



## LONG RESERVE LIFE RESOURCE FUND

### Investment Objective

The Long Reserve Life Resource Fund provides investors with a single solution for long-term global commodity exposure through an actively managed portfolio of primarily equity securities from among the world's largest resource issuers. The objectives of the Fund are to provide long-term capital appreciation and to provide regular monthly cash distributions.

### Market Review

For Quarter Ending December 31, 2006

The fourth quarter was kind to most commodities and commodity related shares. Base metals and uranium related stocks in particular registered superb performance and provided a substantial contribution to the Long Reserve Life Resource Fund. Conversely, oil and gas stocks continued to struggle with oil in decline. The portfolio also had a material exposure to oil and gas royalty trusts which suffered severely with potential changes to the taxation of income trusts announced by the Government of Canada on October 31, 2006.

Uranium was the best performing sub-sector of the commodity market in the fourth quarter. The portfolio increased its weighting to uranium and was the beneficiary of a broad-based appreciation in uranium-related shares. The supply-demand imbalance remains highly bullish with demand increasing rapidly and the supply-side unable to react with few major sources believed to come into production before 2008. Many speculative equities in this area have risen to unsustainable valuations. However, many producers and near-term producers remain very inexpensive in light of the supply shortfall in this commodity.

We believe the portfolio is well positioned for Q1, 2007. In general, commodity-related shares remain inexpensive versus historic norms and versus the market in general according to most measures of value. We therefore remain optimistic for the performance of the fund in Q1 and 2007.