part of these financial statements

SCEPTRE U.S. EQUITY FUND

Discussion of Financial Risk Management and Fair Value Disclosure

Financial Risk Management

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

Market risk

The Fund's market risk is primarily related to changes in actual market prices on its portfolio of equity securities, foreign currency movements, and to a limited degree by interest rate risk on its short-term note investments.

(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 Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

Utilizing a predicted beta of 0.45 (2008 – 0.44), if the S&P/TSX Composite index had increased or decreased by 5% at December 31, 2009, with all other variables held constant, the Fund's net assets could have increased or decreased, respectively, by approximately \$242,000 (2008 – \$198,000). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(b) Currency risk

Currency risk is the risk that the value of investments denominated in currencies other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value.

The Fund holds assets and liabilities, including cash and cash equivalents that are denominated in currencies other than the Canadian Dollar, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates. The Fund is also indirectly exposed to currency risk through its investments in underlying mutual funds which invest in financial instruments that are denominated in a currency other than the Canadian dollar.

The table below summarizes the Fund's exposure to currency risks.

	December 31, 2009		December 31, 2008	
	Currency Exposure (\$)	Percentage of Net Assets (%)	Currency Exposure (\$)	Percentage of Net Assets (%)
United States Dollar	10,762,624	97.26%	9,403,018	90.53%

As at December 31, 2009, if the exchange rate between the Canadian Dollar and the foreign currencies the Fund is exposed to increased or decreased by 1%, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by approximately \$108,000 (2008 - \$94,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other financial assets (including dividend and interest receivable) and financial liabilities that are denominated in foreign currencies, do not expose the Fund to significant currency risk.

(c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. Interest rate risk is considered to be minimal in the Fund as its holdings of short-term investments represent only 1.35% of the fair value of the Fund at December 31, 2009. At December 31, 2008, the Fund held 8.62% of the fair value of the Fund in short-term investments in reaction to the volatility in the markets at the time.

SCEPTRE U.S. EQUITY FUND

Discussion of Financial Risk Management and Fair Value Disclosure (Continued)

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 Fund is subject to credit risk from its short-term note investments. However, since the short-term notes are Canada Treasury Bills, and represent only 1.35% (2008 – 8.62%) of the fair value of the Fund, 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.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet cash-flow commitments associated with financial instruments. The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

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

Fair Value Disclosure

The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2009.

(Thousands of dollars)	Financial Assets at fair value as at December 31, 2009				
	Level 1		Level 2		Total
Equities – Long	\$	10,749	\$	—	\$ 10,749
Short Term Notes		—		150	150
	\$	10,749	\$	150	\$ 10,899

During the year, there were no transfers of investments between Level 1 and Level 2.

No Level 3 financial assets were held during the year.

The Fund's financial liabilities include management fees payable and other accrued liabilities all having maturity dates of less than 3 months.

SCEPTRE GLOBAL EQUITY FUND

STATEMENTS OF NET ASSETS

As at December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Assets		
Investments at fair value	\$ 28,329	\$ 29,644
Short-term investments	968	551
Cash	267	615
Dividends receivable	26	32
Other receivables	9	14
	29,599	30,856
Liabilities		
Management fees payable	7	7
Other accrued liabilities	43	52
	50	59
Net assets representing Unitholders' Equity	\$ 29,549	\$ 30,797
Net assets per class		
Class A	\$ 4,696	\$ 4,639
Class D	\$ 1	\$ —
Class O	\$ 24,852	\$ 26,158
Net assets per unit		
Class A	\$ 13.27	\$ 11.96
Class D	\$ 13.15	\$ —
Class O	\$ 15.01	\$ 13.37

Signed on behalf of
Sceptre Investment Counsel Limited, Manager-Trustee



Director



Director

STATEMENTS OF OPERATIONS

For the years ended December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Investment income		
Interest	\$ 84	\$ 341
Income received from income trusts	—	24
Security lending income	11	12
Dividends, net of withholding tax (\$68; 2008 - \$102)	542	851
	637	1,228
Expenses		
Management fees	83	121
Custodian fees	10	14
Securityholder reporting costs	80	88
Audit fees	26	21
Legal fees	21	17
Administration fees	37	28
Independent review committee fees	2	3
	259	292
Net investment income before waived/absorbed expenses	378	936
Expenses waived/absorbed by manager	36	3
Net investment income (loss)	414	939
Realized and unrealized gain (loss) on investments and transaction costs		
Realized gain (loss) on sale of investments	(3,296)	(4,374)
Transaction costs	(27)	(63)
Unrealized appreciation (depreciation) of investments and foreign currency	6,202	(11,913)
Net gain (loss) on investments	2,879	(16,350)
Increase (decrease) in net assets from operations	\$ 3,293	\$ (15,411)
Increase (decrease) in net assets from operations per class		
Class A	\$ 483	\$ (2,636)
Class D*	\$ —	\$ —
Class O	\$ 2,810	\$ (12,775)
Increase (decrease) in net assets from operations per unit		
Class A	\$ 1.31	\$ (6.17)
Class D*	\$ 2.14	\$ —
Class O	\$ 1.62	\$ (5.92)

* Sceptre Global Equity Fund — Class D was created on April 1, 2009.

The accompanying notes are an integral part of these financial statements

SCEPTRE GLOBAL EQUITY FUND

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31

(Thousands of dollars or units)	2009		2008					
	Class A		Class D*					
Net assets at beginning of year	\$	4,639	\$	8,171	\$	—	\$	—
Increase (decrease) in net assets from operations		483		(2,636)		—		—
Capital unit transactions								
Proceeds from units issued		121		276		1		—
Value of units redeemed		(554)		(1,176)		—		—
Units issued on reinvestment of distributions		22		4		—		—
Net capital unit transactions		(411)		(896)		1		—
Distributions paid to unitholders								
From net investment income		(15)		—		—		—
Total distributions paid to unitholders		(15)		—		—		—
Net assets at end of year	\$	4,696	\$	4,639	\$	1	\$	—

	2009		2008				
	Class O		Total Fund				
Net assets at beginning of year	\$	26,158	46,458	\$	30,797	\$	54,629
Increase (decrease) in net assets from operations		2,810	(12,775)		3,293		(15,411)
Capital unit transactions							
Proceeds from units issued		4,077	7,947		4,199		8,223
Value of units redeemed		(8,186)	(15,454)		(8,740)		(16,630)
Units issued on reinvestment of distributions		391	944		413		948
Net capital unit transactions		(3,718)	(6,563)		(4,128)		(7,459)
Distributions paid to unitholders							
From net investment income		(398)	(962)		(413)		(962)
Total distributions paid to unitholders		(398)	(962)		(413)		(962)
Net assets at end of year	\$	24,852	26,158	\$	29,549	\$	30,797

	2009		2008			
	Class A		Class D*			
Number of Units						
Balance — beginning of year		388		449		—
Units issued and paid during the year		10		17		—
Units redeemed during the year		(46)		(78)		—
Units issued on reinvestment of distributions		2		—		—
Balance — end of year		354		388		—

	2009		2008	
	Class O			
Number of Units				
Balance — beginning of year		1,957		2,276
Units issued and paid during the year		294		454
Units redeemed during the year		(623)		(834)
Units issued on reinvestment of distributions		28		61
Balance — end of year		1,656		1,957

* Sceptre Global Equity Fund — Class D was created on April 1, 2009.

The accompanying notes are an integral part of these financial statements

SCEPTRE GLOBAL EQUITY FUND

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2009

	MATURITY DATE	COUPON RATE	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Cash				267,229	266,917	0.90
Short-Term Notes						
Treasury Bills						
Canada Treasury Bills, due April 29, 2010 0.250%				549,608	549,608	1.86
Discount Commercial Paper						
Export Development Canada	27-Apr-10	0.101%	400,000	419,655	418,778	1.42
Total Short-Term Notes				969,263	968,386	3.28
Equities						
Energy						
Anadarko Petroleum Corp.			4,800	308,214	314,102	
BG Group PLC			14,400	377,164	273,524	
EnCana Corp.			4,600	145,946	156,630	
Exxon Mobil Corp.			5,600	473,581	399,916	
Hess Corporation			5,000	223,932	316,916	
Marathon Oil Corp.			8,800	290,439	288,019	
Oil Services Holders Trust, Depository Receipts			2,200	391,572	274,458	
Talisman Energy Inc.			14,100	274,142	275,655	
Total SA, ADR			12,100	932,274	812,350	
Total Energy				3,417,264	3,111,570	10.52
Materials						
Air Products & Chemicals Inc.			1,900	136,415	161,341	
BHP Billiton PLC			9,500	260,351	320,854	
Gerdau S.A., ADS			17,600	270,127	314,220	
Goldcorp Inc.			6,900	118,818	285,039	
Monsanto Co.			2,600	257,908	222,827	
Potash Corp. of Saskatchewan Inc.			2,100	201,166	239,631	
Teck Cominco Ltd., Class B			6,500	227,913	238,550	
Total Materials				1,472,698	1,782,462	6.03
Industrials						
Capital Goods						
ABB Ltd., Registered Shares			19,210	512,237	388,264	
BE Aerospace Inc.			15,400	373,186	378,106	
Eaton Corp.			4,800	282,734	320,141	
General Electric Co.			20,000	753,389	317,231	
Honeywell International Inc.			7,600	329,301	312,165	
Siemens AG, Registered Shares			5,200	615,133	503,309	
				2,865,980	2,219,216	7.51
Transportation						
Canadian National Railway Co.			8,300	461,575	474,345	
CSX Corp.			7,500	381,456	381,259	
				843,031	855,604	2.89
Total Industrials				3,709,011	3,074,820	10.40

The accompanying notes are an integral part of these financial statements

SCEPTRE GLOBAL EQUITY FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	MATURITY DATE	COUPON RATE	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Consumer Discretionary						
Consumer Durables & Apparel						
Adidas-Saloman AG			10,600	657,922	602,352	
Desarrolladora Homex SA, ADR			6,600	380,386	232,205	
				1,038,308	834,557	2.82
Consumer Services						
Melco China Resorts Holdings Ltd., Warrants (27 May 10)			4,170	—	42	
Yum! Brands Inc.			12,100	448,522	443,469	
				448,522	443,511	1.50
Media						
Reed Elsevier PLC			23,300	209,723	201,763	
Time Warner Cable Inc.			6,548	342,583	284,126	
Time Warner Inc.			13,766	555,466	420,103	
WPP Group PLC			39,158	586,059	402,392	
				1,693,831	1,308,384	4.43
Total Consumer Discretionary				3,180,661	2,586,452	8.75
Consumer Staples						
Food & Staples Retailing						
CVS Caremark Corp.			27,900	1,023,289	941,817	
Safeway Inc.			6,600	136,423	147,308	
				1,159,712	1,089,125	3.68
Food, Beverage & Tobacco						
Altria Group Inc.			11,200	232,924	230,486	
Kraft Foods Inc., Class A			13,400	443,255	381,681	
Nestle SA, Registered Shares			10,300	473,142	523,842	
Philip Morris International			5,600	280,827	282,560	
				1,430,148	1,418,569	4.80
Total Consumer Staples				2,589,860	2,507,694	8.48
Health Care						
Health Care Equipment & Services						
Cerner Corp.			4,300	164,210	371,677	
Covidien PLC			6,300	253,185	316,295	
Medco Health Solutions Inc.			6,400	254,952	428,800	
Thermo Fisher Scientific Inc.			5,800	348,030	289,672	
				1,020,377	1,406,444	4.76
Pharmaceuticals, Biotechnology & Life Sciences						
Allergan Inc.			4,100	253,180	270,832	
Celgene Corp.			5,600	334,025	326,884	
Novartis AG, ADR			5,300	256,401	302,149	
Roche Holding AG			2,805	501,437	499,801	
Teva Pharmaceutical Industries Ltd., ADR			8,100	361,263	477,060	
				1,706,306	1,876,726	6.35
Total Health Care				2,726,683	3,283,170	11.11

The accompanying notes are an integral part of these financial statements

SCEPTRE GLOBAL EQUITY FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	MATURITY DATE	COUPON RATE	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Financials						
Banks						
Banco Bilbao Vizcaya Argentaria SA			16,766	420,807	320,900	
Bank of America Corp.			22,300	429,079	352,076	
BNP Paribas SA			4,000	397,025	335,720	
National Bank of Greece SA			8,552	407,566	232,310	
				1,654,477	1,241,006	4.20
Diversified Financials						
CI Financial Corp.			8,800	263,084	192,456	
CME Group Inc., Class A			1,300	603,154	457,851	
Deutsche Boerse AG			4,100	650,796	357,063	
JPMorgan Chase & Co.			13,500	525,615	589,744	
State Street Corp.			9,180	566,055	419,023	
				2,608,704	2,016,137	6.81
Insurance						
AXA SA, ADR			11,800	528,282	292,068	
Manulife Financial Corp.			8,100	258,667	156,330	
Prudential Financial Inc.			6,300	424,351	328,645	
Prudential PLC			40,900	422,741	439,335	
The Travelers Companies Inc.			6,800	319,009	355,370	
				1,953,050	1,571,748	5.32
Real Estate						
Brookfield Asset Management Inc.			13,950	536,572	325,593	1.10
Total Financials				6,752,803	5,154,484	17.43
Information Technology						
Software & Services						
Apple Inc.			1,000	211,853	220,908	
Google Inc., Class A			900	485,326	584,960	
Microsoft Corp.			17,700	605,359	565,581	
Oracle Corp.			22,100	405,413	568,556	
				1,707,951	1,940,005	6.57
Technology Hardware & Equipment						
Cisco Systems Inc.			20,700	596,562	519,518	
Research In Motion Ltd.			2,400	78,238	170,304	
				674,800	689,822	2.33
Semiconductor & Semiconductor Equipment						
Samsung Electronics Co. Ltd.			605	383,858	434,645	1.47
Total Information Technology				2,766,609	3,064,472	10.37

The accompanying notes are an integral part of these financial statements

SCEPTRE GLOBAL EQUITY FUND

STATEMENT OF INVESTMENT PORTFOLIO (Continued)

As at December 31, 2009

	MATURITY DATE	COUPON RATE	NUMBER OF SHARES/ UNITS/FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Telecommunication Services						
China Mobile Hong Kong Ltd., ADR			1,800	146,282	87,615	
PT Telekomunikasi Indonesia Tbk, ADR			3,100	152,139	129,638	
Telefonica SA			7,000	221,976	205,523	
Turkcell Iletisim Hizmet AS, ADR			8,700	233,179	159,338	
Verizon Communications Inc.			7,500	335,525	260,489	
Vodafone Group PLC			176,637	606,956	428,816	
Total Telecommunication Services				1,696,057	1,271,419	4.30
Utilities						
Iberdrola Renovables SAU			36,600	337,039	182,494	
Public Service Enterprise Group Inc.			3,700	163,858	128,973	
Total Utilities				500,897	311,467	1.05
Miscellaneous						
DPF India Opportunities Fund			25,000	235,000	115,499	
DPF India Opportunities Fund, Warrants (14 Aug 10)			25,000	15,000	125	
iShares MSCI EAFE Index Fund			5,000	260,461	289,658	
iShares MSCI Japan Index Fund			145,400	2,110,266	1,483,144	
SPDR Trust Series I			2,500	258,446	292,070	
Total Miscellaneous				2,879,173	2,180,496	7.38
Total Equities				31,691,716	28,328,506	95.82
Transaction costs				(49,441)		
Total Investment Portfolio Including Cash and Short-Term Notes				32,878,767	29,563,809	100.00

The accompanying notes are an integral part of these financial statements

SCEPTRE GLOBAL EQUITY FUND

Discussion of Financial Risk Management and Fair Value Disclosure

Financial Risk Management

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

Market risk

The Fund's market risk is primarily related to changes in actual market prices on its portfolio of equity securities, foreign currency movements, and to a limited degree by interest rate risk on its short-term note investments.

(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 Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments and indirectly through its holdings in underlying Funds. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

Utilizing a predicted beta of 0.61 (2008 – 0.59), if the S&P/TSX Composite index had increased or decreased by 5% at December 31, 2009, with all other variables held constant, the Fund's net assets could have increased or decreased, respectively, by approximately \$864,000 (2008 – \$874,000). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(b) Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value.

The Fund holds assets and liabilities, including cash and cash equivalents that are denominated in currencies other than the Canadian Dollar, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates. The Fund is also indirectly exposed to currency risk through its investments in underlying mutual funds which invest in financial instruments that are nominated in a currency other than the Canadian dollar.

The table below summarizes the Fund's exposure to currency risks. Amounts shown are based on the fair value of the Fund's financial instruments.

	December 31, 2009		December 31, 2008	
	Currency Exposure (\$)	Percentage of Net Assets (%)	Currency Exposure (\$)	Percentage of Net Assets (%)
United States Dollar	19,480,753	65.93%	20,698,988	67.21%
Euro	2,739,672	9.27%	3,331,286	10.82%
British Pound	2,075,522	7.02%	1,649,081	5.35%
Swiss Franc	1,411,907	4.78%	1,569,085	5.09%
Korean Won	434,645	1.47%	311,633	1.01%
Brazilian Real	—	—	458	—

As at December 31, 2009, if the exchange rate between the Canadian Dollar and the foreign currencies the Fund is exposed to increased or decreased by 1%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$261,000 (2008 – \$276,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other financial assets (including dividend and interest receivable) and financial liabilities that are denominated in foreign currencies, do not expose the Fund to significant currency risk.

(c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. Interest rate risk is considered to be minimal in the Fund as its holdings of short-term investments represent only 3.28% (2008 – 1.79%) of the fair value of the Fund at December 31, 2009.

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 Fund is subject to credit risk from its short-term note investments and indirectly through investments held in underlying funds. However, since the short-term notes are Canada Treasury Bills or are guaranteed by the Government of Canada, and represent less than 3.28% (2008 – 1.79%) of the fair value of the Fund, credit risk is considered minimal.

The accompanying notes are an integral part of these financial statements

SCEPTRE GLOBAL EQUITY FUND

Discussion of Financial Risk Management and Fair Value Disclosure (Continued)

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.

The Fund 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 the 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 Fund cannot loan more than 50% of the total value of its assets through securities lending transactions; and the Fund'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 Fund's assets.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet cash-flow commitments associated with financial instruments. The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

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

Fair Value Disclosure

The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2009.

(Thousands of dollars)	Financial Assets at fair value as at December 31, 2009					
	Level 1		Level 2		Total	
Equities – Long	\$	28,097	\$	232	\$	28,329
Short Term Notes		—		968		968
	\$	28,097	\$	1,200	\$	29,297

During the year, there were no transfers of investments between Level 1 and Level 2, and no Level 3 financial assets were held.

The Fund's financial liabilities include management fees payable and other accrued liabilities all having maturity dates of less than 3 months.

SCEPTRE MONEY MARKET FUND

STATEMENTS OF NET ASSETS

As at December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Assets		
Short-term investments	\$ 49,750	\$ 89,026
Cash	332	148
Accrued interest receivable	7	—
	50,089	89,174
Liabilities		
Distributions payable to unitholders	—	150
Management fees payable	—	12
Other accrued liabilities	42	55
	42	217
Net assets representing Unitholders' Equity	\$ 50,047	\$ 88,957
Net asset value per class		
Class A	\$ 10,458	\$ 25,040
Class O	\$ 39,589	\$ 63,917
Net asset value per unit		
Class A	\$ 10.00	\$ 10.00
Class O	\$ 10.00	\$ 10.00

Signed on behalf of
Sceptre Investment Counsel Limited, Manager-Trustee



Director



Director

STATEMENTS OF OPERATIONS

For the years ended December 31

(Thousands of dollars except per-unit amounts)	2009	2008
Investment income		
Interest	\$ 793	\$ 2,529
Security lending income	7	12
	800	2,541
Expenses		
Management fees	72	105
Custodian fees	8	10
Securityholder reporting costs	72	88
Audit fees	14	13
Legal fees	25	24
Administration fees	36	39
Independent review committee fees	5	4
	232	283
Net investment income before waived/absorbed expenses	568	2,258
Expenses waived/absorbed by manager	33	—
Net investment income (loss)	601	2,258
Increase (decrease) in net assets from operations	\$ 601	\$ 2,258
Increase (decrease) in net assets from operations per class		
Class A	\$ 63	\$ 480
Class O	\$ 538	\$ 1,778
Increase (decrease) in net assets from operations per unit		
Class A	\$ 0.05	\$ 0.24
Class O	\$ 0.10	\$ 0.32

The accompanying notes are an integral part of these financial statements

SCEPTRE MONEY MARKET FUND

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31

(Thousands of dollars or units)	2009		2008					
	Class A		Class O					
Net assets at beginning of year	\$	25,040	\$	14,499	\$	63,917	\$	50,793
Increase (decrease) in net assets from operations		63		480		538		1,778
Capital unit transactions								
Proceeds from units issued		3,394		23,735		49,723		59,344
Value of units redeemed		(18,064)		(13,677)		(74,665)		(48,067)
Units issued on reinvestment of distributions		88		483		614		1,847
Net capital unit transactions		(14,582)		10,541		(24,328)		13,124
Distributions paid to unitholders								
From net investment income		(63)		(480)		(538)		(1,778)
Total distributions paid to unitholders		(63)		(480)		(538)		(1,778)
Net assets at end of year	\$	10,458	\$	25,040	\$	39,589	\$	63,917

	2009		2008		
	Total Fund				
Net assets at beginning of year		\$	88,957	\$	65,292
Increase (decrease) in net assets from operations			601		2,258
Capital unit transactions					
Proceeds from units issued			53,117		83,079
Value of units redeemed			(92,729)		(61,744)
Units issued on reinvestment of distributions			702		2,330
Net capital unit transactions			(38,910)		23,665
Distributions paid to unitholders					
From net investment income			(601)		(2,258)
Total distributions paid to unitholders			(601)		(2,258)
Net assets at end of year		\$	50,047	\$	88,957

	2009		2008					
	Class A		Class O					
Number of Units								
Balance — beginning of year		2,504		1,450		6,392		5,079
Units issued and paid during the year		339		2,374		4,972		5,934
Units redeemed during the year		(1,806)		(1,368)		(7,466)		(4,806)
Units issued on reinvestment of distributions		9		48		61		185
Balance — end of year		1,046		2,504		3,959		6,392

The accompanying notes are an integral part of these financial statements

SCEPTRE MONEY MARKET FUND

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2009

	MATURITY DATE	COUPON RATE	FACE VALUE	AVERAGE COST (\$)	FAIR VALUE (\$)	% OF TOTAL
Cash				332,126	332,126	0.66
Short-Term Notes						
Treasury Bills						
Canada Treasury Bill	21-Jan-10	0.410%	9,505,000	9,493,034	9,503,454	
Canada Treasury Bill	1-Apr-10	0.285%	9,209,000	9,202,035	9,203,721	
Canada Treasury Bill	10-Jun-10	0.385%	16,425,000	16,388,782	16,399,894	
Total Treasury Bills				35,083,851	35,107,069	70.10
Discount Commercial Paper						
Gaz Metropolitan Inc.	12-Feb-10	0.260%	1,600,000	1,599,312	1,599,518	3.20
Total Short-Term Notes				36,683,163	36,706,587	73.30
Bonds and Debentures						
Government and Guaranteed						
Province of Ontario	17-Sep-10	FRN	3,800,000	3,790,615	3,790,615	
Province of Quebec	6-Aug-11	FRN	3,750,000	3,723,068	3,723,068	
				7,513,683	7,513,683	15.00
Corporate Bonds						
General Electric Capital Corp.	8-Jan-10	FRN	1,300,000	1,299,804	1,299,804	
Greater Toronto Airports Authority	14-May-10	FRN	2,750,000	2,737,100	2,737,100	
NAV Canada	3-May-10	FRN	1,500,000	1,492,892	1,492,892	
				5,529,796	5,529,796	11.04
Total Bonds and Debentures				13,043,479	13,043,479	26.04
Transaction costs				—		
Total Investment Portfolio Including Cash and Short-Term Notes				50,058,768	50,082,192	100.00

The accompanying notes are an integral part of these financial statements

SCEPTRE MONEY MARKET FUND

Discussion of Financial Risk Management and Fair Value Disclosure

Financial Risk Management

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

Market risk

Market risk is comprised of three components: market price risk, interest rate risk and foreign currency risk. The Fund's primary market risk is interest rate risk. The Fund is not currently exposed to market price risk as no equities are held in the Fund. The Fund is not exposed to currency risk either as all monetary financial instruments are denominated in Canadian dollars.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in money market instruments. Other financial assets and liabilities are short-term in nature and/or non-interest bearing.

As at December 31, 2009, \$46,026,998 (2008 – \$89,025,902) was invested in short-term notes and bonds with terms to maturity of less than one year.

As at December 31, 2009 if market interest rates had changed by 25 basis points, with all other variables held constant, the change in the Fund's net assets would have been approximately \$30,000 (2008 – \$51,000).

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 Fund is subject to credit risk from its short-term notes portfolio. The Fund limits its exposure to credit loss by investing in securities with high credit quality and by diversifying among a large number of issuers.

The Fund invests in financial assets, which have an investment grade as rated primarily by Dominion Bond Rating Services (DBRS), Standard & Poor's (S&P), and Moody's. Ratings for securities, by the higher of the DBRS, S&P, and Moody's ratings, that subject the Portfolio to credit risk at December 31, 2009 and December 31, 2008, are noted below:

Rating	As a % of Net Assets	
	December 31, 2009	December 31, 2008
AAA	70.15%	74.49%
AA	13.75%	25.28%
A	12.91%	0.00%
Not Rated	2.60%	0.00%
	<u>99.41%</u>	<u>99.77%</u>

All portfolio transactions in 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.

The Fund 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 the 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 Fund cannot loan more than 50% of the total value of its assets through securities lending transactions; and the Fund'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 Fund's assets.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet cash-flow commitments associated with financial instruments. The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

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

Fair Value Disclosure

The Fund's assets, measured at fair value on a recurring basis as of December 31, 2009, were all Level 2 financial assets comprised of Short term notes with a fair value of approximately \$37 million and Bonds with fair value of approximately \$13 million.

During the year, no Level 1 or Level 3 financial assets were held.

The Fund's financial liabilities include management fees payable and other accrued liabilities all having maturity dates of less than 3 months.

The accompanying notes are an integral part of these financial statements

THE SCEPTRE MUTUAL FUNDS

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2009

(Thousands of dollars except per-unit amounts)

1. Declaration of Trust

The Sceptre Mutual Funds (“Sceptre Mutual Funds”) are open-end unincorporated mutual funds created under the laws of the Province of Ontario pursuant to a Declaration of Trust dated November 22, 1985, as amended, supplemented and restated from time to time by Sceptre Investment Counsel Limited (the “Manager”), who acts as trustee and manager of the Funds.

On September 2, 2008, the Sceptre Private Client Canadian Equity Portfolio changed its name to Sceptre Large Cap Canadian Equity Fund and the Sceptre U.S. Equity Fund was created.

The financial statements of the Sceptre Mutual Funds are comprised of the statements of investment portfolio as at December 31, 2009, the statements of net assets as at December 31, 2009 and 2008 and the statements of operations and changes in net assets for the years then ended (except for Sceptre U.S. Equity Fund, which is for the year ended December 31, 2009 and for the period from inception, September 2, 2008 to December 31, 2008.)

Hereinafter the Sceptre Mutual Funds are collectively referred to as “the Funds”.

The Units

The Funds may issue an unlimited number of units of each class. Class A and Class D units are available to all investors. Class O units are designed for institutional and high net worth investors, including other funds, who are entitled to reduced management fees because of the lower cost of servicing large dollar investments. Class A units may be changed to Class O units of the same Fund at the manager’s discretion and upon the agreement of the unitholder, if the unitholder meets the Class O unit eligibility requirements. Class F units are available to investors who participate in dealer-sponsored “fee-for-service” or wrap programs and whose broker or dealer has entered into an agreement with the Manager to sell Class F units.

The Sceptre Large Cap Canadian Equity Fund & the Sceptre U.S. Equity Fund have only Class O units. Any reference in these notes to “class of units” means, in respect to these two funds, its single class of units.

2. Significant Accounting Policies

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

(a) Adoption of new accounting standards

On January 20, 2009, The Canadian Institute of Chartered Accountants (CICA) Accounting Standards Board issued Emerging Issues Committee Abstract 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (EIC-173). EIC-173 supplements CICA Handbook Section 3855, wherein it states that fair value takes into account the credit quality of a financial instrument. The EIC-173 affirms that an entity’s own credit risk (in the case of financial liabilities) and counterparty’s credit risk (in the case of financial assets) should be taken into account in determining the fair values of financial assets and financial liabilities, including derivative instruments.

The Manager has reviewed its policies for valuation of assets and liabilities and believes that the fair values ascribed to the financial assets and financial liabilities in these financial statements incorporate appropriate levels of credit risk.

Effective on January 1, 2009, the Fund adopted the recent amendments to CICA 3862, Financial Instruments – Disclosures.

These amendments establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows.

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Manager has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3 Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

(b) Financial Instruments and Capital Disclosures

In 2008, the Funds adopted CICA Handbook Section 3862, “Financial Instruments – Disclosures” and Section 3863, “Financial Instruments – Presentation”. These 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 requirements to quantify certain risk exposures and to provide sensitivity analysis for certain risks. Refer to Financial Risk Management (note 11) for disclosures relating to the adoption of the requirements.

The detailed risks of investing in the Funds are disclosed in the Funds’ Simplified Prospectus.

In 2008 the Funds also adopted CICA Section 1535, “Capital Disclosures”, which requires that the Funds disclose information about their objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. This standard impacts the Funds’ disclosure provided but does not affect the Funds’ results or financial position.

THE SCEPTRE MUTUAL FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended December 31, 2009

(Thousands of dollars except per-unit amounts)

(c) Valuation of investments

For financial reporting purposes, the fair value of investments that are traded in an active market where quoted prices are readily and regularly available, are determined by using the bid prices (for investments held) and ask prices (for investments sold short).

Investments are deemed as held for trading in accordance with Section 3855 and Accounting Guideline 18 and 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. 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, using observable market inputs on such basis and in such manner as established by the Manager.
- (iii) 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.

The Fund continues to use the close or last trade price as fair value of a security to determine the daily transactional Net Asset Value ("NAV") 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 and Net Assets is not significant and is disclosed in note 9.

(d) Transaction costs

Transaction costs are expensed as incurred. 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.

The cost of investments represents the amount paid for each security, and is determined on an average cost basis.

(e) Unit valuation and valuation date

Units are issued and redeemed on a continuous basis at their net asset value which is determined, for every class of units of each Fund, except for the Sceptre Money Market Fund, on each day that the Toronto Stock Exchange is open for business. The Sceptre Money Market Fund is valued on each day Canadian Chartered Banks are open for business, other than Saturdays. The unit valuation per class is determined by dividing the aggregate market value of the net assets of that class of the Fund by the total number of units of that class outstanding at the close of business on the valuation day.

(f) Investment transactions

Investment transactions are accounted for on the trade date.

(g) Revenue recognition

- (i) Interest income is recorded on the accrual basis.
- (ii) Dividend income is recorded on the ex-dividend date and is net of withholding taxes.
- (iii) Realized gains and (losses) on investments and unrealized appreciation (depreciation) in value of investments are calculated with reference to the average cost of the related investments.
- (iv) Income received from income trusts is recorded on the ex-distribution date and allocated between income, capital gains and return of capital when the information necessary for such an allocation becomes available.
- (v) Income, realized gains (losses), and unrealized gains (losses) are allocated among the classes on a pro-rata basis based on the relative net asset value for each class.

(h) Foreign exchange

Foreign currency amounts are expressed in Canadian dollars on the following basis:

- (i) Market value of investments, other assets and liabilities at the rate of exchange prevailing on December 31.
- (ii) Value of investment transactions, income and expenses at the rates prevailing on the respective dates of such transactions.

(i) 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 increase (decrease) in net assets from operations attributable to each class for the year, divided by the weighted average number of outstanding units of that class during the year.

THE SCEPTRE MUTUAL FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended December 31, 2009

(Thousands of dollars except per-unit amounts)

(j) Management fees and operating expenses

The Manager is paid a management fee from the Sceptre Mutual Funds calculated on Class A, Class D, and Class F units, as a percentage of the net asset value of the class, as of the close of business on each business day. The management fee rate for these Classes of units is set out in the following table. The rate is an annual percentage of the average NAV of the class:

	Class A	Class D	Class F
Sceptre Income & Growth Fund	1.25%	2.00%	1.00%
Sceptre Bond Fund	0.75%	1.00%	n/a
Sceptre High Income Fund	1.25%	2.00%	1.00%
Sceptre Canadian Equity Fund	1.25%	2.00%	1.00%
Sceptre Equity Growth Fund	1.25%	2.00%	1.00%
Sceptre Global Equity Fund	1.75%	2.50%	n/a
Sceptre Money Market Fund	0.50%	n/a	n/a

All the Funds have Class O units while the Sceptre U.S. Equity Fund and Sceptre Large Cap Canadian Equity Fund only offer Class O units. Management fees are not payable by Class O units of the Funds. For its services in managing these assets, the Manager receives a management fee from each unitholder under the terms of an investment management contract based upon a fee applied to the unitholder's total assets managed. Such fees may decrease, in percentage terms, as the assets under management increase.

Each Fund is responsible for the payment of all expenses relating to the operation of the Fund. Operating expenses include audit, legal, transfer agent, trustee, administration, filing and miscellaneous expenses specific to each Fund. The Funds also bear the cost of the Independent Review Committee which was established pursuant to NI 81-107. Operating expenses are allocated between the classes of units based on the services used by each class. The Manager may absorb all or a portion of the Funds' obligations, where the aggregate expenses exceed a certain percentage of the average daily net asset value per class of each Fund. This absorption of expenses may be terminated at any time by the Manager. Amounts absorbed by the Manager, if any, are reported in the Statement of Operations.

(k) Securities lending

The Funds qualify to lend portfolio securities from time to time in order to earn additional income. The Funds receive collateral in the form of cash or qualified non-cash collateral having a market value equal to at least 102% of the market value of the securities during the period of the loan, and the borrower must provide the Funds with the right to sell the non-cash collateral if the borrower defaults on its obligations under the transaction.

The market value of the loaned securities is determined at the close of business and any additional required collateral is delivered to the Funds on the next business day. Cash collateral is invested in cash equivalents. The value of loaned securities, at period end, and related collateral, is summarized in note 5.

3. Fair Value Disclosure

The Funds' assets recorded at fair value have been categorised based upon a fair value hierarchy in accordance with the amendment to CICA 3862. See Note 2(a) for a discussion of the Funds' policies regarding this hierarchy. The fair value hierarchy table for each Fund presents information about the Funds' assets measured at fair value on a recurring basis as of December 31, 2009. This information follows each Fund's Statement of Investments.

4. Distributions

The Bond Fund, Canadian Equity Fund, Equity Growth Fund, Global Equity Fund and U.S. Equity Fund distribute income twice a year, in June and December. The Large Cap Canadian Equity Fund's net income is distributed quarterly. Since September 2007, the Income & Growth Fund and High Income Fund aim to pay a distribution equal to a yield of between 5% to 7% per annum. The distributions will be made monthly consisting of income, and to the extent necessary, as a return of capital. The net realized capital gains of all Funds are distributed annually in December to each unitholder of record on that date. These distributions are generally reinvested. Net realized capital losses are not distributed. Such capital losses reduce the net realized capital gains of subsequent years to be distributed to unitholders. Refer to Note 6 for each Fund's accumulated non-capital losses and net capital losses. The Money Market fund credits its net income every day to each unitholder in proportion to his or her holdings. On the last business day of each month, the total amount credited to each unitholder for that month is reinvested in additional units of the same class of units of the Fund.

THE SCEPTRE MUTUAL FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended December 31, 2009

(Thousands of dollars except per-unit amounts)

5. Security Lending

The aggregate market values of securities loaned and collateral held under securities lending transactions as at December 31, 2009 and 2008 are as follows:

	Outstanding loans		Collateral amount	
	2009	2008	2009	2008
Sceptre Income & Growth Fund	\$ 5,946	\$ 5,602	\$ 6,243	\$ 5,955
Sceptre Bond Fund	\$ 5,876	\$ 41,086	\$ 6,170	\$ 43,675
Sceptre Canadian Equity Fund	\$ 7,160	\$ 5,297	\$ 7,518	\$ 5,630
Sceptre Equity Growth Fund	\$ 68,549	\$ 73,675	\$ 71,976	\$ 78,317
Sceptre Global Equity Fund	\$ 1,931	\$ 2,580	\$ 2,028	\$ 2,743
Sceptre Money Market Fund	\$ 12,520	\$ 9,000	\$ 13,146	\$ 9,568
Sceptre High Income Fund	\$ 8,629	\$ 15,545	\$ 9,060	\$ 16,524
Sceptre Large Cap Canadian Equity Fund	\$ 5,867	\$ 5,851	\$ 6,161	\$ 6,220
Sceptre U.S. Equity Fund	\$ —	\$ —	\$ —	\$ —

6. Income Taxes

The Funds qualify as mutual fund trusts as defined in the Income Tax Act (Canada). Pursuant to the terms of the declaration of trust establishing the Funds, the Funds pay or make payable in the calendar year to the unitholders all the net taxable investment income and such portion of the net capital gains which will result in the Funds paying no tax under the current provisions of the Act. As a result, under existing tax legislation, the net investment income and capital gains are taxable in the hands of the unitholders of the Funds. Accordingly, no provision for Canadian income taxes has been made in these financial statements.

As at December 31, 2009, the Funds had no accumulated non-capital losses, and accumulated net capital losses as follows:

	Capital Losses
Sceptre Income & Growth Fund	\$ 7,439
Sceptre Bond Fund	\$ 6,010
Sceptre Canadian Equity Fund	\$ 16,978
Sceptre Equity Growth Fund	\$ 73,711
Sceptre Global Equity Fund	\$ 29,204
Sceptre Money Market Fund	\$ —
Sceptre High Income Fund	\$ 16,124
Sceptre Large Cap Canadian Equity Fund	\$ 804
Sceptre U.S. Equity Fund	\$ 284

The capital losses are available to be carried forward indefinitely for tax purposes against capital gains realized in the future.

7. Related Party Transactions

There were no related party transactions during the period, other than management fees paid to and expenses absorbed by the Manager. These expenses are separately disclosed in the Statement of Operations, if applicable, for each Fund.

The Manager provides funding of seed capital for Funds that it promotes and as a result, the Manager holds some of the Fund's units.

THE SCEPTRE MUTUAL FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended December 31, 2009

(Thousands of dollars except per-unit amounts)

8. Commissions and other transaction costs

The amounts paid by the Funds for brokerage commissions and other transaction costs for portfolio transactions are included in the Statement of Operations for each Fund.

Included in the transaction costs are soft dollar commissions as follows:

	2009		2008	
Sceptre Income & Growth Fund	\$	7	\$	6
Sceptre Bond Fund	\$	32	\$	36
Sceptre Canadian Equity Fund	\$	12	\$	48
Sceptre Equity Growth Fund	\$	247	\$	182
Sceptre Global Equity Fund	\$	6	\$	2
Sceptre Money Market Fund	\$	—	\$	—
Sceptre High Income Fund	\$	55	\$	45
Sceptre U.S. Equity Fund	\$	2	\$	—
Sceptre Large Cap Canadian Equity Fund	\$	2	\$	—

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 as at December 31:

	2009		2008	
	Net Assets Per Unit (\$)	Net Asset Value Per Unit (\$)	Net Assets Per Unit (\$)	Net Asset Value Per Unit (\$)
Sceptre Income & Growth Fund				
Class A	17.92	17.95	16.11	16.14
Class D	17.84	17.88	—	—
Class F	17.92	17.95	16.00	16.02
Class O	18.23	18.26	16.12	16.14
Sceptre Bond Fund				
Class A	12.39	12.41	12.12	12.13
Class D	12.33	12.36	—	—
Class O	11.48	11.50	11.24	11.25
Sceptre Canadian Equity Fund				
Class A	17.66	17.69	13.70	13.72
Class D	17.46	17.49	—	—
Class F	17.74	17.77	13.71	13.73
Class O	18.67	18.70	14.47	14.49
Sceptre Equity Growth Fund				
Class A	88.59	89.15	55.03	55.29
Class D	86.66	87.20	—	—
Class F	89.53	90.09	55.56	55.82
Class O	93.67	94.55	57.86	58.13
Sceptre Global Equity Fund				
Class A	13.27	13.28	11.96	11.98
Class D	13.15	13.16	—	—
Class O	15.01	15.02	13.37	13.40
Sceptre Money Market Fund				
Class A	10.00	10.00	10.00	10.00
Class O	10.00	10.00	10.00	10.00
Sceptre High Income Fund				
Class A	14.11	14.15	11.79	11.84
Class D	14.04	14.07	—	—
Class F	14.18	14.22	11.80	11.85
Class O	14.03	14.07	11.52	11.58
Sceptre U.S. Equity Fund	9.50	9.50	8.47	8.48
Sceptre Large Cap Canadian Equity Fund	17.30	17.34	13.54	13.57

THE SCEPTRE MUTUAL FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended December 31, 2009

(Thousands of dollars except per-unit amounts)

10. Unitholders' Equity

Unitholders may redeem all or part of their units by delivering a written request to do so to the Manager or to an investment dealer, securities dealer or mutual fund dealer for delivery to the Manager. The unitholder's signature may be required to be guaranteed by a guarantor acceptable to the Manager. Units will be redeemed at the class net asset value per unit as determined on the next valuation date. Requests for redemption received after 4.00 p.m., Toronto time, on any day are deemed to be received on the first business day following the date of the actual receipt. Redemption requests relating to unitholders' registered plans are to be accompanied by all transfer documents prescribed by Canada Revenue Agency when the proceeds are to be transferred to another registered plan. Units issued and outstanding represent the capital of each Fund. The Funds do not have any specific capital requirements on the subscriptions and redemptions of units, other than minimum subscription requirements. Changes in the Funds' capital during the period are reflected in the Statement of Changes in Net Assets. The manager is responsible for managing the capital of the Funds in accordance with the investment objectives and in managing their liquidity in order to meet redemption requirements.

11. Financial Risk Management

The Funds classify their financial assets and financial liabilities in the following categories: held-for-trading, loans and receivables and other financial liabilities at amortized cost.

The Funds' 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 Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests.

These risks are discussed in the "Discussion of Financial Risk Management" for each Fund. The discussion follows each Fund's Statement of Investments.

12. Future changes in accounting standards

In February 2008, the Canadian Accounting Standards Board confirmed that 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. The Funds will adopt IFRS on January 1, 2011. 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 Funds' 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 Funds. Management has presently determined that there will be no significant impact to NAV per Unit as a result of the changeover to IFRS.



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