Court File No. 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT TO RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990, Reg. 194 AND SECTION 35 OF THE *PARTNERSHIPS ACT*, R.S.O. 1990, c. P.5

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.R.O. 1990, c. C. 43

B E T W E E N:

JAMES HAGGERTY HARRIS

Applicant

- and -

BELMONT DYNAMIC GROWTH FUND,
an Ontario limited partnership

Respondent

MOTION RECORD
Returnable on a Date to be Determined

April 30, 2010

STIKEMAN ELLIOTT LLP
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199 Bay Street
Toronto, Canada M5L 1B9

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Lawyers for the Receiver, KPMG Inc.

TO: The Attached Service List

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ONTARIO
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IN THE MATTER OF AN APPLICATION PURSUANT TO RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990, Reg. 194 AND SECTION 35 OF THE *PARTNERSHIPS ACT*, R.S.O. 1990, c. P.5

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Court File No. 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT
TO RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990,
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IN THE MATTER OF AN APPLICATION PURSUANT TO
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.R.O. 1990, c. C. 43

B E T W E E N :

JAMES HAGGERTY HARRIS

Applicant

- and -

BELMONT DYNAMIC GROWTH FUND,
an Ontario limited partnership

Respondent

NOTICE OF MOTION
(Returnable on a Date to be Determined)

The Receiver will make a motion to a judge presiding over the Commercial List on a date to be determined at 10:00 am or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard:

- [ ] in writing under subrule 37.12.1(1) because it is on consent or unopposed or made without notice;
- [ ] in writing as an opposed motion under subrule 37.12.1(4);
- [X] orally.

THE MOTION IS FOR:

(a) a Claims Determination Order, in the form attached as Schedule A hereto;

(b) An order authorizing and directing the Receiver to determine, together with the claimant in respect of any claim disputed pursuant to a Notice of Dispute ("**Disputed Claim**"), the procedure for adjudication of the Disputed Claim;

(c) An order approving procedures regarding pre-hearing disclosure of information in respect of Disputed Claims, and participation in hearings of Disputed Claims;

(d) Approval of the Receiver's Second Report and activities as described in the Second Report; and

(e) Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

(a) In the Claims Procedure Order dated October 21, 2009, the Court provided that the procedure for determining Disputed Claims shall be established by further Order of the Court;

(b) the Receiver seeks the Court's assistance in adjudicating the Disputed Claims;

(c) Issues have arisen regarding pre-hearing disclosure of information in respect of Disputed Claims to, and participation in hearings of Disputed Claims by, individuals or parties other than the claimant(s) in issue;

(d) The Receiver has proposed terms for a Claims Determination Order to address these matters;

(e) Paragraph 13 of the Claims Procedure Order; and

(f) Such further and other grounds as counsel may advise and this Honourable Court permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

(a) The First Report of the Receiver, dated October 19, 2009;

(b) The Second Report of the Receiver, dated April 30, 2010; and

(c) Such further and other material as counsel submits and this Honourable Court accepts.

April 30, 2010

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TO: The Attached Service List

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Lawyer for KPMG, Receiver of Belmont Dynamic Growth Fund

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RE: PROOF OF CLAIM

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AND TO: **Fundserv Inc.**
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Attn.: Mr. Ron Taggart

AND TO: **Accilent Capital Management Inc.**
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Suite 807, Box 67
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Attn.: Mr. Dan Pembleton

AND TO: **Omniscope Advisors Inc.**
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SCHEDULE A

Court File No. 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

THE HONOURABLE	)	DAY, THE
	)	
	)	DAY OF , 2010

IN THE MATTER OF AN APPLICATION PURSUANT TO RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990, Reg. 194 AND SECTION 35 OF THE *PARTNERSHIPS ACT*, R.S.O. 1990, c. P.5

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.R.O. 1990, c. C. 43

B E T W E E N:

JAMES HAGGERTY HARRIS

Applicant

- and -

BELMONT DYNAMIC GROWTH FUND,
an Ontario limited partnership

Respondent

CLAIMS DETERMINATION ORDER

THIS MOTION, made by the Receiver of Belmont Dynamic Growth Fund, for an order approving the procedures described in the Second Report of the Receiver, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion and the Second Report of the Receiver, and on hearing the submissions of counsel for the Receiver and ●, and on being advised that notice has been provided to the Service List and any Person who has filed a Proof of Claim in accordance with the Claims Procedure:

DEFINITIONS

1. **THIS COURT ORDERS** that capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Claims Procedure Order of the Honourable Madam Justice Hoy dated October 21, 2009.

DETERMINATION OF DISPUTED CLAIMS

2. **THIS COURT ORDERS** that the Receiver is authorized to seek the Court's assistance in determining any claims disputed pursuant to a Notice of Dispute ("**Disputed Claims**").

3. **THIS COURT ORDERS** that, subject to further Order of the Court, the Receiver is authorized and directed to determine, together with the Claimant in respect of the Disputed Claim, the procedure for adjudication of the Disputed Claim, including the manner in which evidence may be brought before the Court, the conduct of any hearing and any other procedural matters which may arise in respect of the determination of any Disputed Claim. The Receiver and Claimant may seek the direction and advice of the Court in respect of such procedural matters.

PRE-HEARING PROCEDURES

4. **THIS COURT ORDERS** that the Receiver shall serve a Notice of Motion in respect of each Disputed Claim, seeking the Court's determination of the Claim. The Notice of Motion, together with a copy of the Notice of Revision or Disallowance and Notice of Dispute shall be served on the Service List and any Person who has filed a Proof of Claim in accordance with the Claims Procedure.

5. **THIS COURT ORDERS** that in respect of any other individual or party who has been asked by the Receiver to participate as a potential witness at a hearing of a Disputed claim, the Receiver is authorized to disclose such additional information to such individual or party as may be required to assist with their participation in the

hearing of the Disputed claim. The Receiver is not obligated to provide further disclosure in respect of the Disputed Claim, other than to the Claimant in issue and the Court, without further Order of this Court.

6. **THIS COURT ORDERS** that any party seeking to participate in the hearing of the Disputed Claim, other than those parties invited to participate by the Receiver or Claimant, or any party seeking pre-hearing disclosure other than the claim Material referred to in paragraph 4 above, shall seek the consent of the Receiver and Claimant or Court Order.

_____

JAMES HAGGERTY HARRIS
Applicant

and

BELMONT DYNAMIC GROWTH FUND, an Ontario limited partnership
Respondent

Court File No: 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

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Lawyers for KPMG

JAMES HAGGERTY HARRIS and BELMONT DYNAMIC GROWTH FUND, an Ontario limited partnership

Plaintiff Defendant

Court File No: 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

NOTICE OF MOTION (RETURNABLE ON A DATE TO BE DETERMINED)

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Lawyers for the Receiver, KPMG Inc.

TAB 2

Court File No. 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990, Reg. 194 AND SECTION 35 OF THE *PARTNERSHIPS ACT*, R.S.O, 1990. c. P.5

AND IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C. 43

BETWEEN:

JAMES HAGGERTY HARRIS

Applicant

- and -

BELMONT DYNAMIC GROWTH FUND,
an Ontario Limited Partnership

Respondent

SECOND REPORT OF KPMG INC., RECEIVER AND MANAGER OF BELMONT DYNAMIC GROWTH FUND

April 30, 2010

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B. Amended Appointment Order dated October 21, 2009
C. First Report of the Receiver dated October 19, 2009
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E. First Reporting Letter to Investors dated February 24, 2010
F. Notice to Creditors and Any Other Claimants dated October 30, 2009
G. Unitholder Notice dated October 26, 2009
H. Proposed Claims Determination Order

INTRODUCTION

Appointment of the Receiver

1. Pursuant to the Order of the Honourable 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. A copy of the Appointment Order, which among other things, sets out the powers of the Receiver is attached hereto as **Appendix A**. James Haggerty Harris (the "Applicant") made the application pursuant to section 101 of the *Courts of Justice Act*, RSO 1990 c.C.43.

2. The Appointment Order was amended by Order of the Honourable Madam Justice Hoy on October 21, 2009 (the "Amended Appointment Order"), a copy of which is attached as **Appendix B**.

Background

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" or "Unitholders") of the Belmont Fund dated June 9, 2006 (the "Limited Partnership Agreement" or "LPA")). The Limited Partners are accredited investors and are the unitholders in the Belmont Fund. Unitholders purchased units denominated in either of Canadian dollars or in US dollars. 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 ("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 investments were made 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 (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 (the "Forward Maturity Date") an amount equal to the redemption proceeds of a notional number of participating

shares ("Participating Shares") in the Segregated Portfolio (the "Notional Number of Shares") 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".

8. Harcourt and Omniscope Advisors Inc. ("Omniscope") each hold 50% ownership of the outstanding common shares of the General Partner. Omniscope carries on the business of a securities dealer and is registered as a dealer in the category of limited market dealer under the *Securities Act* (Ontario). Omniscope is wholly owned by Mr. Daniel Nead ("Nead"). Harcourt carries on business as a portfolio manager of funds of hedge funds with its principal offices located in Zurich, Switzerland. Harcourt's principal shareholder is The Vontobel Group ("Vontobel"), a Swiss private bank headquartered in Zurich, Switzerland.

9. The General Partner has two directors with equal voting rights: (1) Nead, a resident Canadian; and (2) Peter Fanconi ("Fanconi") a resident of Switzerland. Nead is also President and Secretary of the General Partner. Fanconi is Chief Executive Officer of the General Partner, a director of Vontobel and former President and Chief Executive Officer of Harcourt.

10. There are 135 Limited Partners, of which 126 are clients of RBC Phillips, Hager & North Investment Counsel Inc. ("RBC PHN") and the remaining are clients of RBC Dominion Securities ("RBCDS"). RBC PHN and RBCDS are collectively referred to as "RBC".

11. On October 31, 2008 Citco Fund Services (Europe B.V.) ("Citco"), the administrator of the Segregated Portfolio, wrote to the shareholders of the Segregated Portfolio advising that due to the ongoing financial crisis and its impact upon the investment industry, the directors of the Segregated Portfolio had deemed that the continued operation of the Segregated Portfolio was no longer viable and that steps should be taken to realize on the underlying assets of the Segregated Portfolio and to close it down (the "Segregated Portfolio Closing"). The letter also included notice of a compulsory redemption of the shares in advance of the Segregated Portfolio Closing effective as of October 31, 2008.

12. The Receiver understands that at or around October 31, 2008, Harcourt advised RBC that the Belmont Fund was no longer viable due to recent market turmoil and that steps would therefore be taken to dissolve the Belmont Fund. Further, the Receiver understands that Harcourt also advised RBC that the Limited Partners were unable to redeem their units of the Belmont Fund at that time because the direct and indirect underlying hedge fund holdings of the Segregated Portfolio had suspended the redemption of their units or shares and/or were gated, as the case may be.

13. In December, 2008, the General Partner provided RBC with a draft notice of a meeting of the Limited Partners (the "Proposed Meeting"). The Proposed Meeting was to be held to consider and approve the dissolution of the Belmont Fund and to appoint the General Partner as the receiver and liquidator of the Belmont Fund in accordance with the terms and conditions of the LPA governing the operation of the Belmont Fund. The Proposed

Meeting was not convened because of an "impasse" that developed between Harcourt and Omniscope.

14. This impasse became the subject of a court proceeding involving an application for an oppression remedy under the *Business Corporations Act* (Ontario) that has been made by Harcourt against, among others, the Belmont Fund, the General Partner and Omniscope for the purpose of, among other things, dissolving the Belmont Fund (the "Harcourt Application"). In a cross application to the Harcourt Application (the "Nead/Omniscope Application") the cross applicants, Nead and Omniscope, sought, *inter alia*, a claim for fees and an order pursuant to the *Business Corporations Act* (Ontario) granting leave to Omniscope to commence a derivative action on behalf of the General Partner against Fanconi, Harcourt and Vontobel. No action has been taken in these matters since the appointment of the Receiver.

15. As a result of the above developments, RBC was of the view that the dissolution of the Belmont Fund could not be completed by the General Partner. On July 30, 2009, RBC brought an application to this Honourable Court to appoint the Receiver and for the Dissolution Hearing.

PURPOSE OF REPORT

16. The purpose of this Second Report to the Court dated April 30, 2010 (the "Second Report") is to provide this Honourable Court and the stakeholders of the Belmont Fund with an update on certain of the Receiver's activities since the First Report of the Receiver dated October 19, 2009 (the "First Report'), including.:

    (i) the status of the legal proceedings since the First Report;

    (ii) an update on the claims process procedure; and

    (iii) an overview of the Receiver's request to implement a claims determination process in respect of disputed claims.

17. A copy of the First Report (without attachments) is attached hereto as **Appendix C**.

TERMS OF REFERENCE

18. The information contained in this Second 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. 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 Second Report.

19. Unless otherwise note, all dollar amounts referred to herein are expressed in Canadian dollars.

20. All capitalized terms used herein and not otherwise defined are as defined in the First Report and/or as defined in the Appointment Order or Amended Appointment Order.

LEGAL PROCEEDINGS

Appointment Order

21. The Appointment Order did not stay the relief sought in the Harcourt Application. With respect to the Nead/Omniscope Application, the Application Order provided that the claim for fees was to be dealt with in the Receivership and the claim to commence a derivative action was to be considered and addressed by the Receiver at a later date.

22. The Appointment Order was without prejudice to the right of any interested person to return to court on August 21, 2009 (the "Comeback Hearing") to seek to alter any term of the Appointment Order, including the appointment of the Receiver. If any parties intended to come back for this purpose, they were to provide written notice to the Applicant and the Receiver by August 14, 2009. While the Receiver had discussions with Harcourt and Omniscope, and their respective legal counsel, with respect to certain issues potentially to be addressed at the Comeback Hearing, no interested person pursued a motion at the Comeback Hearing.

23. A Court-supervised dissolution of the Belmont Fund (the "Fund Dissolution") was sought as part of the original application of the Applicant. The Fund Dissolution was to be the subject of a separate court hearing (the "Dissolution Hearing"). The Appointment Order directed that the return date for the hearing of the application in respect of the Dissolution Hearing and certain relief as required would be August 27, 2009, or such other date as set by the Court upon motion by the Applicant. On August 26, 2009, this Honourable Court adjourned the Dissolution Hearing to a date to be scheduled and approved by the Court in the fall of 2009.

24. The Appointment Order also 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.

25. As previously indicated, the Dissolution Hearing was originally scheduled for August 27, 2009. At the request of the Receiver, with the consent of RBC, the Dissolution Hearing was postponed in order that the Receiver be given additional time to accumulate and review relevant information and prepare options for the Dissolution Hearing. The Dissolution Hearing was heard on October 21, 2009.

26. At the Dissolution Hearing on October 21, 2009, the Honourable Madame Justice Hoy of the Ontario Superior Court of Justice (Commercial List) made the Amended Appointment Order providing that:

    (i) the Belmont Fund shall be dissolved upon the Receiver filing a certificate confirming that the Receiver has completed its realization on all of the Belmont

Fund's property and distributed the proceeds of such realization in accordance with the *Partnership Act* (Ontario); and

(ii) the Appointment Order be amended by deleting Paragraph 4 so the Receiver was expressly 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 where the Receiver considers it necessary or desirable to do so.

27. The Service List was provided with notice of the Dissolution Hearing and a copy of the First Report. There was no opposition to the relief sought by any party. Specifically, none of Harcourt, Omniscope or the Counterparty opposed the relief sought.

28. As described in the First Report, prior to being in a position to issue a certificate that the Belmont Fund may be dissolved, the Receiver will have to complete a number of tasks in respect of the realization of the Belmont Fund, including but not limited to:

(i) finalizing a review of the financial position of the Belmont Fund and the Segregated Portfolio;

(ii) completing determinations and/or resolutions in respect of the Vontobel redemption requests and the Counterparty's foreign exchange loss claim and any outstanding disputed claims;

(iii) determining what steps must be required to repatriate the funds from the Segregated Portfolio, once available; and

(iv) determining whether such repatriation will be effected through the use of the Forward Contracts presently in place, or through the collapse of such contracts, whereby the Belmont Fund could be a direct holder of Participating Shares, thereby removing the Counterparty from the Investment Structure. Such a determination will required a review of potential fee/cost savings, tax consequences and other matters that are associated with a decision to collapse the Forwards Contracts.

Claims Procedure Order

29. On October 21, 2009, this Honourable Court granted an Order setting out a claims identification process to identify pre-receivership claims (the "Claims Procedure Order"). The Claims Procedure Order is attached hereto as **Appendix D.**

30. The Claims Procedure Order established a claims bar date of 4:00 p.m. (Eastern Standard Time) on December 5, 2009 ("Claims Bar Date") for the filing of Proofs of Claim with the Receiver.

31. In addition, among other things, the Claims Procedure Order provides that:

(i) the Limited Partners are not required to submit Proofs of Claim with respect to their Unitholders' claims. For purposes of determining the Unitholders' claims, the Receiver can rely on the books and records and statements maintained by RBC.

(ii) the Receiver may disallow any Proofs of Claim in whole or in part by delivering a Notice of Revision or Disallowance;

(iii) upon receipt of a Notice of Revision or Disallowance, any creditor who chose to dispute the revision or disallowance of its claims shall do so by delivery of a Notice of Dispute within 30 calendar days from the receipt of the Notice of Revision or Disallowance, failing which the amount of the claim as outlined in the Notice of Revision or Disallowance shall be deemed binding for distribution and all other purposes; and

(iv) the applicable procedures for determining any claims disputed pursuant to a Notice of Dispute shall be established by further Order of the Court.

First Reporting Letter to Investors

32. The Receiver has reported to Unitholders by way of a reporting letter to investors, dated February 24, 2010 (the "First Reporting Letter"). The First Reporting Letter, attached as **Appendix E**, has been posted on the Receiver's website at www.kpmg.ca/belmontfund/.

UPDATE ON CLAIMS PROCEDURE

Creditor Claims

33. In accordance with the Claims Procedure Order, the Receiver:

(i) published a notice to creditors and any other claimants against the Belmont Fund in the Globe and Mail (National Edition) and La Presse (copies of which are attached as **Appendix F**) on October 30, 2009; and

(ii) mailed packages containing a Proof of Claim and instruction letter for completing the Proof of Claim (the "Claims Materials") to each of the eight parties who had been identified by the Receiver as potential creditors of the Belmont Fund.

34. The results of the creditor claims process conducted by the Receiver to date are summarized below. Amounts denominated in US dollars have been converted to Canadian dollars at a rate of Cdn$1.0759 = US$1, as provided for in the Claims Procedure Order.

Creditor Type	Count	Amount Claimed	Count	Allowed Amount	Count	Disputed Amount	Count	Unresolved
Secured	1	$ 3,248,891.75	n/a	n/a	1	$ 3,248,891.75	n/a	n/a
Unsecured	6	780,980.72	4	179,402.64	1	558,799.58	1	25,271.08
Contingent	1	TBD	n/a	n/a	n/a	n/a	1	Unknown
Total	**8**	**$ 4,029,872.47**	**4**	**$ 179,402.64**	**2**	**$ 3,807,691.33**	**2**	**$ 25,271.08**

35. As indicated above, the Receiver has:

(i) received eight Proofs of Claim, including one secured claim and one contingent claim (the "Pre-Receivership Claims);

(ii) reviewed the Pre-Receivership Claims and corresponded with the appropriate claimants, as required, to obtain clarification and additional supporting information;

(iii) issued Notices of Revision or Disallowance to five claimants, one of whom was subsequently allowed in whole and two of whom have filed Notices of Dispute (the "Disputed Claims");

(iv) allowed four claims totaling $179,402.64;

(v) received two additional claims after the initial Claims Bar Date (one unsecured claim and one contingent claim), as further described below, and the Receiver has sought further information in respect of these claims; and

(vi) with respect to the remaining Disputed Claims, the Receiver is seeking a claims determination process as further described herein.

Unitholder Claims

36. With respect to the investments of the Unitholders, the Claims Procedure Order provides that Unitholders were not required to submit Proofs of Claim. Through a notice to Unitholders, dated October 26, 2009 and issued by RBC to all Unitholders, RBC advised that the Receiver is relying upon the RBC's unitholder records and that Unitholders are not required to file a Proof of Claim (the "Unitholder Notice"). In the Unitholder Notice, sample copies attached herein as **Appendix G**, Unitholders were invited to contact either RBC or the Receiver if they wished further information about their unitholdings as provided by RBC to the Receiver.

37. The Receiver has not received any information which indicates that it should not rely upon the RBC's unitholder records.

Admitted Claims

38. To date, the Receiver has allowed the following four claims totaling $179,402.64:

(i) an unsecured claim of $120,388.65 from Citigroup for monthly administrative service charges including interest charges, for the period from January 1, 2009 to August 6, 2009.

(ii) an unsecured claim of $48,079.10 from Accilent for monthly advisory service fees including interest and penalties, for the period July 1, 2008 to August 6, 2009;

(iv) an unsecured claim of $8,963.05 from McMillan for legal services provided prior to August 6, 2009; and

(iv) an unsecured claim of $1,971.84 from Fundserv for services provided prior to August 6, 2009.

Claims Received after the Claims Bar Date

39. In reviewing the Omniscope Claim (defined below in paragraph 43), the Receiver concluded that certain of the amounts sought, in respect of advisory and legal fees, were duplicative and dealt with by claims which were filed directly by the respective parties, and/or in the Receiver's view were more appropriately dealt with in a direct claim filed by such parties (specifically the General Partner and Borden Ladner Gervais LLP ("BLG") as opposed to inclusion in the Omniscope Claim. As such, the Receiver permitted these two parties the opportunity to submit claims for further consideration after the initial Claims Bar Date.

40. On March 26, 2010, Nead, on behalf of the General Partner, submitted a Proof of Claim for administrative fees with the final amount to be determined (the "GP Claim"). The Receiver has requested that all details for the claim be submitted by April 30, 2010.

41. On April 15, 1010, BLG submitted a Proof of Claim in respect of legal fees provided to or on behalf of the Belmont Fund (the "BLG Claim"). The Receiver has sought further particulars of the BLG claim. It may be necessary to have this claim resolved together with the Omniscope Claim.

Disputed Claims

42. At this time, there are two Disputed Claims, filed by Omniscope and Nead and the Counterparty.

A. Omniscope Claim

43. Omniscope and Nead filed a claim (the "Omniscope Claim") in the aggregate amount of $558,799.58, in respect of liquidator's fees (the "Omniscope Liquidator Fee"), advisory fees due and outstanding to Accilent and legal fees due and outstanding to three legal firms.

44. On March 12, 2010, the Receiver issued a Notice of Revision or Disallowance disallowing the Omniscope Claim in whole (the "Omniscope Disallowance Notice").

45. While the Receiver disallowed the portion of the Omniscope Claim relating to the Omniscope Liquidator Fee, the Omniscope Disallowance Notice provided that the Receiver would permit the submission of claims for consideration by the Receiver from i) the General Partner for administrative costs due to the General Partner from the Belmont Fund and ii) from BLG for legal services charges incurred on behalf of the Belmont Fund.

46. On March 26, 2010, Omniscope and Nead submitted to the Receiver a Notice of Dispute of Disallowance or Revision of Claim ("Omniscope Notice of Dispute"). The parties have been unable to resolve the Omniscope Claim to date and as such it will be necessary to implement a dispute resolution mechanism for this claim.

B. Counterparty Claim

47. On December 4, 2009, the Counterparty submitted, on a without prejudice basis, a secured claim (the "Counterparty Claim") of $456,699.34 and US$2,595,215.55 in aggregate, for:

    (i) an alleged realized loss suffered from the termination of the F/X Hedge (the "F/X Loss");

    (ii) accrued and future Forward Fees to August 1, 2016;

    (iii) funding costs of the alleged F/X Loss; and

    (iv) legal fees incurred.

48. On March 12, 2010, the Receiver issued a Notice of Revision or Disallowance ("Counterparty Revision Notice") which revised the Counterparty Claim in part as follows:

    (i) allowed the accrued Forward Fees as at the date of the receivership, subject to confirmation of how the amount claimed was calculated. The Receiver awaits details of the Counterparty's calculations in this regard; and

    (ii) disallowed the cash reimbursement of the alleged F/X Loss, funding costs of the alleged F/X Loss and the legal fees incurred. The Receiver confirmed it would permit the reimbursement of the F/X Loss by way of units in the Segregated Portfolio, subject to the determination of the final quantum of the F/X loss.

49. On April 9, 2010, the Counterparty submitted a Notice of Dispute of Disallowance or Revision of Claim ("Counterparty Notice of Dispute").

50. In the First Report, the Receiver described the unwind of the F/X Hedge and the Counterparty's claim to the F/X Loss. Since the First Report, the Receiver has continued its review of this matter, including continued discussions with the Counterparty in respect of potential determination and/or resolution of this issue. The parties have been unable to resolve this claim to date and as such it will be necessary to implement a dispute resolution mechanism for this claim.

PROPOSED PROCESS FOR ADVANCING THE DISPUTED CLAIMS

51. The Claims Procedure Order was silent on a dispute resolution process should a claimant and the Receiver be unable to resolve a claim. The Receiver is of the view that it is appropriate to seek direction from the Court on a proposed process to resolve any Disputed Claims (the "Claims Determination Process") as soon as possible in order to reach a final determination of all potential claims against the Belmont Fund.

52. Given the limited number of disputed claims to be resolved in this matter and the nature of those claims, the Receiver seeks the Court's assistance in reviewing and adjudicating upon the Disputed Claims. The Receiver proposes setting the procedure and scheduling of each Disputed Claim in discussion with the relevant claimant. If the Receiver and claimant are unable to finalize such terms and resolve the claim, they shall seek the Court's direction on a resolution or determination of the Disclaimed Claim.

53. A copy of the proposed Order approving and implementing the Claims Determination Process (the "Claims Determination Order") is attached as **Appendix H**. The draft Claims Determination Order also provides for the Court's involvement, if required, to address any of the remaining claims that may require adjudication (ie. the General Partner and BLG claims). The Receiver is confident it can reach consensus on procedures to address dispute resolution with these remaining parties; however, if the Receiver is unable to do so, the parties will seek an appointment with the Court to resolve such mechanics and scheduling issues.

54. An issue has arisen in respect of requests by certain stakeholders for disclosure of other claimant's disputed claim materials and information. The Receiver contemplates that some stakeholders may also seek to participate in the hearing of a Disputed Claim filed by another claimant. The Receiver is reluctant to disclose information in respect of a particular claim, or agree to a party's standing in a hearing of the Disputed Claim, without the relevant claimant's consent or a Court Order.

55. In this Receivership, there are parties who have expressed interest to the Receiver in respect of other claims filed and such individuals or parties may have relevant information to provide in respect of a Disputed Claim. The Receiver envisions that it may be necessary for it to call evidence in respect of certain Disputed Claims and as such it may be necessary to ask for certain individuals or parties to be witnesses at an upcoming hearing.

56. The Receiver has considered the requests for disclosure and the potential request for standing at a hearing, and recommends the following process to address disclosure and standing issues:

- in advance of a hearing of a Disputed Claim, the Proof of Claim, Notice of Revision or Disallowance and Notice of Dispute will be circulated to the Service List and any claimant who has filed a Proof of Claim; and

- no other disclosure in respect of the individual claim shall be provided by the Receiver to a third party other than:

    - to the extent such disclosure is required to assist a potential witness to be called by the Receiver, to participate in a hearing of a Disputed Claim;

    - with the consent of the relevant claimant; or

    - further Court Order.

57. In respect of a party seeking to participate in the hearing of a Disputed Claim, any party, other than the claimant or a witness for the Receiver or claimant, shall be required to seek the claimant and Receiver's consent, or a Court Order, to participate at the hearing.

SUMMARY AND CONCLUSIONS

58. The Receiver requests that this Honourable Court make an Order:

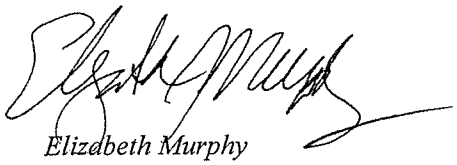
    (i) approving the activities of the Receiver with respect to the claims procedure as described in this Second Report; and

    (ii) authorizing the proposed Claims Determination Order.

RESPECTFULLY SUBMITTED,

Dated the 30th day of April, 2010.

KPMG INC.
In its capacity as Court-appointed
receiver and manager of
Belmont Dynamic Growth Fund



Per: Elizabeth Murphy
Vice-President

JAMES HAGGERTY HARRIS and BELMONT DYNAMIC GROWTH FUND, an Ontario limited partnership

Applicant Respondent

Court File No: 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

SECOND REPORT OF KPMG INC., RECEIVER AND MANAGER OF BELMONT DYNAMIC GROWTH FUND

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Lawyers for KPMG Inc.

APPENDIX A

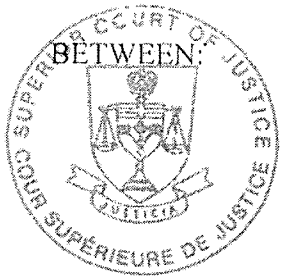
Court File No. 09-8308-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MADAM	)	THURSDAY, THE 6th DAY
	)	
JUSTICE MESBUR	)	OF AUGUST, 2009

IN THE MATTER OF AN APPLICATION PURSUANT
RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990, Reg. 194
AND SECTION 35 OF THE *PARTNERSHIPS ACT*, R.S.O. 1990, c. P.5

IN THE MATTER OF AN APPLICATION PURSUANT
TO SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c. C. 43



BETWEEN:

JAMES HAGGERTY HARRIS

Applicant/Moving Party

- and -

BELMONT DYNAMIC GROWTH FUND,
an Ontario limited partnership

Respondent

ORDER

THIS MOTION, made by the Applicant for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended (the "**CJA**") appointing KPMG Inc. as receiver and manager (the "**Receiver**"), without security, of all of the assets, undertakings and properties of Belmont Dynamic Growth Fund, an Ontario limited partnership (the "**Debtor**") was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING (i) the Notice of Application, (ii) the Notice of Motion, (iii) the affidavit of Robert Craig McDonald sworn July 30, 2009 and the Exhibits thereto (the "**McDonald Affidavit**"), and (iv) the consent of KPMG Inc. to act as the Receiver; and on hearing the submissions of counsel for the Applicant, counsel for Harcourt Investment Consulting AG ("**Harcourt**") and Peter Fanconi ("**Fanconi**"), counsel for Omniscope Advisors Inc. and Daniel Nead, counsel for National Bank of Canada (Global) Limited and National Bank of Canada, and counsel for the proposed Receiver, with no one else appearing although duly served,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application, Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 101 of the CJA, KPMG Inc. is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), including, without limitation, all such assets, undertakings and properties which are owned, held or controlled by Belmont Dynamic GP Inc. on behalf of the Debtor in trust or otherwise in its capacity as general partner of the Debtor ("**Debtor GP**") or which are held by any Person (as defined herein) in trust for, or otherwise for, for the benefit of the Debtor.

RECEIVER'S POWERS

3. THIS COURT ORDERS that, subject to paragraph 4, the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

(a) to exercise all rights with respect to the Property as if the Receiver was the absolute owner thereof and, for greater certainty, such rights and the powers and authority set out below in this paragraph 3 will extend to all amounts owing to, all

agreements entered into with, all licences issued to, and all other Property owned, held or controlled by, the Debtor GP in its capacity as general partner of the Debtor;

(b) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(c) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property and backing up or copying of electronic records to safeguard them, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(d) to manage, operate and carry on the business of the Debtor with a view to winding down its operation, realizing on the Property and distributing the proceeds to the Persons (as defined in paragraph 5 below) entitled thereto (the "**Wind Down**"), including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, and cease to perform any contracts of the Debtor;

(e) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other Persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;

(f) to purchase goods and services in connection with the Wind Down;

(g) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce the rights of the Debtor in respect of any forward contracts ("**Forward Contracts**") and other investments;

(h) to settle, extend or compromise any indebtedness owing to the Debtor and to negotiate the settlement or termination of any agreements to which the Debtor is a party, including, without limitation, any Forward Contracts;

(i) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

(j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

(i) without the approval of this Court in respect of any transaction not exceeding $50,000, provided that the aggregate consideration for all such transactions does not exceed $150,000; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

(m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(n) to report to, meet with and discuss with RBC Phillips, Hager & North Investment Counsel Inc. ("**RBC PH&N IC**"), RBC Dominion Securities Inc. ("**RBCDS**" and collectively with RBC PH&N IC, "**RBC**"), the limited partners of the Debtor (the "**Limited Partners**"), the Debtor GP, Harcourt and Fanconi, Omniscope and Nead and such other affected Persons as the Receiver deems appropriate on all matters relating to the Property and the receivership, including the Wind Down, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

(p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

(q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

(r) to take any steps reasonably incidental to the exercise of these powers,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Debtor and the Debtor GP, and without interference from any other Person.

4. THIS COURT ORDERS that, until further order of this Court at the return of this Application 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.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtor and all of its current and former partners, including without limitation the Debtor GP, (ii) all of the Debtor's and Debtor GP's current and former shareholders, officers, employees, agents, accountants, legal counsel and all other persons acting on its instructions or behalf, (iii) Accilent Capital Management Inc., Harcourt, Omniscope Advisors Inc. and their respective officers, directors and affiliates, and (iv) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure. All Persons shall cooperate with and assist the Receiver in respect of information relating to the Property.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the

information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor or the Receiver or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement,

licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all investment advisory, administration and other partnership services, computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained without the written consent of the Receiver or until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

ELIGIBLE FINANCIAL CONTRACTS

13. THIS COURT ORDERS that, notwithstanding anything else contained herein:

(a) for the purposes of this paragraph, the terms "eligible financial contract" and "financial collateral" will have the meanings given to them by the *Bankruptcy and Insolvency Act* (Canada);

(b) a Person (the "**Counterparty**") that has entered into an eligible financial contract with the Debtor prior to the date hereof may exercise any right of termination, netting or set-off and may deal with any financial collateral held in respect of the eligible financial contract, in each case in accordance with the provisions of the eligible financial contract, provided that any net claim or net termination value owing by the Debtor after any dealing with financial collateral permitted hereby will be subject to paragraph 9 and the other provisions of this Order; and

(c) the Receiver's Charge and the Receiver's Borrowings Charge (as defined in paragraphs 19 and 22, respectively) will rank subsequent in priority to any security interest of a Counterparty in financial collateral held in respect of an eligible financial contract with the Debtor.

RECEIVER TO HOLD FUNDS

14. THIS COURT ORDERS that all funds, monies, cheques, instruments and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.

16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not

complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

18. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the *Bankruptcy and Insolvency Act* (Canada) or by any other applicable legislation.

RECEIVER'S ACCOUNTS

19. THIS COURT ORDERS that any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel (including fees and disbursements incurred up to and including the date of this Order), incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge, subject to paragraph 13, on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "**Receiver's Charge**").

20. THIS COURT ORDERS the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

22. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow from Royal Bank of Canada or an affiliate thereof by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and subject to paragraph 13.

23. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

24. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

25. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

NOTICE OF THIS ORDER AND DISSOLUTION HEARING

26. THIS COURT ORDERS and directs that the return date for the hearing of the Application in respect of the dissolution of the Debtor and certain related relief (the "**Dissolution Hearing**") shall be August 27, 2009, or such other date as is set by the Court upon motion by the Applicant.

27. THIS COURT ORDERS that, unless otherwise provided herein or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings (other than the Applicant and the Receiver) unless such Person has served a Notice of Appearance on the solicitors for the Applicant and the Receiver and has filed such notice with this Court (such Persons, together with the Applicant and the Receiver, the "**Service List**").

28. THIS COURT ORDERS that the Receiver shall send a copy of this Order to the Debtor and the Debtor GP by prepaid ordinary mail or courier within 3 days after the date hereof.

29. THIS COURT ORDERS that the form of notice to Limited Partners of the making of this Order and the Dissolution Hearing attached as Exhibit "F" to the McDonald Affidavit (the "**Notice to LPs**") is approved and RBC is authorized and directed to send such notice to each Limited Partner.

30. THIS COURT ORDERS that:

(a) the manner of service of the Application Record on the Debtor and the Debtor GP as described in the McDonald Affidavit constitutes good and sufficient service of notice of this Application and the Dissolution Hearing on the Debtor and the Debtor GP, and except as provided in paragraph 28 no other form of notice or service need be made to the Debtor or the Debtor GP and no other materials need be served upon the Debtor or the Debtor GP in respect of these proceedings, including the Dissolution Hearing, unless the Debtor or the Debtor GP serves a Notice of Appearance as set out in paragraph 27 hereof.

(b) delivery of the Notice to LPs in accordance with paragraph 29 hereof shall constitute good and sufficient service of notice of the Dissolution Hearing on all Limited Partners, and no other form of notice or service need be made and no other materials need be served in respect of the Dissolution Hearing,

except that the Applicants shall also serve the Service List with any additional materials to be used in support of the Dissolution Hearing.

31. THIS COURT ORDERS that in the event the Dissolution Hearing is adjourned, only those Persons on the Service List are required to be served with notice of the adjourned date.

32. THIS COURT ORDERS that any Person who wishes to oppose the relief sought at the Dissolution Hearing shall serve on the Service List a notice setting out the basis for such opposition and a copy of the materials to be used to oppose such relief at least three days before the date set for the Dissolution Hearing, or such shorter time as the Court, by order, may allow.

33. THIS COURT ORDERS that the Applicant, the Receiver, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Receiver may post a copy of any or all such materials on its website at http://www.kpmg.ca/en/services/advisory/ta/creditorlink.html (the "**Website**").

REPORTING TO LIMITED PARTNERS

34. THIS COURT ORDERS that the Receiver may report from time to time to the Limited Partners on the progress of the Wind Down and other matters relating to the receivership in such manner as the Receiver, in consultation with RBC, consider appropriate (including, without limitation, through correspondence provided by RBC to its clients who are Limited Partners that enclose such reports or that is otherwise in form and content satisfactory to the Receiver).

GENERAL

35. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

36. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

37. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or elsewhere, including, without limitation, the Cayman Islands, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

38. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

39. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

40. THIS ORDER is without prejudice to the right of any interested person to return to court on August 21, 2009 to seek to vary any provision of this order including the appointment of the

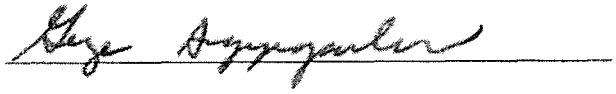
Receiver. To that end, a 3-hour appointment on the Commercial List has been booked for August 21, 2009. If anyone intends to come back for this purpose, they will:

(1) provide notice to the Applicant and the Receiver by August 14, 2009; and

(2) deliver their motion materials in support of any requested change by the close of business on August 18, 2009.

41. The provisions of paragraph 40 of this order will be mentioned in the notice letter referred to in paragraph 29 of this order.

42. Nothing in this order will operate as a stay to the relief sought in paragraphs 1(c), (e), (f), (h) and (i) of the Harcourt Application in Court File #CV-09-8227. The Receiver is to be added to the Service List in that application. As far as the Nead/Omniscope cross-application in CV-09-8227 is concerned, (a) the claim for fees will be dealt with in this receivership if a final order is made; and (b) the claim to commence a derivative action will be considered by the court on the return of this application on August 27, 2009



G. Argyropoulos, Registrar
Superior Court of Justice

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

AUG 13 2009

PER / PAR: TV

Schedule "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT $_____

1. THIS IS TO CERTIFY that KPMG Inc., the receiver and manager (the "**Receiver**") of all of the assets, undertakings and properties of Belmont Dynamic Growth Fund appointed by Order of the Ontario Superior Court of Justice (the "**Court**") dated the 6th day of August, 2009 (the "**Order**") made in an action having Court file number 09-8308-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of $_____, being part of the total principal sum of $_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Royal Bank of Canada from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order) having the priority set out in the Order, but subject to the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

KPMG Inc., solely in its capacity
as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: _____

Name:

Title:

JAMES HAGGERTY HARRIS and BELMONT DYNAMIC GROWTH FUND

Court File No. 09-8308-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding Commenced at Toronto

ORDER

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Solicitors for the Debtors

DOCS# 459794v.9

APPENDIX B

Court File No. 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MADAM	)	WEDNESDAY, THE 21st DAY
	)	
JUSTICE HOY	)	OF OCTOBER, 2009

IN THE MATTER OF AN APPLICATION PURSUANT
RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990, Reg. 194 AND SECTION 35 OF THE *PARTNERSHIPS ACT*, R.S.O. 1990, c. P.5

IN THE MATTER OF AN APPLICATION PURSUANT

TO SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c. C. 43

BETWEEN:

JAMES HAGGERTY HARRIS

Applicant/Moving Party

- and -

BELMONT DYNAMIC GROWTH FUND,
an Ontario limited partnership

Respondent

ORDER

THIS APPLICATION, made by the Applicant for the relief set out in the Notice of Application, including dissolution of the Belmont Dynamic Growth Fund, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING (i) the Notice of Application, (ii) the Motion Record of the Applicant, including the affidavit of Robert Craig McDonald sworn July 30, 2009 and the Exhibits thereto; (iii) the Supplementary Motion Record of the Applicant, and (iv) the first report of KPMG Inc. (the **"Receiver"**); and on hearing the submissions of counsel for the Applicant,

counsel for Harcourt Investment Consulting AG and Peter Fanconi, counsel for Omniscope Advisors Inc. and Daniel Nead and counsel for the Receiver, with no one else appearing,

1. THIS COURT ORDERS that capitalized terms used herein and not otherwise defined will have the meaning given to them in the Order of Justice Mesbur dated August 6, 2009 (the "**Receivership Order**").

2. THIS COURT ORDERS that the Receivership Order is amended by deleting paragraph 4 of the Receivership Order, so that the Receiver is hereby expressly 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 where the Receiver considers it necessary or desirable to do so.

3. THIS COURT ORDERS AND DECLARES that, upon the filing of a Receiver's certificate by the Receiver substantially in the form attached as Schedule "A" hereto, the Belmont Dynamic Growth Fund is dissolved. Prior to issuing its certificate, the Receiver shall report to the Court with respect to matters proposed to be certified.

4. THIS COURT ORDERS that the Receiver may seek the advice and direction of this Court in respect of the carrying out of this Order and any matters to be undertaken in effecting the dissolution of the Belmont Dynamic Growth Fund.

Joanne Nicoara
Registrar, Superior Court of Justice

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

OCT 22 2009

PER / PAR:

SCHEDULE "A"

Court File No. 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT
RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990, Reg. 194 AND SECTION 35 OF THE *PARTNERSHIPS ACT*, R.S.O. 1990, c. P.5

IN THE MATTER OF AN APPLICATION PURSUANT
TO SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c. C. 43

BETWEEN:

JAMES HAGGERTY HARRIS

Applicant

- and –

BELMONT DYNAMIC GROWTH FUND,
an Ontario Limited partnership

Respondent

RECEIVER'S CERTIFICATE

RECITALS

A. KPMG Inc. is the receiver and manager (the "Receiver") of all of the assets, undertakings and properties of Belmont Dynamic Growth Fund (the "Belmont Fund") appointed by order of the Ontario Superior Court of Justice (the "Court") dated the 6th day of August, 2009 and amended on October 21, 2009.

B. By order dated October 21, 2009, the Court ordered the Belmont Fund dissolved upon the filing of a Receiver's Certificate (the "Dissolution Order").

THE RECEIVER CERTIFIES the following:

1. The Receiver has completed the process of realizing upon the assets of the Belmont Fund;

2. The Receiver has applied the property realized in payment of the debts and liabilities of the Belmont Fund and has distributed the surplus assets in final settlement of the accounts of the partners of the Belmont Fund in accordance with the *Partnership Act* (Ontario);

3. Pursuant to paragraph 3 of the Dissolution Order, as a result of the filing of this Certificate with the Court, the Belmont Fund is dissolved.

DATED THE _____ day of _____, 2009.

KPMG Inc., solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: _____

Name:
Title:

JAMES HAGGERTY HARRIS
Applicant

and

BELMONT DYNAMIC GROWTH FUND,
an Ontario Limited partnership
Respondent

Court File No: 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

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APPENDIX C

Court File No. 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990, Reg. 194 AND SECTION 35 OF THE *PARTNERSHIPS ACT*, R.S.O, 1990. c. P.5

AND IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C. 43

BETWEEN:

JAMES HAGGERTY HARRIS

Applicant

- and -

BELMONT DYNAMIC GROWTH FUND,
an Ontario Limited Partnership

Respondent

FIRST REPORT OF KPMG INC., RECEIVER AND MANAGER OF BELMONT DYNAMIC GROWTH FUND

October 19, 2009

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I. INTRODUCTION AND BACKGROUND

1. Pursuant to the Order of the Honourable 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 ("Receiver") of the assets, undertakings and properties of Belmont Dynamic Growth Fund (the "Belmont Fund"), an Ontario limited partnership. A copy of the Appointment Order, which among other things, sets out the powers of the Receiver is attached hereto as **Appendix A**. James Haggerty Harris (the "Applicant") made the application pursuant to section 101 of the *Courts of Justice Act*, RSO 1990 c.C.43.

2. The Appointment Order was without prejudice to the right of any interested person to return to court on August 21, 2009 (the "Comeback Hearing") to seek to alter any term of the Appointment Order, including the appointment of the Receiver. If any parties intended to come back for this purpose, they were to provide written notice to the Applicant and the Receiver by August 14, 2009; and deliver their motion materials by the close of business on August 18, 2009. As described below, the Receiver had discussions with Harcourt Investment Consulting AG ("Harcourt") and Omniscope Advisors Inc. ("Omniscope"), and their respective legal counsel, with respect to certain issues potentially to be addressed at the Comeback Hearing. Subsequent to the discussions, the Receiver was advised that neither Harcourt nor Omniscope intended to pursue a motion at the Comeback Hearing.

3. In its Application, the Applicant also sought a Court-supervised dissolution of the Belmont Fund (the "Fund Dissolution"). The Fund Dissolution is to be the subject of a separate court hearing (the "Dissolution Hearing"). The Appointment Order directed that the return date for the hearing of the application in respect of the Dissolution Hearing and certain relief as required would be August 27, 2009, or such other date as is set by the Court upon motion by the Applicant. On August 26, 2009, this Honourable Court adjourned the Dissolution Hearing to a date to be scheduled and approved by the Court in the fall of 2009. A copy of the endorsement is attached hereto as **Appendix B**.

4. The Appointment Order also provides 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.

5. The Receiver is relying upon records and information available from the Belmont Fund and from third parties. The Receiver's review of this information does not encompass an audit of the financial position or operating results of the Belmont Fund. 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 administration of the receivership. The Receiver may refine or alter its observations as further information is obtained or is brought to its attention after the date of this report.

6. Capitalized terms not defined in this report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.

Background to the Receivership

7. 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" or "Unitholders") 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. Unitholders purchased units in either of Canadian dollars ("CAD") or in US dollars ("USD"). The General Partner is responsible for managing day-to-day business of the Belmont Fund.

8. The only undertaking of the Belmont Fund was the investment of its assets. The objective of the Belmont Fund is to provide investors with the return on the Belmont Dynamic Segregated Portfolio ("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. 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.

9. 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 (the "Counterparty").

10. In accordance with the Forward Contracts, the Counterparty has agreed to pay to the Belmont Fund on the maturity date of the Forward Contracts (the "Forward Maturity Date") an amount equal to the redemption proceeds of a notional number of participating shares ("Participating Shares") in the Segregated Portfolio (the "Notional Number of Shares") 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.

11. The investment structure, including the Belmont Fund and the Segregated Portfolio, is defined as the "Investment Structure".

12. Harcourt and Omniscope each hold 50% ownership of the outstanding common shares of the General Partner. Omniscope carries on the business of a securities dealer and is registered as a dealer in the category of limited market dealer under the *Securities Act (Ontario)*. Omniscope is wholly owned by Mr. Daniel Nead ("Nead"). Harcourt carries on business as a portfolio manager of funds of hedge

funds with its principal offices located in Zurich, Switzerland. Harcourt's principal shareholder is The Vontobel Group ("Vontobel"), a Swiss private bank headquartered in Zurich, Switzerland.

13. The General Partner has two directors with equal voting rights: (1) Nead, a resident Canadian; and (2) Peter Fanconi ("Fanconi") a resident of Switzerland. Nead is also President and Secretary of the General Partner. Fanconi is Chief Executive Officer of the General Partner, director of Vontobel and former President and Chief Executive Officer of Harcourt.

14. There are 135 Limited Partners, of which 126 are clients of RBC Phillips, Hager & North Investment Counsel Inc. ("RBC PHN") and the remaining are clients of RBC Dominion Securities ("RBCDS"). RBC PHN and RBCDS are collectively referred to as "RBC".

15. On October 31, 2008 Citco Fund Services (Europe B.V.) ("Citco") wrote to the shareholders of the Segregated Portfolio (the "October 31, 2008 Citco Letter") advising that due to the ongoing financial crisis and its impact upon the investment industry, the directors of the Segregated Portfolio had deemed that the continued operation of the Segregated Portfolio was no longer viable and that steps should be taken to realize on the underlying assets of the Segregated Portfolio and to close it down (the "Segregated Portfolio Closing"). The letter also includes notice of a compulsory redemption of the shares in advance of the Segregated Portfolio Closing effective as of October 31, 2008. A copy of the October 31, 2008 Citco letter is attached as **Appendix C**.

16. The Receiver understands that at or around this time, Harcourt advised RBC that the Belmont Fund was no longer viable due to recent market turmoil and that steps would therefore be taken to dissolve the Belmont Fund. Further, the Receiver understands that Harcourt also advised RBC that the Limited Partners were unable to redeem their units of the Belmont Fund at that time because the direct and indirect underlying hedge fund holdings of the Segregated Portfolio that suspended the redemption of their units or shares and/or were gated, as the case may be.

17. In December, 2008, the General Partner provided RBC with a draft notice of a meeting of the Limited Partners. The meeting of the Limited Partners (the "Proposed Meeting") was to be held to consider and approve the dissolution of the Belmont Fund and to appoint the General Partner as the receiver and liquidator of the Belmont Fund in accordance with the terms and conditions of the Limited Partnership Agreement governing the operation of the Belmont Fund. The Proposed Meeting was not convened because of an "impasse" that developed between Harcourt and Omniscope.

18. This impasse has become the subject of a court proceeding involving an application for an oppression remedy under the *Business Corporations Act* (Ontario) that has been made by Harcourt against, among others, the Belmont Fund, the General Partner and Omniscope for the purpose of, among other things, dissolving the Belmont Fund (the "Oppression Application").

19. As a result of these developments, RBC was of the view that the dissolution of the Belmont Fund could not be completed by the General Partner. On July 30, 2009, RBC brought an application (the "Initial Application") to this Honourable Court to appoint the Receiver and for the Dissolution Hearing.

Purpose of this Report

20. The purpose of this first report of the Receiver (the "Report") is to provide this Honourable Court and the stakeholders of the Belmont Fund with a preliminary update on the activities of the Receiver since the date of the Appointment Order (the "Receivership Date") and on the process of the receivership generally. The Receiver seeks to implement a realization plan that is capable of satisfying the ultimate objective of distributing maximum value to the Limited Partners (the "Realization Plan").

21. This Report will describe:

- the Receiver's summary observations,
- an overview of the Investment Structure of the Belmont Fund and the Segregated Portfolio,
- the activities of the Receiver since the date of the Appointment Order,
- the assets and liabilities of the Belmont Fund and the Segregated Portfolio,
- certain issues with respect to certain Vontobel redemption requests from the Segregated Portfolio,
- certain issues arising from the loss incurred by the Counterparty on the termination of certain foreign exchange hedge contracts,
- the Receiver's recommended claims procedure, and
- certain of the Receiver's next steps.

22. This Report will provide the evidentiary basis in respect of the Dissolution Hearing by the Applicant, and the Receiver's request to implement a claims process to assist in the ultimate distribution to stakeholders of the Belmont Fund, enroute to the dissolution of the Belmont Fund.

Summary Observations

23. Based on its review of the information and documentation made available to date, the Receiver has following observations:

a. given the ongoing wind up efforts of the Segregated Portfolio, the Receiver is not yet in a position to report to the Court with respect to an estimated liquidation value of the Belmont Fund's assets, the timing required to realize on these assets, and timing of potential distributions to creditors and Unitholders;

b. there are no liquid assets currently held by the Belmont Fund, available to pay liabilities of the Belmont Fund or to distribute to Unitholders;

c. the principal assets of the Belmont Fund are the Forward Contracts, the value of which varies directly with the market value and return of the

Segregated Portfolio. As a result, the value of the Belmont Fund is tied to the value and potential recovery from the Segregated Portfolio; and

d. the Receiver continues to be uncertain of the value, timing and entitlement to any potential recoveries from the Segregated Portfolio, for a number of reasons, including:

   i. while there is cash of approximately US$2.1 million at the Segregated Portfolio level, the liquidation schedules for the Segregated Portfolio prepared by Harcourt estimate that approximately US$10.6 million will be recovered by the fund over the next three years. The Receiver observes that given the uncertainties in the financial markets, this estimate is subject to change and that any changes could be material;

   ii. the priority of payments from the Segregated Portfolio has not yet been determined. Matters to be resolved included the priority of payments pursuant to redemption requests made by Vontobel in May and August 2008 and the priority of payment for the loss incurred by the Counterparty as a result of the unwind of a foreign exchange contract loss put in place pursuant to the Forward Contracts;

   iii. the Receiver has been in discussions with Vontobel, which purchased invested in the Segregated Portfolio, about the priority of payment of its two redemption requests made in 2008. Discussions with Harcourt and Vontobel are ongoing and are cooperative; and

   iv. the Receiver has also been in discussions with the Counterparty with respect to the Forward Contracts to determine the size of the alleged foreign exchange loss incurred by the Counterparty on the termination of certain foreign exchange contracts by the Counterparty and to determine the legal basis for paying any such loss, including the priority of payment. Discussions with the Counterparty are ongoing and are cooperative.

24. The Receiver continues to meet with stakeholders and to investigate the Investment Structure. The Receiver plans to make further recommendations and may seek further instruction from the Court after the date of this Report.

II. OVERVIEW OF THE INVESTMENT STRUCTURE OF THE BELMONT AND THE SEGREGATED PORTFOLIO

Investment Structure

25. The material contracts of the Investment Structure include the Limited Partnership Agreement and the Forward Contracts. The Limited Partnership Agreement is attached as **Appendix D**. The Forward Contracts are attached as **Appendix E**.

26. Based on these documents and discussions with stakeholders, the Receiver understands the following to be the material elements of the Investment Structure

(an illustrated overview of the Investment Structure is presented in **Appendix F**, Belmont Dynamic Growth Fund Structure).

a) Units were sold by way of the Amended and Restated Confidential Offering Memorandum of the Belmont Fund (the "OM") to accredited investors in Canada. In consideration of their cash investment, a Limited Partner received units of the Belmont Fund. Four classes of units were offered for sale (the "Units"). Each unit represents an equal undivided interest in the net assets of the Belmont Fund attributable to the class of Units. The Class AC Units denominated in Canadian dollars, and the Class AU Units, denominated in US dollars, (collectively, the "Class A Units") were intended for sale to the clients of registered dealers. Class FC Units, denominated in Canadian dollars, and Class FU Units, denominated in US dollars (collectively, the "Class F Units") were intended for sale to all other investors. The Class AC Units and the Class FC Units are referred to as the "CAD Units", and the holders of the units as the "CAD Unitholders." The Class FC units and the Class FU units are referred to as the "USD Units", and the holders of the units as the "USD Unitholders." Collectively, the CAD Unitholders and the USD Unitholders are referred to as the Unitholders.

b) The proceeds raised from the Unitholders were used to purchase the Share Baskets, baskets of non-dividend-paying Canadian securities listed on the Toronto Stock Exchange, consisting of securities that constitute "Canadian securities" for purposes of section 39(6) of the *Income Tax Act (Canada).* The proceeds from the CAD Unitholders were invested in Canadian dollar denominated shares. The proceeds from the USD Unitholders were invested in US dollar denominated shares.

c) The Belmont Fund then entered into the Forward Contracts with the Counterparty. The CAD Forward Contract relates to the investment of the CAD Unitholders and the USD Forward Contract relates to the investment of the USD Unitholders. Certain material aspects of the Forward Contracts are summarized below:

   i) pursuant to the Forward Contracts, the Counterparty agrees to purchase the Share Baskets from the Belmont Fund on the Forward Maturity Date for an amount (the "Forward Price"), in US dollars, equal to the value of a notional investment, (the "Notional Investment") in Participating Shares made at the time of, and in an amount equal to, the proceeds from the sale of Units of the Belmont Fund (in the case of CAD Units, converted into US dollars);

   ii) pursuant to the Forward Contracts, the Counterparty is to pay to the Belmont Fund on the August 1, 2016, or such other date as may be agreed upon, the redemption proceeds of the Notional Number of Shares in exchange for delivery of the Share Baskets to the Counterparty by the Belmont Fund or an equivalent cash payment at the election of the Belmont Fund. In order to fund redemptions of Units by Unitholders and ongoing fees and expenses of the Fund, the

Forward Contracts may be partially settled by the Belmont Fund tendering to the Counterparty securities of the Share Baskets or, at the election of the Belmont Fund, in cash;

iii) under the terms of the Forward Contracts, the Belmont Fund and the Counterparty have agreed that their settlement obligations under the Forward Contracts with respect to the Share Baskets will be discharged by physical delivery of the securities in the Share Baskets by the Belmont Fund to the Counterparty against cash payment of the Forward Price or, at the election of the Belmont Fund, by the making of cash payments between the parties. The Forward Price may be more or less than the original subscription price of the Units. The Share Baskets have been pledged and are held by the Counterparty as security for the obligations of the Belmont Fund under the Forward Contracts; and

iv) under the Forward Contracts, the Forward Price may be reduced for all dividends and distributions declared on any securities in the Share Baskets securities and paid to the Belmont Fund as owner of the Share Baskets. If any dividends or distributions are to be received by the Belmont Fund, the Forward Contracts provides that replacement securities acceptable to the Counterparty may, at the Belmont Fund's option, be substituted for shares in respect of which the dividend or distribution has been declared to preserve the value of the Forward Contracts. Alternatively, the Belmont Fund may consider contributing additional securities to the Share Baskets or entering into additional forward, derivative or other transactions.

d) The Counterparty then executed a short sale (the "Short Sale") of securities equivalent to those comprising the Share Basket and used the proceeds from the Short Sale (the "Short Sale Proceeds") to acquire US dollar denominated Participating Shares. The number of Participating Shares that were acquired by the Counterparty using the Short Sale Proceeds is equal to the Notional Number of Shares.

e) The CAD Units are denominated in Canadian dollars, while the Segregated Portfolio is denominated in US dollars. Therefore, the CAD Units are exposed to the risk of unfavourable fluctuations in the rate of exchange between the Canadian dollar and the US dollar. This risk was managed through a foreign exchange currency hedge embedded in the Forward Contracts (the "FX Hedge").

f) 99.999% of the net income or loss from operations of the Belmont Fund for the fiscal year is to be allocated to the Limited Partners in proportion to the class and number of Units owned. Because the Belmont Fund is not a taxable entity, the Limited Partners are taxable on their pro rata share of the Belmont Fund's net investment income, as calculated for income tax purposes, regardless of whether any distributions have been made to the Limited Partner.

g) The General Partner is entitled to 0.0001% of the net income on loss from operations of the Belmont Fund.

h) The Segregated Portfolio is a sub-fund of the Belmont SPC. Two classes of Participating Shares have been issued by the Segregated Portfolio, Class A Shares and Class B Shares.

i) According to the financial statements for the Segregated Portfolio provided by Harcourt, at July 31, 2009, the total number of outstanding Class A Shares of the Segregated Portfolio was 187,142.5472 shares and the total number of Class B shares was 5,478.7870. The Receiver understands that the Counterparty is the holder of these Class A Shares and that the Class B shares are held by five different shareholders, all of which are represented by RBCDS.

j) Pursuant to the Forward Contracts, the Counterparty prepares, as required the Annex 5 – Final Confirmation of Upward Adjustment (the "Annex 5"), which confirms the number of the shares held by the Counterparty in the Segregated Portfolio. The most recent Annex 5, as at December 3, 2008 attributed to the Forward Contracts was 149,777.5751 Class A shares to the Canadian dollar forward agreement and 38,115.3399 Class A shares to the US dollar forward agreement, for a total of 187,892.9150 Class A shares. The Receiver continues to seek clarification of the difference for the number of outstanding Class A shares held by the Counterparty between the Annex 5 numbers and July 31, 2009 financial statements for the Segregated Portfolio.

k) In the event the Segregated Portfolio faces liquidity restrictions, the Segregated Portfolio may not be able to dispose of its investments through notional requests to redeem Participating Shares. In such circumstances, the Counterparty is permitted under the Forward Contracts to defer payment of any pre-settlement proceeds to the Belmont Fund (or, on the Forward Maturity Date, the Forward Price) to the extent of any outstanding amounts that would be payable on the proportional Notional Investment as of the pre-settlement date (or the Forward Maturity Date), including distributions or redemption proceeds that would be payable on the Participating Shares held in the Notional Investment. Therefore, the Counterparty may exercise the foregoing right to defer payments under the Forward Contracts which will result in the Belmont Fund's deferral of the payment of redemption proceeds in respect of Units that have been tendered for redemption.

l) The supplemental offering memorandum for the Segregated Portfolio provides that the Segregated Portfolio may leverage its investments. The Receiver understands that on November 21, 2007, the Segregated Portfolio purchased a call option (the "Call Option") from KBC Financial Products UK Limited, agent for KBC Investments Cayman Islands V Limited (collectively "KBC"), for the right to purchase a basket of hedge funds on the expiration of the Call Option. The Receiver understands that the Call Option leveraged the Segregated Portfolio with a multiple of approximately two times. On November 26, 2008, KBC exercised an early termination, pursuant to its rights under the Call Option, which resulted in the termination and settlement of the Call Option.

Other Parties to the Structure

27. The following is a brief description of any parties to the Investment Structure who have not been previously referenced:

- Citigroup Fund Services Canada Inc. ("Citigroup") – administrative services provider to the Belmont Fund;
- Accilent Capital Management Inc. ("Accilent") – investment advisory services provider to the Belmont Fund; and
- Citco Global Custody N.V. – custodian of the Segregated Portfolio.

III. ACTIVITIES OF THE RECEIVER

28. Since the date of the Appointment Order, the Receiver has undertaken various actions including:

a) providing notice to various stakeholders pursuant to the Appointment Order;

b) establishing a dedicated web-site, email address and telephone number;

c) retaining legal counsel for the Receiver;

d) taking steps to locate and secure the books and records of the Belmont Fund;

e) identifying and generally safeguarding the known assets of the Belmont Fund;

f) meeting with parties to obtain background information in respect of the Belmont Fund, the Segregated Portfolio and certain events which occurred prior to the Receivership Date;

g) initiating and continuing to take steps to identify the assets of the Belmont Fund and develop the Realization Plan, including:

- communicating with the Counterparty regarding the Forward Contracts, including the termination of the FX Hedge, and the status of the Share Baskets;
- communicating with Harcourt regarding the Investment Structure, status and activities of the Segregated Portfolio, including redemption request activity of Vontobel;
- assessing the investment and financial structures of Belmont Fund and its investments;
- discussing with other financial institutions that are involved in the Investment Structure; and

- communicating with RBC and McCarthy Tétrault, legal counsel to RBC, regarding the receivership matters.

h) communicating with key stakeholders regarding the Comeback Hearing and resolution of the same on a consensual basis;

i) reviewing and authorizing rebalancing transactions of the Share Baskets; and

j) assessment and development of a proposed claims process in respect of the claims against the Belmont Fund.

Notice to the General Partner and the Limited Partners

29. In accordance with the Appointment Order:

- the Receiver mailed a copy of the Appointment Order to the General Partner on August 14, 2009; and

- the Receiver confirmed the delivery of notice to the Limited Partners from provided by RBC, in accordance the Appointment Order, on August 6 and 7, 2009. Copies of the notices sent by RBC are attached hereto as **Appendix G**.

Communications with Stakeholders

30. The Receiver has established a website where all Orders issued by this Honourable Court in this matter, and other information, will be posted and updated regularly. The webpage can be found at www.kpmg.ca/belmontfund.

31. In addition, the Receiver has established a dedicated telephone line and email address to receive inquiries from any interested parties. To date, the Receiver has received a limited number of inquiries with respect to the general status of the receivership. The Receiver has contacted or attempted to contact these interested parties. The Receiver has not received or indirectly heard of any objections from any of the Limited Partner with respect to the actions of RBC to undertake the Initial Application, including seeking the appointment of the Receiver.

Retention of Legal Counsel

32. Upon appointment, the Receiver retained Stikeman Elliott LLP of Toronto, Ontario as its legal counsel.

Books and Records

33. Since the date of the Appointment Order, the Receiver has had discussions with Nead, who the Receiver understood to be the primary custodian of the Belmont Fund's books and records with respect to the property and business affairs of the Belmont Fund. On August 8, 2009, the Receiver attended the offices of Nead at 357 Bay Street, Suite 800, Toronto, Ontario (also the principal address of the Belmont Fund) to meet with Nead and take possession and control of the Belmont Fund's books and records. Nead informed the Receiver that certain of the books and records of the Belmont Fund were being held by certain service providers and

advisors to the Belmont Fund and General Partner. Subsequently, the Receiver had further discussions with Nead regarding the activities of the Belmont Fund and the existence of any other books and records of the Belmont Fund. The Receiver continues to receive and review the information provided by and have discussions with Nead regarding the same, and continues to seek Nead's cooperation in ensuring that information in his possession is provided to the Receiver.

34. In addition, on August 11, 2009 the Receiver wrote to Harcourt with respect to the property and business affairs of the Belmont Fund and was informed that the books and records were substantially held by Nead.

35. Furthermore, the Receiver communicated with the following parties, all of which were identified by Nead as service providers or advisors to the Belmont Fund, to inform them of our appointment and request information regarding the existence of any books and records of the Belmont Fund in their possession:

- PricewaterhouseCoopers LLP ("PWC") – auditors of the Belmont Fund;
- McMillan LLP ("McMillan") – legal services provider to the Belmont Fund;
- Citigroup – administrative services provider to the Belmont Fund; and
- Accilent – investment advisory services provider to the Belmont Fund.

36. In summary, the Receiver received the following responses as at the date of this Report:

- PWC has informed the Receiver that it is not in the possession of any original books and records of the Belmont Fund;
- McMillan has provided the Receiver with electronic copies of certain agreements, contracts and other relevant documents of the Belmont Fund and General Partner with respect to activities of the Belmont Fund;
- The Receiver has been in correspondence with Citigroup since the Receivership Date in order to determine what information and records Citigroup has and what services Citigroup has been providing to the Belmont Fund. The Receiver has obtained limited information from Citigroup including summary information with respect to the Unitholders, portfolio activity and net asset value calculations. The Receiver understands that the Administrative Services Agreement between Citigroup, the General Partner and the Belmont Fund recently expired. On October 16, 2009, the Receiver discussed with Citigroup the scope of services provided by Citigroup. Given that the Receiver expects on an ongoing basis to be responsible for paying the liabilities of the Belmont Fund and for any future distributions to Unitholders, Citigroup and the Receiver have agreed that the Administrative Services Agreement does not need to be continued.
- Once a client is no longer to be active on Citigroup's system, it is Citigroup's practice to under take a deconversion process and send all of its

original documents, both in paper and electronic form, to the client. Citigroup has asked the Receiver to confirm that the Receiver will not be requiring the services, pursuant to the Administrative Services Agreement, of Citigroup. Upon receipt of this letter, Citigroup will begin its deconversion process with respect to the Belmont Fund. The Receiver further understands that upon receipt of the letter from the Receiver, that all of the Citigroup books and records should be send to the Receiver within two weeks.

- Accilent has informed the Receiver that it is not in possession of any of the Belmont Fund's books and records.

37. The Receiver continues to have discussions with the above mentioned parties, and others as required, as new information is received. The Receiver also continues to gather and review information and records relating to the Belmont Fund.

Identifying Assets of the Belmont Fund

38. According to the OM, the only investments of the Belmont Fund are to be the Share Baskets, the Forward Contracts, and cash and cash equivalents.

39. As previously discussed, the Share Baskets are pledged to the Counterparty. The principal asset of the Belmont Fund is the Forward Contracts. The value of the Forward Contracts is based on the market value of the Notional Investment. Therefore, the value of the Forward Contracts varies directly with the market value and return of the Segregated Portfolio. As a result, the value of the Belmont Fund is tied to the value of and potential recovery from the Segregated Fund.

40. As at the Receivership Date there was no cash held by the Belmont Fund. The Receiver understands that there are no bank accounts registered in the name of the Belmont Fund. However, the General Partner maintained trust and commissions accounts (denominated in Canadian and US dollars) at Royal Bank of Canada, on behalf of the Belmont Fund. Citigroup has informed the Receiver that these accounts were frozen by Royal Bank of Canada due to inactivity and mounting service fees. As the Receivership Date, the balances in these accounts were nominal.

41. The Receiver continues to compile information in respect of the value of the assets of the Belmont Fund, as well as the underlying value of the Segregated Portfolio, as well as potential claims against the fund, as outlined in greater detail below.

Meeting with Various Parties to Obtain Background Information Regarding the Belmont Fund and the Segregated Portfolio

42. The Receiver communicated with a variety of parties since its appointment to seek background information regarding the Belmont Fund and the Segregated Portfolio. This has permitted the Receiver to assess what assets exist and what actions must be undertaken in order to be in a position to ultimately repatriate the value to the Belmont Fund and distribute such value to the Unitholders of the Belmont Fund. These discussion and actions are discussed in further detail below.

43. Since the date of the Appointment Order, the Receiver has reviewed documents and held discussions with Nead, the Counterparty, RBC and other key stakeholders to discuss the property and business affairs of the Belmont Fund.

44. Given the indirect interest of the Belmont Fund in the value of the Segregated Portfolio, the Receiver has also undertaken steps to review the structure and value of the Segregated Portfolio. The Receiver has had discussions with the following parties, to inform them of our appointment, and request information regarding the Segregated Portfolio:

- Harcourt – in its capacity as portfolio advisor to the Segregated Portfolio; and
- Citco – administrator of the Segregated Portfolio.

45. The Receiver has communicated with the Cayman Islands regulatory authority (the "Cayman Regulator") with respect to our appointment as Receiver and disclosed the Belmont Funds' relationship with the Segregated Portfolio, which is under the authority of the Cayman Regulator.

46. The Cayman Regulator subsequently responded requesting of the Receiver any further information with respect to breaches or adverse conditions with respect to Belmont SPC which become known to the Receiver. The Receiver will continue to communicate with and update the Cayman Regulator as appropriate during the course of the Receivership.

47. In summary, the Receiver received the following responses as at the date of this Report:

- The Receiver has had several discussions and email exchanges with Harcourt regarding the Belmont Fund and the Segregated Portfolio since the date of the Appointment Order. Harcourt has provided the Receiver with relevant agreements and other information schedules specifically relating to the Segregated Portfolio, including but not limited to liquidity analysis, redemption activity and the termination of the Call Option. The Receiver continues to review the information provided and have discussions with Harcourt regarding the same.

- Citco has not responded directly to the Receiver. However, Harcourt has agreed to liaise with Citco regarding specific information requests made by the Receiver.

- In addition to seeking background information in respect of the Segregated Portfolio, the Receiver has identified potential areas which may affect the underlying value of the Segregated Portfolio and therefore the value of the Belmont Fund: a) the redemption requests by Vontobel; and b) the Foreign exchange loss claimed by the Counterparty. The Receiver continues to investigate, discuss and seek potential resolution of these issues.

- The Receiver has also expressed concerns regarding potential actions which could be detrimental to the value of the Belmont Fund to Harcourt, specifically

the potential payment of a redemption request to Vontobel. In response, Harcourt has confirmed that all redemption payments from the Segregated Portfolio have been frozen. Specifically, Harcourt has undertaken not make any payments on the Second Vontobel Redemption Request (as defined below). Harcourt also advises that no redemption requests were accepted after September 30, 2008 by the Segregated Portfolio.

Resolution of Comeback Motion

48. Prior to the date scheduled for the Comeback Hearing, the Receiver and its legal counsel had discussions with Harcourt and Omniscope, and their respective legal counsels, with respect to certain issues potentially to be addressed at the Comeback Hearing. Prior to the deadline prescribed by the Court, Harcourt advised the Receiver that it did not intend on pursuing any comeback motion at Comeback Hearing.

49. Initially, Omniscope raised specific concerns relating to (1) the portion of the Oppression Application relating to potential Vontobel redemption requests, (2) certain fees being claimed by Nead and/or Omniscope and the determination of such claims; and (3) clarification regarding the nature and extent of the Receiver's charge. The Receiver was able to confirm that first two issues were under consideration by the Receiver and would be addressed in due course during the administration of the receivership. The third issue was clarified to Omniscope's satisfaction. Subsequently, Omniscope advised the Receiver that it did not intend on pursuing a comeback motion without prejudice to seeking further direction on process and timing to review the fees claim. No other parties contacted the Receiver regarding the possible pursuit of a comeback motion.

Share Baskets Transactions

50. As previously discussed, proceeds from the Belmont Fund's offering of units were used to acquire the Share Baskets, which are pledged to the Counterparty subject to the Forward Contracts.

51. On August 17, 2009, the Counterparty advised the Receiver that Kinross Gold Corporation shares ("Kinross") a security held in both the CAD and USD Share Baskets, had declared a dividend, and at the ex-dividend date of September 21, 2009, would cease to be a Canadian Security for the purposes of subsection 39(6) of the *Income Tax Act* (Canada). The Counterparty requested that in both the CAD and USD Share Baskets that the Kinross shares be replace with Teck Cominco B shares ("Teck") (the " Teck Substitution"). The intent of the Teck Substitution was to remove the Kinross shares from the Belmont Fund before the ex-dividend date and substitute with a comparable investment. Substitution of shares is governed by the Forward Contracts, specifically, Section 7 Adjustments and Extraordinary Events.

52. On September 4, 2009, the Receiver approved the Teck Substitution. From both the CAD and USD Share Baskets, 8,322 and 25,535 shares respectively, of Kinross shares were sold. For both the CAD and USD Share Baskets, 7,516 and 23,028 shares respectively, of Teck shares were purchased. The transaction resulted in a

realized capital gains of approximately $275,000. Pursuant to the OM, any net income or loss from operations, including realized and unrealized gains/losses on investments are to be allocated to Limited Partners on an annual basis. The Receiver will determine the appropriateness tax treatment of the gain arising from the Teck Substitution and will report, as necessary, to the Unitholders and the General Partner.

53. The Receiver has not reviewed any prior share substitutions in the Share Baskets. According to Citigroup, there is a cumulative net capital loss of approximately $1.3 million as a result of similar basket change transactions since inception of the Belmont Fund. The Receiver will follow-up with the Counterparty to determine if, in addition to the Teck Substitution, there are net gains/losses on investments that need to be reported to the Unitholders and the General Partner.

IV. THE BELMONT FUND

Assets

54. As outlined above, the value of the Belmont Fund is derived from the Share Baskets, the Forward Contracts, and cash and cash equivalents, and indirectly the market value and return of the Segregated Portfolio. As a result, the value of the Belmont Fund is tied to the value of and potential recovery from the Segregated Portfolio (as further described herein).

55. As outlined above, the Share Baskets are pledged to the Counterparty. The principal asset of the Belmont Fund is the Forward Contracts. The value of the Forward Contracts is based on the market value of the Notional Investment. Therefore, the value of the Forward Contracts varies directly with the market value and return of the Segregated Portfolio. As a result, the value of the Belmont Fund is tied to the value of and potential recovery from the Segregated Portfolio.

Unitholdings in the Belmont Fund and Liabilities of the Belmont Fund

56. The Receiver continues to be uncertain of the total liabilities of the Belmont Fund with respect to the Unitholders, and creditors and other claimants ("the Creditors"). The Receiver has not determined any reasons not to rely on the books, records and client statements of RBC (the "RBC Unitholder Records") to determine the amounts invested by the Unitholders, including the number of Units held, the Receiver is of the view that the most effective method of determining the Creditor liabilities is to implement a claims procedure, as further described herein.

57. Based on the records available to the Receiver from RBC and Citigroup, the Receiver has identified that the number of units held by the Unitholders at the Receivership Date were as follows:

Class of Units	Number of units	Initial investment ('000s)

Class AC (CDN)	4,500.0	$450.0
Class FC (CDN)	152,958.9	$16,496.7
Class FU (USD)	38,123.3	$4,040.0

58. While the Limited Partnership Agreement provides that the General Partner may acquire Units in the Belmont Fund, it is the Receiver's understanding that the General Partner does not hold any Units.

59. The Receiver understands that the Belmont Fund's liabilities may include amounts owed to certain service providers or parties in the Investment Structure.

60. The OM describes the following fees and costs which are the responsibility of the Belmont Fund:

- a monthly administration fee to be paid to the General Partner (the "Administration Fee") to compensate the General Partner for the costs incurred in administering the Belmont Fund and to pay any applicable trailer fees or other dealer compensation fees;
- a annual fee due to the Counterparty, payable quarterly in arrears (the "Forward Fee");
- costs associated with the FX Hedge (the "FX Hedge costs"); and
- other expenses incurred in the ordinary course of the administration of the fund, including but not limited to, custodian, audit, legal, advisory and other related administration fees.

61. On October 16, 2009, Citigroup advised the Receiver that it has not received payment for its administrative services rendered for at least one year. The amount owing to Citigroup has not yet been confirmed by the Receiver.

62. In addition, the Receiver understands that the Belmont Fund may also have amounts owing to creditors with respect to unpaid trailer fees. The balances outstanding have not yet been confirmed by the Receiver.

63. In addition, the Receiver has received a claim from Nead/Ominiscope for $558,799.58 for fees and expenses. The Receiver is reviewing the claim and will incorporate this claim into the claims procedure proposed below.

64. At this time, the Receiver is only in a position to identify potential claims and the potential priorities of those claims against the Belmont Fund; however, the Receiver does not have funds available to satisfy any amounts due to Unitholders and Creditors at this time, pending the repatriation of value from the Segregated Portfolio to the Belmont Fund.

Net Asset Value ("NAV")

65. As discussed above the Receiver continues to be uncertain about the value of the total assets of the Belmont Fund and the amount of the total liabilities of the Belmont Fund. As a result, the Receiver is not in a position to calculate a NAV for the Belmont Fund.

66. The most recent NAV for the Belmont Fund was calculated by the Citigroup as at September 30, 2008. The table below is a summary of the September 30, 2008 NAV calculated by Citigroup for each class of Unitholder:

September 30, 2008	Total net assets value ('000s)	Number of units	NAV per unit
Class AC (CAD)	$288.4	4,500.0	$64.09
Class FC (CAD)	$10,984.7	152,958.8	$71.81
Class FU (USD)	$2,780.2	38,123.2	$72.92

67. **The Receiver observes that the September 30, 2008 NAV for the Belmont Fund is not necessarily indicative of the ultimate realizations available to the Unitholders, and that the current NAV for the Belmont Fund may be significantly less than the September 30, 2008 NAV.** The principal asset of the Belmont Fund is the Forwards Contracts, the value which varies directly with the market value and return of the Segregated Portfolio. Based upon information provided by Harcourt, the NAV of the Class A Shares of Segregated Portfolio (the "Class A NAV") has fluctuated significantly since August 31, 2008. For example,

- at August 31, 2008, the Class A NAV was approximately US$21.3 million;
- at February 28, 2009, approximately US$12.8 million; and
- at July 31, 2009, approximately US$10.2 million.

The Receiver had not recalculated the Class A NAV calculation; however, it is worth noting that the Receiver understands that the Class A NAV calculation above reflect the Second Vontobel Redemption Request (as defined and further described below) as a liability of the Segregated Portfolio, therefore reducing the NAV. Should the Second Vontobel Redemption Request be withdrawn, this will have an effect on the Class A NAV, and ultimately the NAV at the Belmont Fund level.

68. The most recent audited financial statements for the Belmont Fund are for the period ending December 31, 2007, attached hereto as **Appendix H**.

V. THE SEGREGATED PORTFOLIO

Segregated Portfolio Closing and Realization of Assets of Segregated Portfolio

69. Harcourt is overseeing the winding up of the Segregated Portfolio. Further to this, Harcourt provided the Receiver with a liquidity analysis which extends to the fourth quarter 2011 and beyond. The Receiver has requested regular updates in respect of the windup of the Segregated Portfolio and continues to collect any relevant supporting information with request to liquidity of the Underlying Funds of Funds (as defined below) from Harcourt.

70. The Segregated Portfolio is invested in various fee-free classes of specialized funds of hedge funds that are also managed by Harcourt (the "Underlying Funds of Funds"). The Receiver understands that the Segregated Portfolio was invested in the following fund of funds as at July 2009:

- Belmont Asset Based Lending Ltd. Belmont Asset Based Lending Ltd,
- Belmont Asia Ltd. Nov08-Redemption Share Class,
- Belmont Fixed Income Sep08-Redemption Share Class,
- Belmont Fixed Income Nov08-Redemption Share Class,
- Belmont Fixed Income Dec-08-Redemption Share Class, and
- Belmont Latin America Ltd. Nov08-Redemption Share Class.

71. The Receiver obtained the July 31, 2009 financial statements for the Segregated Portfolio from Harcourt on September 24, 2009, which are attached as **Appendix I**. According to these financial statements the NAV of the Segregated Portfolio as at June 30, 2009 is US$10,180,024, calculated as follows:

Fund Investments (Cost $12,030,420)	US$ 9,615,920
Cash	655
Dues from Brokers	1,714,803
Receivable for sold investments	349,062
Receivable from Belmont ABL	1,247,985
Total Assets	12,478,424
Less payables and accrued expenses	(35,500)
Payable to Vontobel for Repurchase of Participating Shares *	(2,262,900)
Net Assets	US$ 10,180,024

*The July 31, 2009 financial statement treat the Second Vontobel Redemption Request payable to Vontobel of $2,262,900 is the amount Harcourt says is payable to Vontobel for the Second Vontobel Redemption Request. As discussed above, the Receiver observes that the treatment and priority of payment of the Second Vontobel Redemption Request will affect the ultimate realization for the Unitholders

72. As at July 31, 2009, the reported total value of the Class A shares was approximately US$9.9 million. The total value of the Class B shares was approximately US$250,000.

73. As at August 21, 2009, as a result of distributions from the funds underlying the Segregated Portfolio, the total cash held in the Segregated Portfolio had increased to approximately US$2.1 million, from US$655,000 at July 31, 2009. The Receiver obtained confirmation of the cash balance from Citco.

74. For the investment management services that Harcourt provides to the Segregated Portfolio, Harcourt is entitled to receive a monthly management fee and a performance fee based on a percentage of the Segregated Portfolio's NAV, which the Receiver understands is calculated based on the equity in the Segregated Portfolio and is not based on the leveraged value of the Segregated Portfolio.

75. Subject to certain requirements, the Segregated Portfolio is to pay Harcourt a performance fee which is based on a percentage and is calculated and paid quarterly (the "Performance Fee"). The Receiver understands that where a net shortfall amounts arises in a subsequent fiscal year, Harcourt is not required to return the Performance Fee paid in respect of a prior period. Harcourt has advised the Receiver that no Performance Fees are outstanding and that given the financial performance of the Segregated Portfolio, Harcourt does not expect to earn any Performance Fees in the future.

Additional issues which may affect underlying values of Segregated Portfolio and therefore the Belmont Fund

76. The Receiver has, to date, identified two potential areas which may affect the underlying values of the Segregated Portfolio and the Belmont Fund, and which the Receiver continues to investigate:

    a) the Vontobel redemption requests; and

    b) the alleged foreign exchange hedge loss claimed by the Counterparty.

Vontobel Seed Capital and Redemption Requests

77. In August 2006, Vontobel invested seed capital in the Segregated Portfolio, with a subscription of 50,000 Class A Shares for US$5 million (the "Seed Capital'). The Receiver understands from discussions with Harcourt that they invested the Seed Capital around the time that the Investment Structure was set up. An objective of investing the Seed Capital was to increase the asset base of the Investment Structure to spread out the costs of the Investment Structure. Harcourt further advised the Receiver that the objective of spreading out the costs of the Investment Structure and did not depend on whether the Seed Capital was invested in the Segregated Portfolio or in the Belmont Fund. Harcourt further advised the Receiver that, generally speaking, seed money injections into any particular investment fund by Vontobel are removed as once the investment fund reaches a size to support the cost structure of the fund.

78. Harcourt advised the Receiver that sometime in May 2008 that Vontobel made the decision to withdraw the Seed Capital from the Segregated Portfolio. The decision was made to withdraw the Seed Capital in two installments. Further to this, Vontobel submitted a redemption request to Citco for 20,000 of its Class A shares

on May 9, 2008 (the "First Vontobel Redemption Request") to be redeemed using June 30, 2008 as the NAV date. The Receiver has received confirmation of the First Vontobel Redemption Request from Harcourt which is attached hereto as **Appendix J**. The Receiver understands from Harcourt that US$2 million was paid to Vontobel on August 4, 2008.

79. Based on documents provided by Harcourt, the Receiver understands that on June 23, 2008, Vontobel requested that the custodian for its shares in the Segregated Portfolio, SIS SegaInterSettle AG ("SIS"), make a redemption request for the balance of Vontobel's investment in the Segregated Portfolio (the "Second Vontobel Redemption Request") for a trade date at the end of September. SIS placed the Second Vontobel Redemption Request to Citco on August 5, 2008. The confirmation for the Second Vontobel Redemption Request from Citco dated August 5, 2008, attached hereto as **Appendix K**, indicates that the trade date was to be October 1, 2008, based on the September 30, 2008 NAV for the Segregated Portfolio, with a settlement date of October 30, 2008. Based on information provided by Harcourt, with the September 30, 2008 NAV of approximately US$75.43 per unit, the redemption amount claimed by Vontobel is US$2,262,900, which would result in a loss by Vontobel of approximately US$700,000 on its US$2 million investment.

80. The Receiver understands that no amounts have been paid to Vontobel with respect to the Second Vontobel Redemption Request. As previously mentioned, Harcourt has confirmed that all redemption payments have been frozen and pending discussions with the Receiver has undertaken not to pursue receiving payment of the Second Vontobel Redemption Request. If Vontobel had been paid out for the Second Vontobel Redemption Request, based on the September 30, 2008 NAV for the Belmont Fund of approximately US$75.43 per unit, it would have received US$2,262,900.

81. The two Vontobel redemption requests were the subject of a proposed derivative claim within the Oppression Application (the "Redemption Claim Application"). In the Appointment Order, the Court ordered that the Redemption Claim Application was to be addressed by the Receiver and the Court hearing the Dissolution Hearing. The Receiver continues to investigate the claims in the Redemption Claim Application and is in discussions with Harcourt and Vontobel with respect to a potential resolution thereof. Matters being discussed between the Receiver and Harcourt include the priority of any amounts due, if any, to Vontobel with respect to the Second Vontobel Redemption Request, including:

    i. whether Vontobel should be paid US$2,262,900 from the Segregated Portfolio for the repurchase of its Class A shares pursuant to the Second Vontobel Redemption Requests in priority to any distributions to any other shareholders in the Segregated Portfolio;

    ii. whether the timing of the Vontobel request results in Vontobel being considered a creditor versus holding an equity position as a holder of Class A Shares, at the date of the decision to wind up the Segregated Portfolio; or

iii. whether Vontobel should be considered to still hold 30,000 Class A shares and receive distributions from the Segregated Portfolio on a *pari passu* basis with other shareholders in the Segregated Portfolio.

82. The Receiver believes that the ongoing discussions with Harcourt and Vontobel in respect of the redemption requests are productive and seeks to continue discussions as well as its ongoing investigation. The Receiver shall continue to update the Court in respect of the Redemption Claim Application.

Unwind of the FX Hedge and Counterparty's claim to foreign exchange loss

83. On April 22, 2009, the Counterparty terminated the FX Hedge as contemplated by the OM ("FX Termination") based on the occurrence of a triggering event. The Counterparty advises the Receiver that it suffered a loss on termination of the foreign exchange hedge totaling approximately US$2.5 million (the "FX Loss").

84. The Receiver and legal counsel for RBC met with representatives of the Counterparty on August 31, 2009 at which time the Counterparty explained the mechanics of the calculation of the FX Loss. The Receiver has also received supporting documents from the Counterparty to support the calculation of the loss on the termination of the FX Hedge.

85. The Counterparty has settled US$2.5 million to its counterparty to the FX hedge (the "FX Hedge Counterparty"). In the normal course, the Counterparty would sell shares in the Segregated Portfolio to raise the funds to settle with the FX Hedge Counterparty, by sending a redemption request to the Segregated Portfolio to redeem sufficient shares to receive US$2.5 million. The Counterparty advises the Receiver, however, that it did not submit a redemption request for the FX Termination.

86. The Receiver continues to collect and review information with respect to priorities associated with the loss on termination of the foreign exchange hedge and is not yet in a position to present its view in this matter. The Receiver is continuing its review of this issue, as well as continuing discussion with the Counterparty in respect of potential determination and/or resolution of this issue, and will continue to update the Court in respect of its progress in addressing this issue. Matters which the Receiver continues to investigate include:

a. whether the Counterparty is entitled to be reimbursed for the FX Loss, and if so whether the Counterparty is to be reimbursed in cash or with Participating Shares:

b. if the Counterparty is to be reimbursed with Participating Shares, what is the appropriate number of shares;

c. if the Counterparty is to be reimbursed in cash, what is an appropriate amount and what is the Counterparty's priority for payment; and,

d. determine the impact of the FX Loss on the Unitholders, in particular the CAD Unitholders. As discussed above, the FX Hedge was placed to reduce the foreign exchange risk of the CAD Unitholders.

VII. CLAIMS PROCEDURE

Creditors and Other Claimants

87. The Receiver is of the view that it is advisable and prudent to implement a claims procedure as soon as possible in order to

- identify and quantify the claims of creditors and other claims against the Belmont Fund as at the Receivership Date;
- eliminate the need to go back to Court at a future date to have a claims procedure put in place; and
- to be in a position to expedite any distribution of the Belmont Fund's assets to the creditors/claimants and Limited Partners at the appropriate time.

88. The Receiver recommends that creditors and any other claimants complete a prescribed proof of claim form ("Proof of Claim") in a format similar to that utilized in a bankruptcy proceeding, substantially in the form attached to the draft Order attached to the Motion Record.

89. The Receiver shall send a Proof of Claim form, and any other materials as the Receiver considers necessary or appropriate, to each of the Belmont Fund's known creditors.

90. The Receiver shall publish a notice to creditors and any other claimants against the Belmont Fund, substantially in the form attached to the draft Order attached to the Motion Record, on the Receiver's website at www.kpmg.ca/belmontfund and in the following publications on one occasion: (1) The Globe & Mail (National Edition); and (2) La Presse.

91. The Receiver shall send a copy of the Proof of Claim, and any other materials as the Receiver considers necessary or appropriate, to any other party upon a request of such materials as soon as practicable.

92. The Receiver recommends that this Honourable Court establish a claims bar date of 4:00 p.m. (Eastern Standard Time) on December 5, 2009 for the filing of Proofs of Claim with the Receiver, failing which, all claims against the Companies are forever barred and extinguished.

93. The Receiver may disallow any proof of claim of a creditor or claimant, in whole or in part, by issuing a Notice of Disallowance, substantially in the form attached to the draft Order attached to the Motion Record. The Receiver will issue its Notices of Disallowance prior to any distribution.

94. Any claimant may appeal any disallowance of its claim by delivering a Notice of Appeal, substantially in the form attached to the draft Order attached to the Motion Record, within 30 calendar days from the receipt of a Notice of Disallowance failing which, the claim will be forever barred and extinguished.

Unitholders

95. The Limited Partners will not be required to submit a Proof of Claim in respect of their claims as unitholders of the Belmont Fund. With respect to the equity claims of and on behalf of Unitholders, in lieu of requiring formal proofs of claims to be filed by the Unitholders in respect of their equity claims, the Receiver intends to rely on RBC Unitholder Records. If required, the Receiver may seek further advice and direction of the Court in respect of Unitholders' claims.

96. RBC is to send to all Unitholders a notice, substantially in the form attached as **Appendix L** ("Unitholder Notice"), to each Unitholder within fourteen calendar days of this Order. The Unitholder Notice advises the Unitholders that they are not being requested by the Receiver to submit a proof of claim to the Receiver with respect to their investment in the Belmont Fund and that the Receiver is relying upon the RBC Unitholder Records. Unitholders are further advised that if they wish details of the information relating to their units, as submitted to the Receiver by RBC, they are to contact either the Receiver or RBC.

97. The Receiver believes it is appropriate to rely on the RBC Unitholder Records for the following reasons:

    a. RBC sends a client statement, which include details of the number of units held, to each Unitholders on a monthly and/or quarterly basis. Unitholders have the opportunity to report any discrepancies to RBC;

    b. RBC has historically reconciled its RBC Unitholder Records with the quarterly and monthly reports prepared by the fund administrator and/or custodian, which include information as to the units held by each unitholder; and

    c. through the Unitholder Notice, the Unitholders are being advised that the Receiver is relying upon the RBC Unitholder Records.

VIII. NEXT STEPS

Dissolution Hearing

98. The Dissolution Hearing was originally scheduled for August 27, 2009. At the request of the Receiver, with the consent of RBC the hearing was postponed in order that the Receiver be given additional time to accumulate and review relevant information and prepare options for the Dissolution Hearing. The Dissolution Hearing is now returnable October 21, 2009.

99. The order to be sought during the Dissolution Hearing (the "Dissolution Order") seeks to permit the Fund Dissolution to be effected upon the filing by the Receiver of a certificate that confirms that the Receiver has completed its realization on all of the Belmont Fund's property and distributed the proceeds of such realization to the persons entitled to receive such distributions.

100. Prior to being in a position to issue such a certificate, the Receiver will have to complete a number of tasks in respect of the realization of the Belmont Fund, including but not limited to:

a. finalizing a review of the financial position of the Belmont Fund and the Segregated Portfolio;

b. completing determinations and/or resolutions in respect of the Vontobel redemption request and the Counterparty's foreign exchange loss claim;

c. determining what steps must be required to repatriate the funds from the Segregated Portfolio, once available;

d. determining whether such repatriation will be effected through the use of the Forward Contracts presently in place, or through the collapse of such contracts, whereby the Belmont Fund could be a direct holder of Participating Shares, thereby removing the Counterparty from the Investment Structure. Such a determination will required a review of potential fee/cost savings, tax consequences and other matters that are associated with a decision to collapse the Forwards Contracts; and

e. calling for and determination of any claims against the Belmont Fund, and the priorities associated with such claims.

101. As part of its mandate in determining the next steps required to effect the dissolution of the Belmont Fund, it would benefit the Receiver to have the restriction previously imposed in paragraph 4 of the Appointment Order lifted, such that the Receiver shall have the authority and direction needed to effect the interim steps required to effect the dissolution of the Belmont Fund.

102. The Receiver may also seek the advice and direction of the Court in the course of undertaking the interim steps and will also return to the Court at such time as it is prepared to recommend and seek authority to distribute the assets of the Belmont Fund to the various stakeholders.

RESPECTFULLY SUBMITTED,

Dated the 19th day of October, 2009.

KPMG INC.
In its capacity as Court-appointed
receiver and manager of
Belmont Dynamic Growth Fund

JAMES HAGGERTY HARRIS and BELMONT DYNAMIC GROWTH FUND, an Ontario limited partnership

Applicant Respondent

Court File No: 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

FIRST REPORT OF KPMG INC., RECEIVER AND MANAGER OF BELMONT DYNAMIC GROWTH FUND

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Lawyers for KPMG Inc.

APPENDIX D

Court File No. 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

THE HONOURABLE	)	WEDNESDAY, THE 21st
	)	
JUSTICE HOY	)	DAY OF OCTOBER, 2009

IN THE MATTER OF AN APPLICATION PURSUANT
TO RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990,
Reg. 194 AND SECTION 35 OF THE *PARTNERSHIPS ACT*, R.S.O. 1990, c. P.5

IN THE MATTER OF AN APPLICATION PURSUANT TO
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.R.O. 1990, c. C. 43

B E T W E E N:

JAMES HAGGERTY HARRIS

Applicant

- and -

BELMONT DYNAMIC GROWTH FUND,
an Ontario limited partnership

Respondent

CLAIMS PROCEDURE ORDER

THIS MOTION, made by the Receiver of Belmont Dynamic Growth Fund, for an order approving the procedures and bar dates described in the First Report of the Receiver (the **"First Report"**), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion and the First Report, and on hearing the submissions of counsel for the Applicants, the Receiver and others, and on being advised that the Service List was served with the Notice of Motion herein:

DEFINITIONS

1. **THIS COURT ORDERS** that for purposes of this Order the following terms shall have the following meanings:

   a) "Belmont Fund" means the Belmont Dynamic Growth Fund;

   b) "Business Day" means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Toronto, Ontario;

   c) "Claim" means any right or claim of any Person against the Belmont Fund in connection with any indebtedness, liability or obligation of any kind whatsoever of the Belmont Fund, whether reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including without limitation any claim arising from or caused by the repudiation by the Belmont Fund of any contract, lease or other agreement, whether written or oral, the commission of a tort (intentional or unintentional), any breach of duty (legal, statutory, equitable, fiduciary or otherwise), any right of ownership or title to property, employment, contract, a trust or deemed trust, howsoever created, any claim made or asserted against the Belmont Fund or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any grievance, matter, action, cause or chose in action, whether existing at present or commenced in the future, based in whole or in part on facts which existed on the Receivership Filing Date, together with any other claims of any kind that, if unsecured, would constitute a debt provable in bankruptcy within the meaning of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3; provided that "Claim" shall not include any Excluded Claim. For greater certainty, a Creditor entitled to claim for interest under its applicable agreement with the Belmont Fund may claim for interest which has accrued on its Claim as of the Receivership Filing Date, but no claim for interest shall be made for interest accruing after that date;

   d) "Claims Bar Date" means 4:00 p.m. (Eastern Daylight Time) on December 5, 2009, or such other date as may be ordered by the Court;

e) "Claims Package" means the document package which shall include a copy of the Instruction Letter, a Proof of Claim and such other materials as the Receiver considers necessary or appropriate;

f) "Claims Procedure" means the procedures outlined in this order in connection with the assertion of Claims against the Belmont Fund, as amended or supplemented by further order of the Court;

g) "Court" means the Ontario Superior Court of Justice (Commercial List);

h) "Creditor" means any Person asserting a Claim;

i) "Excluded Claim" means (i) any Claims with respect to goods and/or services provided to the Belmont Fund after the Receivership Filing Date in accordance with the Initial Appointment Order; (ii) the .001% interest held by the Belmont Dynamic GP Inc.; (iii) the Unitholders' Claims or (iv) other Claims ordered by the Court to be treated as Excluded Claims;

j) "Governmental Agency" means any federal, provincial, state or local government, agency or instrumentality thereof or similar entity, howsoever designated or constituted exercising executive, legislative, judicial, regulatory or administrative functions in Canada, the United States, or elsewhere;

k) "Initial Appointment Order" means the Initial Order of the Honourable Mme. Justice Mesbur of the Ontario Superior Court of Justice (Commercial List) dated August 6, 2009, as may be amended from time to time;

l) "Instruction Letter" means the letter regarding completion of a Proof of Claim, which letter shall be substantially in the form attached hereto as Schedule "C";

m) "Known Creditors" means creditors which the books and records of the Belmont Fund disclose were owed money by the Belmont Fund as at the Receivership Filing Date which obligation remains unpaid in whole or in part;

n) "Limited Partners" means the 135 limited partners of the Belmont Fund;

o) "Notice to Creditors" means the notice substantially in the form attached hereto as Schedule "A";

p) "Person" means any individual, partnership, firm, joint venture, trust, entity, corporation, body corporate, unincorporated association or organization, trade union, employee or other association, Governmental Agency, or similar entity, howsoever designated or constituted and any individual or other entity owned or controlled by or which is the agent of any of the foregoing;

q) "Proof of Claim" means the form to be completed and filed by a Creditor setting forth its purported Claim, which proof of claim shall be substantially in the form attached hereto as Schedule "B";

r) "RBC" means, collectively, RBC Phillips, Hager & North Investment Counsel Inc. (**"RBC PH&N IC"**) and RBC Dominion Securities Inc. (**"RBCDS"**);

s) "Receiver " means KPMG Inc., in its capacity as the Court-appointed Receiver of the Belmont Fund;

t) "Receivership Filing Date" means August 6, 2009;

u) "Unitholders' Claim" means any claim filed by or on behalf of the Limited Partners of the Belmont Fund in respect of their equity holdings in the Belmont Fund.

NOTICE OF CLAIMS

2. **THIS COURT ORDERS** that the form of notice to Limited Partners of the making of this Order attached as Schedule "F" hereto is approved and RBC is authorized and directed to send a notice, substantially in the form attached as Schedule "F" to each Limited Partner within fourteen (14) calendar days of the date of this Order.

3. **THIS COURT ORDERS** that the Receiver shall publish a Notice to Creditors and any other claimants against the Belmont Fund, substantially in the form attached hereto as Schedule "A", on the Receiver's website and on one occasion in the following publications within twenty (20) calendar days of the date of this Order - the Globe and Mail (National Edition) and La Presse.

4. **THIS COURT ORDERS** that the Receiver shall post the Notice to Creditors and the Claims Package on the Receiver's website (at www.kpmg.ca/belmontfund) within ten (10) calendar days of the date of this Order.

5. **THIS COURT ORDERS** that the Receiver shall cause a copy of the Claims Package to be sent to any Known Creditors of the Belmont Fund, and any Person requesting such material as soon as practicable.

PROOFS OF CLAIM

6. **THIS COURT ORDERS** that, subject to paragraph 7 below, every Creditor asserting a Claim against the Belmont Fund shall set out its aggregate Claim in a Proof of Claim and deliver that Proof of Claim to the Receiver so that it is actually received by no later than the Claims Bar Date.

7. **THIS COURT ORDERS** that Limited Partners shall not be required to deliver a Proof of Claim to the Receiver in respect of their Unitholders' Claim; provided that this exception shall not apply to any Claim other than a Unitholders' Claim.

8. **THIS COURT ORDERS** that the Receiver is authorized and directed for purposes of determining the Unitholders' Claim, to rely on the books and records and statements maintained by RBC. The Receiver may seek further advice and directions of this Court, if required, in respect of the Unitholders' Claim.

9. **THIS COURT ORDERS** that, subject to paragraph 7, any Creditor who does not deliver a Proof of Claim in respect of a Claim in accordance with paragraph 6 shall be forever barred from asserting such Claim against the Belmont Fund and such Claim shall be forever extinguished and any holder of such Claim shall not be entitled to participate as a Creditor in these

proceedings or receive any further notice in respect of these proceedings or the Claims Procedure and shall not be entitled to receive any distributions from the Belmont Fund, or the Receiver on behalf of the Belmont Fund, in respect of such Claim.

FORM OF PROOFS OF CLAIM

10. **THIS COURT ORDERS** that any Claim denominated in any currency other than U.S. dollars shall, for the purposes of this Order, be converted to and shall constitute obligations in U.S. dollars, such calculation to be effected using the noon spot rate as at the Receivership Filing Date (Canadian dollar claims are to be converted at the rate of CDN$1.0759 = US$1).

DETERMINATION OF CLAIMS

11. **THIS COURT ORDERS** that the Receiver may disallow any proof of claim in whole or in part by delivering a Notice of Revision or Disallowance substantially in the form attached hereto as Schedule "D".

12. **THIS COURT ORDERS** that any Creditor who wishes to dispute the revision or disallowance of its Claim as asserted in its Proof of Claim pursuant to a Notice of Revision or Disallowance shall do so by delivery of a Notice of Dispute substantially in the form attached hereto as Schedule "E" within 30 calendar days from the date of receipt of the Notice of Revision or Disallowance, failing which the amount of the claim as outlined in the Notice of Revision or Disallowance shall be deemed binding for distribution and all other purposes.

13. **THIS COURT ORDERS** that the applicable procedures for determining any Claims disputed pursuant to a Notice of Dispute delivered in accordance with paragraph 12, shall be established by further Order of the Court. Notice of such procedures shall be provided to the service list in this Receivership

proceeding and any Person who has filed a Proof of Claim against the Belmont Fund in accordance with the Claims Procedure.

NOTICE OF TRANSFEREES

14. **THIS COURT ORDERS** that if a Creditor or any subsequent holder of a Claim who has been acknowledged by the Receiver as the holder of the Claim transfers or assigns that Claim to another Person, neither the Belmont Fund nor the Receiver shall be required to give notice to or to otherwise deal with the transferee or assignee of the Claim as the holder of such Claim unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been delivered to the Receiver. Thereafter, such transferee or assignee shall, for all purposes hereof, constitute the holder of such Claim and shall be bound by notices given and steps taken in respect of such Claim.

15. **THIS COURT ORDERS** that if a Creditor who has been acknowledged by the Receiver as the holder of the Claim transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfers or assignments shall not create separate Claims and such Claims shall continue to constitute and be dealt with as a single Claim notwithstanding such transfers or assignments. Neither the Belmont Fund nor the Receiver shall, in each such case, be required to recognize or acknowledge any such transfers or assignments and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim provided such Creditor may, by notice in writing delivered to the Belmont Fund and the Receiver, direct that subsequent dealings in respect of such Claim, but only as a whole, shall be dealt with by a specified Person and in such event, such Person shall

be bound by any notices given or steps taken in respect of such Claim with such Creditor.

GENERAL PROVISIONS

16. **THIS COURT ORDERS** that the Receiver, in addition to its prescribed rights and obligations under the *BIA* and under the Initial Appointment Order, shall assist the Belmont Fund in connection with the matters described herein, and is hereby authorized and directed to take such other actions and fulfill such other roles as are contemplated by this Order.

17. **THIS COURT ORDERS** that any notice or communication (including, without limitation, Proofs of Claim) to be given under this Order by a Creditor to the Receiver shall be in writing and, where applicable, in substantially the form provided for in this Order and will be sufficiently given only if delivered by electronic mail, facsimile, courier, personal delivery or prepaid mail addressed to:

    KPMG Inc., Court-appointed receiver and manager of Belmont Dynamic Growth Fund
    199 Bay Street, Suite 3300
    Toronto, ON M5L 1B2
    Attention: Johnny Chow
    Phone: 1-866-602-6745
    Fax: 416-777-3364
    Email: belmontfund@kpmg.ca

    Any such notice or other communication by a Creditor shall be deemed received only upon actual receipt thereof during normal business hours on a Business Day.

18. **THIS COURT ORDERS** that any notice or other communication to be given in connection with this Order by the Belmont Fund or the Receiver to a

Creditor, other than the Notice to Creditors to be published as provided in paragraph 3 herein, shall be in writing. Such notice or other communication will be sufficiently given to a Creditor if given by prepaid ordinary mail, by courier, by delivery or by facsimile transmission or electronic mail to the Creditor to such address, facsimile number or e-mail address appearing in the books and records of the Belmont Fund and Partnerships or in any Proof of Claim filed by the Creditor. Any such notice or other communication, (a) if given by prepaid ordinary mail, shall be deemed received on the third (3rd) Business Day after mailing within Ontario, the fifth (5th) Business Day after mailing elsewhere within Canada or to the United States and the tenth (10th) Business Day after mailing internationally; (b) if given by courier or delivery shall be deemed received on the next Business Day following dispatch; (c) if given by facsimile transmission or electronic mail before 5:00 p.m. on a Business Day shall be deemed received on such Business Day; and (d) if given by facsimile transmission or electronic mail after 5:00 p.m. on a Business Day shall be deemed received on the following Business Day.

19. **THIS COURT ORDERS** that in the event that the day on which any notice or communication required to be delivered pursuant to the Claims Procedure is not a Business Day then such notice or communication shall be required to be delivered on the next Business Day.

20. **THIS COURT ORDERS** that if, during any period during which notices or other communication are being given pursuant to this Order a postal strike or postal work stoppage of general application should occur, such notices or other communications then not received or deemed received shall not, absent further Order of this Court, be effective. Notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by electronic mail, courier, delivery or facsimile transmission in accordance with this Order.

21. **THIS COURT ORDERS** that references to the singular shall include the plural, references to the plural shall include the singular and to any gender shall include the other gender.

22. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this order.

23. **THIS COURT ORDERS** that the First Report and the activities of the Receiver as described therein are accepted and approved.

Joanne Nicoara
Registrar, Superior Court of Justice

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:
OCT 22 2009

PER / PAR:

Schedule "A"

Notice to Creditors

In the Matter of the Receivership of the Belmont Dynamic Growth Fund

NOTICE TO THE CREDITORS AND ANY OTHER CLAIMANTS OF

BELMONT DYNAMIC GROWTH FUND

On August 6, 2009, the Ontario Superior Court of Justice (Commercial List) appointed KPMG Inc. as the receiver and manager (the "Receiver") of the assets, undertakings and properties of Belmont Dynamic Growth Fund (the "Belmont Fund"). Belmont Fund is an investment fund that was established as a limited partnership pursuant to a Limited Partnership Agreement between Belmont Dynamic GP Inc., as general partner, and the limited partners.

On October 21, 2009, the Receiver obtained an Order (the "Claims Procedure Order") authorizing a process for creditors and any other claimants of the Belmont Fund to prove a claim against the Belmont Fund. The Receiver has made all relevant Court documents, including the Claims Procedure Order, and other information available at www.kpmg.ca/belmontfund.

Proofs of claim must be filed with the Receiver by December 5, 2009 at 4:00 pm (Eastern Standard Time). **Failure to submit your claim by the prescribed date will result in your claim being forever barred and extinguished.**

For information regarding the Belmont Fund's claims procedure please refer the materials available online at www.kpmg.ca/belmontfund. Alternatively, the Receiver can be contacted at the address below, by telephone at 1-866-602-6745 or by email to belmontfund@kpmg.ca.

KPMG Inc., in its capacity as
Court-appointed receiver and manager of
Belmont Dynamic Growth Fund
199 Bay Street, Suite 3300
Toronto ON M5L 1B2
Attention: Johnny Chow

Schedule "B"

Proof of Claim
(creditors and other claimants)

PROOFS OF CLAIM MUST BE DELIVERED BY EMAIL, FACSIMILE, COURIER, PERSONAL DELIVERY OR PREPAID MAIL ADDRESSED TO THE FOLLOWING ADDRESS:

KPMG Inc., Court-appointed receiver and manager of Belmont Dynamic Growth Fund
199 Bay Street, Suite 3300
Toronto ON M5L 1B2
Attention: Johnny Chow
Telephone: 1-866-602-6745
Fax: 416-777-3364
Email: belmontfund@kpmg.ca

PROOFS OF CLAIM MUST BE RECEIVED BY THE RECEIVER NO LATER THAN 4:00 PM (EASTERN STANDARD TIME) ON DECEMBER 5, 2009. FAILURE TO SUBMIT YOUR CLAIM BY THE PRESCRIBED DATE WILL RESULT IN YOUR CLAIM BEING FOREVER BARRED AND EXTINGUISHED.

In the matter of the James Haggerty Harris v. Belmont Dynamic Growth Fund, a Limited Partnership, of the City of Toronto in the Province of Ontario and the claim of _____, creditor.

I, _____(name of creditor or representative of creditor), of_____ (city and province), do herby certify:

1. That I am a creditor of the above-named debtor (or that I am _____ (state position or title) of (name of creditor or of the representative of the creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of receivership, namely the 6th day of August, 2009, and still is, indebted to the creditor in the sum of $_____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (*The attached statement of account, or affidavit or must specify the voucher or other evidence in support of the claim.*)

4. (*Check and complete appropriate category.*)

   ☐ A. UNSECURED CLAIM OF $_____
   That in respect of this debt, I do not hold any assets of the debtor as security.

   ☐ B. SECURED CLAIM OF $_____
   That in respect of this debt, I hold assets of the debtor valued at $_____ as security, particulars of which are as follows:

   (*Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.*)

   (Note: claims in a currency other than Canadian dollars are to be converted to Canadian dollars at the rate of Cdn$1 = US$1.0759.

   ☐ C. CLAIM BY A WAGE EARNER OF $_____

Dated at this day of , 2009.

_____ Witness _____ Creditor

Name: _____

Full Mailing Address:_____
_____
_____

Phone Number: _____
Fax Number:_____
E-mail Address:_____

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

Schedule "C"

Notice to Creditors of the Belmont Dynamic Growth Fund
INSTRUCTION LETTER FOR COMPLETING THE PROOF OF CLAIM

On August 6, 2009, KPMG Inc. was appointed Receiver and Manager of the Belmont Dynamic Growth Fund (the "Belmont Fund") pursuant to Order of Madam Justice Mesbur (the "Initial Order").

On October 21, 2009, the Receiver was granted an order (the "Claims Procedure Order") that establishes a process for creditors to prove claims against the Belmont Fund. Copies of the Initial Order and Claims Procedure Order can be found at www.kpmg.ca/belmontfund.

Proofs of claim must be received by the Receiver by 4:00 pm (Eastern Standard Time) on December 5, 2009 (the "Claims Bar Date"). Failure to submit your claim by the prescribed date will result in your claim being forever barred and extinguished.

In order to have a valid claim as a creditor of the Belmont Fund in Receivership, the enclosed Proof of Claim form must be properly completed and delivered to the Receiver, KPMG Inc. of the Belmont Fund.

This instruction letter is provided to assist you in preparing the accompanying Proof of Claim form in a complete and accurate manner. Creditors who require a proof of claim may download a form from the Receiver's website (www.kpmg.ca/belmontfund) or they may contact the Receiver at the address below for a copy of the form.

1 - General

- ❑ Ensure you include your complete name, address, telephone number and account number on the Proof of Claim.
- ❑ If you are completing the Proof of Claim on behalf of a corporation or other person, you must state the title or capacity in which you are acting.
- ❑ You must have knowledge of the circumstances connected with the claim.
- ❑ Please check (x) the type of claim which applies to you on the Proof of Claim form.
- ❑ The Proof of Claim form is incomplete UNLESS it has been signed and witnessed. The Proof of Claim must be dated and signed personally by the individual completing it. The signature of a witness is required.

2 - Unsecured Creditors

Amounts owed should be filed as an **Unsecured Claim** (Part 4A on the Proof of Claim form). The Proof of Claim is incomplete unless you include a statement (marked as "Schedule A") setting out particulars of the claim. The balance on this statement must be complete and agree with the balance claimed by you as of the date of receivership, August 6, 2009. Schedule A should be a detailed statement of account in respect of the Claim, including, but not limited to the date, number and amount of all invoices or charges, together with the date, number and amount of all credits or payments. If an affidavit is attached, it must have been sworn to before a person qualified to take affidavits.

3 - Delivery of Proof of Claim to the Receiver

The Proof of Claim should be delivered to the Receiver at the following address:

KPMG Inc., in its capacity as
Court-appointed receiver and manager of
Belmont Dynamic Growth Fund

199 Bay Street, Suite 3300
Toronto ON M5L 1B2
Attention: Johnny Chow
Email: belmontfund@kpmg.ca

Proofs of claim must be received by 4:00 pm (Eastern Standard Time) on December 5, 2009.

CLAIMS WHICH ARE NOT RECEIVED BY THE CLAIMS BAR DATE WILL BE BARRED AND EXTINGUISHED FOREVER.

NOTE: If there are any questions in completing this Proof of Claim, please contact the Receiver at the address above, call the informational line at 1-866-602-6745 or send email to belmontfund@kpmg.ca.

Schedule "D"

Court File No. 09-8308-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE RECEIVERSHIP OF
BELMONT DYNAMIC GROWTH FUND

NOTICE OF REVISION OR DISALLOWANCE OF CLAIM

TO:

Name of Creditor: _____

Reference #: _____

RE: **Your Claim Against Belmont Dynamic Growth Fund**

Take notice that KPMG Inc., in its capacity as Court-appointed receiver and manager (the "Receiver") of the assets, undertakings and properties of Belmont Dynamic Growth Fund (the "Belmont Fund"), has revised and/or disallowed your claim in the amount of $●/ in whole or in part for the following reasons:

And further take notice that in accordance with the Claims Procedure Order of the Court dated October 21, 2009, if you are dissatisfied with the Receiver's decision in respect of your claim, you may dispute the Receiver's decision to the Court by no later than 30 calendar days from the receipt of this Notice of Revision or Disallowance. A copy of the Claims Procedure Order and form of Notice of Dispute may be obtained on the Receiver's website at www.kpmg.ca/belmontfund, or by contacting the undersigned at the address below.

Address for service of Notices of Dispute:

KPMG Inc., in its capacity as
Court-appointed receiver and manager of
Belmont Dynamic Growth Fund
199 Bay Street, Suite 3300

Toronto ON M5L 1B2
Attention: Johnny Chow

IF YOU FAIL TO TAKE THIS ACTION WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU FOR DISTRIBUTION AND OTHER PURPOSES.

DATED at the City of Toronto, this ● day of ●, 20●.

KPMG Inc., in its capacity as
Court-appointed receiver and manager of
Belmont Dynamic Growth Fund
199 Bay Street, Suite 3300
Toronto ON M5L 1B2
Attention: Johnny Chow

Per: _____

[Name]
[Title]

Schedule "E"

Court File No. 09-8308-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE RECEIVERSHIP OF
BELMONT DYNAMIC GROWTH FUND

NOTICE OF DISPUTE OF DISALLOWANCE OR REVISION OF CLAIM

TO: KPMG INC., RECEIVER AND MANAGER OF BELMONT DYNAMIC GROWTH FUND

FROM: Name of Creditor: _____

RE: Reference #: _____

The creditor or claimant herein disputes the Notice of Revision or Disallowance of Claim dated the ●day of ●, 20●.

The creditor or claimant disputes the Notice of Disallowance of Claim for the reasons set out in the attached Appendix "A":

[You must attach an Appendix "A" setting out the reasons for the dispute]

DATED at the City of this ● day of ● , 20●

_____
CREDITOR OR CLAIMANT

Name: _____

Address: _____
_____
_____

Phone Number: _____
Fax Number: _____
Email Address: _____

THIS FORM AND SUPPORTING DOCUMENTATION TO BE RETURNED BY PERSONAL SERVICE, EMAIL, FACSIMILE OR COURIER TO THE ADDRESS INDICATED HEREIN AND TO BE RECEIVED WITHIN 30 CALENDAR DAYS OF THE DATE OF THE NOTICE OF REVISION OR DISALLOWANCE, FAILING WHICH THE NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU FOR DISTRIBUTION OR OTHER PURPOSES.

Address for Service of Notice of Dispute:

KPMG Inc., in its capacity as
Court-appointed receiver and manager of
Belmont Dynamic Growth Fund
199 Bay Street, Suite 3300
Toronto ON M5L 1B2
Attention: Johnny Chow

Schedule "F"

RBC NOTICE TO LIMITED PARTNERS

[Date]

[Address]

Dear Client,

Re: Belmont Dynamic Growth Fund

We are writing to you in connection with your investment in the Fund.

Further to our letter to you dated August •, 2009, [•RBCDS or RBCPHN] determined that a Court supervised receivership and dissolution process would be the most appropriate way to dissolve the Fund. Further to this, an application was made to the Court for a Court-supervised receivership and dissolution of the Fund that is the subject of two separate Court hearings. At the first hearing on August 6, 2009, the court issued an order appointing KPMG Inc. as the Receiver and Manager of the Fund (the "Receiver"). The second hearing, which was originally scheduled to take place on August 27, 2009, took place on October 21, 2009 (the "Dissolution Hearing").

Dissolution Hearing

[On October 21, 2009, the Court granted an order permitting the dissolution of the Fund to commence. The Receiver shall undertake the interim steps required to effect the dissolution and once these steps are effected, will file a certificate which will result in the final dissolution of the Fund.]

Claims Process

On October 19, 2009 the Receiver issued its First Report to the Court (the "First Report"). A copy of the First Report is available for review at www.kpmg.ca/belmontfund.

In the First Report, among other things, the Receiver advised the Court that it intends to undertake a claims process to quantify the liabilities of the Fund. While the Receiver is not yet in a position to make any distributions to the Unitholders of the Fund, the Receiver believes that it would be prudent to obtain this information as soon as possible. With respect to the number of units held in the Fund, the Receiver will be relying upon the records of [•RBCDS or RBCPHN] and will not be requesting information from the Limited Partners, nor requiring the Limited Partners to file a claim in respect of their equity claims.

With respect to the claims process, the attached Notice will be published in the Globe and Mail and LaPresse within the next few weeks inviting any creditors or other claimants of the Fund to present their claims to the Receiver. **Please note this notice is <u>not</u> requesting you or any other RBC client to submit a proof of claim to the Receiver with respect to your investment in the Fund.** The information necessary to substantiate the unitholders' claims has been provided by RBC to the Receiver. If you wish details of the information relating to your unitholdings, as submitted to the Receiver, please contact the undersigned or the Receiver at belmontfund@kpmg.ca.

If you have any other potential claims against the Fund, other than in respect of your unitholdings, it will be necessary to file a claim in accordance with the claims procedures in place, details of which can be found at www.kpmg.ca/belmontfund. Please note the claims bar date has been set as December 5, 2009 at 4:00 pm (Eastern Standard Time).

Should you have any questions or concerns, please contact your Investment Counselor or KPMG at [•].

Yours truly,

JAMES HAGGERTY HARRIS	and	BELMONT DYNAMIC GROWTH FUND, an Ontario limited partnership	Court File No: 09-8302-00CL
Applicant		Respondent	

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSUC#: 35638M
Tel: (416) 869-5623
Fax: (416) 861-0445

Lawyers for KPMG

APPENDIX E

KPMG Inc.
Bay Adelaide Centre
333 Bay Street Suite 4600
Toronto ON M5H 2S5
Canada

Telephone (416) 777-8500
Fax (416) 777-3364
Internet www.kpmg.ca

First Reporting Letter to Investors - February 24, 2010

NOTICE

The Receiver is relying upon records and information available from the Belmont Fund and from third parties. The Receiver's review of this information does not encompass an audit of the financial position or operating results of the Belmont Fund. 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 administration of the receivership. The Receiver may refine or alter its observations as further information is obtained or is brought to its attention after the date of this report.

Dear Sir or Madam:

RE: RECEIVERSHIP OF BELMONT DYNAMIC GROWTH FUND (THE "BELMONT FUND")

We are writing to update you on certain matters regarding the receivership of the Belmont Fund, in our capacity as Court-appointed Receiver and Manager of the Belmont Fund (the "Receiver"). All capitalized terms used herein and not otherwise defined are as defined in the Receiver's First Report to the Court dated October 19, 2009 (the "First Report"). A copy of the First Report is available for review at www.kpmg.ca/belmontfund/.

Segregated Portfolio

The principal assets of the Belmont Fund are the Forward Contracts, the values of which vary directly with the market value and return of the Segregated Portfolio. As a result, the value of the Belmont Fund is tied to the value and ultimate recovery from the Segregated Portfolio.
The Segregated Portfolio is itself presently in wind-up, with Harcourt Investment Consulting AG ("Harcourt") overseeing the winding up. A number of factors affect the value, timing and entitlement to any potential recoveries from the Segregated Portfolio. Two significant factors are a) the nature of the underlying investments of the Belmont Fund and b) the priority of distributions from the Segregated Portfolio.

KPMG Inc. is a subsidiary of KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

KPMG

a) Investments of the Segregated Portfolio

From our review of information received from Harcourt and discussions with Harcourt, we note that the Segregated Portfolio is invested in cash and five funds of hedge funds that are also managed by Harcourt (the "Belmont Fund of Funds"). The Belmont Fund of Funds are invested in approximately 90 funds (the "Underlying Funds"), which are not managed by Harcourt. We understand from Harcourt that a majority of the dollar amounts invested in the Underlying Funds are invested in illiquid assets.

The Receiver has also been advised by Harcourt that there are three basic types of investments held in the Underlying Funds: 1) high yield fixed income instruments for which there are currently no buyers for the loans and/or where any recoveries from the sale of any assets supporting the loans may not, given the current market conditions, cover the amount of the loan; 2) equity positions in small-cap companies which have not been able to obtain financing to buy out the existing investors; and 3) private loans for which refinancing is not available.

Harcourt has provided the Receiver with a liquidity analysis, dated September 30, 2009, which forecasts recoveries from the Underlying Funds through to November 2012 and beyond. The Receiver understands that the liquidity analysis is prepared by Harcourt from information received directly or indirectly from the administrators of the Underlying Funds.

Harcourt has limited ability to assess the accuracy of the valuations received directly or indirectly from the administrators or portfolio managers of the Underlying Funds. Furthermore, the values received from the Underlying Fund Managers may consist of estimates only. Due to a number of factors, including the uncertainty of future events, there can be no assurance that the value at which an investment is recorded in the accounting records of a particular Underlying Fund at any particular time will not later be reduced, or that a fund will be able to liquidate the investment at that value or at any other amount.

The Receiver obtained the Net Asset Value ("NAV") statement for the Segregated Portfolio for the period from January 1, 2009 to November 30, 2009 from Harcourt on January 28, 2010. According to these financial statements the NAV of the Segregated Portfolio as at November 30, 2009 is US$10.1 million, calculated as follows:

Investments (Cost US$11,340,681)	US$8,455,622
Cash	9,910
Dues from brokers	3,054,718
Receivable from Belmont ABL**	827,985
Total Assets	12,348,235
Other payables and accrued expenses	(34,680)
Payable to Vontobel for Repurchase of Participating Shares*	(2,262,900)
Net Assets	US$10,050,655

*The November 30, 2009 financial statement treats the Second Vontobel Redemption Request, discussed below, as a priority payment to Vontobel.
** Belmont ABL is one of the Belmont Fund of Funds

As reported in the First Report, the NAV of the Segregated Portfolio at July 31, 2009 was approximately US$10.2 million.

b) Distributions from the Segregated Portfolio

In the First Report, the Receiver discussed how the treatment and priority of payments from the Segregated Portfolio, including The Vontobel Group ("Vontobel") redemption requests (the "Vontobel Redemption Requests") and the alleged foreign exchange hedge loss claimed by the Counterparty to the Forward Contract ("Counterparty FX Claim"), will affect the amount realized by the Limited Partners.

The Receiver has been in discussions with Vontobel with respect to the priority of the Vontobel Redemption Requests from the Segregated Portfolio, and has reached a proposed resolution ("the Proposed Vontobel Resolution"). The effect of the Proposed Vontobel Resolution would be that Vontobel would not be paid the full amount of the Second Vontobel Redemption Request of US$2.3 million in priority to other unitholders of the Segregated Portfolio, and that with respect to the Second Vontobel Redemption request, based upon agreed formulas, Vontobel will receive a pro rata share of any distributions to be paid out over time from the Segregated Portfolio. The Receiver will in due course seek approval of the Court for the Proposed Vontobel Resolution. Prior to seeking the approval of the Court, the Receiver will file a report with the Court with further details of the Proposed Vontobel Resolution.

With respect to the Counterparty FX Claim of US$2.5 million, the Counterparty has filed a claim into the Receivership in respect of this amount, as well as other amounts/fees. The Receiver has been in communication with the Counterparty; however, to date the parties have not reached an agreed resolution to the treatment of the foreign exchange loss. In order to resolve this matter, the Receiver anticipates that it will be seeking the direction of the Court.

Estimated NAVs for the Belmont Dynamic Growth Fund

The Receiver has not calculated estimated NAVs for the Belmont Fund. As discussed, above the value of the Belmont Fund is tied to the value and potential recovery from the Segregated Portfolio. The amount of any potential recoveries from the Segregated Portfolio will be affected by the resolution of the Vontobel Redemption Requests and the Counterparty FX claim. In addition, the costs of the receivership and the resolution of the Pre-receivership Claims (as defined below) will also affect the ultimate recovery for the unitholders.

Claims Process

While the Receiver is not yet in a position to distribute Belmont Fund assets to creditors/claimants and Limited Partners, the Receiver is taking steps to be in a position to expedite distributions as soon as funds are available to the Receiver. Further to this objective, the Receiver has undertaken a claims process to identify the liabilities of the Belmont Fund as of the Receivership Date (August 6, 2009). The Receiver received six claims (the "Pre-receivership Claims") and is now reviewing the Pre-receivership Claims to determine (i) whether to admit each claim in whole or in part or to disallow the claim and (ii) the priority of those admitted claims.

With respect to the investments of the Unitholders in the Belmont Fund, the Unitholders are not required to submit proofs of claims. Through a Unitholder Notice, dated October 26, 2009 mailed by RBC to all Unitholders, RBC advised all Unitholders that the Receiver is relying upon the RBC Unitholder Records and that no action was required by the Unitholders. In the Unitholder Notice, Unitholders were invited to contact either RBC or the Receiver if they wished information about their unitholdings as provided by RBC to the Receiver.

Tax Matters

As the Belmont Fund is not a taxable entity, each Unitholder is required to include in his or her income or loss for tax purposes, the appropriate share of income or loss allocated to each unitholder for each fiscal year end of the Belmont Fund (December 31, xxxx).

We understand that T5013 forms for the years ended December 31, 2006, December 31, 2007 and December 31, 2008 were provided to the Unitholders prior to the appointment of Receiver. The Receiver is reviewing these T5013s filings in order to prepare the tax filings for the year for the year ended December 31, 2009. The Receiver will be preparing T5013 forms and anticipates forwarding these to unitholders by March 31, 2010.

The Receiver expects to file its next report with the Court within the next two months.

The contact information for the Receiver is as follows:

Email: belmontfund@kpmg.ca
Tel.: 1-866-602-6745

Yours very truly,

KPMG INC.
COURT APPOINTED RECEIVER AND MANAGER OF BELMONT DYNAMIC GROWTH FUND

Per: Elizabeth Murphy
Vice President

APPENDIX F

IN THE MATTER OF THE RECEIVERSHIP OF
BELMONT DYNAMIC GROWTH FUND

NOTICE TO CREDITORS AND ANY OTHER CLAIMANTS

On August 6, 2009, the Ontario Superior Court of Justice (Commercial List) appointed KPMG Inc. as the receiver and manager (the "Receiver") of the assets, undertakings and properties of Belmont Dynamic Growth Fund (the "Belmont Fund"). Belmont Fund is an investment fund that was established as a limited partnership pursuant to a Limited Partnership Agreement between Belmont Dynamic GP Inc., as general partner, and the limited partners.

On October 21, 2009, the Receiver obtained an Order (the "Claims Procedure Order") authorizing a process for creditors and any other claimants of the Belmont Fund to prove a claim against the Belmont Fund. The Receiver has made all relevant Court documents, including the Claims Procedure Order, and other information available at www.kpmg.ca/belmontfund.

Proofs of claim must be filed with the Receiver by December 5, 2009 at 4:00 pm (Eastern Standard Time). **Failure to submit your claim by the prescribed date will result in your claim being forever barred and extinguished.**

For information regarding the Belmont Fund's claims procedure please refer the materials available online at www.kpmg.ca/belmontfund. Alternatively, the Receiver can be contacted at the address below, by telephone at 1-866-602-6745 or by email to belmontfund@kpmg.ca.

KPMG Inc., in its capacity as Court-appointed receiver and manager of
Belmont Dynamic Growth Fund
199 Bay Street, Suite 3300
Toronto ON M5L 1B2
Attention: Johnny Chow

KPMG

DANS L'AFFAIRE DE LA MISE SOUS SÉQUESTRE
BELMONT DYNAMIC GROWTH FUND

AVIS AUX CRÉANCIERS ET À TOUT AUTRE REQUÉRANT

Le 6 août 2009, la Cour supérieure de justice de l'Ontario (Rôle Commercial) a nommé KPMG Inc. à titre d'administrateur-séquestre (le « séquestre ») des actifs, des activités et des biens de Belmont Dynamic Growth Fund (le « Fonds Belmont »). Le Fonds Belmont est un fonds d'investissement qui a été établi en tant que société en commandite en vertu d'un contrat de société en commandite conclu entre Belmont Dynamic GP Inc., en tant que commandité, et les commanditaires.

Le 21 octobre 2009, le séquestre a obtenu une ordonnance (l'« ordonnance de procédure de présentation des réclamations ») autorisant la tenue d'un procès dans le cadre duquel les créanciers et tout autre requérant du Fonds Belmont devront faire la preuve de la réclamation qu'ils présentent contre le Fonds Belmont. Le séquestre a rendu disponibles tous les documents judiciaires pertinents, y compris l'ordonnance de procédure de présentation des réclamations, et d'autres informations à l'adresse : www.kpmg.ca/belmontfund.

Les preuves de réclamation doivent être soumises au séquestre au plus tard le 5 décembre 2009 à 16 h (heure normale de l'Est). Toute omission de soumettre votre réclamation d'ici la date prescrite fera en sorte que votre réclamation sera jugée irrecevable et éteinte pour toujours.

Pour obtenir des renseignements à propos de la procédure de présentation des réclamations, veuillez vous reporter aux documents disponibles en ligne à l'adresse www.kpmg.ca/belmontfund. Par ailleurs, vous pouvez communiquer avec le séquestre à l'adresse indiquée ci-dessous, par téléphone au 1-866-602-6745 ou par courriel à belmontfund@kpmg.ca

KPMG Inc., en sa qualité d'administrateur-séquestre
de Belmont Dynamic Growth Fund
nommé par la Cour
199, rue Bay, bureau 3300
Toronto (Ontario) M5L 1B2
À l'attention de Johnny Chow

KPMG

2017386A

APPENDIX G

RBC Phillips, Hager & North
Investment Counsel™

October 26, 2009

0021

RBC Phillips, Hager & North Investment Counsel Inc.
Royal Trust Tower
77 King Street West, 39th Floor
Toronto, Ontario M5W 1P9

Re: Belmont Dynamic Growth Fund (the "Fund")

We are writing to you in connection with your investment in the Fund.

The following is an update on KPMG's progress in dissolving this Fund as well as details on the recent hearing and an update on the claims process.

As mentioned in my letter to you earlier this year, dated August 7, 2009, RBC Phillips, Hager & North Investment Counsel Inc. ("RBC PH&N IC") had determined that a Court-supervised receivership and dissolution process would be the most appropriate way to dissolve the Fund and expedite distributions. An application had been made to the Court for a Court-supervised receivership and dissolution of the Fund that would be the subject of two separate Court hearings. At the first hearing on August 6, 2009, the court had issued an order appointing KPMG Inc. as the Receiver and Manager of the Fund (the "Receiver" or "KPMG"). The second hearing, which was originally scheduled to take place on August 27, 2009, instead took place on October 21, 2009 (the "Dissolution Hearing").

Dissolution Hearing

At the Dissolution Hearing, the Court issued additional orders that allow KPMG to proceed, to quantify any claims, and after reporting to the Court, undertake any distributions to unitholders.

Claims Process

On October 19, 2009, KPMG issued its First Report of Receiver to the Court (Court File No. 09-8302-00CL, the "First Report"), a copy of which is attached. Please note that the attachments to the First Report are available online at www.kpmg.ca/belmontfund. If you would like us to send you a copy of these additional documents, please contact your Investment Counsellor.

In the First Report, among other things, KPMG advised the Court that it intends to undertake a claims process to quantify the liabilities of the Fund. While they are not yet in a position to make any distributions to unitholders (the "Limited Partners") of the Fund, KPMG believes that it would be prudent to obtain this information as soon as possible. With respect to the number of units held by Limited Partners in the Fund, KPMG will be relying upon the records of RBC PH&N IC and will not be requesting information from you as a Limited Partner of the Fund.

With respect to the claims process, the attached Notice to Creditors will be published in the Globe and Mail and La Presse within the next few weeks inviting any creditors or other claimants of the Fund to present their claims to KPMG. As previously mentioned, your holdings in the Fund are already on record with RBC PH&N IC and you do not need to take any action regarding this Notice to Creditors.

First Report of the Receiver

In the First Report, KPMG advised the Court of the following matters:

Activities of the Receiver

Since its appointment, KPMG has undertaken a number of actions, including:

- Taking steps to locate and secure the books and records of the Fund;
- Meeting with relevant parties to obtain background information on the investments of the Fund and events which took place prior to their appointment as Receiver;
- Identifying and safeguarding the known assets of the Fund;
- Beginning to develop a realization plan with the objective of distributing the maximum value to Limited Partners;
- Continuing to compile information with respect to the value of the Fund's assets; and
- Communicating with key stakeholders and developing a proposed claims process in respect of claims against the Fund.

Issues to be resolved

As indicated above, KPMG must first determine the value of all assets and liabilities of the Fund prior to making any distributions to unitholders. The principal assets of the Fund are two forward contracts, the value of which vary directly with the market return of the Belmont Dynamic Segregated Portfolio (the "Segregated Portfolio"). The Segregated Portfolio is in turn invested in various funds of hedge funds, certain of which may be illiquid and difficult to value.

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- National Bank incurred a loss when it closed out the Fund's foreign currency hedging contract. The value and timing of this payment could significantly affect the valuation of the Fund; and
- Any outstanding claims against the Fund must be settled prior to any distributions to unitholders.

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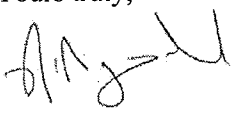
KPMG also reported that the total net assets in the Segregated Portfolio as of August 31, 2008 were USD$21.3 million and that as of July 31, 2009, this figure was approximately USD $10.2 million. However, this amount does not reflect any impact from the issues outlined above. As indicated by KPMG, the valuations that have been published in the court documents are not necessarily indicative of what the ultimate realizations will be to unitholders.

We continue to provide our full support and cooperation to KPMG and we are pleased with the progress they have made to date in this complex matter. We will continue to provide updates as they become available. Thank you for your patience as we work to bring this matter to a timely and satisfactory resolution.

If you have any questions, feel free to contact either myself, your Investment Counsellor or KPMG directly.

Yours truly,



Rob McDonald
Chief Operating Officer and Managing Director,
RBC Phillips, Hager & North Investment Counsel Inc.
Email: rob.mcdonald@rbc.com
Tel.: (416) 956-9619

KPMG
Website: http://www.kpmg.ca
Email: belmontfund@kpmg.ca
Tel.: 1-866-602-6745

RBC Phillips, Hager & North
Services-conseils en placements[mc]

Le 26 octobre 2009

004

RBC Phillips, Hager & North
Services-conseils en placements
Royal Trust Tower
77 King Street West, 39th Floor
Toronto, Ontario M5W 1P9

Fond Belmont Croissance Dynamique (« Fund »)

Nous vous écrivons au sujet de votre placement dans le fonds mentionné ci-haut. La cour nous a ordonné de vous faire parvenir ce document immédiatement. Bien qu'il ne soit disponible qu'en anglais pour l'instant, nous vous le faisons parvenir afin que vous ayez en votre possession tous les détails importants le plus rapidement possible. Comme nous savons que votre langue de préférence est le français, nous traduirons ce document et nous vous ferons parvenir une version en français dès que possible. Dans l'entremise, veuillez contacter votre gestionnaire de portefeuilles pour toute question ou préoccupation.

The following is an update on KPMG's progress in dissolving this Fund as well as details on the recent hearing and an update on the claims process.

As mentioned in my letter to you earlier this year, dated August 7, 2009, RBC Phillips, Hager & North Investment Counsel Inc. ("RBC PH&N IC") had determined that a Court-supervised receivership and dissolution process would be the most appropriate way to dissolve the Fund and expedite distributions. An application had been made to the Court for a Court-supervised receivership and dissolution of the Fund that would be the subject of two separate Court hearings. At the first hearing on August 6, 2009, the court had issued an order appointing KPMG Inc. as the Receiver and Manager of the Fund (the "Receiver" or "KPMG"). The second hearing, which was originally scheduled to take place on August 27, 2009, instead took place on October 21, 2009 (the "Dissolution Hearing").

Dissolution Hearing

At the Dissolution Hearing, the Court issued additional orders that allow KPMG to proceed, to quantify any claims, and after reporting to the Court, undertake any distributions to unitholders.

Claims Process

On October 19, 2009, KPMG issued its First Report of Receiver to the Court (Court File No. 09-8302-00CL, the "First Report"), a copy of which is attached. Please note that the attachments to the First Report are available online at www.kpmg.ca/belmontfund. If you would like us to send you a copy of these additional documents, please contact your Investment Counsellor.

In the First Report, among other things, KPMG advised the Court that it intends to undertake a claims process to quantify the liabilities of the Fund. While they are not yet in a position to make any distributions to unitholders (the "Limited Partners") of the Fund, KPMG believes that it would be prudent to obtain this information as soon as possible. With respect to the number of units held by Limited Partners in the Fund, KPMG will be relying upon the records of RBC PH&N IC and will not be requesting information from you as a Limited Partner of the Fund.

With respect to the claims process, the attached Notice to Creditors will be published in the Globe and Mail and La Presse within the next few weeks inviting any creditors or other claimants of the Fund to present their claims to KPMG. As previously mentioned, your holdings in the Fund are already on record with RBC PH&N IC and you do not need to take any action regarding this Notice to Creditors.

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Activities of the Receiver

Since its appointment, KPMG has undertaken a number of actions, including:

- Taking steps to locate and secure the books and records of the Fund;
- Meeting with relevant parties to obtain background information on the investments of the Fund and events which took place prior to their appointment as Receiver;
- Identifying and safeguarding the known assets of the Fund;
- Beginning to develop a realization plan with the objective of distributing the maximum value to Limited Partners;
- Continuing to compile information with respect to the value of the Fund's assets; and
- Communicating with key stakeholders and developing a proposed claims process in respect of claims against the Fund.

Issues to be resolved

As indicated above, KPMG must first determine the value of all assets and liabilities of the Fund prior to making any distributions to unitholders. The principal assets of the Fund are two forward contracts, the value of which vary directly with the market return of the Belmont Dynamic Segregated Portfolio (the "Segregated Portfolio"). The Segregated Portfolio is in turn invested in various funds of hedge funds, certain of which may be illiquid and difficult to value.

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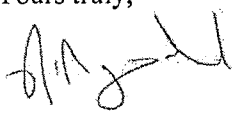
We continue to provide our full support and cooperation to KPMG and we are pleased with the progress they have made to date in this complex matter. We will continue to provide updates as they become available. Thank you for your patience as we work to bring this matter to a timely and satisfactory resolution.

If you have any questions, feel free to contact either myself, your Investment Counsellor or KPMG directly.

Yours truly,



Rob McDonald
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KPMG
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Tel.: 1-866-602-6745

RBC Dominion Securities

October 26, 2009

002

RBC Dominion Securities Inc.
P.O. Box 50, Royal Bank Plaza
200 Bay Street, North Tower
Toronto, Ontario M5J 2W7

Re: Belmont Dynamic Growth Fund (the "Fund")

We are writing to you in connection with your investment in the Fund.

The following is an update on KPMG's progress in dissolving this Fund as well as details on the recent hearing and an update on the claims process.

As mentioned in my letter to you earlier this year, dated August 7, 2009, RBC Dominion Securities Inc. ("RBC DS") had determined that a Court-supervised receivership and dissolution process would be the most appropriate way to dissolve the Fund and expedite distributions. An application had been made to the Court for a Court-supervised receivership and dissolution of the Fund that would be the subject of two separate Court hearings. At the first hearing on August 6, 2009, the court had issued an order appointing KPMG Inc. as the Receiver and Manager of the Fund (the "Receiver" or "KPMG"). The second hearing, which was originally scheduled to take place on August 27, 2009, instead took place on October 21, 2009 (the "Dissolution Hearing").

Dissolution Hearing

At the Dissolution Hearing, the Court issued additional orders that allow KPMG to proceed, to quantify any claims, and after reporting to the Court, undertake any distributions to unitholders.

Claims Process

On October 19, 2009, KPMG issued its First Report of Receiver to the Court (Court File No. 09-8302-00CL, the "First Report"), a copy of which is attached. Please note that the attachments to the First Report are available online at www.kpmg.ca/belmontfund. If you would like us to send you a copy of these additional documents, please contact your Investment Advisor.

In the First Report, among other things, KPMG advised the Court that it intends to undertake a claims process to quantify the liabilities of the Fund. While they are not yet in a position to make any distributions to unitholders (the "Limited Partners") of the Fund, KPMG believes that it would be prudent to obtain this information as soon as possible. With respect to the number of units held by Limited Partners in the Fund, KPMG will be relying upon the records of RBC DS and will not be requesting information from you as a Limited Partner of the Fund.

With respect to the claims process, the attached Notice to Creditors will be published in the Globe and Mail and La Presse within the next few weeks inviting any creditors or other claimants of the Fund to present their claims to KPMG. As previously mentioned, your holdings in the Fund are already on record with RBC DS and you do not need to take any action regarding this Notice to Creditors.

First Report of the Receiver

In the First Report, KPMG advised the Court of the following matters:

Activities of the Receiver

Since its appointment, KPMG has undertaken a number of actions, including:

- Taking steps to locate and secure the books and records of the Fund;
- Meeting with relevant parties to obtain background information on the investments of the Fund and events which took place prior to their appointment as Receiver;
- Identifying and safeguarding the known assets of the Fund;
- Beginning to develop a realization plan with the objective of distributing the maximum value to Limited Partners;
- Continuing to compile information with respect to the value of the Fund's assets; and
- Communicating with key stakeholders and developing a proposed claims process in respect of claims against the Fund.

Issues to be resolved

As indicated above, KPMG must first determine the value of all assets and liabilities of the Fund prior to making any distributions to unitholders. The principal assets of the Fund are two forward contracts, the value of which vary directly with the market return of the Belmont Dynamic Segregated Portfolio (the "Segregated Portfolio"). The Segregated Portfolio is in turn invested in various funds of hedge funds, certain of which may be illiquid and difficult to value.

As a result, at this time, KPMG is not able to provide a timeframe for the completion of a realization plan but has detailed in their Report certain key issues that must first be resolved, including the following:

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We continue to provide our full support and cooperation to KPMG and we are pleased with the progress they have made to date in this complex matter. We will continue to provide updates as they become available. Thank you for your patience as we work to bring this matter to a timely and satisfactory resolution.

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KPMG
Website: http://www.kpmg.ca
Email: belmontfund@kpmg.ca
Tel.: 1-866-602-6745

RBC Dominion valeurs mobilières

Le 26 octobre 2009

001

RBC Dominion valeurs mobilières Inc.
P.O. Box 50, Royal Bank Plaza
200 Bay Street, North Tower
Toronto, Ontario M5J 2W7

Fond Belmont Croissance Dynamique (« Fund »)

Nous vous écrivons au sujet de votre placement dans le fonds mentionné ci-haut. La cour nous a ordonné de vous faire parvenir ce document immédiatement. Bien qu'il ne soit disponible qu'en anglais pour l'instant, nous vous le faisons parvenir afin que vous ayez en votre possession tous les détails importants le plus rapidement possible. Comme nous savons que votre langue de préférence est le français, nous traduirons ce document et nous vous ferons parvenir une version en français dès que possible. Dans l'entremise, veuillez contacter votre conseiller en placement pour toute question ou préoccupation.

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APPENDIX H

Court File No. 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

THE HONOURABLE	)	DAY, THE
	)	
	)	DAY OF , 2010

IN THE MATTER OF AN APPLICATION PURSUANT TO RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990, Reg. 194 AND SECTION 35 OF THE *PARTNERSHIPS ACT*, R.S.O. 1990, c. P.5

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.R.O. 1990, c. C. 43

B E T W E E N:

JAMES HAGGERTY HARRIS

Applicant

- and -

BELMONT DYNAMIC GROWTH FUND,
an Ontario limited partnership

Respondent

CLAIMS DETERMINATION ORDER

THIS MOTION, made by the Receiver of Belmont Dynamic Growth Fund, for an order approving the procedures described in the Second Report of the Receiver, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion and the Second Report of the Receiver, and on hearing the submissions of counsel for the Receiver and ●, and on being advised that notice has been provided to the Service List and any Person who has filed a Proof of Claim in accordance with the Claims Procedure:

DEFINITIONS

1. **THIS COURT ORDERS** that capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Claims Procedure Order of the Honourable Madam Justice Hoy dated October 21, 2009.

DETERMINATION OF DISPUTED CLAIMS

2. **THIS COURT ORDERS** that the Receiver is authorized to seek the Court's assistance in determining any claims disputed pursuant to a Notice of Dispute ("**Disputed Claims**").

3. **THIS COURT ORDERS** that, subject to further Order of the Court, the Receiver is authorized and directed to determine, together with the Claimant in respect of the Disputed Claim, the procedure for adjudication of the Disputed Claim, including the manner in which evidence may be brought before the Court, the conduct of any hearing and any other procedural matters which may arise in respect of the determination of any Disputed Claim. The Receiver and Claimant may seek the direction and advice of the Court in respect of such procedural matters.

PRE-HEARING PROCEDURES

4. **THIS COURT ORDERS** that the Receiver shall serve a Notice of Motion in respect of each Disputed Claim, seeking the Court's determination of the Claim. The Notice of Motion, together with a copy of the Notice of Revision or Disallowance and Notice of Dispute shall be served on the Service List and any Person who has filed a Proof of Claim in accordance with the Claims Procedure.

5. **THIS COURT ORDERS** that in respect of any other individual or party who has been asked by the Receiver to participate as a potential witness at a hearing of a Disputed claim, the Receiver is authorized to disclose such additional information to such individual or party as may be required to assist with their participation in the

hearing of the Disputed claim. The Receiver is not obligated to provide further disclosure in respect of the Disputed Claim, other than to the Claimant in issue and the Court, without further Order of this Court.

6. **THIS COURT ORDERS** that any party seeking to participate in the hearing of the Disputed Claim, other than those parties invited to participate by the Receiver or Claimant, or any party seeking pre-hearing disclosure other than the claim Material referred to in paragraph 4 above, shall seek the consent of the Receiver and Claimant or Court Order.

_____

JAMES HAGGERTY HARRIS Applicant	and	BELMONT DYNAMIC GROWTH FUND, an Ontario limited partnership Respondent	Court File No: 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSUC#: 35638M
Tel: (416) 869-5623
Fax: (416) 861-0445

Lawyers for KPMG

TAB 3

Court File No. 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

THE HONOURABLE	)	DAY, THE
	)	
	)	DAY OF , 2010

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TO RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990,
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IN THE MATTER OF AN APPLICATION PURSUANT TO
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.R.O. 1990, c. C. 43

B E T W E E N:

JAMES HAGGERTY HARRIS

Applicant

- and -

BELMONT DYNAMIC GROWTH FUND,
an Ontario limited partnership

Respondent

CLAIMS DETERMINATION ORDER

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PRE-HEARING PROCEDURES

4. **THIS COURT ORDERS** that the Receiver shall serve a Notice of Motion in respect of each Disputed Claim, seeking the Court's determination of the Claim. The Notice of Motion, together with a copy of the Notice of Revision or Disallowance and Notice of Dispute shall be served on the Service List and any Person who has filed a Proof of Claim in accordance with the Claims Procedure.

5. **THIS COURT ORDERS** that in respect of any other individual or party who has been asked by the Receiver to participate as a potential witness at a hearing of a Disputed claim, the Receiver is authorized to disclose such additional information to such individual or party as may be required to assist with their participation in the

hearing of the Disputed claim. The Receiver is not obligated to provide further disclosure in respect of the Disputed Claim, other than to the Claimant in issue and the Court, without further Order of this Court.

6. **THIS COURT ORDERS** that any party seeking to participate in the hearing of the Disputed Claim, other than those parties invited to participate by the Receiver or Claimant, or any party seeking pre-hearing disclosure other than the claim Material referred to in paragraph 4 above, shall seek the consent of the Receiver and Claimant or Court Order.

JAMES HAGGERTY HARRIS Applicant	and	BELMONT DYNAMIC GROWTH FUND, an Ontario limited partnership Respondent	Court File No: 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSUC#: 35638M
Tel: (416) 869-5623
Fax: (416) 861-0445

Lawyers for KPMG

JAMES HAGGERTY HARRIS and BELMONT DYNAMIC GROWTH FUND, an Ontario limited partnership

Applicant Respondent

Court File No: 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

MOTION RECORD (RETURNABLE ON A DATE TO BE DETERMINED)

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSUC#: 35638M
Tel: (416) 869-5623
Fax: (416) 861-0445

Lawyers for the Receiver, KPMG Inc.