NAVINA
ASSET MANAGEMENT

NAVINA/LAZARD STRATEGIC TRUST

Semi - Annual Financial Statements

June 30, 2010

NAVINA/LAZARD STRATEGIC TRUST

CORPORATE INFORMATION

Manager:
Navina Asset Management Inc.
220 Bay Street, Suite 1500
Toronto, On M5J 2W4

Custodian:
State Street Trust Company Canada
30 Adelaide Street East, Suite 1100
Toronto, On M5C 3G6

Transfer Agent:
SGGG Fund Services Inc.
60 Yonge Street
Suite 1200
Toronto, ON M5E 1H5

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the Period Ended June 30, 2010

This interim management report of fund performance ("MRFP") for Navina/Lazard Strategic Trust (the "Strategic Trust") contain financial highlights and is does not contain the complete annual audited financial statements in the interim report of the Strategic Trust. You may request a copy of the Strategic Trust's unaudited interim or audited financial statements, interim or annual MRFP, current proxy voting policies and procedures, or quarterly portfolio disclosure at no cost from Navina Asset Management Inc., by calling 1-800-513-3868, by writing to us at 220 Bay Street, Suite 1500, Toronto, Ontario, M5J 2W4, or by visiting our website at www.navinaasset.com or SEDAR at www.sedar.com.

The semi annual MRFPs and accompanying semi annual financial statements have been prepared by the manager and trustee of the Strategic Trust, Navina Asset Management Inc.

The Strategic Trust's proxy voting disclosure record for the period ending June 30, 2010 will be available free of charge upon request at any time after August 31, 2010, by visiting our website at www.navinaasset.com.

Effective January 1, 2010, the Manager, Navina Capital Corp., and Lawrence Asset Management Inc., effected an amalgamation of businesses and operations. The combined entity is named Navina Asset Management Inc. Navina Asset Management Inc. is the manager (the "Manager") and trustee (the "Trustee") of the Fund.

Forward Looking Statements

Included in this annual Management Report of Fund Performance are matters that constitute "forward-looking" information within the meaning of Canadian securities law. Such forward-looking statements may be identified by words such as "plans", "proposes", "estimates", "intends", "expects", "believes", "may" or words of a similar nature. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include among others, regulatory risks, risk inherent in foreign markets, commodity prices and competition. These factors are largely outside the control of the Fund. All subsequent forward-looking statements attributable to the Fund or its agents are expressly qualified in their entirety by these cautionary comments. Except as otherwise required by applicable securities statutes or regulation, the Fund expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

MANAGEMENT REPORT OF FUND PERFORMANCE

Navina/Lazard Strategic trust is a non-offering investment trust established under the laws of the Province of Ontario, which proposes to issue units from time to time in reliance on exemptions from the applicable prospectus and registration requirements. The Strategic Trust effectively began operations on June 9, 2009 ("Commencement of Operations").

The Strategic Trust was established for the purpose of providing the Navina/Lazard U.S. High Yield Bond Fund (the "Fund") with indirect economic exposure to a portfolio of securities. This is achieved by the Fund investing the net proceeds of its initial public offering in a portfolio of common shares (the "Common Share Portfolio") and entering into a forward purchase and sale agreement (the "Forward Agreement") with BMO Capital Markets Inc. (the "Counterparty"). As a result of the Forward Agreement, the returns of the Fund are intended to correlate with an investment in the Strategic Trust.

Investment Objectives and Strategies

The Strategic Trust's investment objectives are to provide the Counterparty to the Forward Agreement with distributions and the opportunity for capital appreciation in order for the Fund to meet its investment objectives.

To pursue its investment objectives, the Strategic Trust acquired a portfolio comprised primarily of U.S. dollar denominated high yield corporate bonds (the "Portfolio") actively managed by Lazard Asset Management (Canada), Inc. (the "Portfolio Advisor"). The Portfolio Advisor appointed Lazard Asset Management LLC ("LAM", and together with the "Portfolio Advisor", "Lazard") as its sub-advisor.

Risk

The Strategic Trust's investment objectives and strategy expose it to various types of risk associated with the financial instruments in which it invests directly. In addition to general market risks, the Strategic Trust is subject to other risks, including the following:

- Interest rate risk
- Credit risk
- Foreign currency and market risk
- Liquidity risk

For a detailed disclosure of risks associated with an investment in the Strategic Trust please refer to the Strategic Trust's prospectus.

RESULTS OF OPERATIONS

Portfolio

As at June 30, 2010, the Trust held 32 primarily fixed income securities in its Portfolio.

Market Review

As the recovery from the depths of the liquidity crisis and the events of 2008 continues, we believe that its shape will likely be different than those of most previous recoveries. This has been a financial crisis rather than a typical business-cycle recession; as such, we cannot look to the post-World War II consumer recessions as a standard for reference. The last two financial crises in the United States were in 1907 and 1929, so it is also difficult to use these models. Therefore, we believe that forward-looking analysis not encumbered by meanreversion or backward-looking models will be key to understanding the markets in the future. After the fear and panic of 2008, and the greed and recovery of 2009, we believe that differentiation is one of the prominent themes to focus on going forward. As markets begin to re-focus on fundamentals, the technical issues that have moved the markets and sectors en masse will subside; as a result, security selection will likely become a more dominant factor, as survivors emerge and a greater separation opens up between winners and losers.

The upgrades and downgrades theme is also prevalent in lower-tiered credits. While higher-rated corporate credit is more likely to transition downward, we also expect to see some upgrades of lower credits that are currently under-rated, given that the recent market environment offers opportunity to refinance and restructure balance sheets. Many marginal credits performed extremely well in 2009; we believe that this was due mainly to strong demand for yield, as demonstrated by industry mutual fund flows. These flows have now begun to slow appreciably, as investors are starting to demand more favorable terms than companies are willing to meet. Fundamentally resilient companies should still be able to access the markets at reasonable prices; however, we believe that the separation will increase between distressed credits—those trading at spreads of more than 1,000 basis points over U.S. Treasurys—and non-distressed credits—those within a 1,000-basis-point spread over U.S. Treasurys. We believe that balance-sheet strength and the ability to generate free cash to pay back debt will be critical, and will likely be another point of differentiation going forward. The 96% return for securities rated CCC and lower in 2009 appears to have been technical; we believe that there is a strong likelihood that much of this could be undone if fund flows reverse.

Outlook & Strategy

We believe economic growth should remain positive so we are relatively bullish on credit and constructive on the outlook for corporate bonds as they remain priced for higher levels of default than are actually occurring. Many company balance sheets are much improved as a result of deleveraging, and recent positive earnings surprises have supported a rally in high yield, with US yields in the range of 7%-9%, accompanied by a strong pipeline of issuance. The developed economies' low growth environment coupled with a stronger recovery in the developing world, should continue to offer a benign environment for corporate bonds.

Net Asset Value

The net asset value per unit of the Strategic Trust as at June 30, 2010 was $11.08. Net asset value was $9.4 million.

Distributions

For the period ended June 30, 2010, the Strategic Trust distributed $nil to unitholders in the form of reinvestment.

Redemptions

The Strategic Trust's Units may be redeemed for a redemption price per Trust Unit (the "Redemption Amount") equal to the Net Asset Value per Trust Unit as at any business day (each a "Redemption Date"). Trust Units surrendered for redemption by a unitholder on or before 4:00 p.m. (Toronto time) on any Redemption Date will be redeemed as at such Redemption Date and the unitholder will receive payment in respect of any Trust Units surrendered for redemption on the second business day after the Redemption Date, subject to the Manager's right to suspend redemptions in certain circumstances. The Redemption Amount will be paid to the Manager by the Strategic Trust and the unitholder will receive payment on or before the second business day following the Redemption Date.

During the period ended June 30, 2010, there were 177,481 Trust Units redeemed for proceeds of $1.9 million.

Revenue and Expenses

For the period ended June 30, 2010, the Strategic Trust generated $667,769 in income from investments, ($31,866) in net realized losses on investments and ($16,321) in net realized losses on foreign exchange.

The Strategic Trust does not pay management fees or operating expenses. The management expense ratio ("MER") for the Strategic Trust was 0.00%.

Recent Developments

On June 7, 2010 Aston Hill Financial Inc. ("Aston Hill") and Navina Asset Management Inc ("NAMI") announced the execution of a share purchase agreement. Pursuant to the agreement Aston Hill acquired 100% of the common shares of NAMI. The acquisition was completed on August 6, 2010. This will result in a change of control of NAMI.

Future accounting change

The Canadian Accounting Standards Board has confirmed its plan to adopt all International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board by January 1, 2011. At December 31, 2009 the Manager's plan for conversion to IFRS includes discussions with the Strategic Trust's accountants and fund administrators on their process for conversion to IFRS. In addition, the Manager has reviewed the potential impact of IFRS on the Strategic Trust's NAV and financial statements. Based on this review, the Manager believes that the impact of IFRS will be primarily the disclosure and presentation of the Strategic Trust's financial statements, with no impact to the Strategic Trust's NAV.

In June 2010, the Canadian Accounting Standards Board ("AcSB") published for comments an exposure draft proposing that investment companies, which include investment funds, can defer adoption of IFRS by one year. Investments companies may continue to apply existing GAAP standards and must adopt IFRS for fiscal years beginning on or after January 1, 2012. The AcSB expects to finalize the proposed amendments in September 2010.

Related Party Transactions

The Manager provides all administrative services required by the Strategic Trust, including the appointment of the Portfolio Advisor and LAM.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Strategic Trust and are intended to help in understanding the Strategic Trust's financial performance since its commencement of operations on June 9, 2009. This information is derived from the Strategic Trust's audited annual financial statements.

THE STRATEGIC TRUST'S NET ASSETS PER UNIT	2010	2009
Net Assets per unit, beginning of period(1)	$10.70	$10.00
Increase (decrease) from operations:		
Total revenue	0.73	0.93
Total expenses	-	-
Realized gains (losses) for the period	(0.05)	0.12
Unrealized gains (losses) for the period	(0.33)	0.27
Total increase (decrease) from operations(2)	**0.35**	**1.32**
Distributions:		
From income (excluding dividends)	-	(1.50)
From dividends	-	-
From capital gains	-	-
From return of capital	-	-
Total annual distributions(3)	**-**	**(1.50)**
Net Assets per unit, end of period(4) (5)	**$11.04**	**$10.70**

(1) Net assets, beginning of period for 2009 represents the original investment amount as at June 10, 2009, the date of the closing of the initial offering of the Trust.
(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.
(3 Distributions were paid in cash.
(4) This information is provided as at December 31 of the year shown, except 2010, which shows the six months ended June 30, 2010.
(5) The Financial Highlights are not intended to act as a continuity of the opening and closing net asset value per unit.

RATIOS AND SUPPLEMENTAL DATA	2010	2009
Net asset value (000's)(1)	9,409	11,027
Number of units outstanding (000's)(1)	849	1,026
Management expense ratio(2)	0.00%	0.00%
Portfolio turnover rate(3)	0.00%	8.13%
Trading expense ratio(4)	0.00%	0.00%
Transaction net asset value per unit	$11.08	$10.74

(1) This information is provided as at December 31 of the year shown, except 2010, which shows the six months ended June 30, 2010. Net asset value assume Transaction NAV calculation. Net asset value is equal to net asset value per unit multiplied by the number of units outstanding.
(2) Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. For the 2009 period, the management expense ratio is annualized from the date of inception to December 31, 2009. The expenses for the 2009 period contain one-time costs associated with the offering of the Trust as detailed in the prospectus and therefore are not annualized.
(3) The Trust's portfolio turnover rate indicates how actively the Portfolio Manager manages the Trust's portfolio investments. A portfolio turnover rate of 100% is equivalent to the Trust buying and selling all of the securities in its portfolio once in the course of the year. The higher the Trust's portfolio turnover rate in a year, the greater the trading costs payable by the Trust in the year, and the greater the chance of an investor receiving capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Trust.
(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

MANAGEMENT FEES

The Manager is responsible for the management functions and administrative services of the Trust. In addition, the Manager will monitor the Strategic Trust's investment strategy to ensure compliance with the investment guidelines. The Manager has retained the Portfolio Advisor and LAM to provide the investment advisory and portfolio management services required by the Strategic Trust. The Manager is responsible for the payment of the investment management fees of the Portfolio Advisor and LAM out of its fees. All management fees are paid to the Manager by the Navina/Lazard U.S. High Yield Bond Fund. Therefore, the Navina/Lazard Strategic Trust paid no management fees.

PAST PERFORMANCE

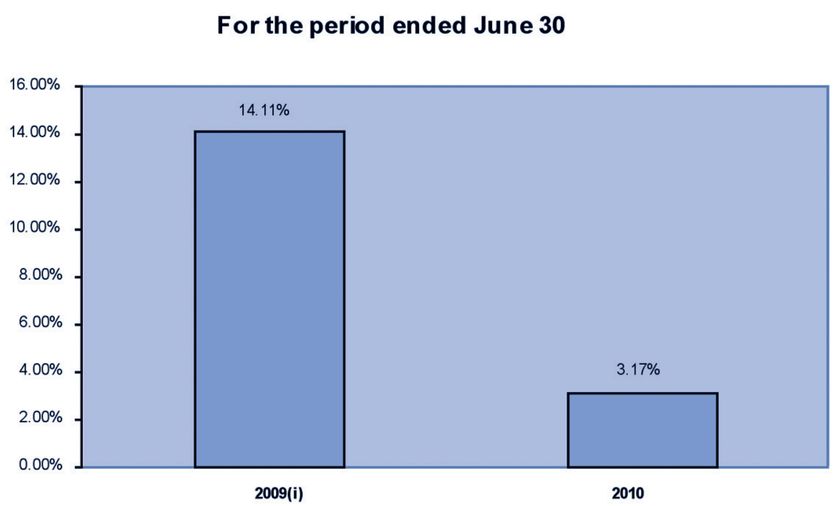
PAST PERFORMANCE

General

The performance information shown assumes that all distributions made by the Strategic Trust in the period shown were reinvested in additional securities of the Strategic Trust. The Strategic Trust's past performance is no guarantee of how it will perform in the future. All performance information is calculated using Net Asset Value per Unit.

Year-by-Year Returns

The bar chart shows the Strategic Trust's annual performance for the periods, and illustrates how the Strategic Trust's performance has changed from year to year. The chart shows in percentage terms how an investment made in January would have grown or decreased by December 31. The return for 2010 is for the six month period ending June 30, 2010.



(i) Return from June 9, 2009 to December 31, 2009.

SUMMARY OF INVESTMENT PORTFOLIO

Below is a summary of the Strategic Trust's investment portfolio as at June 30, 2010. This is a summary only and subject to change due to on-going portfolio activity in the Strategic Trust. An update is available quarterly at www.navinaasset.com.

TOP POSITIONS	% of Net Asset Value
SPDR Barclays Capital High Yield Bond ETF	9.6
Citizens Communications Company 9.00% August 15, 2031	3.7
Plains Exploration & Production Company 10.00% March 01, 2016	3.6
Masco Corporation 7.75% August 01, 2029	3.3
El Paso Corporation 12.00% December 12, 2013	3.3
Sprint Capital Corp. 8.75% March 15, 2032	3.3
Wyndham Worldwide Corporation 9.875% May 01, 2014	3.1
Atlas Energy Operating LLC 12.125% August 01, 2017	3.1
HEALTHSOUTH Corporation 10.75% June 15, 2016	3.1
Terex Corporation 10.875% June 01, 2016	3.0
HCA Inc. 9.25% November 15, 2016	3.0
Tesoro Corporation 9.75% June 01, 2019	2.9
Hughes Network Systems LLC 9.50% April 15, 2014	2.9
Mariner Energy Inc. 11.75% June 30, 2016	2.8
USG Corporation 9.5% January 15, 2018	2.8
Royal Caribbean Cruises Ltd. 7.25% June 15, 2016	2.8
Domtar Corporation 10.75% June 01, 2017	2.7
Owens Corning Inc. 9.00% June 15, 2019	2.7
Ford Motor Credit Company LLC 12.00% May 15, 2015	2.6
Liberty Media Corporation 8.25% February 01, 2030	2.6
Level 3 Financing, Inc. 9.25% November 01, 2014	2.6
The Goodyear Tire & Rubber Company 10.50% May 15, 2016	2.5
Denbury Resources Inc. 9.75% March 01, 2016	2.5
Biomet, Inc. 10.00% October 15, 2017	2.4
Intelsat Jackson Holdings Ltd. 11.25% June 15, 2016	2.4
Top 25 Positions	**79.3**
Other Investments	18.4
Cash and Cash Equivalents	3.4
Other Assets Less Liabilities	(1.1)
Total Net Asset Value	100.0

Portfolio Composition	% of Net Asset Value
Exchange Traded Funds	
United States	9.6
Total Exchange Traded Funds	**9.6**
Fixed Income	
United States	82.9
Liberia	2.8
Bermuda	2.4
Total Fixed Income	**88.1**
Cash and Cash Equivalents	3.4
Other Assets Less Liabilities	(1.1)
Total Net Asset Value	**100.0**

Net asset value includes the value of the assets of the Strategic Trust less liabilities of the Strategic Trust.

Manager's comments on unaudited interim financial statements

These interim financial statements of the Navina-Lazard Strategic Trust (the "Trust") for the period ended June 30, 2010 have been prepared by the Manager. These interim financial statements have not been reviewed by Ernst & Young LLP, the independent external auditors of the Trust.

NAVINA/LAZARD STRATEGIC TRUST

Statements of Net Assets - As at June 30, 2010 (unaudited) and December 31, 2009 (audited)

	2010	2009
Assets		
Investments, at fair value	$9,157,208	$10,244,458
Cash and cash equivalents	317,860	442,435
Receivable on foreign currency contracts	-	86,459
Accrued investment income	168,742	212,768
	9,643,810	10,986,120
Liabilities		
Payable on foreign currency contracts	271,668	-
	271,668	-
Net Assets representing unitholder equity	**$9,372,142**	**$10,986,120**
Number of units outstanding (Note 10)	**848,826**	**1,026,307**
Net Assets per unit	**$11.04**	**$10.70**

See accompanying notes to financial statements.

NAVINA/LAZARD STRATEGIC TRUST

Statement of Operations - For the period ended June 30, 2010 (unaudited)

	2010
Investment income	
Dividends	$39,472
Interest	395,670
Income from derivatives	238,574
Less: Foreign withholding taxes	(5,947)
Net investment income	**$667,769**
Net realized and unrealized gain (loss) on investments	
Net realized loss on investments	(31,866)
Net realized loss on foreign exchange	(16,321)
Change in unrealized appreciation on investments	34,653
Change in unrealized depreciation on foreign exchange	(333,170)
Transaction costs (Note 2)	(45)
Net loss on investments	(346,749)
Increase in Net Assets from Operations	**$321,020**
Increase in Net Assets from Operations per unit	**$0.35**

See accompanying notes to financial statements.

NAVINA/LAZARD STRATEGIC TRUST

Statement of Changes in Net Assets - For the period ended June 30, 2010 (unaudited)

	2010
Net Assets, beginning of period	$10,986,120
Increase in Net Assets from Operations	**321,020**
Capital transactions (Note 10)	
Payments on redemption	(1,934,998)
	(1,934,998)
Decrease in Net Assets	(1,613,978)
Net Assets, end of period	**$9,372,142**

See accompanying notes to financial statements.

NAVINA/LAZARD STRATEGIC TRUST

Statement of Investments - As at June 30, 2010 (unaudited)

NUMBER OF UNITS / PAR VALUE	SECURITY	AVERAGE COST $	FAIR VALUE $	% OF NET ASSETS
EXCHANGE TRADED FUNDS				
	United States			
22,500	SPDR Barclays Capital High Yield Bond ETF	886,400	903,545	9.6
FIXED INCOME				
Corporate Bond				
	Bermuda			
200,000	Intelsat Jackson Holdings Ltd. 11.25% June 15, 2016	232,378	226,344	2.4
	Liberia			
250,000	Royal Caribbean Cruises Ltd. 7.25% June 15, 2016	223,372	259,685	2.8
	United States			
200,000	Amkor Technology, Inc. 9.25% June 01, 2016	206,823	222,625	2.4
250,000	Atlas Energy Operating LLC 12.125% August 01, 2017	284,714	293,557	3.1
200,000	Biomet, Inc. 10.00% October 15, 2017	229,204	228,470	2.4
350,000	Citizens Communications Company 9.00% August 15, 2031	343,734	344,963	3.7
200,000	Denbury Resources Inc. 9.75% March 01, 2016	235,248	229,532	2.4
200,000	Domtar Corporation 10.75% June 01, 2017	223,619	255,036	2.7
300,000	Edison Mission Energy 7.20% May 15, 2019	265,061	196,059	2.1
250,000	El Paso Corporation 12.00% December 12, 2013	311,361	306,176	3.3
200,000	Ford Motor Credit Company LLC 12.00% May 15, 2015	212,165	246,025	2.6
250,000	HCA Inc. 9.25% November 15, 2016	285,030	281,602	3.0
250,000	HEALTHSOUTH Corporation 10.75% June 15, 2016	279,634	286,916	3.1
200,000	Hertz Corporation 8.875% January 01, 2014	204,145	215,187	2.3
250,000	Hughes Network Systems LLC 9.50% April 15, 2014	282,865	268,983	2.9
200,000	Kabel Deutschland GmbH 10.625% July 01, 2014	241,289	220,234	2.4
162,000	Kansas City Southern Railway 13.00% December 15, 2013	196,109	206,579	2.2
250,000	Level 3 Financing, Inc. 9.25% November 01, 2014	243,259	241,089	2.6
250,000	Liberty Media Corporation 8.25% February 01, 2030	216,132	244,410	2.6
200,000	Mariner Energy Inc. 11.75% June 30, 2016	226,986	264,600	2.8
200,000	Markwest Energy Partners, L.P. 8.75% April 15, 2018	197,243	214,655	2.3
300,000	Masco Corporation 7.75% August 01, 2029	250,005	307,370	3.3
200,000	Owens Corning Inc. 9.00% June 15, 2019	216,967	251,291	2.7
300,000	Plains Exploration & Production Company 10.00% March 01, 2016	341,333	341,111	3.6
300,000	Sprint Capital Corp. 8.75% March 15, 2032	281,686	304,449	3.2
200,000	SunGard Data Systems Inc. 10.25% August 15, 2015	214,734	219,437	2.3
250,000	Terex Corporation 10.875% June 01, 2016	285,578	286,251	3.1
250,000	Tesoro Corporation 9.75% June 01, 2019	277,573	275,625	2.9
200,000	The Goodyear Tire & Rubber Company 10.50% May 15, 2016	233,620	231,126	2.5
250,000	USG Corporation 9.5% January 15, 2018	255,250	263,006	2.8
200,000	Virgin Media Finance PLC 9.50% August 15, 2016	228,154	224,485	2.4
250,000	Wyndham Worldwide Corporation 9.875% May 01, 2014	274,560	296,785	3.2
		7,544,081	**7,767,634**	**82.9**
TOTAL INVESTMENTS		**$8,886,231**	**9,157,208**	**97.7**
Unrealized loss on foreign currency contracts (Note 11)			(271,668)	(2.9)
Cash and cash equivalents			317,860	3.4
Other assets, net of liabilities			168,742	1.8
NET ASSETS			**$9,372,142**	**100.0**

See accompanying notes to financial statements.

1. THE FUND

Navina/Lazard U.S. High Yield Bond Fund (the "Fund") is a mutual fund trust governed by the laws of the Province of Ontario by a Declaration of Trust dated May 22, 2009. Navina/Lazard Strategic Trust (the "Strategic Trust", and together with the Fund, the "Trusts") is an investment trust established under the laws of the Province of Ontario by a Declaration of Trust dated May 22, 2009. The Fund effectively began operations on June 9, 2009 ("Commencement of Operations") when it completed an initial public offering of 1,047,312 Class A units and 223,300 Class F units, each at $10.00 per unit, for gross proceeds of $12.7 million. Each Fund unit consisted of one redeemable, transferable fund unit ("Fund Unit"). The Trust effectively began operations on June 10, 2009 ("Commencement of Operations").

When referencing "period ended December 31, 2009", the Fund's period is from June 9, 2009 to December 31, 2009 and the Strategic Trust's period is from June 10, 2009 to December 31, 2009.

Effective January 1, 2010, the Manager, Navina Capital Corp., and Lawrence Asset Management Inc., effected an amalgamation of businesses and operations. The combined entity is named Navina Asset Management Inc. Navina Asset Management Inc. is the manager (the "Manager") and trustee (the "Trustee") of the Trusts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The following is a summary of significant accounting policies followed by the Trusts in the preparation of their financial statements:

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term, interest bearing notes with a term to maturity of less than three months from the date of purchase. Cash and cash equivalents are deemed to be held for trading and therefore recorded at fair value.

Valuation of investments

Investments are deemed to be classified as held-for-trading in accordance with Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, Financial Instruments – Recognition and Measurement ("Section 3855") and therefore are recorded at fair value.

Investments pledged under the forward agreement are valued at closing market prices. Any other investments in publicly traded securities are valued at fair value, that being the bid price for securities purchased long and ask price for securities sold short, from the relevant exchange on which such securities are principally traded.

Written options are valued at ask prices, and purchased options are valued at bid prices as reported on recognized exchanges.

Exchange-traded funds ("ETFs") are valued at bid prices as reported on recognized exchanges.

Securities for which reliable quotations are not readily available or not traded in an active market are valued at fair value as determined by the Manager. The difference between fair value and average cost, as recorded in the accounts, is shown as change in unrealized appreciation (depreciation) on investments. Short-term investments and bonds are recorded at fair value using bid price market quotations.

Other assets and liabilities

For the purpose of categorization in accordance with the CICA Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862"), accrued investment income and prepaid expenses designated as loans and receivables are recorded at cost or amortized cost. Similarly, payables for securities purchased, distributions payable and accounts payable and accrued liabilities are deemed to be other financial liabilities and reported at amortized cost.

Investment transactions and income recognition

All investment transactions are accounted for on the trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation in the value of investments are calculated on an average cost basis, excluding transaction costs and effect of foreign exchange, which is disclosed separately.

Interest income and expenses are recognized daily on an accrual basis.

Dividend income is recognized on the ex-dividend date.

Transaction costs

Transaction costs, such as brokerage commissions incurred in the purchase and sale of securities by the Trusts, are expensed and are included in transaction costs in the Statement of Investments. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

Foreign currency translation

Investments at fair value and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange applicable on the valuation date. Investment transactions and income and expenses are translated at the rate of exchange on the date of such transactions.

Forward foreign currency contracts

Forward foreign currency contracts (see Note 11) are valued at current market value on each valuation date. The value is determined as the gain or loss that would be realized, if on the valuation date, the position of the forward foreign currency contracts were closed out. Gains or losses incurred when forward foreign currency contracts entered into by the Strategic Trust, which are of the nature of a general hedge of the currency exposure of the underlying portfolio of investments, mature or are closed out are included in "Net realized gain (loss) on foreign exchange" in the Statement of Operations.

Forward Agreement

The Forward Agreement is valued to the gain or loss that would be realized on the valuation date if the contract were closed out or expired. The amount to be received (or paid) on the Forward Agreement as at the valuation date is recognized as Unrealized loss on forward agreement on Statement of Net Assets. All gains (losses) arising from the Forward Agreement are recorded as part of "Change in unrealized appreciation on common share portfolio and forward agreement" in the Statements of Operations.

Accounting estimates

The preparation of the financial statements in accordance with Canadian GAAP requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Net asset value per unit

The net asset value per unit of the Fund is computed by dividing the net asset value of each of Class A Units and Class F Units of the Fund by the total number of units outstanding for Class A Units and Class F Units, respectively. The increase (decrease) in Net Assets from operations for period is based on the weighted average number of units outstanding during the period.

The net asset value per unit of the Strategic Trust is computed by dividing the net asset value of the Strategic Trust by the total number of units outstanding for the Strategic Trust on the valuation date. The increase (decrease) in Net Assets from operations for the period is based on the weighted average number of units outstanding during the period.

3. NOTE RECEIVABLE

The Manager reimbursed the Fund for the expenses of the initial public offering which amounted to $790,673 and consist of agents' fees and other offering expenses. The obligation is evidenced by a Note which was issued on closing, June 9, 2009. The repayment will be made in quarterly installments equal to one quarter of 1.00% of the Fund's net asset value over a period of eight years, and began on September 30, 2009. The Note bears interest from the date of issue at the prime rate of interest. The Note is reduced proportionately if units are purchased for cancellation by the Fund, redeemed or retracted. On the maturity date, any unpaid principal amount of the Note will be due and payable by the Manager.

4. NET ASSET VALUE AND NET ASSETS

The application of CICA Handbook Section 3855 may result in a different value of securities for financial reporting purposes than the value used for pricing unitholder transaction purposes.

The following is the Net Asset Value per unit determined in accordance with Part 14 of the National Instrument and the Net Assets per unit as shown on the Statements of Net Assets. The difference between these amounts represents the valuation difference of securities resulting from the application of CICA Handbook Section 3855.

Navina/Lazard U.S. High Yield Bond Fund

June 30, 2010	Net Asset Value per unit	Net Assets per unit
Class A	$10.29	$10.29
Class F	$10.33	$10.33

December 31, 2009	Net Asset Value per unit	Net Assets per unit
Class A	$10.64	$10.64
Class F	$10.66	$10.66

Navina/Lazard Strategic Trust

	June 30 2010	December 31, 2009
Net Asset Value per unit	$11.08	$10.74
Net Assets per unit	$11.04	$10.70

5. FORWARD AGREEMENT

In order to achieve its investment objectives, the Fund obtains economic exposure to the returns of Navina/Lazard Strategic Trust by investing the net proceeds of its initial public offering in a portfolio of common shares (the "Common Share Portfolio") and entering into a forward purchase and sale agreement (the "Forward Agreement") with BMO Capital Markets Inc. (the "Counterparty"). The Fund does not invest directly in the Strategic Trust. As a result of the Forward Agreement, the returns of the Fund are intended to correlate with the investment in the Strategic Trust.

The Fund will partially settle the Forward Agreement prior to the Forward Agreement termination date in order to fund monthly distributions as well as redemptions of Fund Units by unitholders from time to time and for payment of expenses of the Fund and Strategic Trust.

The Fund will also pay to the counterparty a fee under the Forward Agreement equal to 0.45% per annum of the net asset value of the Common Share Portfolio plus a fee, which may vary, based on the value of the Common Share Portfolio, calculated and payable monthly in arrears. This fee, which may vary, is intended to compensate the counterparty for the costs of hedging its exposure under the Forward Agreement.

The Forward Agreement has a termination date of June 10, 2012.

As at June 30, 2010, the Common Share Portfolio of the Fund, which is used as collateral for the forward agreement, was as follows:

Number of Shares	Description	Fair Value $
76,087	Celestica Inc. Sub. Voting	654,348
46,839	Centerra Gold Inc.	548,953
60,298	CGI Group Inc. Cl. A, Sub. Voting	955,120
146,847	Fairborne Energy Ltd.	675,496
66,811	HudBay Minerals, Inc.	746,279
86,822	Ivanhoe Mines Ltd.	1,197,275
13,722	Open Text Corporation	548,880
57,204	Osisko Mining Corp.	656,702
64,956	Red Back Mining Inc.	1,747,966
6,676	Research In Motion Limited	349,355
47,955	RONA inc.	752,894
52,622	Thompson Creek Metals Company, Inc.	486,227
61,505	Viterra, Inc.	436,071
Value of Common Share Portfolio		**$9,755,566**

6. FINANCIAL INSTRUMENTS

Management of financial risks

Through the Forward Agreement described in Note 5, the Fund is exposed to the risks through the holding of the Navina/Lazard Strategic Trust, which invests primarily in U.S. dollar denominated high yield bonds. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and the markets in which it invests.

The Fund and the Strategic Trust are exposed to various financial risks, including market risk (consisting of currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Fund's and Strategic Trust's overall risk management programme seeks to minimize potentially adverse effects of those risks on the Strategic Trust's financial performance. The Strategic Trust may use derivative financial instruments to mitigate certain risk exposures.

The Fund is an actively managed investment fund. The investment objectives are to provide unitholders with monthly distributions and to achieve capital appreciation through an actively managed portfolio comprised primarily of U.S. dollar denominated high yield corporate bonds.

The Strategic Trust is an actively managed investment trust. The Strategic Trust's investment objectives are to provide the Counterparty to the Forward Agreement with distributions and the opportunity for capital appreciation in order for the Fund to meet its investment objectives.

Market risk

Although the Fund's Common Share Portfolio is comprised of equity securities that are subject to market price risk and the value of the Forward Agreement will fluctuate as a result of changes in market conditions, the Fund itself is not exposed to the market price risk of the equity securities as they are collaterals for the Forward Agreement.

The Strategic Trust may take positions in traded instruments, which may include derivatives. Therefore, within defined limits, the Strategic Trust may buy or sell call or put options and financial futures or other derivatives.

All investments in securities present a risk of loss of capital. The Portfolio Advisor mitigates this risk through careful selection of securities and other financial instruments, within specified limits. The maximum risk for financial instruments held by the Strategic Trust is determined by the fair value thereof.

The Strategic Trust's overall market positions are monitored on a daily basis by the Portfolio Advisor, weekly by the Manager, and are reviewed semi-annually by the Board of Directors of the Manager.

As at June 30, 2010, the Fund's market risk is potentially affected by two main components, being changes in actual market prices and changes in foreign currency rates. The Fund's sensitivity to foreign currency movements is reported below under currency risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

As at June 30, 2010 and December 31, 2009, the Fund held no short-term deposit notes or other interest-bearing securities. The Fund also has no interest-bearing liabilities. As a result of this, the Fund had minimal risk due to the changes in prevailing market interest rates.

Through its investment in the Strategic Trust, the Fund is exposed to interest rate risk from the Strategic Trust's holding in fixed-rate debt instruments, the value which fluctuates due to changes in prevailing levels of market interest rates.

As at June 30, 2010 and December 31, 2009, the Fund's and the Strategic Trust's exposure to interest rate risks by remaining term to maturity was as follows:

June 30, 2010 Debt Instruments		% of Net Assets
Less than 1 year	-	0.00
1 to 3 years	-	0.00
3 to 5 years	2,001,058	21.35
Greater than 5 years	6,252,605	66.71
Total	8,253,663	88.06

December 31, 2009 Debt Instruments		% of Net Assets
Less than 1 year	-	0.00
1 to 3 years	-	0.00
3 to 5 years	1,854,447	16.88
Greater than 5 years	7,311,542	66.55
Total	9,165,989	83.43

At June 30, 2010, if the prevailing interest rates had risen or declined by 0.25%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately $123,805 (December 31, 2009 – $102,888). The Strategic Trust's sensitivity to interest rate changes was estimated using the weighted average duration of the bonds. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk

Credit risk is the risk of non-payment of scheduled interest and/or principal payments. Credit risk is also the risk that one or more investments in the portfolio of the Fund or Strategic Trust will decline in price, or fail to pay interest or principal when due, because the issuer of the security experiences a decline in its financial status.

As at June 30, 2010 and December 31, 2009, the Fund held no short-term deposit notes or other interest-bearing securities. The Fund was exposed to credit risk through the counterparty of the Forward Agreement. BMO Capital Market Inc. had an A+ credit rating, as at June 30, 2010, according to S&P rating agency. As a result of this, the Manager believes the Fund had minimal credit risk.

The Fund's ability to pay distributions is dependent upon the performance of the Strategic Trust's assets. That performance, in turn, is subject to a number of risks, and in particular, the credit risk of the U.S. dollar-denominated high yield bonds of the Strategic Trust. The value of the U.S. dollar denominated high yield bonds is affected by the creditworthiness of borrowers and by general economic and specific industry conditions.

At June 30, 2010 and December 31, 2009, the Strategic Trust was invested in debt securities with the following credit ratings:

Debt securities by S&P rating	% of Net Assets 2010	% of Net Assets 2009
BBB+ or better	0.0%	0.0%
BBB	3.4%	2.7%
BBB-	8.6%	4.7%
BB+	3.0%	2.5%
BB	6.3%	13.8%
BB-	29.0%	14.8%
B+	13.1%	18.7%
B	6.2%	11.1%
B-	9.7%	6.3%
CCC+ or lower	10.5%	8.9%
Not rated	9.7%	0.0%
Total	99.5%	83.4%

Liquidity risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required.

The Fund maintains sufficient liquidity from the partial settlement of the Forward Agreement and, therefore, has minimal liquidity risk.

The Strategic Trust is exposed to liquidity risk as the resale, or secondary market, for high yield bonds held by the Strategic Trust is less liquid and less transparent than publicly-traded markets. However, the Strategic Trust does seek to invest the majority of its assets in companies whose bond issues are large and in investments that are traded in active markets and can be readily disposed of. In addition, the Strategic Trust retains a significant portion of its Net Assets in an exchange-traded fund to maintain liquidity.

Currency risk

Net asset value is measured in Canadian dollars and payments to unitholders are made in Canadian dollars. The Fund itself is not directly exposed to the fluctuations in the value of the Canadian dollar relative to other currencies as a result of the Forward Agreement.

Through its investment in the Strategic Trust, the Fund is exposed to currency risks as the Strategic Trust may hold assets or have liabilities denominated in currencies other than in Canadian dollars. Therefore, the Strategic Trust is exposed to currency risk, as the value of any assets or liabilities denominated in currencies other than the Canadian dollar will vary due to changes in foreign exchange rates. The following summarizes the Strategic Trust's exposure to currency risks, as at June 30, 2010 and December 31, 2009:

June 30, 2010	Financial Assets	Other Assets	Foreign Forward Currency Contract	Financial Liabilities	Other Liabilities	Total Exposure	% of Net Assets
US Dollar	9,457,303	168,742	(9,002,885)	(271,668)	–	351,492	3.75%

December 31, 2009	Financial Assets	Other Assets	Foreign Forward Currency Contract	Financial Liabilities	Other Liabilities	Total Exposure	% of Net Assets
US Dollar	10,674,436	299,227	(10,580,030)	-	-	393,633	3.41%

As at June 30, 2010, had the Canadian dollar strengthened or weakened by 1% against each of the other currencies with all other variables remaining constant, net assets of the Strategic Trust for the period would have decreased or increased by $3,515 (December 31, 2009 – $3,936).

Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital.

If prices of each of the investments in the Strategic Trust had strengthened or weakened by 1% with all other variables remaining constant, including prices of each of the investments in the Fund, Net Assets of the Fund and the Strategic Trust for the period would have increased or decreased by $91,572 (December 31, 2009 – $102,445).

If prices of each of the investments in the Fund had strengthened or weakened by 1% with all other variables remaining constant, including prices of each of the investments in the Strategic Trust, Net Assets of the Fund for the period would have remained the same due to the fact that the common share portfolio is held as collateral thus not subject to market risk.

Fair Value Measurements

The following is a summary of the inputs used as of June 30, 2010 and December 31, 2009 in valuing the Fund's and the Strategic Trust's investments carried at fair value:

Navina/Lazard U.S. High Yield Bond Fund

June 30, 2010	Level One	Level Two	Level Three	Totals
Financial Assets				
EQUITIES				
COMMON STOCK	9,755,566	0	0	9,755,566
TOTAL EQUITIES	9,755,566	0	0	9,755,566
Total Financial Assets	**9,755,566**	**0**	**0**	**9,755,566**
Financial Liabilities				
UNREALIZED LOSS ON FORWARD AGREEMENT	0	346,650	0	346,650
Total Financial Liabilities	**0**	**346,650**	**0**	**346,650**

December 31, 2009	Level One	Level Two	Level Three	Totals
Financial Assets				
EQUITIES				
COMMON STOCK	12,987,088	0	0	12,987,088
TOTAL EQUITIES	12,987,088	0	0	12,987,088
Total Financial Assets	**12,987,088**	**0**	**0**	**12,987,088**
Financial Liabilities				
UNREALIZED LOSS ON FORWARD AGREEMENT	0	1,959,955	0	1,959,955
Total Financial Liabilities	**0**	**1,959,955**	**0**	**1,959,955**

Navina/Lazard Strategic Trust

June 30, 2010	Level One	Level Two	Level Three	Totals
Financial Assets				
EQUITIES				
EXCHANGE TRADED FUNDS	903,545	0	0	903,545
TOTAL EQUITIES	903,545	0	0	903,545
FIXED INCOME				
CORPORATE BONDS	0	8,253,663	0	8,253,663
TOTAL FIXED INCOME	0	8,253,663	0	8,253,663
Total Financial Assets	**903,545**	**8,253,663**	**0**	**9,157,208**
Other Financial Instruments				
FORWARD FOREIGN CURRENCY CONTRACTS	0	(271,668)	0	(271,668)
Total Other Financial Instruments	**0**	**(271,668)**	**0**	**(271,668)**

December 31, 2009	Level One	Level Two	Level Three	Totals
Financial Assets				
EQUITIES				
EXCHANGE TRADED FUNDS	1,078,469	0	0	1,078,469
TOTAL EQUITIES	1,078,469	0	0	1,078,469
FIXED INCOME				
CORPORATE BONDS	0	9,165,989	0	9,165,989
TOTAL FIXED INCOME	0	9,165,989	0	9,165,989
Total Financial Assets	**1,078,469**	**9,165,989**	**0**	**10,244,458**
Other Financial Instruments				
FORWARD FOREIGN CURRENCY CONTRACTS	0	86,459	0	86,459
Total Other Financial Instruments	**0**	**86,459**	**0**	**86,459**

7. TAXATION

The Fund qualifies as a "mutual fund trust" within the meaning of the Income Tax Act (Canada). The Fund is subject to applicable federal and provincial taxes on the amount of its net income for tax purposes for the period, including net realized taxable capital gains, to the extent such net income for tax purposes has not been paid or made payable to unitholders in the period.

The Strategic Trust is subject to applicable federal and provincial taxes on the amount of its net income for tax purposes for the period, including net realized taxable capital gains, to the extent such net income for tax purposes has not been paid or made payable to unitholders in the period.

No provision for income taxes has been recorded in the accompanying financial statements as all income and net realized capital gains are distributed to the unitholders. Capital losses realized in excess of those utilized to offset realized capital gains in the current taxation year can be carried forward indefinitely and may be applied against future years' capital gains. Non-capital losses may be carried forward for a period of 20 years and applied against future years' taxable income. As at December 31, 2009, the Fund had a non-capital loss carry forward balance of $77,018 (expiring in 2029). As at December 31, 2009, the Strategic Trust had $nil capital loss carry forward balance.

8. EXPENSES OF THE TRUSTS

Management fees

Pursuant to the Declaration of Trust, the Manager provides all administrative services required by the Trusts, including the appointment of Portfolio Advisors to the Strategic Trust.

In return, the Manager receives a monthly fee at the annual rate of 2.10%, plus applicable taxes, of the net asset value of the Fund, calculated and payable monthly in arrears. The Manager is responsible for payment of the investment management fees of the Trust's Portfolio Advisor out of its annual management fees.

The Class A Units of the Fund also pay to the Manager an annual service fee equal to 0.40% annually of the net asset value of units held by clients of the sales representatives of such dealers, calculated and payable quarterly in arrears. Dealer service fees for the period were $19,478.

Other expenses

The Fund is responsible for all other expenses incurred in connection with its operation and administration, such as custodian, valuation, transfer agent, reporting, audit and legal fees. Brokerage commissions paid on securities transactions are expensed in the period in which the transaction occurred and are not considered to be part of total expenses. These commissions are included in the cost of purchasing, or netted out of the proceeds from selling securities. For the period ended June 30, 2010, brokerage commissions for the Fund were $nil, and for the Strategic Trust were $45. There were no soft dollar amounts included in these payments.

The Fund will also pay to the counterparty a fee under the Forward Agreement equal to 0.45% per annum of the net asset value of the Common Share Portfolio plus a fee, which may vary, based on the value of the Common Share Portfolio, calculated and payable monthly in arrears. This fee, which may vary, is intended to compensate the counterparty for the costs of hedging its exposure under the Forward Agreement.

9. UNITHOLDERS' EQUITY

The Fund is authorized to issue an unlimited number of voting, transferable, redeemable Fund Units of one class, each of which represents an equal, undivided interest in the net assets of the Fund. On termination of the Fund, unitholders will be entitled to receive their pro-rata share of all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses.

The Fund may be terminated at any time upon not less than 90 days' written notice to the Trustee provided that the prior approval of unitholders has been obtained by a majority vote at a meeting of unitholders called for that purpose. In addition, the Trustee may, in its discretion, on 60 days' notice to unitholders, terminate the Fund without the approval of unitholders if, in its opinion, the net asset value of the Fund is reduced as a result of redemptions or otherwise so that it is no longer economically feasible to continue the Fund or the Trustee determines to terminate the Fund in connection with a permitted merger. In case the Fund is terminated, the Fund shall, to the extent possible, convert its assets to cash and, after paying or making adequate provision for all of the Fund's liabilities, distribute the net assets of the Fund, on a pro-rata basis, to the unitholders.

Commencing 30 days following the closing of the offering, Fund Units of a class were eligible to be surrendered for redemption on the last business day of each week (the "Redemption Date"), for a redemption price per Fund Unit of a class (the "Redemption Amount") equal to the net asset value per Fund Unit of that class less any costs of funding the redemption and any redemption charges then outstanding. The Redemption Amount will be paid to the Manager by the Fund and the unitholder will receive payment on or before the 3rd business day following the Redemption Date. Redemption of Fund Units may only be affected through FundSERV by the book-entry only system administered by SGGG Fund Services Inc.

The Strategic Trust is authorized to issue an unlimited number of units of a single class of transferrable, redeemable units of beneficial interest, each of which represents an equal undivided interest in the net assets of the Strategic Trust.

The Strategic Trust does not have a fixed termination date. However, the

Strategic Trust may be terminated at any time upon not less than 90 days' written notice by the Trustee provided that the approval of unitholders has been obtained by a majority vote at a meeting of unitholders called for the purpose (the "Termination Date") provided, however, that the Trustee may, in its discretion, on 60 days' notice to unitholders, terminate the Strategic Trust without the approval of unitholders if, in the opinion of the Trustee, the Net Asset Value of the Strategic Trust is reduced as a result of redemptions or otherwise so that it is no longer economically feasible to continue the Strategic Trust .

Units of the Strategic Trust may be redeemed for a redemption price per unit (the "Redemption Amount") equal to the Net Asset Value per unit as at any business day (each a "Redemption Date"). Units surrendered for redemption by a unitholder on or before 4:00 p.m. (Toronto time) on any Redemption Date will be redeemed as at such Redemption Date and the unitholder will receive payment in respect of any units surrendered for redemption on the second business day after the Redemption Date

10. NET CAPITAL TRANSACTIONS

Net capital transactions for the Fund for the period ended June 30, 2010 consisted of the following:

	Class A	Class F
Number of units outstanding, beginning of period	965,995	117,150
Issuance of Units	-	-
Redemption of Units	(126,053)	(3,500)
Number outstanding, end of period	839,942	113,650

Net capital transactions for the Strategic Trust for the period ended June 30, 2010 consisted of the following:

Number of units outstanding, beginning of period	1,026,307
Issuance of Units	-
Redemption of Units	(177,481)
Number outstanding, end of period	848,826

Capital Management

Unitholders equity is considered to be the source of capital for the Fund and the Strategic Trust. The Funds' and Trusts' objectives are managing capital to safeguard the Funds' and Trusts' ability to continue as a going-concern, to provide financial capacity and flexibility to meet its strategic objectives, to provide an adequate return to unitholders commensurate with the level of risk while maximizing the distributions to unitholders.

Since both revenues and expenses of the Fund and Trust are reasonably predictable and stable and since the Fund and Trust do not have any externally imposed capital requirements, the Manager believes that the current level of distributions, capital and capital structure is sufficient to sustain ongoing operations. The Manager monitors the cash position and financial performance of the Fund weekly to ensure there are resources to meet current distribution levels.

11. FORWARD FOREIGN CURRENCY CONTRACTS

As at June 30, 2010 and December 31, 2009, the Fund had not entered into forward foreign currency contracts to deliver currencies at specified future dates.

As at June 30, 2010 and December 31, 2009, the Strategic Trust had entered into forward foreign currency contracts to deliver currencies at specified future dates as follows:

June 30, 2010 Contracts		Sold $		Bought $	Settlement Date	Unrealized Gain (Loss)	Counterparty	Credit Rating
1	CAD	120,000	USD	116,169	Sep 21, 2010	$3,514	State Street	AA-
1	USD	8,839,149	CAD	9,122,885	Sep 21, 2010	(275,182)	State Street	AA-
Totals						**$(271,668)**		

December 31, 2009 Contracts		Sold $		Bought $	Settlement Date	Unrealized Gain (Loss)	Counterparty	Credit Rating
1	CAD	120,000	USD	114,262	Mar 17, 2010	$(214)	State Street	AA-
1	CAD	240,000	USD	224,521	Mar 17, 2010	(4,625)	State Street	AA-
1	CAD	140,000	USD	133,151	Mar 17, 2010	(412)	State Street	AA-
1	USD	300,000	CAD	312,870	Mar 17, 2010	(1,633)	State Street	AA-
1	USD	10,181,615	CAD	10,767,160	Mar 17, 2010	93,343	State Street	AA-
Totals						**$86,459**		

CAD – Canadian Dollar
USD – U.S. Dollar

12. DISTRIBUTIONS

The Fund endeavours to make monthly cash distributions to unitholders consisting primarily of distributions received on securities in the investment portfolio and, in certain circumstances, of net realized capital gains from the investment portfolio. The Fund will not have a fixed monthly distribution but will determine and announce each May, commencing in December 2010, an expected distribution amount for the following twelve months. Monthly distributions will be paid to unitholders on or about the 15th of each month following the month in which they are declared. The monthly distribution declared to unitholders of record, at the end of each month in the period, was $0.058 per unit for Class A and $0.058 per unit for Class F. For the period ending June 30, 2010, the Fund paid $0.348 per Fund Unit for Class A and $0.348 per Fund Unit for Class F.

The Strategic Trust endeavours to make monthly distributions to its unitholders in accordance with its investment objectives. For the period ending June 30, 2010, the Strategic Trust distributed and reinvested $nil per Strategic Trust.

13. SUBSEQUENT EVENT

On June 7, 2010 Aston Hill Financial Inc. ("Aston Hill") and Navina Asset Management Inc ("NAMI") announced the execution of a share purchase agreement. Pursuant to the agreement Aston Hill acquired 100% of the common shares of NAMI. The acquisition was completed on August 6, 2010. This will result in a change of control of NAMI.

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