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INTRODUCTION

Appointment of the Receiver

1. Pursuant to the Order of Madam Justice Mesbur of the Ontario Superior Court of Justice (Commercial List) dated August 6, 2009 (the “**Appointment Order**”), KPMG Inc. was appointed receiver and manager (the “Receiver”) of the assets, undertakings and properties of Belmont Dynamic Growth Fund (the “**Belmont Fund**”), an Ontario limited partnership.
2. The Appointment Order provided that until further order of this Honourable Court at the Dissolution Hearing or otherwise, the Receiver shall not terminate or consent to the termination of any forward contract or sell or otherwise dispose of any material portion of the property of the Belmont Fund. The Appointment Order was amended by Order of Madam Justice Hoy on October 21, 2009 by deleting Paragraph 4 of the initial Appointment Order, so the Receiver was empowered and authorized to terminate or consent to the termination of any forward contract and to sell or otherwise dispose of any material portion of the property of the Belmont Fund where the Receiver considers it necessary or desirable to do so.

Background to the Receivership

3. The Belmont Fund is an investment fund established as a limited partnership under the laws of Ontario pursuant to an agreement between Belmont Dynamic GP Inc., as general partner (the “**General Partner**”), and the limited partners (the “**Limited Partners**”) of the Belmont Fund dated June 9, 2006 (the “**Limited Partnership Agreement**”). The Limited Partners are accredited investors and are the unitholders in the Belmont Fund. Limited Partners purchased units in either of Canadian dollars (“CAD”) or in US dollars (“USD”). The General Partner was responsible for managing the day-to-day business of the Belmont Fund.
4. The only undertaking of the Belmont Fund was the investment of its assets. The objective of the Belmont Fund was to provide investors with the return on the Belmont Dynamic Segregated Portfolio (the “**Segregated Portfolio**”) of hedge funds existing as a segregated portfolio of Belmont SPC, a segregated portfolio company organized under the laws of the Cayman Islands. The Segregated Portfolio’s investment objective is to invest on a leveraged basis in specialized fund of hedge funds managed by Harcourt Investment Consulting AG (“**Harcourt**”). Harcourt is the investment advisor to the Segregated Portfolio. Alternative Investments Management Ltd, a Barbadian Company affiliated with Harcourt, owns all of the voting shares of the Belmont SPC, and is also the investment manager of the Segregated Portfolio.
5. Exposure to the Segregated Portfolio is obtained by first using the proceeds from the sale of units in the Belmont Fund to acquire two baskets of Canadian common shares (the “**CAD Share Basket**” and “**USD Share Basket**”, collectively the “**Share Baskets**”) and then entering into two forward purchase and sale agreements (the ‘CAD Forward

Contract’ and the ‘USD Forward Contract’, collectively, the “**Forward Contracts**”) with National Bank of Canada (Global) Limited, now known as Innocap Global Investment Management Ltd. (the “**Counterparty**”).

6. In accordance with the Forward Contracts, the Counterparty has agreed to pay to the Belmont Fund on the maturity date of the Forward Contracts an amount equal to the redemption proceeds of a notional number of participating shares in the Segregated Portfolio in exchange for the delivery of the Share Baskets to the Counterparty by the Belmont Fund or an equivalent cash payment at the election of the Belmont Fund. As a result of the Forward Contracts, the Belmont Fund has exposure to the performance of the Segregated Portfolio but it has no direct interest in the Segregated Portfolio.
7. The investment structure, including the Belmont Fund and the Segregated Portfolio, is defined as the “**Investment Structure**”.

The First Report to the Court

8. The Receiver issued its First Report to the Court dated October 19, 2009 (the “**First Report**”). The First Report provides a detailed overview of the Investment Structure and various issues addressed in these receivership proceedings, as well as support for the Claims Procedure Order which was sought at that time.

Second Report to the Court

9. The Receiver issued its Second Report to the Court on April 30, 2010 (the “**Second Report**”) and a Supplement to the Second Report on May 14, 2010 (the “**Supplemental Second Report**”) in support of its motion to seek the Claims Determination Order.

Third Report to the Court

10. The Receiver issued its Third Report to the Court on June 21, 2010 (the “**Third Report**”) and a Supplement to the Third Report on August 23, 2010 (the “**Supplemental Third Report**”) in support of its motion to seek the Claims Determination Order. Copies of the

Fourth Report to the Court

11. The Receiver issued its Fourth Report to the Court on April 20, 2012 (the “**Fourth Report**”) and a Supplement to the Fourth Report on July 26, 2012 (the “**Supplemental Fourth Report**”). The Fourth Report and the Supplemental Fourth Report included an update on the financial position of the Segregated Portfolio and an update on the claims procedures, including the resolution of the Counterparty Claim (as defined herein) and the resolution of the Vontobel Redemption Claim (as defined in paragraph 63 of the Fourth Report).

Fifth Report to the Court

12. The Receiver issued its Fifth Report to the Court on September 11, 2012 (the “**Fifth**

Report”). The Fifth Report included a further update on the financial position of the Segregated Portfolio and an update on the claims procedures, including the resolution of the Counterparty Claim and the Vontobel Redemption Claim.

PURPOSE OF SIXTH REPORT

13. The purpose of this Sixth Report to the Court dated October 26, 2012 (the “**Sixth Report**”) is to provide information to this Honourable Court and the stakeholders. This report will:
- describe certain activities of the Receiver since the Fifth Report;
 - provide an update to the Court in respect of the status of the discussions regarding the Counterparty Claim and the Vontobel Redemption Claim; and
 - describe certain of the Receiver’s next steps.

TERMS OF REFERENCE

14. The information contained in the Sixth Report has been obtained from the books and records and other information made available to the Receiver from the Belmont Fund and from third parties, including the General Partner and Harcourt. The accuracy and completeness of the financial information contained herein has not been audited or otherwise verified by the Receiver or KPMG LLP, nor has it necessarily been prepared in accordance with generally accepted accounting principles. The reader is cautioned that this report may not disclose all significant matters about the Belmont Fund. Accordingly, the Receiver does not express an opinion or any other form of assurance on the financial or other information presented herein. The Receiver reserves the right to refine or amend its comments and/or finding as further information is obtained or is brought to its attention subsequent to the date of the Sixth Report. In addition, any financial information presented by the Receiver is preliminary and the Receiver is not yet in a position to project the outcome of the receivership.
15. Unless otherwise noted, all dollar amounts referred to herein are expressed in CAD.
16. All capitalized terms used herein and not otherwise defined are as defined in the Fifth Report.

ACTIVITIES OF THE RECEIVER

17. Since the date of the Fifth Report, the Receiver has undertaken various actions including:
- (i) various communications and discussions with stakeholders;
 - (ii) participating in a second mediation before Justice Campbell on September 13, 2012 in respect of the Counterparty Claim and numerous follow up discussions with the parties in respect of the Counterparty Claim and potential resolution or determination

thereof;

(iii) attended at chambers appointments with Justice Morawetz on October 9, 2012 in respect of the status of the proceedings.

FLOW OF FUNDS

18. The Receiver cautions that it is unclear what funds, if any, will be available to flow ultimately to the Belmont Fund from the Segregated Portfolio, or thereafter available to flow to other stakeholders of the Belmont Fund.
19. As described in the Fourth Report and the Fifth Report, from the Receiver's perspective, there are two fundamental issues that remain to be resolved in order that funds from the Segregated Portfolio can start to flow through to the Belmont Fund:
 - the Counterparty Claim; and
 - the Vontobel Redemption Claim.
20. The issues related to the Vontobel Redemption Claim have to be resolved prior to Vontobel and Harcourt agreeing to release any distributions from the Segregated Portfolio to the Belmont Fund.
21. The Counterparty Claim needs to be resolved in order to determine the quantum of the Counterparty Claim and whether some or all of the Counterparty Claim is paid prior to any funds flowing from the Belmont Fund through to the other stakeholders of the Belmont Fund.

Vontobel Redemption Claim

22. In the paragraph 72 of the Third Report, the Receiver defined and described the Vontobel Redemption Requests which were requests made by Vontobel to withdraw seed capital from the Segregated Portfolio in 2008.
23. At the time of preparing the Third Report, the Receiver had negotiated and sought Court approval for a resolution reached with Vontobel in respect of the Derivative Application which had been commenced prior to the Receivership and which included, inter alia, allegations in respect of the Vontobel Redemption Requests (the "**Vontobel Settlement**").
24. Immediately prior to the return of the scheduled motion on August 25, 2010, issues were raised in respect of the proposed Vontobel Settlement. These issues included the nature of releases sought by the directors of the Segregated Portfolio and the mechanics of the Receiver holding any funds which were available to flow to the Belmont Fund as a result of the resolution. The Counterparty had raised concerns as to which entity would hold the funds in a reserve account (the Receiver alone, the Counterparty alone or a joint account with both the

Receiver and the Counterparty). The motion was adjourned to determine if the issues could be resolved.

25. The Receiver has had numerous discussions with stakeholders, including representatives of Harcourt, RBC and the Counterparty regarding the outstanding issues impeding the initial flow of funds to the stakeholders of the Segregated Portfolio, and has worked toward a form of documentation necessary to formalize any settlement that is reached regarding the Vontobel Redemption Claim.
26. In recent weeks since our last Court appearance, the Receiver has revised and updated the proposed settlement documentation and has been in discussions regarding the proposed structure; potential timing for completion of an agreement and potential timing for flow of funds should a settlement be finalized.
27. Revised documentation has been provided to Harcourt and we are waiting for additional comments. The Receiver will continue to keep the Court updated as to the status of the settlement discussions and any resolution which is reached will be returned before the Ontario Court for approval. The Receiver is hopeful that such a motion will be brought within the month of November.

Counterparty Claim

28. In the Receiver's Second Report dated April 30, 2010 the Receiver described the Counterparty Claim for F/X Loss, accrued and future Forward Fees, funding costs of the F/X Loss and legal fees totalling \$3,248,891.75 (\$456,699.34 and US\$2,595,215.55).
29. In an effort to resolve the Counterparty Claim the Receiver sought the assistance of Justice Campbell to act as mediator in respect of the claim. The Receiver together with representatives of the Counterparty attended before Justice Campbell on May 9, 2011 for the initial mediation date. A second mediation was held on September 13, 2012.
30. Discussions continued following the second mediation date and the economics of a potential resolution were discussed and an agreement in principle achieved on the economics of the resolution. Settlement documentation has been in circulation for many weeks. Recently, Innocap raised an issue in respect of the potential timing for the flow of funds available to fund the resolution. In order to provide greater certainty in this regard, and in order to finalize the settlement of the Counterparty Claim, it is necessary to seek further comfort regarding the timing and quantum of the flow of funds from the Belmont Segregated Portfolio. To achieve such comfort, the Receiver must now redirect its attention in finalizing the resolution or determination of the Vontobel Claim.
31. The Receiver anticipates that the parties involved in the settlement documentation relating to Counterparty Claim will continue to negotiate and finalize the documentation, concurrent with the discussions involving the Receiver and Harcourt.
32. It is anticipated that the approval of the Vontobel resolution and final settlement

documentation regarding the Counterparty Claim will be brought before the Court at the same time in the upcoming weeks.

Next Steps

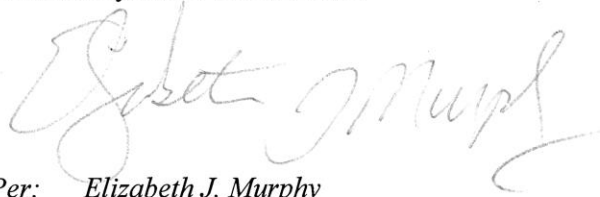
33. The Receiver believes that progress has been made in respect of the resolution and/or determination of the Vontobel Claim and the Counterparty Claim. The relevant parties have been engaged in the mediation session and subsequent discussions and review of settlement documentation.
34. The Receiver believes that the parties would benefit from the opportunity to await further comments from Harcourt, Vontobel and the directors of the Segregated Portfolio on the revised Vontobel settlement documentation; seek further information regarding timing and quantum of available funds from the Segregated Portfolio; and generally to complete the settlement discussions. The Receiver believes that any attempts to schedule the hearing of the Vontobel Redemption Claim or Counterparty Claim at this time would adversely affect the discussions to date.
35. The Receiver will update the Court further on the progress of the settlement discussions as information becomes available, and/or on such timing as requested by the Court.

RESPECTFULLY SUBMITTED,

Dated the 26th day of October, 2012.

KPMG INC.

In its capacity as Court-appointed
Receiver and Manager of
Belmont Dynamic Growth Fund

A handwritten signature in cursive script, appearing to read "Elizabeth J. Murphy".

Per: *Elizabeth J. Murphy*
Vice-President

