

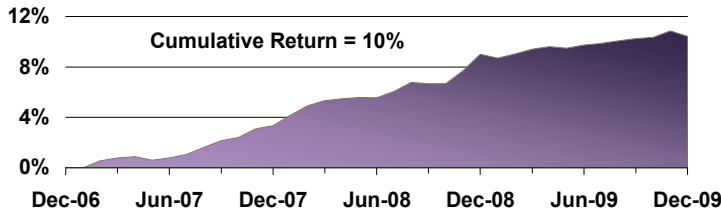
Thornmark Fixed Income Fund

December 31, 2009

Investment Objective

The investment objective of the Fund is to provide income and some capital growth, while preserving capital. The Fund invests primarily in bonds and fixed income securities of mainly Canadian issuers that have a rating of at least "BBB" by a recognized rating agency.

| Performance* | Compound Annual Growth Rate | | | | |
|-------------------|-----------------------------|-------------|-------------|-------------|-------------|
| | YTD | 6 mnths | 1 yr | 3 yrs | Incep |
| Thornmark | 1.3% | 0.6% | 1.3% | 3.4% | 3.4% |
| DEX 91-Day T-bill | 0.6% | 0.2% | 0.6% | 2.8% | 2.8% |
| DEX Uni Bond | 5.4% | 2.5% | 5.4% | 5.2% | 5.2% |
| S&P / TSX | 35.1% | 14.9% | 35.1% | -0.2% | -0.2% |
| S&P 500 C\$ | 8.7% | 10.4% | 8.7% | -9.0% | -9.0% |



Major Fixed Income Holdings

1. Business Dev. Bk. Can., 4.75%, 08-02-11
2. Prov Ontario, 5.00%, 03-08-14
3. ON Prov Non-Call Deb, 4.00% , 05-19-10
4. ON Prov Non-Call Deb, 4.40% , 12-02-11
5. AB Treasury Branch, 4.10%, 12-01-11

Asset Allocation



Management Comment

The Fund maintained its conservative stance during the fourth quarter, with a significant bias towards the short end of the yield curve. 74.6% of Fund holdings had a maturity of 2 years or less, with the remainder maturing in less than 5 years. The Fund had no corporate credit exposure in the quarter, holding only Canadian Provincial- or Federal-guaranteed issues or cash. 37.9% of the Fund's holdings were rated AAA, with the remainder rated at least AA. Fund duration at quarter-end was 1.34, up from 1.13 at the end of the third quarter. The Fund remains diversified, with 14 issues, of which 22.7% were Federal, 52.3% Provincial and the remaining 25% in cash.

Duration

| | |
|-------------------------|------|
| Fund (weighted-average) | 1.34 |
|-------------------------|------|

Term

| | |
|------------|-------|
| < 2 yrs | 74.6% |
| 2 - 5 yrs | 25.4% |
| 5 - 10 yrs | 0.0% |
| > 10 yrs | 0.0% |

Fixed Income Issuer

| | |
|------------|--------|
| Government | 100.0% |
| Corporate | 0.0% |

Quality

| | |
|-----|-------|
| AAA | 37.9% |
| AA | 62.1% |
| A | 0.0% |
| < A | 0.0% |

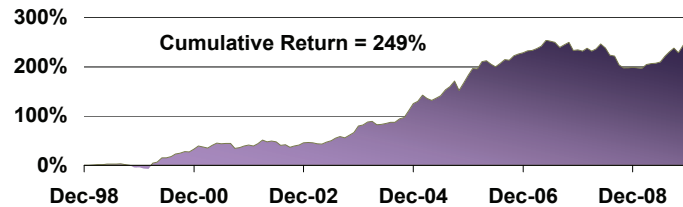
Thornmark Dividend & Income Fund

December 31, 2009

Investment Objective

The investment objective is to provide long-term growth through capital appreciation and income by tactically allocating the Fund's assets primarily to Canadian and U.S. equity investments, bonds and cash. The Fund may use derivative strategies to augment income and/or hedge security, market and exchange rate risk.

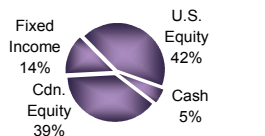
| Performance* | Compound Annual Growth Rate | | | | | |
|-------------------|-----------------------------|--------------|-------------|-------------|--------------|--------------|
| | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | Incep |
| Thornmark | 16.7% | 16.7% | 2.0% | 9.1% | 13.8% | 12.0% |
| DEX 91-Day T-bill | 0.6% | 0.6% | 2.8% | 3.0% | 3.3% | 3.4% |
| DEX Uni Bond | 5.4% | 5.4% | 5.2% | 5.2% | 6.7% | 5.9% |
| S&P / TSX | 35.1% | 35.1% | -0.2% | 7.7% | 5.6% | 7.7% |
| S&P 500 C\$ | 8.7% | 8.7% | -9.0% | -2.3% | -4.1% | -2.6% |



Major Equity Holdings

1. Microsoft Corp.
2. SPDR Homebuilders ETF
3. SPDR Consumer Discretionary ETF
4. Hewlett-Packard Corp.
5. Intel Corp.

Asset Allocation



Management Comment

The Equity allocation was tactically increased in the fourth quarter to 81.3%, from 66.0% in the third quarter, with the change attributable to U.S.-denominated positions, which increased its weighting to 42.7% from 26.6%. The ongoing utilization of Cdn dollar futures contracts limited net foreign exchange exposure on these U.S. positions to 3.3%. Canadian-domiciled positions represented 38.5% of the Fund, decreasing from 39.4% in the third quarter, while Fixed Income and Cash allocations were reduced to 11.2% and 4.3%, respectively. The sector allocation was shifted to provide added exposure to areas best positioned to benefit from the early-expansionary conditions. The Consumer Discretionary allocation was increased to 12.7% and Information Technology increased to 13.7%, while Financials exposure was reduced slightly to 11.5%. New positions established in the fourth quarter include SPDR Consumer Discretionary ETF, Bank of America Corp., Finning Ltd., and Hewlett-Packard Corp. A position in Petrobank Energy was initiated with an overlay covered call strategy, as a yield enhancement.

Equity Sector Allocation

| | |
|------------------------|-------|
| Energy | 21.1% |
| Information Tech. | 16.8% |
| Materials | 15.8% |
| Consumer Discretionary | 15.6% |
| Financials | 14.2% |
| Telecomm. Services | 5.6% |
| Consumer Staples | 4.4% |
| Health Care | 3.9% |
| Industrials | 2.8% |
| Utilities | 0.0% |

* Annual compound rates of return reflect changes in unit value with distributions reinvested and after deduction of commissions and operating expenses, but before deduction of investment management fees. Past performance does not guarantee future results. Unit values and investment returns will fluctuate. Important information about the Thornmark Investment Funds is contained in our Offering Memorandum, which is available upon request and should be read before investing. All indices are total return in Canadian dollars. Performance inception dates are: Fixed Income Fund = Dec. 31, 2006, Dividend & Income Fund = Dec. 31, 1998, Enhanced Equity Fund = May 31, 1993 and Alpha Fund = Dec. 31, 2005.

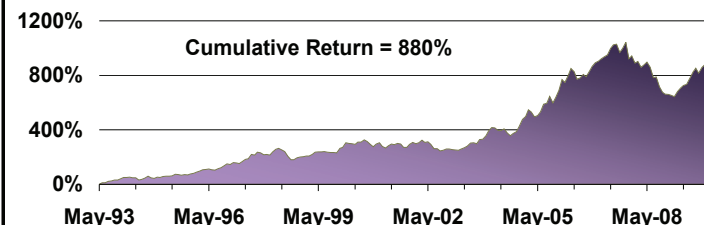
Thornmark Enhanced Equity Fund

December 31, 2009

Investment Objective

The investment objective is to provide long-term growth through capital appreciation by strategically allocating the assets primarily to common shares of Canadian and U.S. companies. The Fund may use derivative strategies to enhance returns and/or hedge security, market and exchange rate risk.

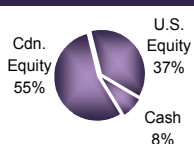
| Performance* | Compound Annual Growth Rate | | | | | |
|-------------------|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | Incep |
| Thornmark | 29.2% | 29.2% | -0.4% | 11.2% | 10.4% | 14.8% |
| DEX 91-Day T-bill | 0.6% | 0.6% | 2.8% | 3.0% | 3.3% | 4.0% |
| DEX Uni Bond | 5.4% | 5.4% | 5.2% | 5.2% | 6.7% | 7.4% |
| S&P / TSX | 35.1% | 35.1% | -0.2% | 7.7% | 5.6% | 9.1% |
| S&P 500 C\$ | 8.7% | 8.7% | -9.0% | -2.3% | -4.1% | 6.4% |



Major Equity Holdings

1. Petrobank Energy & Resources Ltd.
2. Microsoft Corp.
3. SPDR Consumer Discretionary ETF
4. CGI Group Inc. Class A
5. Expedia Inc.

Asset Allocation



Management Comment

The Equity allocation was tactically increased in the fourth quarter to 92.1% from 79.1%, with added emphasis on investments best positioned to benefit from the early-expansionary cycle conditions. This resulted in increases to the Fund's weightings in the Consumer Discretionary and Information Technology sectors, which represented 17.3% and 17.1% allocations, respectively. The Energy sector remains the largest allocation at 20.1%, while Financials exposure was reduced in the fourth quarter. Canadian-domiciled positions represented 54.8%, up from 48.5% at the end of the third quarter. Foreign exchange hedges continued to provide protection against a weakening U.S. dollar, as net USD exposure was limited to 3.7%. A number of new positions were established in the quarter, including the SPDR Consumer Discretionary ETF, Bank of America Corp., Finning Ltd., Hewlett-Packard Corp., Lake Shore Gold Corp, and Teck Cominco Ltd. Exposure to the Health Care sector was eliminated as positions in Bard (C.R.) Inc. and TEVA Pharmaceutical were sold.

Equity Sector Allocation

| | |
|------------------------|-------|
| Energy | 21.9% |
| Consumer Discretionary | 18.8% |
| Information Tech. | 18.6% |
| Materials | 15.8% |
| Financials | 13.9% |
| Telecomm. Services | 4.7% |
| Consumer Staples | 2.5% |
| Industrials | 2.3% |
| Utilities | 1.5% |
| Health Care | 0.0% |

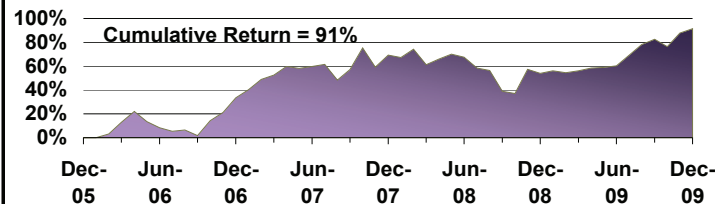
Thornmark Alpha Fund

December 31, 2009

Investment Objective

Achieve a high rate of capital appreciation through aggressive investment and trading strategies in primarily North American equities, including initial public offerings and derivative securities. The Fund will generally hold up to 20 securities, the remainder invested in cash and/or index products. The Fund may use leverage and derivatives.

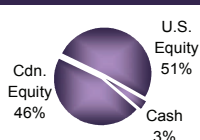
| Performance* | Compound Annual Growth Rate | | | | |
|-------------------|-----------------------------|--------------|--------------|--------------|--------------|
| | YTD | 6 mnths | 1 yr | 3 yrs | Incep |
| Thornmark | 24.3% | 19.4% | 24.3% | 12.8% | 17.6% |
| DEX 91-Day T-bill | 0.6% | 0.2% | 0.6% | 2.8% | 3.1% |
| DEX Uni Bond | 5.4% | 2.5% | 5.4% | 5.2% | 4.9% |
| S&P / TSX | 35.1% | 14.9% | 35.1% | -0.2% | 3.9% |
| S&P 500 C\$ | 8.7% | 10.4% | 8.7% | -9.0% | -3.3% |



Major Equity Holdings

1. Barrick Gold Corp.
2. SPDR Consumer Discretionary ETF
3. Petrobank Energy & Resources Ltd.
4. Hewlett-Packard Corp.
5. Microsoft Corp.

Asset Allocation



Management Comment

The Fund ended the fourth quarter using modest leverage, with an invested position of 103.4%, compared to 106.9% at the end of the third quarter. Canadian-domiciled positions represented 59.1%, up from 54.2% to end the third quarter. Financial sector exposure was tactically reduced subsequent to the release of significant employment data improvements. As a result, assets were re-allocated from Financials, which perform relatively well during the late contractionary phase, to Consumer Discretionary, which outperform during the early expansionary phase. USD hedging strategy reduced net USD exposure to 8.3%. Consumer Discretionary was increased to 20.5% and Information Technology accounts for 20.3% of the Fund. New positions established in the quarter included Hewlett-Packard, Finning and the SPDR Consumer Discretionary ETF.

NOTICE - The Thornmark Alpha Fund is only suitable for investors with a high tolerance for risk and the ability to withstand significant volatility.

Equity Sector Allocation

| | |
|------------------------|-------|
| Materials | 19.9% |
| Consumer Discretionary | 19.8% |
| Information Tech. | 19.6% |
| Energy | 19.0% |
| Utilities | 6.1% |
| Telecomm. Services | 5.5% |
| Industrials | 3.7% |
| Consumer Staples | 3.3% |
| Financials | 3.1% |
| Health Care | 0.0% |

* Results prior to July 7, 1998 for the Thornmark Enhanced Equity Fund are for the Thornmark Canadian Equity Composite. Deloitte & Touche L.L.P., Chartered Accountants, have performed Level I and II verification on the Composite, in accordance with the CFA Institute's (formerly AIMR) Performance Presentation Standards, for the period from inception ending December 31, 1998. Annual compound rates of return reflect changes in unit value with distributions reinvested and after deduction of commissions and operating expenses, but before deduction of investment management fees. Past performance does not guarantee future results. Unit values and investment returns will fluctuate. Important information about the Thornmark Investment Funds is contained in our Offering Memorandum, which is available upon request and should be read before investing. All indices are total return in Canadian dollars. Performance inception dates are: Fixed Income Fund = Dec. 31, 2006, Dividend & Income Fund = Dec. 31, 1998, Enhanced Equity Fund = May 31, 1993 and Alpha Fund = Dec. 31, 2005.