



Sceptre Large Cap Canadian Equity Fund
Annual Management Report of Fund Performance

For the year ended December 31, 2009



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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

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This annual management report of Fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-800-265-1888, by writing to us at Sceptre Investment Counsel Limited, 26 Wellington Street East, Suite 1200, Toronto, Ontario M5E 1W4 or by visiting our website at www.sceptre.ca or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The objective of the Sceptre Large Cap Canadian Private Equity Fund (the "Fund") is to achieve long term growth through capital gains and dividend income by investing primarily in equity securities of large and medium sized companies based in Canada.

The Fund primarily invests in equity securities of well established companies based in Canada that are likely to offer higher total returns in the form of capital gains and dividend income, while managing overall portfolio risk through the use of prudent diversification. The past and present financial strength and earnings capabilities of each company are considered in assessing stocks' potential for providing high returns with an acceptable level of risk.

Risk

No material changes were made which affected the overall level of risk associated with an investment in the Fund for the one-year period ended December 31, 2009. The overall level of risk associated with an investment in the Fund remains as discussed in the amended simplified prospectus dated August 26, 2009.

Results of Operations

Sceptre's Large Cap Canadian Equity Fund Class O units had a positive return of 31.0% for the year ended December 31, 2009, compared to a 35.1% return for the benchmark S&P/TSX Composite Index. The underperformance was largely due to the Fund's focus on larger cap companies hence not benefiting from the strong performance of small cap companies (+62% return for the

Small Cap Index) which represent approximately 10% of the S&P/TSX Composite Index. Other factors negatively affecting performance were; overweighting the underperforming Telecommunication Services sector, underweighting the Materials sector which had a 34.2% return for the year, and stock selection. The major underperforming stocks were Goldcorp +8%, Shoppers Drug Mart -4%, Imperial Oil +0.2%, Manulife Financial -3%, and Rogers Communications -7%.

With the Fund returning 31.0% for the year, there were many positive performers, notably, Niko Resources +132%, Teck Resources +512%, Cameco +63%, National Bank +102%, Royal Bank +64%, Bank of Nova Scotia +57%, and Toronto-Dominion Bank +59%.

During the year, exposure to the Consumer Discretionary and Information Technology (Research in Motion) sectors was increased, offset by a decrease in Telecommunication Services. The shifts were largely the result of company specifics and relative valuations rather than sector specific factors. In Telecommunications, Telus Corp. was eliminated and Rogers Communications reduced with the proceeds added to BCE Inc., and a new holding of Shaw Communications. This maintained the Fund's exposure in the wireless/cable industries. The addition of Shaw more than offset the elimination of Gildan Activewear and Tim Hortons in the Consumer Discretionary sector. In Energy, Crescent Point Energy was added, giving the Fund an attractively valued holding in a rapidly growing oil producer. Funds for this were obtained by reducing Enbridge Inc. and TransCanada Corp., resulting in no change to the Fund's investment exposure to the Energy sector, but increasing its exposure to oil vs. natural gas. The outlook for oil pricing is much better than it is for natural gas. In Golds, underperforming Barrick was sold with new holdings of Agnico-Eagle Mines and Franco Nevada maintaining the sector weight. In Financials, Sun Life Financial was sold and Manulife reduced with Brookfield Asset Management added, resulting in no change in the sector weight. Two name changes occurred in Energy which was sector neutral. Petro-Canada was taken over by Suncor Energy, and EnCana Corp. spun off a new company, Cenovus Energy, to hold its oil assets and some of its gas assets.

Total net assets rose from \$37.3 million to \$41.5 million with the rise in market values more than offsetting net redemptions of \$5.0 million.

Management Discussion of Fund Performance – continued

Recent Developments

The strong recovery in the Canadian equity market, in anticipation of the economy continuing to improve and consequently a strong recovery in corporate earnings in 2010, has resulted in equity valuations being somewhat stretched and hence vulnerable should there be any disappointment in the strength of the recovery. Consequently, the Fund is proceeding with caution when establishing new equity positions.

Related Party Transactions

Sceptre is the manager and trustee of the Fund. Pursuant to the management agreement between the Fund and Sceptre, Sceptre provides or arranges for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including investment advice, establishment of brokerage arrangements, legal, bookkeeping, record-keeping, and other administrative services for the Fund. Sceptre is also the investment manager of the Fund and may delegate investment management responsibilities for all or a portion of the Fund's portfolio to an affiliated investment manager. Operating expenses incurred by the Fund are payable by the Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years.

Sceptre Large Cap Canadian Equity Fund – Class O					
The Fund's Net Assets per Unit					
	Dec 31 2009	Dec 31 2008	Dec 31 2007	June 30 2007	June 30 2006
Net assets, beginning of year⁽¹⁾⁽³⁾	\$ 13.54	\$ 19.93	\$ 20.63	\$ 17.33	\$ 15.29
Increase (decrease) from operations:					
total revenue	0.44	0.45	0.21	0.44	0.37
total expenses	(0.04)	(0.05)	(0.03)	(0.07)	(0.05)
realized gains (losses) for the year	0.25	(0.24)	0.90	0.96	0.54
unrealized gains (losses) for the year	3.39	(6.22)	(1.42)	2.40	1.50
Total increase (decrease) from operations⁽¹⁾	4.04	(6.06)	(0.34)	3.73	2.36
Distributions:					
from income (excluding dividends)	–	–	–	–	–
from dividends	(0.38)	(0.43)	(0.35)	(0.39)	(0.29)
from capital gains	–	–	(0.17)	–	–
return of capital	–	–	–	–	–
Total Annual Distributions⁽²⁾	(0.38)	(0.43)	(0.52)	(0.39)	(0.29)
Net Assets, end of year	\$ 17.30	\$ 13.54	\$ 19.93	\$ 20.66	\$ 17.33

(1) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.

(2) Distributions were paid in cash/reinvested in additional units of the Fund, or both.

(3) This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differ from the net asset value calculated for fund pricing purposes. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) or ask prices (for investments sold short) to be used in the fair valuation of investments, rather than the use of closing sale prices currently used for the purpose of determining Transactional NAV. The provisions of Section 3855 have been applied retroactively without restatement of prior periods. Accordingly, the net assets at the beginning of 2007 have been adjusted.

Ratios and Supplemental Data

	Dec 31 2009	Dec 31 2008	Dec 31 2007	June 30 2007	June 30 2006
Net Asset Value (\$ 000's) ⁽¹⁾	41,554	37,337	58,420	62,579	51,558
Number of units outstanding ⁽¹⁾	2,396,946	2,752,182	2,928,529	3,029,070	2,974,442
Management expense ratio (%) ⁽²⁾	0.20	0.22	0.26	0.36	0.33
Management expense ratio before waivers or absorptions (%)	0.20	0.22	0.26	0.36	0.33
Portfolio turnover rate (%) ⁽³⁾	21.33	15.08	9.62	34.75	21.09
Trading expense ratio (%) ⁽⁴⁾	0.05	0.04	0.02	0.04	0.05
Net Asset Value per unit	\$17.34	\$13.57	\$19.95	\$20.66	\$17.33

(1) The information is provided as at June 30 or December 31 of the year shown, as applicable.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net assets during the period.

(3) The Portfolio's portfolio turnover rate indicates how actively the fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Management Fees

Unitholders of the Fund are discretionary clients of Sceptre. Management fees related to net asset value are handled outside of the Fund and are paid directly to Sceptre from assets held by unitholders.

Management fees are used by Sceptre to pay for the costs of managing and promoting the Fund. The major components of such costs include portfolio advisor compensation, transaction compliance, regulatory fees, insurance, and development and marketing costs.

Past Performance

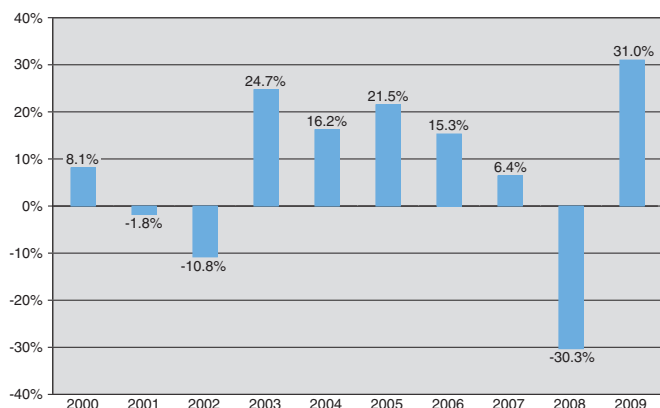
The performance information shown below assumes that all distributions made by the Fund were reinvested in additional units of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance.

Mutual funds are not guaranteed. How the Fund performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The following bar charts show the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment in the Fund made on the first day of each financial year would have grown or decreased by the last day of each financial year.

Annual Returns
For the year ended December 31



Annual Compound Returns

The following table compares the historical annual compound total returns of the Fund with the S&P/TSX Composite Index (the S&P/TSX Composite Index reflects the performance of stocks of major companies incorporated under Canadian jurisdictions and listed on the TSX).

The Fund outperformed the index during the 10 year period, and underperformed during the 1,3 and 5 year periods.

	Past 10 years	Past 5 years	Past 3 years	Past 1 year
Sceptre Large Cap Canadian Equity Fund	6.4%	6.4%	-1.0%	31.0%
S&P/TSX Composite Index	5.6%	7.7%	-0.2%	35.1%

Summary of Investment Portfolio as at December 31, 2009

Sector Mix	% of Fund's Transactional Net Assets
Energy	30.75
Materials	14.38
Industrials	5.13
Consumer Discretionary	4.51
Consumer Staples	2.43
Financials	31.82
Information Technology	3.23
Telecommunications Services	6.36
Cash and Cash Equivalents	1.15
Net Other Assets	0.24
	100.00

Top 25 Investments	% of Fund's Transactional Net Assets
1. Royal Bank of Canada	8.08
2. Bank of Nova Scotia	6.03
3. Suncor Energy Inc.	5.14
4. Canadian National Railway Co.	5.13
5. Goldcorp Inc.	5.09
6. Toronto-Dominion Bank	4.46
7. BCE Inc.	4.07
8. Canadian Imperial Bank of Commerce	3.68
9. Cameco Corp.	3.54
10. Canadian Natural Resources Ltd.	3.47
11. Research In Motion Ltd.	3.23
12. Power Financial Corp.	2.98
13. EnCana Corp.	2.95
14. Shaw Communications Inc., Class B	2.90
15. Potash Corp.of Saskatchewan Inc.	2.78
16. Niko Resources Ltd.	2.56
17. TransCanada Corp.	2.55
18. Imperial Oil Ltd.	2.50
19. Franco Nevada Corp.	2.43
20. Shoppers Drug Mart Corp.	2.43
21. Manulife Financial Corp.	2.36
22. Cenovus Energy Inc.	2.29
23. Rogers Communications Inc., Class B	2.28
24. Enbridge Inc.	2.27
25. Brookfield Asset Management Inc., Class A	2.25
	87.45

Total Net Asset Value: \$41,554,127

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. You may obtain quarterly updates to the Fund's holdings free of charge by calling us at 1-800-265-1888, or by writing us at Sceptre Investment Counsel Limited, 26 Wellington St. East, Suite 1200, Toronto ON M5E 1W4, or by visiting our website at www.sceptre.ca, or SEDAR at www.sedar.com.

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