

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 first 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 November 1, 2007 and ending December 31 2007.

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,

Chair of the Independent Review Committee  
of Investment Funds Managed by JovFunds Management Inc.  
and its affiliated and related managers

April 21, 2008

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**INDEPENDENT REVIEW COMMITTEE FOR JOVFUNDS MANAGEMENT INC.**

Susan E. Coleman

Julia Dublin (Chair)

Harvey Naglie

**Report of IRC to Unitholders  
December 31, 2007**

**Members of the IRC**

The IRC consists of the following members: Susan Coleman, Julia Dublin and Harvey Naglie. 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.

All of the members listed above were appointed to the IRC on November 1, 2007. There have been no changes in the composition of the newly constituted IRC since its inception on November 1, 2007. At December 31, 2007 no IRC member served on the Independent Review Committee of a fund family other than JovFunds. Subsequently, effective February 20, 2008, Harvey Naglie became a member of BluMont Capital's IRC.

**Holdings of Securities:**

***Funds***

As at December 31, 2007, 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, 2007, 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, 2007, 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 approximately two-month period, from the inception of the current IRC on November 1, 2007 to December 31, 2007, was approximately \$16,000.00 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:

<b>Name</b>	<b>Annual Compensation</b>	<b>Initial Term</b>
Julia Dublin	\$20,000.00	3 years
Harvey Naglie	\$15,000.00	2 years
Susan Coleman	\$15,000.00	1 year

Additionally, IRC members receive a fee of \$500.00 for each meeting attended. 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.

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**INDEPENDENT REVIEW COMMITTEE FOR JOVFUNDS MANAGEMENT INC.**

Susan E. Coleman

Julia Dublin (Chair)

Harvey Naglie

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: 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. No conflict of interest matters have been identified by the Manager for the IRC to consider as at December 31, 2007.

**Funds**

Funds covered by this report in the period beginning November 1 2007 and ending December 31, 2007.

**Deans Knight Income and Growth Fund  
Long Reserve Life Resource Fund  
Nuveen Senior Floating Rate Income Fund  
Senior Floating Rate Income Trust  
Fairway Diversified Income and Growth Trust**

**Fairway Energy (06) Flow-Through Limited Partnership  
Fairway Energy (07) Flow-Through Limited Partnership  
Jov Diversified Flow-Through 2007 Limited Partnership**

**Horizons BetaPro Canadian Bond Bear Plus Fund  
Horizons BetaPro Canadian Bond Bull Plus Fund  
Horizons BetaPro COMEX® Gold Bear Plus Fund  
Horizons BetaPro COMEX® Gold Bull Plus Fund  
Horizons BetaPro NASDAQ-100® Bear Plus Fund  
Horizons BetaPro NASDAQ-100® Bull Plus Fund  
Horizons BetaPro NYMEX® Oil Bear Plus Fund  
Horizons BetaPro NYMEX® Oil Bull Plus Fund  
Horizons BetaPro S&P 500® Bear Plus Fund  
Horizons BetaPro S&P 500® Bull Plus Fund  
Horizons BetaPro S&P/TSX 60® Bear Plus Fund  
Horizons BetaPro S&P/TSX 60® Bull Plus Fund  
Horizons BetaPro U.S. Dollar Bear Plus Fund  
Horizons BetaPro U.S. Dollar Bull Plus Fund**

**Horizons BetaPro S&P/TSX 60® Bear Plus ETF  
Horizons BetaPro S&P/TSX 60® Bull Plus ETF  
Horizons BetaPro S&P/TSX Capped Energy Bear Plus ETF  
Horizons BetaPro S&P/TSX Capped Energy Bull Plus ETF  
Horizons BetaPro S&P/TSX Capped Financials Bear Plus ETF  
Horizons BetaPro S&P/TSX Capped Financials Bull Plus ETF  
Horizons BetaPro S&P/TSX Global Gold Bear Plus ETF  
Horizons BetaPro S&P/TSX Global Gold Bull Plus ETF**

**Horizons Global Contrarian Fund  
(formerly known as Horizons Mondiale Fund)**

**Jov Leon Frazer Balanced Fund**  
**Jov North American Momentum Fund**  
**Jov BetaPro Short-Term Income Fund**  
**Jov Diversified Monthly Income Fund**  
**Jov Leon Frazer Dividend Fund**  
**Jov Talisman Fund**  
**Jov Winslow Global Green Growth Fund**

**Jov Prosperity Canadian Equity Fund**  
**(formerly known as Prosperity Canadian Equity Fund)**  
**Jov Prosperity Canadian Fixed Income Fund**  
**(formerly known as Prosperity Canadian Fixed Income Fund)**  
**Jov Prosperity International Equity Fund**  
**(formerly known as Prosperity International Equity Fund)**  
**Jov Prosperity U.S. Equity Fund**  
**(formerly known as Prosperity U.S. Equity Fund)**