THIS IS EXHIBIT "B" REFERRED TO IN THE

AFFIDAVIT OF HAYDEN JONES

SWORN BEFORE ME

ON THIS 18th DAY OF AUGUST, 2010

NOTARY

Dionne Nerissa Brown
Shop Hill
St Thomas
Barbados
Attorney-at-Law

Execution Copy

SECURITIES PLEDGE AGREEMENT

THIS SECURITIES PLEDGE AGREEMENT (this "Agreement") is made as of August 25, 2006.

BETWEEN:

BELMONT DYNAMIC GROWTH FUND by its general partner **BELMONT DYNAMIC GP INC.**, (hereinafter called the "**Pledgor**"),

- and -

NATIONAL BANK OF CANADA (GLOBAL) LIMITED, (hereinafter called the "**Bank**").

THIS AGREEMENT WITNESSES that, in consideration of the covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgor agrees with and in favour of the Bank as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless otherwise indicated, capitalized terms which are not otherwise defined have the meanings given to such terms in the ISDA Master Agreement (as defined herein). In addition:

(a) "**Acceptable Substitute Securities**" means any cash and securities acceptable to the Bank in its sole discretion;

(b) "**Collateral**" means all of the property and assets of the Pledgor subject to, or intended to be subject to, the Security Interest, including the Pledged Securities and any Acceptable Substitute Securities, and any reference to "**Collateral**" shall be deemed to be a reference to "**Collateral or any part thereof**" except where otherwise specifically provided;

(c) "**Depository**" means The Canadian Depository for Securities Limited, The Depository Trust Company, or any other depository in Canada, the United States of America or elsewhere or any book-based transfer register acceptable to the Bank in its sole discretion;

(d) "**Document of Title**", "**Instrument**", "**Intangible**", "**Proceeds**" and "**Securities**" have the respective meanings given to such terms in the PPSA;

(e) "**Event of Default**" means the designation of an Early Termination Date under the ISDA Master Agreement;

(f) **"Lien"** means any lien, mortgage, pledge, charge, assignment, security interest, hypothec (if applicable), purchase option, call or similar right, or other encumbrance, including any agreement to give any of the foregoing, or any conditional sale or other title retention agreement or any contractual restriction which, if contravened, may give rise to an encumbrance;

(g) **"ISDA Master Agreement"** means the master agreement dated as of the date hereof between the Pledgor and the Bank, in the form of the 1992 standard form document, as published by the International Swaps and Derivatives Association, Inc., entitled "ISDA Master Agreement (Multicurrency - Cross Border)", including the Schedule thereto and any Confirmation of a Transaction forming part thereof (as it may be amended, supplemented or otherwise modified or restated from time to time);

(h) **"Obligations"** means all indebtedness, liabilities and other obligations of the Pledgor to the Bank from time to time under or in respect of the ISDA Master Agreement, if any, whether actual or contingent, direct or indirect, matured or not, in any currency, now existing or arising hereafter;

(i) **"Pledged Securities"** means the Shares of each Issuer included in a Basket, as specified in any and all Confirmations of Transactions forming part of the ISDA Master Agreement and any Acceptable Substitute Securities substituted for any such Shares;

(j) **"PPSA"** means the *Personal Property Security Act* (Ontario) (and includes all regulations from time to time made under such legislation); and

(k) **"Security Certificate"** has the meaning given to such term in the *Business Corporations Act* (Ontario) but shall exclude any global certificates held by a Depository.

1.2 Terms Generally

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is disjunctive; the word "and" is conjunctive. The word "shall" is mandatory; the word "may" is permissive. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified or replaced, (b) any reference herein to any statute shall, unless otherwise expressly stated, be deemed to be a reference to such statute as amended, restated or re-enacted from time to time, (c) any reference herein to any person shall be construed to include such person's successors and permitted assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) unless otherwise indicated, all references herein to Sections, shall be construed to refer to Sections of this Agreement, and (f) the words "asset" and "property" shall be construed to have

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the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

1.3 Credit Support Document

This Agreement shall constitute a Credit Support Document in relation to the Pledgor with respect to any Transaction subject to the ISDA Master Agreement.

ARTICLE 2
SECURITY INTEREST

2.1 Creation of Security Interest

As general and continuing collateral security for the due payment, performance and satisfaction of the Obligations, including the settlement of any Transaction under the ISDA Master Agreement, the Pledgor hereby assigns, charges and pledges to and in favour of the Bank, and grants to the Bank a continuing security interest (the "**Security Interest**") in:

(a) all of the Pledgor's right, title and interest in, to and under the Pledged Securities, together with any replacements thereof and substitutions therefor, and all certificates and instruments evidencing or representing such securities and all stock powers of attorney applicable thereto;

(b) all Securities, Instruments, negotiable Documents of Title and other personal property of any kind which may hereafter be acquired by the Pledgor:

(i) in renewal of, substitution for, exchange for, as owner of, or as a result of the exercise of any rights relating to, any of the property described in this Section 2.1; or

(ii) as consideration for the Pledged Securities on the occurrence of a Merger Event;

(c) all dividends or other distributions, whether paid or distributed in cash, Securities or other personal property of any kind, in respect of any of the property described in this Section 2.1;

(d) all Intangibles now or hereafter relating in any way to any of the property described in this Section 2.1; and

(e) all Proceeds of any of the property described in this Section 2.1.

2.2 Transfer of Pledged Securities

(a) In the event that any Pledged Security is at any time evidenced by a Security Certificate, the Pledgor will forthwith deliver to the Bank such Security Certificate duly endorsed by the appropriate person in blank for transfer or accompanied by stock powers of attorney satisfactory to the Bank. Except as otherwise provided herein, all such Security Certificates shall remain in the custody of the Bank or its nominee, for its own benefit. Following the occurrence

of an Event of Default which is continuing, all Pledged Securities which are evidenced by a Security Certificate may, at the option of the Bank, be registered in the name of the Bank or its nominee.

(b) In the event that any Pledged Security constitutes an uncertificated security (as such term is defined under Part VI of the *Business Corporations Act* (Ontario), the Pledgor will ensure that such Pledged Security is at all times held in the name of the Bank or its nominee or any person from time to time appointed by the Bank as its custodian of the Collateral, in an account held with a Depository.

2.3 Attachment

The Pledgor confirms that value has been given by the Bank to the Pledgor, that the Pledgor has rights in the Collateral (other than after-acquired property) and that the Pledgor and the Bank have not agreed to postpone the time for attachment of the Liens created by this Agreement to any of the Collateral. The Liens created by this Agreement will have effect and be deemed to be effective whether or not the Obligations or any part thereof are owing or in existence before or after or upon the date of this Agreement.

2.4 Securities Lending

The Bank acknowledges that the Pledgor shall be entitled to lend the Pledged Securities (other than the Acceptable Substitute Securities) to third parties acceptable to the Bank, provided that the terms on which such Pledged Securities are loaned constitute "securities lending arrangements" for the purposes of the *Income Tax Act* (Canada) and provided that the terms on which the Pledged Securities are loaned are acceptable to the Bank, acting reasonably. Upon a request by the Pledgor to the Bank to deliver certain Pledged Securities (other than the Acceptable Substitute Securities) to the Pledgor in order that the Pledgor lend the Pledged Securities pursuant to the terms of such securities lending arrangements, the Bank shall as soon as possible deliver the specified Pledged Securities to the Pledgor in exchange for Acceptable Substitute Securities. Upon a request by the Pledgor to the Bank to return Acceptable Substitute Securities in exchange for the Pledged Securities upon the termination of a securities lending arrangement, the Bank shall as soon as possible return the Acceptable Substitute Securities in exchange for the specified Pledged Securities. Upon request by the Bank to the Pledgor to return Pledged Securities previously delivered to the Pledgor under this Section 2.4, the Pledgor shall as soon as possible deliver the specified Pledged Securities to the Bank and in exchange the Bank shall return Acceptable Substitute Securities to the Pledgor.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE PLEDGOR

3.1 Representations and Warranties

In addition to any representations contained in the ISDA Master Agreement, the Pledgor represents and warrants to the Bank, which representations will be deemed repeated on each date on which a Transaction is entered into, that:

(a) Capacity - The Pledgor has the power and capacity to own, sell and grant a security interest in the Collateral as contemplated hereby;

(b) No Encumbrance on Collateral - Except for Liens created by this Agreement, the Pledgor is the sole legal owner of the Collateral with good and marketable title to the Collateral, free and clear of any Liens. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings in favour of, or permitted in writing by, the Bank. The execution and delivery of this Agreement by the Pledgor and any notice or form delivered by the Pledgor pursuant to this Agreement and the performance of its obligations hereunder will not:

(i) oblige the Pledgor to grant any encumbrance on the Collateral to any person other than the Bank; or

(ii) result in or permit the acceleration or maturity of any indebtedness, liabilities or obligations of the Pledgor under any agreement or other instrument to which the Pledgor is a party or by which the Pledgor or any of the Collateral may be bound;

(c) No Required Dispositions – Except for the ISDA Master Agreement, there is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which the Pledgor would be required to sell or otherwise dispose of any of the Pledged Securities;

(d) No Transfer Restrictions – Except for this Agreement, there are no agreements or restrictions to which the Pledgor is a party or by which it is bound which in any way limit or restrict the transfer of the Collateral.

(e) Legal Name and Chief Executive Office – The full legal name of the Pledgor is Belmont Dynamic Growth Fund and the location of its chief executive office is 357 Bay Street, Suite 800, Toronto, Ontario M5H 2T7.

3.2 Survival of Representations and Warranties

All agreements, representations, warranties and covenants made by the Pledgor in this Agreement are material, will be considered to have been relied on by the Bank and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Bank and any satisfaction of the Obligations until repayment and performance in full of the Obligations.

ARTICLE 4
DEALING WITH COLLATERAL

4.1 Restrictions on Dealing with Collateral

The Pledgor shall not, without the prior consent in writing of the Bank:

(a) sell, assign, transfer, exchange, or otherwise dispose of the Collateral except to the extent permitted by the ISDA Master Agreement, Section 4.4 or unless Acceptable Substitute Securities have been pledged hereunder in replacement of such Collateral as contemplated under Section 2.4; or

(b) create, assume or suffer to permit to exist any Lien upon the Collateral other than the Security Interest.

Any purported transfer by the Pledgor that is not in compliance with this Section 4.1 will be void. No provision hereof shall be construed as a subordination or postponement of the Security Interest to or in favour of any other Lien, whether or not such Lien is permitted hereunder or otherwise.

4.2 Receipt and Delivery of Collateral

The Bank, its nominee or custodian may receive and deliver the Collateral through the Depository's clearing service. Neither the Bank, its nominee or custodian shall be responsible for any delay, interruption or cessation of communication or operation of data processing facilities used by the Depository. Neither the Bank, its nominee or custodian shall be liable for any delay, error or omission of the Depository. The Bank, its nominee or its custodian may rely upon any instructions or information received from the Depository respecting the Collateral deposited with the Depository.

4.3 Transfer Agent Direction

The Pledgor shall, if requested to do so by the Bank, sign, execute and deliver to the Bank an irrevocable direction substantially in the form attached hereto as Exhibit A with respect to payment or delivery of dividends, distributions, share certificates, notices and other communications in respect of the Collateral.

4.4 Voting Rights

Unless an Event of Default has occurred and is continuing, the Pledgor will be entitled to exercise all voting power from time to time exercisable in respect of the Pledged Securities and give consents, waivers and ratifications in respect thereof; provided, however, that no vote will be cast or consent, waiver or ratification given or action taken which would reasonably be expected to have the effect of reducing the value of the Pledged Securities or imposing any restriction on the transferability of any of the Pledged Securities. Immediately upon the occurrence and during the continuance of an Event of Default, all such rights of the Pledgor to vote and give consents, waivers and ratifications will cease and the Bank will be entitled to exercise all such voting rights and to give all consents, waivers and ratifications.

4.5 Dividends

Unless an Event of Default has occurred and is continuing, the Pledgor will be entitled to receive any and all cash dividends or distributions on the Pledged Securities which it is otherwise entitled to receive, but any and all stock and/or liquidating dividends, distributions of property, returns of capital or other distributions made on or in respect of the Pledged Securities, whether resulting from a subdivision, combination or reclassification of the outstanding capital stock of any Issuer or received in exchange for the Pledged Securities or any part thereof or as a result of any Merger Event to which any Issuer may be a party or otherwise, and any and all cash and other property received in exchange for any Collateral, will be and become part of the Collateral subject to the Lien created by this Agreement and, if received by the Pledgor, will forthwith be delivered to the Bank (accompanied, if appropriate, by proper instruments of assignment and/or

stock powers of attorney executed by the Pledgor in accordance with the Bank's instructions) to be held subject to the terms of this Agreement; and if the Pledged Securities have been registered in the name of the Bank or its nominee, the Bank will execute and deliver (for its own benefit or cause to be executed and delivered) to the Pledgor all such dividend orders and other instruments as the Pledgor may request for the purpose of enabling the Pledgor to receive the dividends or other payments which the Pledgor is authorized to receive and retain pursuant to this Section 4.5. If an Event of Default has occurred and is continuing, all rights of the Pledgor pursuant to this Section 4.5 will cease and the Bank will have the sole and exclusive right and authority to receive and retain the cash dividends or distributions which the Pledgor would otherwise be authorized to retain pursuant to this Section 4.5. Any money and other property paid over to or received by the Bank pursuant to the provisions of this Section 4.5 will be retained by the Bank as additional Collateral hereunder and be applied in accordance with the provisions hereof.

4.6 Possession of Collateral

The Pledgor acknowledges that the Bank or its nominee may at any time take possession of any Collateral not in its possession or in the possession of its nominee or custodian, wherever it may be located and by any method permitted by law, whether before or after the occurrence of an Event of Default. Subject to Section 4.5, all other Collateral received from time to time by or on behalf of the Pledgor, whether before or after the occurrence of an Event of Default, shall be received and held by or on behalf of the Pledgor in trust for the Bank and shall be delivered to the Bank immediately upon such receipt.

4.7 Notices

The Pledgor will advise the Bank promptly, in reasonable detail, of (i) any Lien (other than the Liens created or permitted by this Agreement) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Liens created by this Agreement, (iii) any change in the location of the chief executive office of the Pledgor, (iv) any change in the name of the Pledgor, and (v) any merger or amalgamation of the Pledgor with any other person. The Pledgor agrees not to effect or permit any of the changes referred to in clauses (iii) to (v) above unless all filings have been made and all other actions taken that are required in order for the Bank to continue at all times following such change to have a valid and perfected first priority Lien in respect of all of the Collateral.

4.8 Securities Lending Arrangements

The Pledgor agrees that it will not lend Pledged Securities pursuant to Section 2.4 hereof unless the third party borrowers have been approved by the Bank and the terms on which such Pledged Securities are loaned constitute "securities lending arrangements" for the purposes of the *Income Tax Act* (Canada).

4.9 Further Assurances

The Pledgor will from time to time, at the expense of the Pledgor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Bank may reasonably request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing

statements or financing change statements under any applicable legislation with respect to the Liens created by this Agreement).

ARTICLE 5
REMEDIES

5.1 Remedies Available

Upon the occurrence of an Event of Default, the Bank may, either directly or through its agents or nominees, in addition to and without in any way derogating from any rights available to it at law or in equity, sell or otherwise dispose of, or concur in selling or otherwise disposing of, whether by public sale, private sale or otherwise, Collateral in such manner and on such terms as it considers to be commercially reasonable. In addition, the Bank shall have the right to make payments to persons having prior rights or Liens on the Collateral and to demand, commence, continue or defend proceedings in the name of the Bank or in the name of the Pledgor for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of, or otherwise enforcing rights, powers or remedies with respect to, the Collateral and to give effectual receipts and discharges therefor.

In addition to the rights granted in this Agreement and in any other agreement now or hereafter in effect between the Pledgor and the Bank and in addition to any other rights the Bank may have at law or in equity or otherwise, the Bank shall have, both before and after the occurrence of an Event of Default, all rights and remedies of a secured party under applicable law.

5.2 Remedies Not Exclusive

All rights, powers and remedies of the Bank under this Agreement may be exercised separately or in combination and shall be in addition to, and not in substitution for, any other security now or hereafter held by the Bank and any other rights, powers and remedies of the Bank however created or arising. No single or partial exercise by the Bank of any of the rights, powers and remedies under this Agreement or under any other security now or hereafter held by the Bank shall preclude any other and further exercise of any other right, power or remedy pursuant to this Agreement or any other security or at law, in equity or otherwise. Subject to applicable law, the Bank shall at all times have the right to proceed against the Collateral or any other security in such order and in such manner as it shall determine without waiving any rights, powers or remedies which the Bank may have with respect to this Agreement or any other security or at law, in equity or otherwise. No delay or omission by the Bank in exercising any right, power or remedy hereunder or otherwise shall operate as a waiver thereof or of any other right, power or remedy.

5.3 Notice of Sale

Unless required by law, the Bank shall not be required to give the Pledgor any notice of any sale or other disposition of the Collateral, the date, time and place of any public sale of Collateral or the date after which any private disposition of Collateral is to be made. In particular, the Pledgor acknowledges that the Collateral is of such a nature that it may decline rapidly in value and is of a type customarily sold on a recognized market.

5.4 Application of Proceeds

Following an Event of Default which is continuing, all Proceeds of Collateral received by the Bank may be applied to discharge or satisfy any reasonable expenses (including the expenses of enforcing the Bank's rights under this Agreement), borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Bank to protect, preserve or maintain the Collateral or prepare it for sale or other disposition, or to sell or otherwise dispose of the Collateral. The balance of such Proceeds shall be applied to such of the Obligations (whether or not the same are due and payable) in such manner and at such times as the Bank considers appropriate and thereafter will be delivered to the Pledgor or such other person as required by applicable law.

5.5 Continuing Liability of Pledgor

The Pledgor will remain liable for any Obligations that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

5.6 Bank's Appointment as Attorney-in-Fact

The Pledgor hereby constitutes and appoints the Bank and any officer or agent of the Bank, with full power of substitution, as the Pledgor's true and lawful attorney-in-fact with full power and authority in the place of the Pledgor and in the name of the Pledgor or in its own name, from time to time in the Bank's discretion after the occurrence of an Event of Default which is continuing, to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Liens created by this Agreement are released. Nothing in this Section 5.6 affects the right of the Bank as secured party, or any other person on the Bank's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification agreements and other documents relating to the Collateral and this Agreement as the Bank or such other person considers appropriate.

5.7 Performance by Bank of Pledgor's Obligations

If the Pledgor fails to perform or comply with any of the obligations of the Pledgor under this Agreement, the Bank may, but need not, perform or otherwise cause the performance of or compliance with such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Bank incurred in connection with any such performance or compliance will be payable by the Pledgor to the Bank immediately on demand, and until paid, any such expenses will form part of the Obligations and will be secured by the Liens created by this Agreement.

5.8 Rights of the Bank; Limitation on Bank's Liabilities

The Bank will not be liable to the Pledgor or any other person for any failure or delay in exercising any of the rights of the Bank under this Agreement (including any failure to take possession of, collect, sell or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Bank nor any agent of the Bank is required to take, or will have any

liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other persons in respect of any Collateral. The Bank will use, and will require any agent, custodian or bailee of the Bank to use, the same standard of care in the custody and preservation of the Collateral as it would use for similar collateral in its possession. Neither the Bank nor any agent of the Bank will be liable for any, and the Pledgor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Bank or any agent, custodian or bailee of the Bank) caused for any reason other than the gross negligence or wilful misconduct of the Bank or such agent, custodian or bailee of the Bank.

5.9 Dealings by the Bank

The Bank will not be obliged to exhaust its recourse against the Pledgor or any other person or against any other security it may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Bank may consider desirable. The Bank may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Pledgor and any other person, and with any or all of the Collateral, and with other security and sureties, as the Bank may see fit, all without prejudice to the Obligations or to the rights and remedies of the Bank under this Agreement. The powers conferred on the Bank under this Agreement are solely to protect the interests of the Bank in the Collateral and will not impose any duty upon the Bank to exercise any such powers.

ARTICLE 6
GENERAL

6.1 Termination

Following the Termination Date or the Early Termination Date, as the case may be, and following the satisfaction of the Pledgor's obligations under the ISDA Master Agreement, including the settlement of any Transaction, the Pledgor shall be entitled, unless there has been an Event of Default which has occurred and is continuing, to the termination and discharge of this Agreement. Upon such termination, any Collateral then in the custody of or held by the Bank or its nominees shall be released and redelivered to, or to the order of, the Pledgor forthwith and the Bank shall, at the Pledgor's expense, execute such documents as may be required to release and discharge the Bank's Security Interest in the Collateral to the Pledgor.

6.2 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. The parties shall engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

6.3 Governing Law, Attornment

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Pledgor and the Bank hereby irrevocably attorn to the jurisdiction of the courts of the Province of Ontario.

6.4 Costs and Expenses

The Pledgor shall pay to the Bank on demand all costs and expenses, including reasonable legal fees and expenses incurred by the Bank in connection with this Agreement, including, without limitation, with the amendment, execution, filing and registration of this Agreement (but excluding the preparation of this Agreement), the establishment, protection, enforcement and defence of any of the rights or remedies of the Bank under this Agreement, the perfection or preservation of the Security Interest and the value of the Collateral, and the realization of the Collateral.

6.5 Waivers and Indemnity

None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Bank and the Pledgor. The Bank will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Bank, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Bank of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Bank would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Pledgor to satisfy the Obligations, nor will the same operate as a merger or any obligation contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Pledgor agrees to indemnify the Bank from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (unless caused by the gross negligence or wilful misconduct of the Bank or any of its nominees) which may be imposed on, incurred by, or asserted against the Bank and arising by reason of the Bank being now or hereafter a holder, or registered as owner, of any Collateral or any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Pledgor pursuant to the provisions of this Agreement. This indemnification will survive the satisfaction, release or extinguishment of the Obligations and the Liens created by this Agreement.

6.6 Perfection of Security

The Pledgor authorizes the Bank to file such financing and other statements and other documents and do such acts, matters and things as the Bank may consider appropriate to perfect and continue the Security Interest, to protect and preserve the interest of the Bank in the Collateral and to realize upon the Security Interest in accordance with the provisions of this Agreement.

6.7 Notices

Any notice, other communication or document to be given, served or delivered hereunder shall be given, served or delivered to the addresses and in the manner provided in the ISDA Master Agreement.

6.8 Successors and Assigns

This Agreement will enure to the benefit of, and be binding on, the Pledgor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Bank and its successors and assigns. The Pledgor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Bank. This Agreement may be assigned by the Bank as provided for in the ISDA Master Agreement free of any set-off, counter-claim or equities between the Pledgor and the Bank, and the Pledgor shall not assert against an assignee of the Bank any claim or defence that the Pledgor has against the Bank.

6.9 Acknowledgement of Receipt/Waiver

The Pledgor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

6.10 Language

The parties hereto confirm that it is their wish that this Agreement as well as other documents relating hereto have been drawn and will be drawn in English. Les parties à la présente confirment leur volonté que cette convention de même que les documents s'y rattachant soient rédigés en langue anglaise seulement.

6.11 Counterparts

This document may be executed in one or more counterparts, either in original or facsimile form, each of which shall constitute one and the same agreement. When executed by the parties through facsimile transmission, this document shall constitute the original agreement between the parties and the parties hereby adopt the signatures printed by the receiving facsimile machine as the original signatures of the parties.

[Signature Page Follows]

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

BELMONT DYNAMIC GROWTH FUND
by its general partner **BELMONT DYNAMIC GP INC.**

By: ______________________
Name: DANIEL NEAD
Title: PRESIDENT

NATIONAL BANK OF CANADA (GLOBAL) LIMITED

By: ______________________
Name:
Title:

By: ______________________
Name:
Title:

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

BELMONT DYNAMIC GROWTH FUND by its general partner **BELMONT DYNAMIC GP INC.**

By: ______________________________

Name:

Title:

NATIONAL BANK OF CANADA (GLOBAL) LIMITED

By: ______________________________

Name: Signed By: SYLVAIN SACOLAX

Title: VICE-PRESIDENT ADMINISTRATION NATIONAL BANK OF CANADA (GLOBAL) LTD.

By: ______________________________

Name: Signed By: HAYDEN JONES

Title: VICE -PRESIDENT NATIONAL BANK OF CANADA (GLOBAL) LTD.

EXHIBIT A
FORM OF TRANSFER AGENT DIRECTION
RE. NOTICE AND COMMUNICATIONS IN RESPECT OF THE COLLATERAL

[*date*]
[*name of transfer agent*]
[*number & street*]
[*city & province*]
[*postal code*]
Attention: [*department name*]

You are hereby authorized and directed to remit by wire transfer, direct credit payable to the order of:

Belmont Dynamic Growth Fund c/o Belmont Dynamic GP Inc.,
(Name of Registered Shareholder)

for credit to Transit # ______________________________
(To be completed by ●)

A/C ______________________ (To be completed by ●) Reference account ______________________, (To be completed by ●)

all dividends and distributions now due, and any which may hereafter become due, on

______________________ (Number of Shares) shares of the ______________________ (Name of Corporation)

Capital Stock standing in the name of the undersigned on the books of the said Corporation represented by certificate(s) No.(s) ______________________.

You are further authorized and directed to deliver:

(i) all shares or share certificates, as the case may be, resulting from stock splits, dividends and distributions,
(ii) all other dividends and distributions which may not be remitted by wire transfer, and
(iii) all other communications from the said Corporation

to National Bank of Canada (Global) Limited, c/o:

●
Attention: ●

You are further advised that share certificates delivered pursuant to this authorization and direction shall become subject to this authorization and direction on the same terms as the said Certificate(s).

This order may not be revoked without the written consent of ● .

BELMONT DYNAMIC GROWTH FUND by its general partner BEMONT DYNAMIC GP INC.

By: ______________________
Name:
Title:

NATIONAL BANK OF CANADA (GLOBAL) LIMITED

By: ______________________
Name:

Title:

By: ______________________________

Name:

Title:

THIS IS EXHIBIT "C" REFERRED TO IN THE

AFFIDAVIT OF HAYDEN JONES

SWORN BEFORE ME

ON THIS 18th DAY OF AUGUST, 2010

NOTARY

Dienne Nerissa Brown
Shop Hill
St Thomas
Barbados
Attorney-at-Law

GUARANTEE IN FAVOUR OF COUNTERPARTY (ISDA)

Guarantee, dated as of August 25, 2006 by National Bank of Canada, a chartered bank organized pursuant to the laws of Canada (the "Guarantor"), in favour of Belmont Dynamic Growth Fund (the "Counterparty").

1. **Guarantee**. To induce Counterparty to enter into an ISDA Master Agreement dated the date hereof (the "Forward Transaction") with National Bank of Canada (Global) Limited and subject to Section 8 hereof, the Guarantor unconditionally guarantees to Counterparty, its successors, endorsees and assigns, the prompt payment when due, subject to any applicable grace period, of all present and future obligations and liabilities of all kinds of National Bank of Canada (Global) Limited to Counterparty arising out of individual transactions, (the "Transactions"), made under the Forward Transaction (the "Obligations").

2. **Absolute Guarantee**. The Guarantor's obligations hereunder shall not be affected by the genuineness, validity, regularity or enforceability of the Obligations or any instrument evidencing any Obligations, or by the existence, validity, enforceability, perfection or extent of any collateral therefor, or by any other circumstance which might otherwise constitute a discharge of or defense to this Guarantee. Counterparty shall not be obligated to file any claim relating to the Obligations if National Bank of Canada (Global) Limited becomes subject to a bankruptcy, administration, winding-up, dissolution, reorganization or similar proceeding, and the failure of Counterparty to so file shall not affect the Guarantor's obligations hereunder. If any payment of National Bank of Canada (Global) Limited on account of any Obligation is rescinded or must otherwise be returned for any reason whatsoever, the Guarantor shall remain liable hereunder for such Obligation as if such payment had not been made. This Guarantee is a guarantee of payment and not of collection.

3. **Payment**. Payment to Counterparty shall be made in the currency in which such amounts are payable by National Bank of Canada (Global) Limited under or pursuant to the Forward Transaction and in immediately available, freely transferable, cleared funds to such account with such bank as Counterparty may specify without set-off, counterclaim or deduction of any kind (including for any withholding taxes, except as required by law). Should payment to the Counterparty be subject to withholding taxes, the Guarantor shall pay to the Counterparty such additional amounts as may be necessary to ensure that the Counterparty receives the full amount that would be due to it if there had been no such withholding.

4. **Currency Conversion**. All monies received or held by or on behalf of the Counterparty under this Guarantee may from time to time after demand has been made be converted into such other currency as the Counterparty considers necessary or desirable to cover the obligations and liabilities, actual or contingent, of the Guarantor in that currency at the then prevailing spot rate of exchange of the Counterparty (as conclusively determined by the Counterparty) for purchasing that other currency with the existing currency. To the extent that the amount received upon such conversion into the currency in which such obligation is payable falls short of the amount of such obligation expressed in the currency in which such obligation is payable,

Counterparty shall have a further and separate cause of action against Guarantor for the recovery of such sum as shall, after conversion into the currency in which such obligation is payable, be equal to the amount of such shortfall.

5. **Consents, Waivers and Renewals**. The Guarantor agrees that Counterparty may at any time and from time to time, either before or after maturity thereof, without notice to or further consent of the Guarantor, extend the time of payment of, exchange or surrender any collateral for, or renew any of the Obligations, and may also make any agreement with National Bank of Canada (Global) Limited or with any other party to or person liable on any of the Obligations, or interested therein, for the extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, or for any modification of the terms thereof or of any agreement between Counterparty and National Bank of Canada (Global) Limited or any such other party or person, without impairing or affecting this Guarantee. The Guarantor agrees that Counterparty may seek payment of any of the Obligations from the Guarantor, whether or not Counterparty shall have realized the value of any collateral security, or shall have proceeded against National Bank of Canada (Global) Limited any other obligor principally or secondarily obligated for any of the Obligations.

6. **Expenses**. The Guarantor agrees to pay on demand all reasonable out-of-pocket expenses (including the reasonable fees and expenses of Counterparty's counsel) incurred in the enforcement or protection of the rights of Counterparty hereunder, provided, that the Guarantor shall not be liable for any expenses of Counterparty if no payment under this Guarantee is due.

7. **Subrogation**. The Guarantor will not exercise any rights it may acquire by subrogation until all the Obligations to Counterparty have been paid in full. If any amount is paid to the Guarantor in violation of the preceding sentence, such amount shall be held in trust for the benefit of Counterparty and shall be paid forthwith to Counterparty to be credited and applied to the Obligations, whether matured or not. Subject to the foregoing, upon payment of all the Obligations, the Guarantor shall be subrogated to the rights of Counterparty against National Bank of Canada (Global) Limited, and Counterparty agrees to take at the Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

8. **Continuing Guarantee**. This Guarantee is absolute, unconditional and irrevocable and shall remain in full force and effect and be binding upon the Guarantor, its successors and permitted assigns until all of the Obligations have been satisfied in full. If any present or future Obligations are guaranteed by persons, partnerships, or corporations in addition to the Guarantor, the death, release, discharge in whole or in part, or the bankruptcy, liquidation or dissolution of one or more of them shall not discharge or affect the liabilities of the Guarantor under this Guarantee. Notwithstanding any other terms hereof, the Guarantor may give notice to the Counterparty pursuant to Section 14 hereof that this Guarantee shall not apply to any future Transactions entered into between National Bank of Canada (Global) Limited and the Counterparty, and such notice shall be effective for all Transactions entered into on or after the seventh day after such notice is given, but such notice shall in no way affect any present or future liabilities of the Guarantor with respect to Obligations for Transactions entered into prior to such seventh day.

9. **No Waiver, Cumulative Rights**. No failure on the part of Counterparty to exercise, and no delay in exercising any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Counterparty of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to Counterparty or allowed it by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by Counterparty from time to time.

10. **Waiver of Notice**. The Guarantor waives presentment to or demand of payment from anyone liable for any of the Obligations, notice of dishonour, protest, notice of any sale of collateral security, and all other notices that may otherwise be required by law.

11. **Representations and Warranties**.

(a) The Guarantor hereby makes the following representations to Counterparty: that it is duly organized, validly existing, and in good standing under the laws of Canada and has full corporate power to execute, deliver and perform this Guarantee.

(b) The execution, delivery and performance of this Guarantee have been and remain duly authorized by all necessary corporate action and do not contravene any provision of the Guarantor's charter or by-laws, as amended to date, or any law, regulation, rule, decree, order, judgement, or contractual restriction binding on the Guarantor or its assets.

(c) All consents, licenses, clearances, authorizations and approvals of, and registrations and declarations with, any governmental authority or regulatory body necessary for the due execution, delivery and performance of this Guarantee have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by, and no notice of or filing with, any governmental authority or regulatory body is required in connection with the execution, delivery or performance of this Guarantee.

(d) This Guarantee constitutes the legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, subject, as to enforceability to bankruptcy, insolvency, reorganization, moratorium and other laws of general applicability relating to or affecting creditor's rights and to equitable principles of general application.

12. **Assignment**. Neither the Guarantor nor the Counterparty may assign any of its right, interests or obligations hereunder to any other person without the prior written consent of the Guarantor or the Counterparty, as the case may be, provided that the Counterparty may assign its rights, interest or transfer, in accordance with the Forward Transaction, any of its rights, interests or obligations hereunder to an assignee or transferee to which it has transferred its interest and obligations under the Forward Transaction pursuant to section 6(b) or 7 thereof.

13. **Governing Law and Jurisdiction**. This Guarantee shall be governed by, and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without giving effect to the principles of conflicts of laws thereof. The parties hereby irrevocably agree that the courts of the Province of Ontario are to have non-exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Guarantee and that

accordingly any suit, action or proceedings arising out of or in connection with this Guarantee may be brought in such courts.

14. **Notices**. All notices concerning this Guarantee or demands on the Guarantor shall be deemed made when given, and shall be in writing and may be sent by facsimile transmission ("fax"), confirmed by registered mail, and addressed:

to the Guarantor at:	Address:	National Bank of Canada 1155 Metcalfe, 1st Floor Montreal, Quebec H3B 5G2
	Attention:	Senior-Vice President Financial Markets and Treasury Operations
	Fax Number:	(514) 866-3809
to the Counterparty at:	Address:	Belmont Dynamic Growth Fund c/o Belmont Dynamic GP Inc. 357 Bay Street, Suite 800 Toronto, Ontario M5H 2T7
	Attention:	Dan Nead
	Fax Number:	(416) 867-1020
	Telephone:	(416) 869-0202

Each party may amend its address for notice by giving notice hereunder to the other party.

DATED August 24, 2006.

NATIONAL BANK OF CANADA

Name: Ricardo Pascoe
Title: Senior Vice President
Treasury and Financial Markets

Name: [illegible] LACROIX
Title: Vice-President
Market Risk

THIS IS EXHIBIT "D" REFERRED TO IN THE

AFFIDAVIT OF HAYDEN JONES

SWORN BEFORE ME

ON THIS 18th DAY OF AUGUST, 2010

NOTARY

Dionne Nerissa Brown
Shop Hill
St Thomas
Barbados
Attorney-at-Law

May 12, 2010

John A. MacDonald
Direct Dial: 416.862-5672
jmacdonald@osler.com
Our Matter Number: 1082987

Sent By Electronic Mail

Elizabeth Pillon
STIKEMAN ELLIOTT
5300 Commerce Court West
199 Bay Street
Toronto, ON
M5L 1B9

Dear Madam:

National Bank of Canada (Global) Limited ("NBCG")

We have reviewed the Second Report (the "Second Report") of KPMG Inc., Receiver and Manager (the "Receiver") of Belmont Dynamic Growth Fund filed in support of a proposed Claims Determination Order. The Second Report raises several issues that must be addressed both in respect of the proposed dissolution of the Belmont Fund and the resolution of "Disputed Claims" under the Claims Determination Order.

The first issue is the purported right of the Receiver to terminate Forward Contracts. Paragraph 26 of the Second Report references paragraph 4 of the October 21, 2009 Order of Justice Hoy (the "Hoy Order") as the basis for such rights. However, there is no reference or consideration given to the Order of Justice Mesbur dated August 6, 2009 (the "Receivership Order"). As a result, we wish to ensure that the Receiver is aware that NBCG is of the view that the Hoy Order does not authorize the Receiver to terminate a Forward Contract without regard to the operative provisions of the Receivership Order and the Forward Contract terms. The Receiver has been previously advised of this position.

In this regard, paragraph 3 (g) of the Receivership Order authorizes the Receiver "to enforce the rights of the Debtor in respect of any Forward Contracts ("Forward Contracts") and other investments". Paragraph 4 of that Order was a standstill provision providing that the Receiver would not terminate or consent to the termination of any Forward Contract until further order of the Court. Paragraph 13 of the Receivership Order: (i) excluded eligible financial contracts from the stay of proceedings and provided that NBCG "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 ..."; and (ii) subordinated the Receiver's Charge and the Receiver's Borrowings Charge to NBCG's security interest in financial collateral held in respect of the Forward Contracts.

Paragraphs 3 and 13 of the Receivership Order have not been amended or varied and remain operative such that the extent of the Receiver's rights are dependent on reading the Hoy Order and the Receivership Order together. In other words, the Receiver cannot purport to terminate the Forward Contracts in such a manner that is inconsistent with the Receivership Order terms. The Receiver's right to terminate a Forward Contract under Paragraph 2 of the Hoy Order can therefore only be exercised if the Debtor had that right or if that right is exercised in accordance with the Forward Contract terms. This interpretation is also consistent with the express reservation of NBCG's rights under Paragraph 13 of the Receivership Order.

In summary, the Receiver's ability to terminate a Forward Contract, and the terms on which such a step can be taken, remains a "live issue" in these proceedings.

We also note that paragraph 28 of the Receiver's Report indicates that the Receiver is continuing to consider the steps necessary to repatriate the Segregated Portfolio funds. In particular, the Receiver has not yet decided whether it intends "to use the Forward Contracts presently in place or through the collapse of such contracts ...". At this time, the NBCG Forward Contracts continue and NBCG has all its contractual rights and remedies thereunder. An issue, therefore, is whether it is premature in such circumstances to schedule a timetable and hearing for the determination of NBCG's proof of claim that was filed on an without prejudice basis. The Court should not be put in a position of having to determine substantive rights when the Receiver itself has not yet decided on course of action. We would therefore appreciate hearing from the Receiver as to the anticipated timing of this decision and the mechanics of any proposed repatriation of the Segregated Portfolio funds. This information is required to enable a constructive discussion between the Receiver and NBCG in respect of the overall receivership proceedings and the Claims Determination Order.

SETTLEMENT PRIVILEGE

We look forward to discussing these issues with you at your earliest convenience.

Yours very truly,

John A. MacDonald
JAM:pm

bc: A. Aziz (*OHH*)

TAB 2

Unofficial Transcript of the Endorsement of Justice Hoy – October 21, 2009

Court File No.: 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

JAMES HAGGERTY HARRIS

Applicant

- and -

BELMONT DYNAMIC GROWTH FUND,
an Ontario limited partnership

Respondent

Mr. Mercer and Ms. Meredith for the Applicant, a limited partner in the Respondent
Ms. Pillon for KPMG Inc., the Receiver of the Respondent
Mr. Graham for Harcourt and Fanconi, a 50% shareholder of the GP of the Respondent and its principal, respectively
Mr. Crawley and Ms. Loosemore for Omniscope Advisors Inc., the other 50% shareholder of the GP of the Respondent

By order of Mesbur J. dated August 6, 2009, the Receiver was appointed the receiver and manager of the assets and undertaking of the Respondent, a limited partnership, on the application of the Applicant.

Today, the Applicant seeks a broadening of the Receiver's power to permit the Receiver to deal with the "Forward Contract" to which the Respondent is a party – the key element in this failed derivative structure – and otherwise dispose of the Respondent's property where the Receiver considers it necessary or desirable to do so, and an order that Respondent shall be dissolved upon the Receiver filing a certificate confirming that the Receiver has completed the realization of the Respondent's assets and applied the property in accordance with the *Partnership Act*.

The Applicant submits that it is just and equitable that the Respondent be dissolved, and relies on the authority of the court, pursuant to s.35(f) of the *Partnership Act*, to order the dissolution of a partnership where it finds such to be the case.

The Applicant, qua limited partner, has the right to seek dissolution pursuant to s.10(c) of the *Limited Partnerships Act*.

The Receiver seeks approval of a claims process at this juncture in order to be in a position to expedite distribution to the creditors and claimants at the appropriate time and approval of its First Report.

The Receiver advises that it will report to this court again, before making a distribution (and, therefore, before filing the certificate which will trigger the dissolution).

The motions before me are unopposed. The Limited Partners have been given notice of these motions and none oppose. RBC Phillips, Hager & North Investment Counsel Inc. ("RBC PH&N IC"), which acts as portfolio manager for 126 of the 135 Limited Partners, and has authority under its investment management agreements with such limited partners to vote their limited partnership units, supports these motions. This is significant, because under the Limited Partnership Agreement it has sufficient votes to approve the dissolution.

I am satisfied that it is just and equitable to order the dissolution of the Respondent. The Respondent was structured to mirror the performance of an underlying hedge fund. As a result of the financial crisis in the fall of 2008, the underlying fund ceased to be viable. The "objects" for which the Respondent was formed can no longer be attained, and the order sought is therefore appropriate. (See *Ellerforth Investments v. The Typhon Group* 2009 CanLII 46640 (SCJ) para. 44)

A court-ordered dissolution will permit the Receiver, qua officer of the court, to effect the liquidation and, in all of the circumstances, all parties are of the view that the transparency of process that will result is desirable.

Orders to go in the form on which I have enclosed my fiat.

"Hoy, J."

TAB 3

21 OCT 2009

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

SUPERIOR COURT OF JUSTICE / COUR SUPÉRIEURE DE JUSTICE
FILED / DÉPOSÉ
OCT 19 2009
AT / À
LOCAL REGISTRAR - GREFFIER LOCAL
TORONTO

MOTION RECORD
(RETURNABLE OCTOBER 21, 2009)

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 Inc.

October 21. 2009.

Mr. Mener & Ms Meredith for the Applicant, a limited partner in the Respondent

Ms Pilon for the Receiver, KPMG Inc., of the Respondent

Mr Graham for Harount & Fanconi, a 50% shareholder of the GP of the Respondent & its principal, respectively

Mr Crawley & Ms. Loosemore for Omniscope Advisors Inc., the other 50% shareholder of the GP of the Respondent.

By order of Mesbur J. dated August 6. 2009, the Receiver was appointed the receiver & manager of the assets & undertaking of the Respondent, a limited partnership, on the application of the Applicant.

Today, the applicant seeks a broadening of the Receiver's power to permit the Receiver to deal with the "Forward Contract" to which the Respondent is a party - the key element in this failed derivative structure - & otherwise dispose of the Respondent's property where the Receiver considers it necessary or desirable to do so, & an order that Respondent shall be dissolved upon the Receiver filing a certificate

5605045 v1

confirming that the Receiver has completed the realization of the Respondent's assets and applied the properly in accordance w/ the Partnership Act.

The Applicant submits that it is just & equitable that the Respondent be dissolved, & relies on the authority of the court, pursuant to S. 35(f) of the Partnerships Act, to order the dissolution of a partnership where it finds such to be the case.

The Applicant, qua limited partner, has the right to seek dissolution pursuant to S. 10 (c) of the Limited Partnerships Act.

The Receiver seeks approval of a claims process at this juncture in order to be in a position to expedite distribution to the creditors and claimants @ the appropriate time & approval of its First Report.

The Receiver advises that it will report to this court again, before making a distribution (& therefore, before filing the certificate which will trigger the dissolution).

~~I am satisfied~~

The matters before me are unopposed. The Limited Partners have been given notice of these matters, and none oppose. RBC Phillips, Hager & North Investment Counsel Inc. ("RBC PH&N IC"), which acts as portfolio manager for 126 of the 135 limited

Partners, & has authority under its investment management agreements with such limited partners to vote their limited partnership units, supports these motions. This is significant, because under the Limited Partnership agreement it has sufficient votes to approve the dissolution.

I am satisfied that it is just & equitable to order the dissolution of the Respondent. The Respondent was structured to mirror the performance of an underlying hedge fund. As a result of the financial crisis in the fall of 2008, the underlying fund ceased to be viable. The "objects" for which the Respondent was formed can no longer be attained, & the order sought is therefore appropriate. (See Ellerforth Investments v The Typhoon Group 2009 CanLII 46640 (SCJ) para. 44)

~~[illegible]~~

A court-ordered dissolution will permit the Receiver, qua officer of the court, to effect the liquidation and, in all of the circumstances, all parties are of the view that the transparency of process ~~with a court~~ that will

result is desirable.

Orders to go into form
on which I have enclosed
my fiat.

[illegible]
(HOY)

TAB 4

Unofficial Transcript of the Endorsement of Justice Hoy – May 17, 2010

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

JAMES HAGGERTY HARRIS

Applicant

- and -

BELMONT DYNAMIC GROWTH FUND,
An Ontario limited partnership

Respondent

The Receiver seeks approval of a Claims Determination Order and its Second and Second Supplementary Reports.

National Bank of Canada, Omniscope, Mr. Nead and Royal Bank of Canada support the order sought.

Harcourt Investment Consulting AG seeks a modification of the Claims Determination Order sought which would permit Harcourt to be fully involved in the claims determination process, and have standing at the claims determination hearings. Mr. Martin Harcourt's affidavit says this will permit Harcourt to assist the court or protect Harcourt's own interests.

The Receiver is the receiver of the assets of Belmont Fund – an investment fund structured as a limited partnership. Harcourt is a 50% shareholder of the general partner. Omniscope is the other 50% shareholder. The shareholders arrived at an impasse and there is litigation between them. The general partner has a .001% economic interest in the limited partnership.

The principal assets of the Belmont Fund are forward contracts, the values of which vary directly with the market value and return of the Belmont Dynamic Segregated Portfolio (the "SP"). Harcourt is also the investment advisor to the SP. The SP is being liquidated outside of the purview of the court process. The Belmont Fund has no direct interest in the SP. Vontobel, Harcourt's controlling shareholder, provided seed capital to the SP. It has claims against the SP which I understand are near resolution and which will affect the value of the Belmont Fund.

RBC represents the limited partners of the Belmont Fund, who have a 99.999% economic interest therein. RBC sought the appointment of the Receiver when the shareholder dispute at the general partner made it impossible for the general partner to act.

Harcourt argues that it has knowledge relevant to the claims to be resolved and should therefore have standing. It also points to its indirect (50% of .001%) economic interest in proceeds ultimately available for distribution. It submits that Canada (Attorney General) v Cardinal Insurance [1991] O.J. No. 2128 and Trempe v Reybrock provide authority for the degree of involvement it seeks.

The Receiver and the parties which support the Receiver, submit that the modification sought by Harcourt is unnecessary, and would be a dangerous precedent. Harcourt is at liberty to provide all relevant information to the Receiver. If appropriate and necessary, the Receiver may call upon Harcourt personnel as witnesses. Harcourt will receive notice of the claims approval hearings and have access, in advance thereto, to the records created in relation thereto.

The Receiver is concerned that involving Harcourt in the process would result in a 'chill' on negotiations and make it more difficult for the Receiver to maintain its neutrality, given the adversarial positions of Omniscope and Harcourt and the fact that one of the disputed claims is in relation to a matter Omniscope and Harcourt are not ad idem on.

Counsel for the Receiver submits that the process for which it seeks approval essentially provides to Harcourt what was provided to the moving parties in Cardinal. Only the issue of standing remains and that issue, it submits, should be left to the judge hearing/determining each of the disputed claims.

Harcourt counters that it is inefficient for it to have to bring a standing motion in respect of each of the four disputed claims.

Harcourt's real interest seems to relate to only 2 of the four claims. I suspect that, at most, it would ultimately seek standing only in relation to 2 claims. Consistent with CL practice, the same judge would normally be assigned to hear all of the disputed claims. Even if Harcourt seeks standing in relation to 4 claims, given that this matter is or the CL, I do not think it would in fact result in great inefficiency.

A receiver was appointed because litigation between the two 50% shareholders had brought the general partner to an impasse, and a receiver was necessary to protect the interests of the 99.999% economic stakeholders. It would in my view be dangerous to at this stage make one of the 50% shareholders an equal participant in the claims determination process.

I am confident that the Receiver will have careful regard to all the information Harcourt is in a position to provide to it – as indeed it will to information gleaned from others. I am also confident that should that not be the case, Harcourt will draw such fact to the courts attention. The Receiver has a duty not just to the court, but to all parties interested in Belmont Fund's assets, property and undertaking.

The order and process for which the Receiver seeks approval provides, as counsel for the Receiver submits, the substance of what was provided for in Cardinal, except as to standing, which I have addressed above. In making this observation, I should not be seen as accepting the approach in Cardinal as applicable to Ontario receivership proceedings. I am simply responding to Harcourt's argument, at its "best".

Order therefore to issue in form sought by the Receiver.

As requested, I note that National Bank may seek a determination that its claim is outside the scope of the claims determination order. (It may argue that its claim is instead against SP).

TAB 5

Court File No.

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

AFFIDAVIT OF ROBERT CRAIG McDONALD
SWORN JULY 30, 2009

I, Robert Craig McDonald of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am Vice-President of RBC Phillips, Hager & North Investment Counsel Inc. ("RBC PH&N IC"), which acts as the portfolio manager for 126 of the 135 limited partners (the "Limited Partners") of the Belmont Dynamic Growth Fund (the "Belmont Fund"). I am also Vice-President, Portfolio Implementation for RBC Dominion Securities Inc. ("RBCDS"), which acts as portfolio manager for 4 Limited Partners and maintains brokerage accounts for 5 Limited

Partners. As such I have personal knowledge of the facts to which I depose, except where I have indicated that I have obtained facts from other sources, in which case I verily believe those facts to be true.

2. This affidavit is filed in support of an application for orders providing for, among other things, the dissolution of the Belmont Fund and the appointment of KPMG Inc. as receiver and manager of all property of the Belmont Fund in order to properly effect such dissolution.

RBC Phillips, Hager & North Investment Counsel Inc.

3. RBC PH&N IC is a corporation that was originally incorporated under the *Business Corporations Act* (Ontario) ("OBCA") on January 5, 1977 and continued under the *Canada Business Corporations Act* on February 17, 2000. It is a wholly-owned subsidiary of the Royal Bank of Canada (the "Bank"). Its head office is located in Toronto, Ontario.

4. RBC PH&N IC carries on the business of a portfolio manager in Canada. It provides discretionary wealth management services to clients with investable assets in excess of $1 million. Its clients include high net worth individuals and families, foundations and not-for-profit organizations. It had assets under management of approximately $8,082,099,501 as at June 30, 2009.

5. RBC PH&N IC is registered as an investment counsel and portfolio manager or their equivalent under the securities legislation of all provinces and territories of Canada.

RBC Dominion Securities Inc.

6. RBCDS is a corporation that was originally incorporated under the OBCA on January 5, 1977 and continued under the *Canada Business Corporations Act* on February 17, 2000. It is a wholly-owned subsidiary of the Bank and an affiliate of RBC PH&N IC. Its head office is located in Toronto, Ontario.

7. RBCDS carries on the business of a dealer and portfolio manager in Canada. It is registered as an investment dealer or its equivalent under the securities legislation of all provinces and territories of Canada and as a future commission merchant under the *Commodity Futures Act* (Ontario) and *The Commodity Futures Act* (Manitoba). It is also a member of the Investment Industry Regulatory Organization of Canada and the TSX Venture Exchange, an approved participant of the Montreal Exchange and a participating organization of the Toronto Stock Exchange.

The Belmont Dynamic Growth Fund

8. The Belmont Fund is an investment fund that was established as a limited partnership under the laws of Ontario pursuant to a Limited Partnership Agreement made as of June 9, 2006 between Belmont Dynamic GP Inc. (the "General Partner"), as general partner, and each Limited Partner (the "LP Agreement"). A copy of the LP Agreement is attached as Exhibit A.

9. The principal address of the Belmont Fund is 357 Bay Street, Suite 800, Toronto, Ontario. The only undertaking of the Fund is the investment of its assets.

The General Partner

10. The General Partner is a corporation incorporated under the OBCA. Its authorized capital consists of an unlimited number of common shares. Its principal address is 357 Bay Street, Suite 800, Toronto, Ontario.

11. The General Partner acts as the manager of the Belmont Fund. As such, the General Partner is responsible for managing the day-to-day business of the Belmont Fund including providing or obtaining administrative and investment management services to or for the Belmont Fund, providing or obtaining distribution and redemption services for units of the Belmont Fund and monitoring the Belmont Fund's investment portfolio.

12. The only shareholders of the General Partner are Harcourt Investment Consulting AG ("Harcourt") and Omniscope Advisors Inc. ("Omniscope"). Each of Harcourt and Omniscope owns 50% of all of the outstanding common shares of the General Partner.

Harcourt Investment Consulting AG

13. Harcourt carries on business as a portfolio manager. Since 1998, Harcourt's portfolio management business has focussed exclusively on funds of hedge funds. Its principal offices are located in Zurich, Switzerland. It is recognized as one of the top ranked fund of hedge funds managers in Switzerland and as a leading global provider of multi hedge funds solutions for institutional clients.

14. Harcourt's principal shareholder is The Vontobel Group. The Vontobel Group holds a 57% stake in Harcourt. Harcourt's other shareholders include members of its management and staff. The Vontobel Group is an internationally-oriented Swiss Private Bank also headquartered in Zurich.

15. Harcourt was selected to provide its hedge fund management expertise to clients ("RBC Clients") of RBC PH&N IC and RBCDS following the completion of a hedge fund manager selection process that was conducted by RBC PH&N IC and its affiliates. The Belmont Fund and the Belmont Dynamic Growth Segregated Portfolio (the "Underlying Fund"), described below, were established by Harcourt to provide RBC Clients with indirect access to Harcourt's investment management services.

Omniscope Advisors Inc.

16. Omniscope carries on the business of a securities dealer. It is registered as a dealer in the category of limited market dealer under the *Securities Act* (Ontario) (the "Ontario Act").

17. Omniscope is wholly-owned by Mr. Daniel A Nead. Mr. Nead is also the sole director and officer of Omniscope.

Accilent Capital Management Inc.

18. The General Partner has appointed Accilent Capital Management Inc. ("Accilent") as the investment adviser to the Belmont Fund for the purpose of providing investment advice and research and trading strategies to the Belmont Fund in accordance with the terms and conditions of an investment advisory agreement dated June 9, 2006 between the General Partner, the Belmont Fund and Accilent.

19. Accilent carries on the business of a portfolio manager in Canada. It provides investment advisory services for third party and proprietary funds, individual managed accounts and structured investments. Its offices are located in Toronto, Ontario.

20. Accilent is registered as an investment counsel and portfolio manager and a limited market dealer under the Ontario Act.

Units of the Belmont Dynamic Growth Fund

21. An unlimited number of class AC limited partnership units ("Class Units"), class AU limited partnership units ("Class AU Units"), class FC limited partnership units ("Class FC Units") and class FU limited partnership units ("Class FU Units") were originally offered for sale by the Belmont Fund pursuant to an offering memorandum in reliance upon exemptions from the prospectus requirements of Canadian securities laws that were available pursuant to National Instruments 45-106 *Prospectus and Registration Exemptions*

22. Each Class AC Unit, Class AU Unit, Class FC Unit and Class FU Unit (individually, a "Unit" and collectively, the "Units") represents an equal undivided interest in the net assets of the Belmont Fund attributable to the class of Units.

23. The Class AC Units and the Class AU Units (individually, a "Class A Unit" and collectively, "Class A Units") were intended for sale to the clients of registered dealers and they entitled a registered dealer to receive payment of a quarterly trailer fee from the General Partner equal to the product of an annual rate of 1% multiplied by the aggregate net asset value of the Class A Units owned by all clients of the registered dealer. Class AC Units are denominated in Canadian dollars and Class AU Units are denominated in US dollars. Only one client of RBC PH&N IC acquired any Class A Units.

24. Class FC Units and Class FU Units (individually, a "Class F Unit" and collectively, "Class F Units") were intended for sale to all other investors. No trailer fee was payable by the General Partner in respect of Class F Units. Class FC Units are denominated in

Canadian dollars and Class FU Units are denominated in US dollars. As described in greater detail below, the only investors to acquire Class F Units were clients of RBC PH&N IC and RBCDS.

25. Units could be acquired on the last business day of each calendar month (each, a "Valuation Date") for an amount equal to the net asset value of the Units on the Valuation Date determined in accordance with the LP Agreement. Redemptions of Units could be made on the last business day of a calendar quarter for an amount equal to the net asset value of the Units less the amount of any performance fee payable to Harcourt, as described in greater detail below, and the amount of any early withdrawal charge payable to the General Partner in respect of any Units redeemed prior to the second anniversary of the date on which the Units were issued.

26. Limited Partners wishing to purchase or redeem their Units were required to forward a completed subscription form or redemption request to the General Partner. Subscription forms had to be received by the General Partner prior to the relevant Valuation Date. Redemption requests had to be made 90 days before the last business day of the calendar quarter on which a Limited Partner wished to redeem his or her Units.

27. All proceeds from the sale of Units were to be invested in accordance with the investment objective and the investment strategy of the Belmont Fund.

Investment Objective and Investment Strategy

28. The investment objective of the Belmont Fund is to generate absolute returns which are not correlated to global equity or bond markets.

29. The Fund sought to achieve its investment objective by obtaining exposure to the returns of the Underlying Fund. It obtained such exposure by first using the proceeds from its

offering of Units to acquire a basket of Canadian common shares (the "Canadian Share Portfolio") that constituted "Canadian securities" for purposes of section 39(6) of the *Income Tax Act* (Canada). It then entered into two forward purchase and sale agreements (collectively, the "Forward Contract") with an affiliate of a bank set out in Schedule I of the *Bank Act* (Canada) (the "Counterparty").

30. In accordance with the terms and conditions of the Forward Contract, the Counterparty has agreed to pay to the Belmont Fund on the maturity date of the Forward Contract (the "Forward Maturity Date") an amount equal to the redemption proceeds of a notional number of shares of the Underlying Fund (the "Notional Number of Shares") on the Forward Maturity Date in exchange for the delivery of the Canadian Share Portfolio to the Counterparty by the Belmont Fund or an equivalent cash payment at the election of the Belmont Fund. The Forward Maturity Date is August 1, 2016 or such other date as may be agreed upon in writing by the Counterparty and the Belmont Fund.

31. In order to permit the Belmont Fund to fund redemptions of Class F Units by the Limited Partners from time to time, and to pay the ongoing fees and expenses that are described below, the terms of the Forward Contract provide that the Forward Contract may be partially settled prior to the Forward Maturity Date by the Belmont Fund tendering to the Counterparty securities of the Canadian Share Portfolio.

32. As security for its obligations under the Forward Contract, the Belmont Fund has pledged the Canadian Share Portfolio to the Counterparty.

33. Although not required to do so, it is my understanding that, consistent with conventional hedging practice, the Counterparty has executed a short sale (the "Short Sale") of

securities equivalent to those comprising the Canadian Share Portfolio and that it has used the proceeds from the Short Sale (the 'Short Sale Proceeds") to acquire shares of the Underlying Fund. The number of shares of the Underlying Fund that were acquired by the Counterparty using the Short Sale Proceeds is equal to the Notional Number of Shares.

34. As a result of the Forward Contract, the Belmont Fund has exposure to the performance of the Underlying Fund but it has no direct interest in the Underlying Fund.

35. The Forward Contract may be terminated prior to the Forward Maturity Date in certain circumstances including by the Counterparty if an event occurs that the Counterparty determines has had, or would reasonably be expected to have, an adverse effect on the Counterparty's ability to execute, maintain, re-establish or modify any hedge of its position under the Forward Contract.

36. In addition to its acquisition of the Canadian Share Portfolio and entering into the Forward Contract, the Belmont Fund entered into currency hedging transactions (collectively, the "FX Holding") in order to hedge the risk applicable to Class FC Units in relation to the US dollar denominated returns of the Forward Contract. The FX Hedge was unwound on April 21, 2009.

37. A diagram depicting the structure of the Belmont fund is attached as Exhibit B.

Belmont Dynamic Growth Segregated Portfolio

38. The Underlying Fund is a segregated portfolio of Belmont SPC, a segregated portfolio company established under the laws of the Cayman Islands. The Underlying Fund is advised by Harcourt.

39. Like the Belmont Fund, the investment objective of the Underlying Fund is to generate absolute returns which are not correlated to global equity or bond markets.

40. The Underlying Fund seeks to achieve its investment objective by investing, on a leveraged basis, in various specialized funds of hedge funds that are also managed by Harcourt that include, among others, Belmont Asia Ltd., Belmont Europe Ltd., Belmont Long Short Equity Ltd., Belmont Fixed Income Ltd., Belmont Market Neutral Ltd., Belmont Global CTA Ltd. and Belmont Natural Resources Ltd. Duplication of management and performance fees by Harcourt is avoided because the Underlying Fund invests only in fee-free share classes of the funds of hedge funds underlying the Underlying Fund.

Fees and Expenses

The General Partner

41. For the services that the General Partner provides to the Belmont Fund the General Partner receives an administration fee that is equal to 1/12 of 0.1% of the aggregate net asset value of all outstanding Class F Units and that is calculated and payable in arrears on the last business day of each calendar month.

Harcourt Investment Consulting AG

42. For the investment management services that Harcourt provides to the Underlying Fund, Harcourt is entitled to receive a monthly management fee and a performance fee.

43. The monthly management fee is equal to 1/12 of 1.2% of the Underlying Fund's net asset value calculated and paid in arrears on the last day of each calendar month.

44. The performance fee is calculated with reference to the following:

- the positive difference (the "Excess Amount"), if any, between the net asset value per share of the Underlying Fund on the last business day of each calendar quarter (the "Determination Date") and the net asset value per share of the Underlying Fund on the last business day of the immediately preceding calendar quarter (the "Previous Determination Date"); and

- the percentage increase in the net asset value per share of the Underlying Fund between the Determination Date and the Previous Determination Date ("Percentage Return"), if any, determined by dividing the Excess Amount by the net asset value per share of the Underlying Fund on the Pervious Determination Date.

If the Percentage Return is less than or equal to 3 Months USD LIBOR + 1% net of all fees (the "Hurdle Rate") no performance fee is payable to Harcourt. If the Percentage Return is greater than the Hurdle Rate, the performance fee that is payable to Harcourt for a given calendar quarter is an amount equal to the product of 10% of the Excess Amount and the number of outstanding shares of the Underlying Fund on the Determination Date.

45. The leveraged value of the Underlying Fund is excluded from the calculation of both the management fee and the performance fee.

Forward Contract Fee

46. For its services as such, the Counterparty receives a fee of up to 0.50% per annum on the value of the Notional Number of Shares. This fee is payable by the Belmont Fund monthly in arrears.

Operating Expenses

47. In addition to the fees, described above, that are payable to the General Partner, Harcourt and the Counterparty, the Belmont Fund is responsible for the purchase price of all securities acquired by it, brokerage fees on the purchase and sale of such securities, and interest expenses and taxes of all kinds to which the Belmont Fund is or might be subject. It is also responsible for all other expenses incurred in the ordinary course of the administration and operation of the Fund, including, without limitation, custodian, audit and legal fees, related administration fees and the cost of providing information to Limited Partners.

The Limited Partners

48. There are currently 135 Limited Partners of the Belmont Fund. Of these 135 Limited Partners, 126 Limited Partners are clients of RBC PH&N IC (the "Managed Account Partners") and 9 Limited Partners are clients of RBCDS (the "RBCDS Partners").

49. Each of the Managed Account Partners has entered into an Investment Management Account Opening Agreement (the "Investment Management Agreement") with RBC PH&N IC pursuant to which the Managed Account Partner has retained RBC PH&N IC to provide the Managed Account Partner with discretionary investment management services in respect of the Managed Account Partner's portfolio of assets and the proceeds from such assets (the "Portfolio"). The Managed Account Partners currently own 4,500 Class AC Units representing 100% of all outstanding Class A Units. They also own 150,299 Class FC Units and 18,565 Class FU Units representing 98.26% of the outstanding Class FC Units, 48.70% of the outstanding Class FU Units and 88.37% of all outstanding Class F Units.

50. Of the 9 RBCDS Partners, 4 RBCDS Partners have granted RBCDS discretionary investment authority in respect of each RBCDS Partner's Portfolio. The remaining 5 RBCDS

Partners maintain brokerage accounts with RBCDS. The RBCDS Partners own 2,660 Class FC Units and 19,558 Class FU Units representing 1.74% of the outstanding Class FC Units, 51.3% of the outstanding Class FU Units and 11.63% of all outstanding Class F Units.

Proposed Dissolution of the Belmont Dynamic Growth Fund

51. As described above, the Managed Account Partners are discretionary investment management clients of RBC PH&N IC and the RBCDS Partners are both discretionary investment management and brokerage clients of RBCDS. RBC PH&N IC has consulted with RBCDS and they have determined that it would be in the best interests of the Limited Partners to dissolve the Belmont Fund having regard to the following considerations:

- Since August, 2006, the net asset value of a Class AC Unit has declined from its original net asset value of CDN $100 to CDN $64.10 on September 30, 2008, the last date on which a net asset value was published for the Units. The net asset value of a Class FC Unit and a Class FU Unit has declined from CDN $100 and US $100 to CDN $71.82 and US $72.93, respectively, during this same period.

- The prospect for any recovery of such losses would appear to be remote.

- Despite such losses, the Belmont Fund continues to incur the fees and expenses described above.

- In October, 2008, Harcourt advised RBC PH&N IC that the Belmont Fund was no longer viable due primarily to the then relatively recent turmoil in the financial markets and that steps would therefore be taken to dissolve the Belmont Fund.

- In December, 2008, the General Partner provided RBC PH&N IC with a draft notice of a special meeting of Limited Partners that was to be convened to consider and approve the dissolution of the Belmont Fund and the appointment of the General Partner as the receiver and liquidator of the Belmont Fund pursuant to the LP Agreement. A copy of the draft Notice of Special Meeting and Information Circular is attached as Exhibit C.

- A meeting of the Limited Partners has never been convened to consider the dissolution of the Belmont Fund because of an "impasse" that developed between Harcourt and Omniscope, the shareholders of the General Partner.

- The impasse between the shareholders of the General Partner has become the subject of a court proceeding involving an application that has been made by Harcourt against, among others, the Belmont Fund, the General Partner and Omniscope for, among other things, the following:

    - an order pursuant to section 248(2) of the OBCA directing the General Partner to hold a meeting of the Limited Partners to approve a Special Resolution commencing the dissolution of the Belmont Fund;

    - an order pursuant to section 248(2) of the OBCA dispensing with the requirement for a meeting of the directors of the General Partner to pass a resolution calling for a meeting of the Limited Partners for the purpose of approving a Special Resolution commencing the dissolution of the Belmont Fund;

- in the alternative, an order pursuant to sections 207 and 248(3)(1) of the OBCA winding up the General Partner; and

- in the alternative, an order pursuant to section 248(3)(b) of the OBCA and section 101 of the *Courts of Justice Act* (Ontario) appointing Harcourt or an independent third party as receiver and liquidator of the Belmont Fund.

A copy of the Notice of Application dated June 11, 2009 in relation to this proceeding is attached as Exhibit D and a copy of a related Request Form Continuing Matter is attached as Exhibit E.

- As a result of the impasse between the shareholders of the General Partner, RBC has been unable to obtain net asset valuations for the Class AC Units, Class FC Units and Class FU Units from the General Partner since September 30, 2008 despite its repeated requests for such valuations.

- Neither RBC PH&N IC, on behalf of the Managed Account Partners, nor the RBCDS Partners are able to redeem their Class A Units or Class F Units of the Belmont Fund because redemptions in the Underlying Fund have been suspended as the result of redemption suspensions by the hedge funds underlying the Underlying Fund and the Counterparty is therefore unable to partially settle the Forward Contract.

- As a result of the above-described circumstances, neither RBC PH&N IC on behalf of the Managed Account Partners nor the RBCDS Partners have been able to redeem their Class A Units or Class F Units, as the case may be, to redeploy

funds invested in the Belmont Fund in an attempt to recover losses incurred by the Limited Partners as a result of their investments in the Belmont Fund.

52. The discretionary authority that each Management Account Partner has granted RBC PH&N IC includes the authority to vote securities that are held in the Portfolio that is being managed by RBC PH&N IC on behalf of the Managed Account Partner. Section 15 of the Investment Management Agreement provides, in part, that, unless instructed otherwise by the Managed Account Partner, in writing, RBC PH&N IC is granted all powers and authority necessary to vote any securities in the Portfolio or to consent to any reorganization of any issuer of securities in the Portfolio in such manner as RBC PH&N IC deems appropriate. All Class F Units of the Belmont Fund that are owned by each Managed Account Partner are held in the Managed Account Partner's Portfolio.

53. As a result of the discretionary authority that has been granted to RBC PH&N IC by section 15 of the Investment Management Agreement, RBC PH&N IC is authorized to approve the dissolution of the Belmont Fund and to appoint a receiver and liquidator of the assets of the Belmont Fund pursuant to section 12.2 of the LP Agreement. Section 12.2 of the LP Agreement provides, in part, as follows:

> On the date of the approval of the dissolution of the [Belmont Fund] by a Special Resolution, the General Partner (or such other Person as may be appointed by Ordinary Resolution of the Limited Partners) shall act as a receiver and liquidator of the assets of the [Belmont Fund] ...

54. The term "Special Resolution" is defined in section 1.1 (54) of the LP Agreement to mean:

(a) a resolution approved by more than 75% of the votes cast in person or by proxy at a duly constituted meeting of Limited Partners or class of Limited Partners or at any adjournment thereof, called in accordance with this [LP Agreement]; or

(b) a written resolution in one or more counterparts signed by Limited Partners holding in the aggregate more than 75% of the aggregate number of outstanding Units[1], or where the resolution concerns only a particular class of Units, 75% of the aggregate number of outstanding Units of that class.

55. The term "Ordinary Resolution" is defined in a similar way in section 1.1 (39) of the LP Agreement to mean:

(a) a resolution approved by more than 50% of the votes cast in person or by proxy at a duly constituted meeting of Limited Partners or class of Limited Partners or at any adjournment thereof called in accordance with this [LP Agreement]; or

(b) a written resolution in one or more counterparts signed by Limited Partners holding in the aggregate more than 50% of the aggregate number of outstanding Units or where the resolution concerns only a particular class of Units, 75% of the aggregate number of outstanding Units of that class.

56. As described above, the Class A Units held in Portfolios on behalf of Managed Account Partners represent all outstanding Class A Units. The 150,299 Class FC Units and the 18,565 Class FU Units that are held in Portfolios on behalf of Managed Account Partners represent 88.37% of all outstanding Class F Units.

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[1] The term "Units" is defined in section 1.1 (58) of the LP Agreement to mean the Class AC Units, the Class AU Units, the Class FC Units and the Class FU Units.

57. As a result of the combined effect of section 15 of the Investment Management Agreement and section 12.2 of the LP Agreement, RBC PH&N IC could approve the dissolution of the Belmont Fund and the appointment of any person other than the General Partner as the receiver and liquidator of the assets of the Belmont Fund whether such approval was given by means of votes cast at a duly constituted meeting of Limited Partners or by means of written resolutions signed on behalf of the Managed Account Partners. Accordingly, although RBC PH&N IC could approve such dissolution and appointment in accordance with the Investment Management Agreement and LP Agreement, it believes that it would be in the best interests of the Limited Partners to achieve a similar result by seeking the relief described below based upon the grounds for such relief that are also described below.

Service

58. Personal service upon each of the Limited Partners is impractical and unnecessary. There are 135 Limited Partners and there would be material costs associated with serving each of the Limited Partners personally. It is unclear who would bear those costs and such costs should not be added to the other fees and expenses that are eroding the Limited Partners' equity in the Belmont Fund.

59. More importantly, RBC PH&N IC exercises discretionary investment authority over accounts of all but 9 of the Limited Partners. Given the nature of their investments and the management authority invested in RBC PH&N IC, I believe the Limited Partners expect RBC PH&N IC to manage this proceeding and that they would neither expect nor appreciate receiving personal service of this application. The method proposed – providing notice to each Limited Partner by way of a letter substantially in the form of the draft letter attached as Exhibit F (the "Notice Letter") - is more in keeping with the expectations of the Limited Partners.

60. In the event a Limited Partner prefers to be directly involved in the proceeding, the Notice Letter will advise how the Limited Partner can do so. I am advised by counsel to the Applicant that this proposed notification process is not unlike the notification process followed in proceeding under the *Companies' Creditors Arrangement Act* (Canada) in connection with initial applications and sanction hearings.

61. RBC PH&N IC and RBCDS communicate regularly with the Managed Account Partners and RBCDS Partners, respectively, and a Notice Letter sent from them should provide reasonable notice of these proceedings to each Limited Partner.

62. With respect to the Belmont Fund and the General Partner, they will be served with the Notice of Application by personal service on the General Partner in both its own capacity and on behalf of the Belmont Fund. However, it is unclear whether the Belmont Fund and/or the General Partner will respond to these proceedings given the impasse that has developed between the General Partner's two controlling shareholders. For greater clarity, the Applicant will seek an order validating service upon the Belmont Fund and the General Partner and declaring that unless the Belmont Fund or General Partner, as the case may be, serves a Notice of Appearance in this proceeding, the Applicant is not required to provide further notice of these proceedings to it.

Relief Sought

63. The Applicant is seeking an order from the Court for the dissolution of the Belmont Fund for the reasons described in paragraph 51 above. It is also seeking an order for the appointment of KPMG Inc. as a receiver and manager to protect the assets of the Belmont Fund, to effect an orderly realization and distribution of the proceeds thereof and to take such other steps as may be necessary to effect the dissolution.

64. The proposed relief contemplates two separate court hearings:

(a) an initial hearing (the "Initial Hearing") with respect to the manner of giving notice to the Belmond Fund, and to the General Partner and the Limited Partners of the Belmont Fund (collectively the "Partners") and to the appointment of KPMG Inc. as receiver and manager (the "Receiver") of all of the assets, undertakings and properties of the Belmont Fund (the "Initial Order"); and

(b) a subsequent hearing within a reasonable time thereafter (the "Dissolution Hearing") with respect to a proposed order providing for the dissolution of the Belmont Fund and a process to dissolve it (the "Dissolution Order").

65. The proposed Initial Order sought at the Initial Hearing includes:

(a) the appointment of the Receiver with broad, customary authority and powers in respect of the property of the Belmont Fund, provided that the Receiver would not be permitted to exercise certain specific authority and powers described below prior to the Dissolution Order unless the Court orders otherwise;

(b) approval of the proposed manner of providing substituted service on each Limited Partner by delivering the Limited Partner a letter from RBC PH&N IC or RBCDS, as the case may be, in the form of the letter attached as Exhibit F which, among other things, describes the reasons for this court application, summarizes the Initial Order, provides contact information for the Receiver, provides information on how to obtain copies of the court documents, provides notice of the Dissolution hearing, summarizes the relief to be sought at the Dissolution

hearing and informs the Limited Partner of the steps they must take if they wish to appear at and participate in the Dissolution Hearing; and

(c) validation of the service of the Notice of Application upon the Belmont Fund and the General Partner and a declaration that unless the Belmont Fund or the General Partner, as the case may be, serves a Notice of Appearance in this proceeding, the Applicant is not required to provided it with notice of any further steps in these proceedings.

66. Although the details of the Dissolution Order will be the subject of further discussion following the appointment of the Receiver, it is presently contemplated that the Dissolution Order would include:

(a) an order dissolving the Belmont Fund, with effect upon the filing by the Receiver of a certificate confirming that it has completed its realization on all of the Belmont Fund's property and distributed the proceeds to the Persons entitled thereto;

(b) an order confirming that the Receiver is permitted to exercise all of the authority and powers granted to it in the Initial Order and is no longer subject to any restrictions thereon; and

(c) any directions or changes to the authority and powers of the Receiver thought necessary or desirable by the Receiver or the Applicant in connection with the conduct of the receivership and dissolution process.

Grounds for Relief Sought

67. Although, as described above, the Limited Partners have the authority to cause the dissolution of the Belmont Fund and to appoint a private receiver pursuant to the LP Agreement, the Applicant, RBC PH&N IC and RBCDS believe that a court-supervised receivership and dissolution process is more appropriate, and is just, convenient and equitable, for the following reasons:

(a) the Receiver, as a court-appointed officer, will be an independent party and therefore in a better position, compared to the General Partner or a privately-appointed receiver, to resolve or otherwise deal with issues that may arise between the partners and other stakeholders, between the General Partner and the Limited Partners, and between the Limited Partners themselves;

(b) the complexity of the structure of the Belmont Fund and its investments, the key agreements and relationships, the realization process and potential tax implications makes it appropriate to have a court-supervised process;

(c) the Receiver will have experience and expertise relevant to the proposed dissolution of the Belmont Fund that the Partners do not have;

(d) the transparency afforded by a court-supervised process is desirable and important because the current situation, and an appropriate process to address it, would not have been within the contemplation of the parties at the outset when the LP Agreement was prepared;

(e) court receivership and dissolution proceedings would prevent a multiplicity of proceedings in respect of the dissolution of the Belmont Fund, realization on its assets, and the appropriate distribution of the proceeds;

(f) if it is determined that a court-supervised claims process would facilitate the distribution of the realization proceeds of the Belmont Fund's property, it could be implemented in a court receivership and dissolution proceeding;

(g) as described below, while RBC PH&N IC is prepared to provide the funding for a court-supervised process because of the transparency and efficiency of such process, it would be very reluctant to fund a private dissolution because a private dissolution would lack the transparency and efficiency of a court-supervised process; and

(h) given the impasse that currently exists between the shareholders of the General Partner, the impact of the impasse on the General Partner and the documentation in relation to the Belmont Fund that is in the possession or control of these entities, the Receiver requires the cooperation of these entities and it may be difficult to obtain such cooperation in the absence of the relief sought.

68. With respect to the specific form of the receivership provisions of the Initial Order sought, I am advised by counsel to the Applicant that it is based on the model receivership order developed for matters brought before the Ontario Superior Court of Justice, Commercial List in Toronto, Ontario, subject to certain proposed changes thought to be appropriate in the circumstances. These proposed changes include:

(a) The addition of provisions relating to notice of the Initial Order and the Dissolution Hearing as described in paragraphs 58 to 62 above;

(b) although it was considered necessary and appropriate for the Receiver to have customary powers of the nature set out in the model order:

(i) the authority to terminate, or to make other arrangements to realize on, the Forward Contract in connection with the dissolution process has been made more explicit given that the Forward Contract is the principal asset of the Belmont Fund, and other minor adjustments have been made to the description of the Receiver's non-exhaustive list of powers to reflect the anticipated nature of the activities of the Receiver in this case; however

(ii) the authority of the Receiver to terminate the Forward Contract has been suspended until the Dissolution Order is made to provide the Partners with an opportunity to make submissions, if so advised, in respect of the proposed dissolution of Belmont Fund before any irrevocable steps are taken in respect of the Forward Contract; and

(c) the addition of provisions relating to "eligible financial contracts" (as that term is used in the *Bankruptcy and Insolvency Act* (Canada) (the "BIA"). Because the Forward Contract may be an eligible financial contract and certain rights and remedies arising under or in respect of eligible financial contracts cannot be stayed in proceedings under the BIA, it was considered appropriate to specifically exclude the exercise of those same rights and remedies from the proposed

receivership stay of proceedings and to provide protections in the proposed Receivership Order similar to the BIA protections.

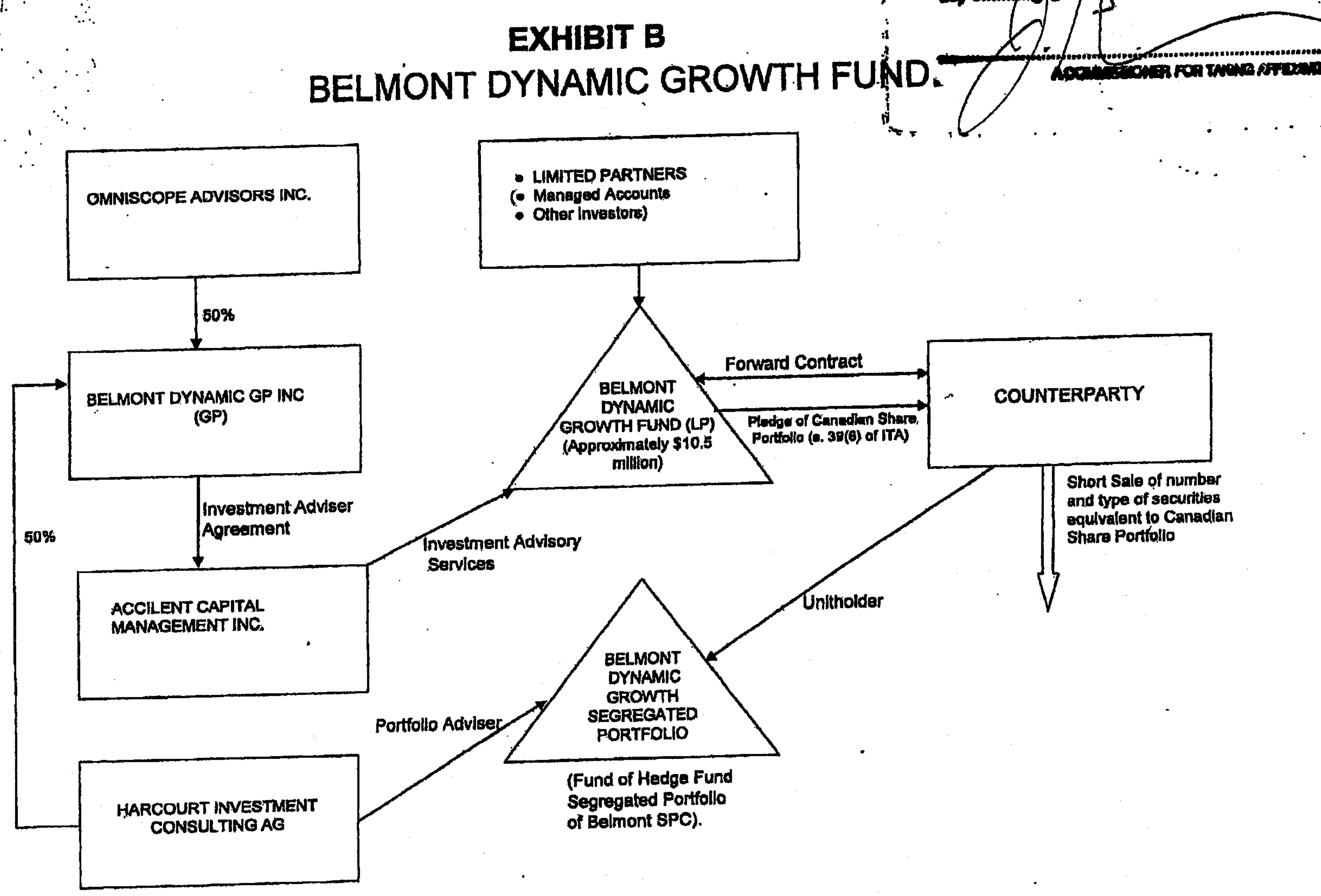
69. KPMG Inc. has consented to act as Receiver, if so appointed by this Court.

70. To enable this application to proceed, RBC PH&N IC has agreed to pay the costs of the Applicant and, subject to certain limitations, the costs of the Receiver in connection with this proceeding. Given the illiquid nature of the Belmont Fund's assets and the uncertainty regarding the amount and timing of receipt of realization proceeds, KPMG Inc. required this agreement from RBC PH&N IC.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario this 30th day of July, 2009 A Commissioner for taking oaths, etc.	Robert Craig McDonald

affidavit of Robert Craig McDonald
sworn before me, this 30th
day of July 20 09
A COMMISSIONER FOR TAKING AFFIDAVITS

EXHIBIT B
BELMONT DYNAMIC GROWTH FUND



JAMES HAGGERTY HARRIS
Applicant

and

BELMONT DYNAMIC GROWTH FUND,
an Ontario limited partnership
Respondent

Court File No: 09-8302-00CL

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

RESPONDING MOTION RECORD OF NATIONAL BANK OF CANADA (GLOBAL) LIMITED

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