

Dear Securityholder:

As Chair of the Independent Review Committee (“IRC”) for the funds (collectively, the “Funds” and individually, a “Fund”) managed by the Jovian Group of Companies the “Manager”), I am pleased to provide you with the third annual report to securityholders of the Funds as required under National Instrument 81-107 *Independent Review Committee for Investment Funds* (“NI 81-107”) covering the period beginning January 1, 2009 and ending December 31, 2009.

The IRC was established on November 1, 2007 under subsection 121.4(1) of the *Securities Act* (Ontario). The members of the IRC have expertise in a number of relevant fields, including financial services, investment management, other investment businesses, law and securities regulation. The mandate of the members of the IRC is to provide advice to the Manager regarding any conflict of interest matter in mutual fund management that is referred to the IRC by the Manager and to give their approval or make a recommendation after considering the matter. A “conflict of interest matter” is a situation where a reasonable person would consider the Manager or an entity related to the Manager to have an interest that may conflict with the Manager’s ability to act in good faith and in the best interests of the Fund’s unitholders.

The IRC’s function is to determine whether a proposed action that the Manager refers to it as a potential conflict of interest, as defined in NI 81-107, achieves a fair and reasonable result for the investment fund. The IRC will, at least annually, review and assess the adequacy and effectiveness of the policies and procedures relating to conflict of interest matters in respect of the Funds, and will also conduct a self-assessment of the IRC’s independence, compensation and effectiveness. Under OSC Rule 81-802 – *Implementation of NI 81-107 Independent Review Committee for Mutual Funds*, the IRC is designated as a “market participant” for purposes of the *Securities Act* (Ontario). Under subsection 4.5(1) of NI 81-107, the IRC is required to report directly to the investment fund’s principal regulator if the members become aware that the Manager has acted in a conflict of interest matter listed in subsection 5.2(1) contrary to a condition imposed by the IRC or by securities legislation. To date, no matter of this nature has come to the attention of the IRC.

The IRC looks forward to continuing to serve in the best interests of the Funds and working effectively with management for the Funds.

Julia Dublin,

*Signed “Julia Dublin”*

Chair of the Independent Review Committee  
of Investment Funds Managed by the Jovian Group of Companies  
and its affiliated and related managers

March 25, 2010

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**THE JOVIAN GROUP INDEPENDENT REVIEW COMMITTEE**

Karen Fisher

Julia Dublin (Chair)

Harvey Naglie

## Report of IRC to Unitholders December 31, 2009

### Members of the IRC

As of December 31, 2009, the IRC consisted of the following members: Julia Dublin, Harvey Naglie and Karen Fisher. Julia Dublin and Harvey Naglie were appointed to the IRC on November 1, 2007 and Karen Fisher was appointed on September 19, 2008. As of December 31, 2009, Harvey Naglie was also a member of BluMont Capital's IRC and Karen Fisher was also Chair of the Excel Funds IRC and Chair of the Fortis Fund IRC (formerly known as ABN Amro Global Equity Exposure Fund IRC).

Julia Dublin is the Chair of the IRC. Each of these members is independent from the Funds and the Manager within the meaning of National Instrument 81-107.

### Holdings of Securities:

#### *Funds*

As at December 31, 2009, the percentage of units of each class of the Funds covered by this report beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 0.1 per cent for any Fund.

#### *Manager*

As at December 31, 2009, the percentage of each class or series of voting or equity securities of Jovian Capital Corporation or The Manager beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 0.1 per cent.

#### *Service Providers*

As at December 31, 2009, no member of the IRC beneficially owned, directly or indirectly, any class or series of voting or equity securities of a person or company that provides services to the Funds or the Manager of the Funds with respect to their respective fund businesses.

### IRC Compensation and Indemnities

The aggregate compensation paid by the Funds to the IRC for the period from January 1, 2009 to December 31, 2009, was approximately \$63,525.00 including a fee of \$500.00 per meeting attended and including GST where applicable. This amount was allocated among the Funds managed by the Manager in a manner that is considered by the Manager to be fair and reasonable to the Funds.

The initial annual compensation of IRC members and their initial terms of appointment are as follows:

<b>Name</b>	<b>Annual Compensation</b>	<b>Initial Term</b>	<b>Additional Term</b>
Julia Dublin	\$20,000.00	3 years	Currently in Initial Term
Harvey Naglie	\$15,000.00	2 years	2 years
Karen Fisher	\$15,000.00	1 year	3 years

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Compensation for additional services by an IRC member may be charged from time to time with the approval of both the IRC and the Manager.

At least annually, the IRC will review the compensation of its members in a manner consistent with good governance practices, giving consideration to a number of factors, including:

- (a) The best interests of the Funds;
- (b) The number, nature and complexity of the Funds;
- (c) The nature and extent of the workload of each IRC member, including the commitment of time and energy that is expected from each member;
- (d) Industry best practices, including industry averages and surveys on IRC compensation; and
- (e) The IRC's most recent annual self-assessment, as well as, any recommendations about IRC compensation and expenses made by the Manager.

No amounts were paid to the IRC by the Funds pursuant to indemnities given by the Funds to the IRC during the Period.

### **Conflict of Interest Matters**

The IRC is not aware of any instance in which the Manager, when acting in a conflict of interest matter, did not meet a condition imposed by the IRC in its recommendation or approval. The Manager has an obligation to notify the IRC of any such instances.

When a conflict of interest matter arises, the Manager of the Funds must refer the matter, along with its proposed action, to the IRC for its review and decision. The following are the conflict of interest matters that were identified by the Manager for the IRC to consider during the year ended December 31, 2009:

1. **Investment in Related Party Product:** A potential conflict of interest exists when a Fund invests in a product managed by a party related to the Manager of the investing fund.
2. **Suspension of Redemption Rights of a Fund:** A potential conflict of interest exists when a Fund Manager wishes to suspend the redemption rights of a Fund. This action has the potential to place the Manager in a conflict of interest with the best interests of the Funds that are affected.
3. **Termination and Replacement of Registrar and Transfer Agent:** A potential conflict of interest exists when a Fund Manager wishes to change the Registrar and Transfer Agent of a Fund. This action has the potential to place the Manager in a conflict of interest with the best interests of the Funds that are affected.

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The IRC is **not** aware of any instance in which the Manager acted in a conflict of interest matter referred to the IRC for which the IRC **did not** give a positive recommendation.

### **Policies and Standing Instructions**

The Manager has policies and procedures in place to address potential conflicts of interest that may arise. The IRC has established standing instructions that allow the Manager to act in specific conflict of interest matters that arise in the normal course of business provided the Manager complies with the related policies and procedures and reports periodically, and at least quarterly, to the IRC.

The Manager relied on the following standing instructions in the financial year. In each case, the standing instructions required the Manager to comply with its related policy and procedures and to report quarterly to the IRC:

Standing Instruction No. 1: Allocation of Operating Expenses to the Funds

Standing Instruction No. 3: Use of Related Party (Fund Accounting/Record Keeping) Facilities

Standing Instruction No. 7: Use of a Related Party and/or its Affiliates, as Executing Broker and/or Derivatives Counterparty

Standing Instruction No. 8: Use of a Related Party and/or its Affiliates, as Derivatives Counterparty by Funds Managed by BetaPro Management Inc.

### **Funds**

Funds covered by this report in the period beginning January 1, 2009 and ending December 31, 2009:

Jov Leon Frazer Dividend Fund

Jov Bond Fund

Jov Winslow Global Green Growth Fund (for the period up to October 13, 2009)

Jov North American Momentum Fund (for the period up to January 5, 2009)

Jov Prosperity Canadian Equity Fund

Jov Prosperity Canadian Fixed Income Fund

Jov Prosperity International Equity Fund

Jov Prosperity U.S. Equity Fund

Jov Fiera Conservative Tactical Portfolio

Jov Fiera Balanced Tactical Portfolio

Jov Fiera Growth Tactical Portfolio

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Jov Leon Frazer Preferred Equity Fund

Horizons AlphaPro Fiera Tactical Bond Fund

Tactical Global Bond ETF Fund

Horizons AlphaPro Income Plus Fund

Horizons AlphaPro Managed S&P/TSX 60<sup>TM</sup> ETF

Horizons AlphaPro Gartman ETF

Horizons AlphaPro Seasonal Rotation ETF

Horizons BetaPro S&P/TSX 60<sup>TM</sup> Bear Plus ETF

Horizons BetaPro S&P/TSX 60<sup>TM</sup> Bull Plus ETF

Horizons BetaPro S&P/TSX Capped Energy<sup>TM</sup> Bear Plus ETF

Horizons BetaPro S&P/TSX Capped Energy<sup>TM</sup> Bull Plus ETF

Horizons BetaPro S&P/TSX Capped Financials<sup>TM</sup> Bear Plus ETF

Horizons BetaPro S&P/TSX Capped Financials<sup>TM</sup> Bull Plus ETF

Horizons BetaPro S&P/TSX Global Gold<sup>TM</sup> Bear Plus ETF

Horizons BetaPro S&P/TSX Global Gold<sup>TM</sup> Bull Plus ETF

Horizons BetaPro NYMEX<sup>®</sup> Natural Gas Bull Plus ETF

Horizons BetaPro NYMEX<sup>®</sup> Natural Gas Bear Plus ETF

Horizons BetaPro NYMEX<sup>®</sup> Crude Oil Bull Plus ETF

Horizons BetaPro NYMEX<sup>®</sup> Crude Oil Bear Plus ETF

Horizons BetaPro COMEX<sup>®</sup> Gold Bullion Bull Plus ETF

Horizons BetaPro COMEX<sup>®</sup> Gold Bullion Bear Plus ETF

Horizons BetaPro S&P Agribusiness North America<sup>TM</sup> Bull Plus ETF

Horizons BetaPro S&P Agribusiness North America<sup>TM</sup> Bear Plus ETF

Horizons BetaPro S&P/TSX Global Base Metals<sup>TM</sup> Bull Plus ETF

Horizons BetaPro S&P/TSX Global Base Metals<sup>TM</sup> Bear Plus ETF

Horizons BetaPro S&P 500<sup>®</sup> Bull Plus ETF

Horizons BetaPro S&P 500<sup>®</sup> Bear Plus ETF

Horizons BetaPro NASDAQ-100<sup>®</sup> Bull Plus ETF

Horizons BetaPro NASDAQ-100<sup>®</sup> Bear Plus ETF

Horizons BetaPro MSCI<sup>®</sup> Emerging Markets Bull Plus ETF

Horizons BetaPro MSCI<sup>®</sup> Emerging Markets Bear Plus ETF

Horizons BetaPro US Dollar Bull Plus ETF

Horizons BetaPro US Dollar Bear Plus ETF

Horizons BetaPro US 30-year Bond Bull Plus ETF

Horizons BetaPro US 30-year Bond Bear Plus ETF

Horizons BetaPro S&P/TSX 60 Inverse<sup>TM</sup> ETF

Horizons BetaPro S&P/TSX Capped Financials<sup>TM</sup> Inverse ETF

Horizons BetaPro S&P/TSX Capped Energy<sup>TM</sup> Inverse ETF

Horizons BetaPro S&P/TSX Global Gold<sup>TM</sup> Inverse ETF

Horizons BetaPro COMEX<sup>®</sup> Silver Bull Plus ETF

Horizons BetaPro COMEX<sup>®</sup> Silver Bear Plus ETF

Horizons BetaPro COMEX<sup>®</sup> Gold ETF

Horizons BetaPro COMEX<sup>®</sup> Silver ETF

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Horizons BetaPro Winter-Term NYMEX<sup>®</sup> Crude Oil ETF  
Horizons BetaPro Winter-Term NYMEX<sup>®</sup> Natural Gas ETF

Horizons Global Contrarian Fund

Jov Canadian Equity Class of Jov Corporate Funds Ltd.

Jov Diversified Flow-Through 2009 Limited Partnership  
Jov Diversified Quebec 2009 Flow-Through Limited Partnership  
Jov Diversified Flow-Through 2008-II Limited Partnership (for the period up to October 22, 2009)  
Jov Diversified Flow-Through 2008 Limited Partnership (for the period up to September 30, 2009)  
Jov Diversified Flow-Through 2007 Limited Partnership (for the period up to September 30, 2009)  
Fairway Energy (07) Flow-Through Limited Partnership (for the period up to September 30, 2009)

Deans Knight Income and Growth Fund  
Long Reserve Life Resource Fund (for the period up to August 6, 2009)  
Fairway Diversified Income and Growth Trust (for the period up to January 23, 2009)

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