

Dear Securityholder:

As Chair of the Independent Review Committee (“IRC”) for the funds (collectively, the “Funds” and individually, a “Fund”) managed by JovFunds Management Inc. and its affiliated and related managers (“JovFunds” or the “Manager”), I am pleased to provide you with the second 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, 2008 and ending December 31, 2008.

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 JovFunds 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 JovFunds Management Inc.
and its affiliated and related managers

March 13th, 2009

INDEPENDENT REVIEW COMMITTEE FOR JOVFUNDS MANAGEMENT INC.

Karen Fisher

Julia Dublin (Chair)

Harvey Naglie

**Report of IRC to Unitholders
December 31, 2008**

Members of the IRC

As of December 31, 2008, 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. Susan Coleman, a former member of the IRC, resigned from the IRC on September 19, 2008 and concurrently Karen Fisher was elected to the IRC. As of December 31, 2008, Harvey Naglie was a member of BluMont Capital's 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, 2008, 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, 2008, the percentage of each class or series of voting or equity securities of Jovian Capital Corporation or JovFunds 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, 2008, 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 December 31, 2007 to December 31, 2008, was approximately \$66,725.00 including a fee of \$500.00 per meeting attended and including GST where applicable. This amount was allocated among the Funds managed by JovFunds in a manner that is considered by JovFunds to be fair and reasonable to the Funds.

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

Name	Annual Compensation	Initial Term
Julia Dublin	\$20,000.00	3 years
Harvey Naglie	\$15,000.00	2 years
Susan Coleman (resigned September 19, 2008)	\$15,000.00	1 year
Karen Fisher (appointed September 19, 2008)	\$15,000.00	1 year

INDEPENDENT REVIEW COMMITTEE FOR JOVFUNDS MANAGEMENT INC.

Karen Fisher

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Harvey Naglie

During the period applicable to this report, Susan Coleman resigned from the IRC and concurrently Karen Fisher was elected to the IRC for an initial term of 1 year with an annual compensation of \$15,000.00.

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.

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. 2: Allocation of Marketing Costs

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

Standing Instruction No. 5: Transactions by Related Dealers

Standing Instruction No. 6:
(revoked Sept. 26/08) Engaging Related Party Portfolio Management

Referrals of Conflict of Interest Matters to the IRC

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. These are the conflict of interest matters that have been identified by the Manager for the IRC to consider as at December 31, 2008.

1. **Launching, Merging, Converting, Closing or Re-organizing Funds:** These actions have the potential to place the Manager in a conflict of interest with the best interests of the funds that are affected.
2. **Appointment of Sub-Advisor:** A potential conflict of interest exists when a sub-advisor of a Fund is replaced by a sub-advisor that is an affiliate of the Manager.
3. **Appointment of Trustee:** A potential conflict of interest exists when a trustee of a Fund is replaced by a trustee that is an affiliate of the Manager.

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

Funds

Funds covered by this report in the period beginning January 1, 2008 and ending December 31, 2008:

Jov Leon Frazer Dividend Fund

Jov Bond Fund (formerly Jov BetaPro Short-Term Income Fund)

Jov Winslow Global Green Growth Fund

Jov Leon Frazer Balanced Fund (merged with Jov Leon Frazer Dividend Fund on August 15, 2008)

Jov North American Momentum Fund (terminated on January 5, 2009)

INDEPENDENT REVIEW COMMITTEE FOR JOVFUNDS MANAGEMENT INC.

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Harvey Naglie

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Jov Diversified Monthly Income Fund (merged with Jov Leon Frazer Dividend Fund on August 15, 2008)

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

Horizons AlphaPro Managed S&P/TSX 60TM ETF (formerly Jov Talisman Fund)

Horizons BetaPro S&P/TSX 60TM Bear Plus ETF
Horizons BetaPro S&P/TSX 60TM Bull Plus ETF
Horizons BetaPro S&P/TSX Capped EnergyTM Bear Plus ETF
Horizons BetaPro S&P/TSX Capped EnergyTM Bull Plus ETF
Horizons BetaPro S&P/TSX Capped FinancialsTM Bear Plus ETF
Horizons BetaPro S&P/TSX Capped FinancialsTM Bull Plus ETF
Horizons BetaPro S&P/TSX Global GoldTM Bear Plus ETF
Horizons BetaPro S&P/TSX Global GoldTM Bull Plus ETF
Horizons BetaPro NYMEX[®] Natural Gas Bull Plus ETF
Horizons BetaPro NYMEX[®] Natural Gas Bear Plus ETF
Horizons BetaPro NYMEX[®] Crude Oil Bull Plus ETF
Horizons BetaPro NYMEX[®] Crude Oil Bear Plus ETF
Horizons BetaPro COMEX[®] Gold Bullion Bull Plus ETF
Horizons BetaPro COMEX[®] Gold Bullion Bear Plus ETF
Horizons BetaPro DJ-AIGSM Agriculture Grains Bull Plus ETF
Horizons BetaPro DJ-AIGSM Agriculture Grains Bear Plus ETF
Horizons BetaPro S&P/TSX Global MiningTM Bull Plus ETF
Horizons BetaPro S&P/TSX Global MiningTM Bear Plus ETF
Horizons BetaPro S&P 500[®] Bull Plus ETF
Horizons BetaPro S&P 500[®] Bear Plus ETF
Horizons BetaPro NASDAQ-100[®] Bull Plus ETF
Horizons BetaPro NASDAQ-100[®] Bear Plus ETF
Horizons BetaPro MSCI[®] Emerging Markets Bull Plus ETF
Horizons BetaPro MSCI[®] 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 Canadian Bond Bear Plus Fund (terminated on July 31, 2008)
Horizons BetaPro Canadian Bond Bull Plus Fund (terminated on July 31, 2008)
Horizons BetaPro COMEX[®] Gold Bear Plus Fund (terminated on July 31, 2008)
Horizons BetaPro COMEX[®] Gold Bull Plus Fund (merged with Horizons BetaPro COMEX[®])

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Gold Bullion Bull Plus ETF on July 31, 2008)
Horizons BetaPro NASDAQ-100® Bear Plus Fund (terminated on July 31, 2008)
Horizons BetaPro NASDAQ-100® Bull Plus Fund (terminated on July 31, 2008)
Horizons BetaPro NYMEX® Oil Bear Plus Fund (merged with Horizons BetaPro NYMEX® Crude Oil Bear Plus ETF on July 31, 2008)
Horizons BetaPro NYMEX® Oil Bull Plus Fund (terminated on July 31, 2008)
Horizons BetaPro S&P 500® Bear Plus Fund (merged with Horizons BetaPro S&P 500® Bear Plus ETF on July 31, 2008)
Horizons BetaPro S&P 500® Bull Plus Fund (terminated on July 31, 2008)
Horizons BetaPro S&P/TSX 60® Bear Plus Fund (merged with Horizons BetaPro S&P/TSX 60® Bear Plus ETF on July 31, 2008)
Horizons BetaPro S&P/TSX 60® Bull Plus Fund (terminated on July 31, 2008)
Horizons BetaPro U.S. Dollar Bear Plus Fund (terminated on July 31, 2008)
Horizons BetaPro U.S. Dollar Bull Plus Fund (terminated on July 31, 2008)

Horizons Global Contrarian Fund

Jov Canadian Equity Class of Jov Corporate Funds Ltd.

Jov Diversified Flow-Through 2008-II Limited Partnership
Jov Diversified Flow-Through 2008 Limited Partnership
Jov Diversified Flow-Through 2007 Limited Partnership
Fairway Energy (07) Flow-Through Limited Partnership
Fairway Energy (06) Flow-Through Limited Partnership (rolled over into Jov Canadian Equity Class June 30, 2008)

Deans Knight Income and Growth Fund

Long Reserve Life Resource Fund

Fairway Diversified Income and Growth Trust (merged with Crown Hill Fund on January 23, 2009)

Nuveen Senior Floating Rate Income Fund (merged with Fairway Diversified Income and Growth Trust on September 12, 2008)

Senior Floating Rate Income Trust (terminated on September 12, 2008)