

Financial Statements of

**BARLOW PARTNERS INCOME &
GROWTH PORTFOLIO**

Year ended December 31, 2007



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AUDITORS' REPORT TO THE UNITHOLDERS

We have audited the statements of investment portfolio and net assets of the Barlow Partners Income & Growth Portfolio as at December 31, 2007 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Fund's Investment Manager. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Investment Manager, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the investment portfolio of the Fund and its net assets as at December 31, 2007 and the results of its operations and changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, flowing style.

Chartered Accountants

Victoria, Canada
March 7, 2008

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Statement of Net Assets

December 31, 2007, with comparative figures for 2006

	2007	2006
Assets		
Investment portfolio, at fair value	\$ 61,561,503	\$ 57,171,908
Cash	20,804,344	550,444
Subscriptions receivable	50,000	210,044
Accrued interest	91,433	79,338
Accrued dividends - domestic	101,680	48,654
Accrued dividends - foreign (net of withholding taxes)	1,677	2,284
	82,610,637	58,062,672
Liabilities		
Payable for investment purchases	2,321,046	-
Management fees payable	87,174	55,117
Performance fees payable	6,352	79,529
Accounts payable and accrued liabilities	51,468	-
Redemptions payable	284,855	5,351
Distributions payable	223,068	146,514
	2,973,963	286,511
Net assets representing unitholders' equity	\$ 79,636,674	\$ 57,776,161
Unitholders' equity allocation, by class:		
Class A	\$ 1,323,604	\$ -
Class F	51,692,109	40,289,499
Class G	305,562	-
Class O	23,130,731	17,486,662
Class X	2,667,496	-
Class Y	517,172	-
	\$ 79,636,674	\$ 57,776,161
Number of units outstanding (note 6):		
Class A	137,561	n/a
Class F	5,359,461	4,059,627
Class G	32,489	n/a
Class O	2,385,840	1,764,002
Class X	276,344	n/a
Class Y	51,913	n/a
Net asset value per unit outstanding:		
Class A	\$ 9.62	\$ n/a
Class F	9.65	9.92
Class G	9.41	n/a
Class O	9.70	9.91
Class X	9.65	n/a
Class Y	9.96	n/a

See accompanying notes to financial statements.

Approved on behalf of the Investment Manager, Barlow Capital Partners Inc.:

Director

Director

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Statement of Operations

Year ended December, 31, 2007, with comparative figures for the period from inception on March 24, 2006 to December 31, 2006

	2007	2006
Investment income:		
Interest	\$ 1,231,990	\$ 463,745
Dividends, net of withholding taxes of \$12,959 (2006 - \$2,221)	745,995	203,419
	1,977,985	667,164
Expenses:		
Management fees (note 5)	343,935	102,959
Performance fees (note 5)	5,651	79,529
Audit fees	25,634	10,357
Legal and regulatory expenses	10,073	-
Security holder reporting costs	96,075	-
Other expenses	18,676	-
	500,044	192,845
Less expenses absorbed by the Manager	-	(10,000)
Expenses borne by the Fund	500,044	182,845
Net investment income	1,477,941	484,319
Net gain (loss) from investing activities:		
Realized loss on sale of investments	(602,769)	(5,783)
Change in unrealized appreciation in value of investments	527,249	1,160,525
Transaction costs (note 3)	(35,397)	-
Net gain (loss) from investing activities	(110,917)	1,154,742
Increase in net assets from operations	\$ 1,367,024	\$ 1,639,061
Increase (decrease) in net assets from operations per unit:		
Class A	\$ (0.14)	\$ -
Class F	0.17	0.47
Class G	(0.18)	-
Class O	0.24	0.46
Class X	0.18	-
Class Y	0.28	-

See accompanying notes to financial statements.

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Statement of Changes in Net Assets

Year ended December, 31, 2007, with comparative figures for the period from inception on March 24, 2006 to December 31, 2006

	2007	2006
Increase in net assets from operations, by class:		
Class A:		
Increase (decrease) in net assets from operations	\$ (10,784)	\$ -
Distributions to unitholders:		
Out of net investment income	(15,106)	-
Return of capital	(26,257)	-
	(41,363)	-
Unit transactions (note 6):		
Subscription of units	1,366,903	-
Reinvestment of distributions	41,363	-
Redemptions of units	(32,515)	-
	1,375,751	-
Increase in net assets	1,323,604	-
Net assets, beginning of period	-	-
Opening adjustment on initial adoption of Section 3855 (notes 3 and 4)	-	-
Net assets, end of period	\$ 1,323,604	\$ -

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Statement of Changes in Net Assets (continued)

Year ended December, 31, 2007, with comparative figures for the period from inception on March 24, 2006 to December 31, 2006

	2007	2006
Class F:		
Increase in net assets from operations	\$ 810,048	\$ 1,144,311
Distributions to unitholders:		
Out of net investment income	(932,841)	(273,377)
Return of capital	(1,621,513)	(587,204)
	(2,554,354)	(860,581)
Unit transactions (note 6):		
Subscription of units	20,318,947	40,348,269
Reinvestment of distributions	1,734,679	641,509
Redemptions of units	(8,856,418)	(984,009)
	13,197,208	40,005,769
Increase in net assets	11,452,902	40,289,499
Net assets, beginning of period	40,289,499	-
Opening adjustment on initial adoption of Section 3855 (notes 3 and 4)	(50,292)	-
Net assets, end of period	\$ 51,692,109	\$ 40,289,499

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Statement of Changes in Net Assets (continued)

Year ended December, 31, 2007, with comparative figures for the period from inception on March 24, 2006 to December 31, 2006

	2007	2006
Class G:		
Increase (decrease) in net assets from operations	\$ (7,872)	\$ -
Distributions to unitholders:		
Out of net investment income	(8,118)	-
Return of capital	(14,111)	-
	(22,229)	-
Unit transactions (note 6):		
Subscription of units	597,727	-
Reinvestment of distributions	19,051	-
Redemptions of units	(281,115)	-
	335,663	
Increase in net assets	305,562	-
Net assets, beginning of period	-	-
Opening adjustment on initial adoption of Section 3855 (notes 3 and 4)	-	-
Net assets, end of period	\$ 305,562	\$ -

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Statement of Changes in Net Assets (continued)

Year ended December, 31, 2007, with comparative figures for the period from inception on March 24, 2006 to December 31, 2006

	2007	2006
Class O:		
Increase in net assets from operations	\$ 565,127	\$ 494,750
Distributions to unitholders:		
Out of net investment income	(458,349)	(132,410)
Return of capital	(796,727)	(277,644)
	(1,255,076)	(410,054)
Unit transactions (note 6):		
Subscription of units	11,325,269	17,100,700
Reinvestment of distributions	1,192,584	391,266
Redemptions of units	(6,162,007)	(90,000)
	6,355,846	17,401,966
Increase in net assets	5,665,897	17,486,662
Net assets, beginning of period	17,486,662	-
Opening adjustment on initial adoption of Section 3855 (notes 3 and 4)	(21,828)	-
Net assets, end of period	\$ 23,130,731	\$ 17,486,662

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Statement of Changes in Net Assets (continued)

Year ended December, 31, 2007, with comparative figures for the period from inception on March 24, 2006 to December 31, 2006

	2007	2006
Class X:		
Increase in net assets from operations	\$ 7,971	\$ -
Distributions to unitholders:		
Out of net investment income	(6,547)	-
Return of capital	(11,380)	-
	(17,927)	-
Unit transactions (note 6):		
Subscription of units	2,945,464	-
Reinvestment of distributions	17,927	-
Redemptions of units	(285,939)	-
	2,677,452	
Increase in net assets	2,667,496	-
Net assets, beginning of period	-	-
Opening adjustment on initial adoption of Section 3855 (notes 3 and 4)	-	-
Net assets, end of period	\$ 2,667,496	\$ -

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Statement of Changes in Net Assets (continued)

Year ended December, 31, 2007, with comparative figures for the period from inception on March 24, 2006 to December 31, 2006

	2007	2006
Class Y:		
Increase in net assets from operations	\$ 2,533	\$ -
Distributions to unitholders:		
Out of net investment income	(1,643)	-
Return of capital	(2,856)	-
	(4,499)	-
Unit transactions (note 6):		
Subscription of units	514,639	-
Reinvestment of distributions	4,499	-
	519,138	
Increase in net assets	517,172	-
Net assets, beginning of period	-	-
Opening adjustment on initial adoption of Section 3855 (notes 3 and 4)	-	-
Net assets, end of period	\$ 517,172	\$ -

See accompanying notes to financial statements.

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Statement of Investment Portfolio

December 31, 2007

Number of shares		Average cost	Fair value	Percentage of net assets
Canadian Equity:				
Alternative Strategies/Other:				
1,105,514	Barlow Partners Growth Fd CI O	\$10,855,990	\$10,096,775	12.68
111,142	Faircourt Income Split Pfd Shs	1,101,896	1,083,635	1.36
25,000	Pollard Bank Note Income Fund	261,333	221,750	0.28
734,730	Picton Mahoney Long Short Fund CI F	11,080,399	12,444,861	15.63
144,767	Vertex Fund CI F	7,878,822	7,741,455	9.72
		31,178,440	31,588,476	39.67
Financial services:				
21,900	GMP Capital Trust Units	457,681	538,740	0.68
65,900	Prime Rate Plus Corp CI A	951,434	757,850	0.95
60,000	Saxon Financial Inc	1,369,976	1,320,000	1.66
15,000	Toronto Dominion Bank	996,227	1,012,500	1.27
		3,775,318	3,629,090	4.56
Communications and Media:				
5,000	Research in Motion	580,000	505,000	0.63
Consumer Products:				
600,000	Arctic Glacier CV DB 6.5% 31Jul11	599,998	597,000	0.75
50,000	CML Healthcare Income Fund	791,209	856,000	1.07
		1,391,207	1,453,000	1.82
Energy:				
50,000	Oilexco Inc.	728,004	659,000	0.83
15,000	Pan Orient Energy 15Mar08	137,250	226,500	0.28
38,000	Pan Orient Energy	160,740	573,800	0.72
4.550M	Ivory Energy CV DB 9.50% 19Jul12	4,549,667	4,504,500	5.66
1.000M	Ivory Energy Warrants 18Jul12	-	270,000	0.34
33,100	Pembina Pipeline Income Fund	508,276	578,919	0.73
75,000	Superior Plus Income Fund	936,708	869,250	1.09
666,667	Spiderplow Energy Services (private)	1,000,001	500,000	0.63
60,000	Talisman Energy	1,157,637	1,083,635	1.36
		9,178,283	9,265,604	11.64
Exchange Traded Funds (ETFs):				
20,000	iShares CDN S&P/TSX Cap Eng Ind Fd	1,679,200	1,753,800	2.20

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Statement of Investment Portfolio (continued)

December 31, 2007

Number of shares		Average cost	Market value	Percentage of net assets
Canadian Equity (continued):				
Healthcare:				
20,000	Northstar Health Care Inc	330,000	316,000	0.40
Industrial Products:				
5,500	Agrium Inc.	389,129	352,000	0.44
20,000	Armtec Income Fund	329,309	480,600	0.60
		718,438	832,600	1.04
Metals and Mining:				
30,000	Badger Income Fund	481,000	643,200	0.81
50,000	Uranium Participation Corp	612,662	525,000	0.66
		1,093,662	1,168,200	1.47
Pharmaceuticals:				
192,900	Protox Therapeutics Inc.	100,600	144,675	0.18
Real Estate and Construction:				
550,000	Lanesborough REIT CV DB 7.5% 11Mar11	550,168	484,000	0.61
800,000	Lanesborough REIT CV DB 7.5% 31Dec11	796,195	688,080	0.86
40,000	Lanesborough REIT Income Fund	214,658	200,000	0.25
65,000	Teranet Income Fund	672,329	661,050	0.83
		2,233,350	2,033,130	2.55
Technology:				
25,000	Computer Modelling Group	180,000	353,750	0.44
1,131M	Metrobridge Networks CI A	508,996	339,333	0.43
50,000	Metrobridge Networks Warrants 30Apr09	-	4,000	0.01
63,200	Phoenix Technology Income Fund	592,025	562,480	0.71
87,000	Resolve Business Outsourcing Inc Fd	689,842	682,950	0.86
		1,970,863	1,942,513	2.45
Transportation:				
30,000	Canadian Helicopter Income Fund	330,000	397,800	0.50
176,677	Student Transportation of America Ltd	1,192,323	980,557	1.23
75,000	Westjet Airlines	804,604	1,687,500	2.12
		2,326,927	3,065,857	3.85
Utilities:				
25,000	Macquarie Power & Infrastructure Tr Uts	262,750	235,500	0.30
Total Canadian Equity		56,819,038	57,933,445	72.76

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Statement of Investment Portfolio (continued)

December 31, 2007

Number of shares	Average cost	Fair value	Percentage of net assets
US Equity:			
Commodities:			
33,000 Streettracks Gold Trust	2,502,649	2,696,530	3.38
Consumer Staples:			
10,000 General Electric Company	375,781	365,399	0.46
Utilities:			
5,000 Schlumberger	471,891	484,959	0.61
Total US Equity	3,350,321	3,546,888	4.45
Other Equity:			
Options:			
600 CALL - Talisman Jan19	88,085	12,000	0.02
(202) CALL - iShares CDN Cap Eng Feb84	(51,510)	(61,610)	(0.08)
(166) PUT - iShares CDN Cap Eng Feb76	(20,750)	(8,300)	(0.01)
366 PUT - iShares CDN Cap Eng Feb82	139,080	139,080	0.17
	154,905	81,170	0.10
Total Other Equity	154,905	81,170	0.10
Total Investment Portfolio	<u>\$60,324,264</u>	61,561,503	77.30
Cash		20,804,344	26.12
Other assets less liabilities		(2,729,173)	(3.42)
Net assets		\$79,636,674	100.00

See accompanying notes to financial statements.

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Notes to Financial Statements

Year ended December 31, 2007

1. Operations:

The Barlow Partners Income & Growth Portfolio (the "Fund") was established on March 24, 2006 under the laws of British Columbia pursuant to a trust agreement between Wellington West Asset Management Inc., as manager (the "Manager"), and Computershare Trust Company of Canada, as trustee (the "Trust Agreement"). The Manager has appointed Barlow Capital Partners Inc. (the "Investment Manager") to provide investment advisory and portfolio management services to the Fund. The Fund's custodian is NBCN Inc. The Fund is authorized to issue an unlimited number of units.

Currently authorized classes of units are as follows: Class A, F, and G units are sold to retail investors through registered dealers and brokers. Class A units will be subject to management fees, performance and service fees. Class F units will be subject to management fees and performance fees. Class G units will be subject to management fees.

Class O units will be sold primarily to institutional investors and also to certain high net worth investors. Holders of Class O units are subject to performance fees and will pay management fees directly to the manager pursuant to separate agreements.

Class X and Y units are sold to retail investors through registered dealers and brokers. Class A units will be subject to management fees and performance fees. Class Y units will be subject to management fees, performance fees and service fees.

2. Significant accounting policies:

(a) Investment portfolio:

For financial reporting purposes, the fair value of portfolio investments is determined by the closing bid price for securities owned and closing ask price for securities sold short on the last trading date of the year (2006 - note 3). Money market securities are valued at amortized cost, which approximates their fair value. Transaction costs are charged to the statement of operations as incurred (2006 - note 3).

(b) Valuation of each class of units:

A different net asset value is calculated weekly for each class of units. The net asset value of a particular series of units is computed by calculating the value of that class's proportionate share of the assets less liabilities common to all classes less the liabilities of the Fund attributable only to that class. Expenses directly attributable to a class are charged to that class. Other expenses are allocated proportionately to each class based upon the relative net assets of each class. Expenses are accrued weekly.

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Notes to Financial Statements

Year ended December 31, 2007

2. Significant accounting policies (continued):

(c) Investment transactions and income recognition:

Investment transactions are accounted for as of the trade date. Dividend and interest income are recorded on the accrual basis, with dividends recorded as of the ex-dividend date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation of investments are calculated on a weighted-average cost basis.

Distributions received from income or royalty trusts are recorded as income, capital gain or a return of capital based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information. A return of capital reduces the average cost of the investment and is reflected through a reduction of the cost of investments purchased.

(d) Securities sold short:

The Fund may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Fund sells a security short, it must deliver the security sold short to the purchaser at a future date. A gain, limited to the proceeds received on the security short, or a loss, unlimited in size, will be realized when the securities to cover the short sale obligation are acquired by the Fund. Securities sold short are reported in the financial statements as a liability at the current fair value of the securities using the same valuation policies as for securities owned. Dividends on these securities sold short are payable to the purchaser and are recognized as an expense and include withholding taxes, if applicable.

(e) Foreign exchange:

Foreign currency amounts are translated into Canadian dollars on the following bases:

- (i) Fair value of Fund investments, other assets and liabilities at the rate of exchange prevailing on each valuation day.
- (ii) Purchases and sales of Fund investments, income and expenses at the rate of exchange prevailing on the respective date of the transaction.

Realized and unrealized gains and losses from foreign exchange are included in realized gain (loss) on sale of investments and change in unrealized appreciation (loss) of investments, respectively.

(f) Per unit value:

Per unit values for each Fund are calculated as follows:

- (i) Net asset value per unit is based on the number of units outstanding at year end.
- (ii) Income from operations per unit is based on the weekly weighted average number of units outstanding during the year.

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Notes to Financial Statements

Year ended December 31, 2007

3. Adoption of new accounting standards:

National Instrument 81-106 "*Investment Fund Continuous Disclosure*" requires the net asset value of the fund be calculated in accordance with Canadian generally accepted accounting principles ("GAAP").

The Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 3855, "*Financial Instruments - Recognition and Measurement*" ("S3855") which was adopted by the Fund on January 1, 2007. The adoption of S3855 impacts the calculation of the net asset value of an investment fund for financial reporting purposes only because it requires the fair value of marketable securities to be based on the closing bid price for long securities and the ask price for securities held short (the "GAAP NAV"). Prior to January 1, 2007, the fair value under GAAP was generally determined at either the last sale price or the midpoint between the closing bid and asked quotations.

However, as a result of a temporary exemption provided by the Canadian Securities Administrators to Section 14.2 of National Instrument 81-106, the value of investments used to determine the daily prices of the Funds' units for purchase and redemption by clients (the "Trading NAV") is not affected.

In accordance with the decision made by the Canadian Securities Administrators, a reconciliation between the Trading NAV and the GAAP NAV of an investment fund is required in the notes to the financial statements. Refer to note 4 for such a reconciliation for the year ended December 31, 2007.

In accordance with S3855, the provisions have been applied, effective January 1, 2007, without restatement of prior periods. Accordingly, investments recorded in the December 31, 2006 financial statements have been re-valued using the closing bid price and the resulting adjustment to the net asset value at the beginning of the period has been recorded in the Statement of Changes in Net Assets.

S3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund, be charged to income from operations in the period incurred. Prior to the adoption of S3855, the Fund's policy was to either add commissions to the cost of the securities purchased or deduct them from the proceeds of sale as applicable. There is no impact on the net asset value of the Fund, its results of operations or increase (decrease) in net assets from operations per unit as a result of this change in accounting policy.

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Notes to Financial Statements

Year ended December 31, 2007

4. Reconciliation of net asset value:

S3855 requires that the calculation of a Fund's net asset value for financial reporting purposes (the "GAAP NAV") is based upon investments owned being valued using closing bid prices and investments sold short being valued using closing ask price. In accordance with a temporary exemption provided by the Canadian Securities Administrators to Section 14.2 of National Instrument 81-106, the value of investments used to determine the daily prices of the Funds' units for purchase and redemption by clients (the "Trading NAV") continues to be based upon the last sale price or the midpoint between closing bid and asked quotations. These changes account for the difference between the Trading NAV and the GAAP NAV below.

The impact of the adoption of Section 3855 on the net asset value of the Funds is as follows:

	Net Asset Value			NAV per unit	
	Trading NAV	Section 3855 Adjustment	GAAP NAV	Trading NAV	GAAP NAV
Opening NAV - January 1, 2007:					
Series A	n/a	n/a	n/a	n/a	n/a
Series F	40,289,499	(50,292)	40,239,207	9.92	9.91
Series G	n/a	n/a	n/a	n/a	n/a
Series O	17,486,662	(21,828)	17,464,834	9.91	9.90
Series X	n/a	n/a	n/a	n/a	n/a
Series Y	n/a	n/a	n/a	n/a	n/a
Closing NAV - December 31, 2007:					
Series A	1,330,354	(6,750)	1,323,604	9.67	9.62
Series F	51,984,649	(292,540)	51,692,109	9.70	9.65
Series G	307,145	(1,583)	305,562	9.45	9.41
Series O	23,256,538	(125,807)	23,130,731	9.75	9.70
Series X	2,685,577	(18,081)	2,667,496	9.72	9.65
Series Y	520,032	(2,860)	517,172	10.02	9.96

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Notes to Financial Statements

Year ended December 31, 2007

5. Fees and expenses:

(a) Management fees:

In respect of Class A, F, X and Y units, the Manager is entitled to receive a management fee, calculated weekly and paid monthly equal to 0.60% per annum of the net asset value of Class A, F, X and Y units of the Fund. In respect of Class G units, the Manager is entitled to receive a management fee calculated weekly and paid monthly equal to 0.90% per annum at the net asset value of Class G units to the Fund. In addition the Fund may pay, at the discretion of the Manager, a service fee of 1% per annum of the net asset value of Class A and X units to qualified dealers and brokers. In respect of Class O units, the unitholder pays the Manager a negotiated management fee outside the Fund.

(b) Performance fees:

The Fund pays an annual performance fee on the Class A, F, O, X and Y units equal to 20% of the annual returns of the class (including net unrealized gains and losses), if any, during each fiscal year which exceed a threshold annualized increase of 5% over the previous high Net Asset Value of each class (the "high-water mark").

The highest historical Net Asset Value per unit in respect of each class of units establishes the high-water mark of that class. The performance fee is calculated and accrued weekly and is payable yearly provided that the performance threshold stated above is exceeded. Upon the redemption of Class A, F, O, X and Y units, the accrued portion of the performance fee allocated to the redeemed units of that class will be payable monthly to the Manager by the Fund following the end of the month in which the units were redeemed.

No performance fee will be paid in connection with the Class G units.

(c) Administration fees and expenses:

The Fund is responsible for the payment of all fees and expenses related to its operation, including registrar and transfer agent fees and expenses, audit, accounting, administration (other than advertising and promotional expenses which are paid for by the Manager), record keeping and legal fees and expenses, and custody and safekeeping charges.

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Notes to Financial Statements

Year ended December 31, 2007

6. Unitholders' equity:

Pursuant to its Trust Agreement, the Fund has authorized an unlimited number of units, which are redeemable at the option of the unitholders.

The issue price per unit is determined on the basis of the Net Asset Value per unit as at the close of each week.

The change in the number of units issued and outstanding during the period from inception on March 24, 2006 to December 31, 2007 is as follows:

	2007	2006
Class A units:		
Units outstanding, beginning of period	-	-
Sold during period	136,634	-
Reinvestment of distributions	4,232	-
Redeemed during the period	(3,305)	-
Units outstanding, end of period	137,561	-
Class F units:		
Units outstanding, beginning of period	4,059,627	-
Sold during period	2,025,411	4,057,119
Reinvestment of distributions	176,108	65,352
Redeemed during the period	(901,685)	(62,844)
Units outstanding, end of period	5,359,461	4,059,627
Class G units:		
Units outstanding, beginning of period	-	-
Sold during period	60,009	-
Reinvestment of distributions	1,969	-
Redeemed during the period	(29,489)	-
Units outstanding, end of period	32,489	-

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Notes to Financial Statements

Year ended December 31, 2007

6. Unitholders' equity (continued):

	2007	2006
Class O units:		
Units outstanding, beginning of period	1,764,002	-
Sold during period	1,127,862	1,733,206
Reinvestment of distributions	120,631	39,941
Redeemed during the period	(626,655)	(9,145)
Units outstanding, end of period	2,385,840	1,764,002
Class X units:		
Units outstanding, beginning of period	-	-
Sold during period	304,084	-
Reinvestment of distributions	1,843	-
Redeemed during the period	(29,583)	-
Units outstanding, end of period	276,344	-
Class Y units:		
Units outstanding, beginning of period	-	-
Sold during period	51,464	-
Reinvestment of distributions	449	-
Units outstanding, end of period	51,913	-

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Notes to Financial Statements

Year ended December 31, 2007

7. Brokerage commissions:

The total brokerage commissions paid by the Fund for the year ended December 31, 2007 were \$35,397 (2006 - \$20,125).

8. Income taxes:

The Fund is a mutual fund trust as defined by the Income Tax Act.

On the last business day in each calendar year (the "Distribution Date"), the Manager shall determine the net investment income and net realized capital gains of the Fund for that calendar year. Such portions of the net investment income and net realized capital gains will be payable to the unitholders in accordance with the provisions of the Trust Agreement in respect of each unit held by them on the Distribution Date.

Accordingly, no provision for income taxes is reflected in the financial statements of the Fund.

At December 31, 2007, the Fund has net capital losses of \$301,384 which have no expiry date.

9. Related party transactions:

The Fund holds an investment in Class O units of Barlow Partners Growth Portfolio with a fair value of \$10,096,775. Barlow Partners Growth Portfolio is also Investment Manager of Barlow Capital Partners Inc.

10. Financial instruments:

(i) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Fund's financial instruments are carried at fair value with fair value changes recognized in the statement of operations, all changes in market conditions will directly result in an increase or decrease in net assets. Market price risk is managed by the manager of the Fund through construction of a diversified portfolio of instruments traded on various markets and across various industries.

(ii) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

All of the Fund's investments are considered to be readily realizable as the Fund generally invests in securities that are listed on recognized stock exchanges and can be quickly liquidated at amounts close to their fair value in order to meet liquidity requirements. The Fund may also maintain cash on hand for liquidity purposes.

BARLOW PARTNERS INCOME & GROWTH PORTFOLIO

Notes to Financial Statements

Year ended December 31, 2007

10. Financial instruments (continued):

(iii) Foreign currency risk:

Foreign currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund primarily invests in financial instruments. The Fund may enter into transactions denominated in various foreign currencies, other than its measurement currency. Consequently, the Fund is exposed to risks that the exchange rate of the various currencies may change in a manner that has an adverse affect on the value of the Fund's investments to the extent that the Fund has assets or liabilities denominated in currencies other than the Canadian dollar.

(iv) Credit risk:

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has as a debtor of the Fund. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for non-exchange traded financial instruments is not backed by an exchange clearing house.

The Fund's credit risk concentration is spread among listed securities as discussed under market price risk above and as detailed in the statement of investment portfolio.

(iv) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is most significant in relation to investments with fixed interest rates held by the Fund, such as bonds and money market securities.

11. Portfolio transactions:

Additional unaudited information as to portfolio transactions for the year ended December 31, 2007 can be obtained without charge by writing to the Investment Manager of the Fund at:

Barlow Capital Partners Inc.
Attn: Tina Derix
Suite 740 - 730 View Street
Victoria, BC V8W 3Y7

In accordance with Section 2.11(c) of National Instrument 81-106 ("NI 81-106"), Barlow Capital Partners Inc., as Investment Manager of the Fund, has provided notice to the securities regulatory authority that it is relying on the exemption granted by Section 2.11 of NI 81-106 whereby Barlow Capital Partners Inc. will not be filing the annual financial statements for the Fund.