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Management REPORT of Fund Performance

norrep US Class

2009

norrepFUNDS

FOR THE YEAR ENDED OCTOBER 31, 2009

norrep US Class

This annual management report of fund performance contains financial highlights but does not contain the annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling toll free (877) 531-9355, by writing us at 175, 601-10th Ave. SW Calgary, Alberta T2R 0B2 or by visiting our website at www.norrepfunds.com or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Investment Objective and Strategies

Investment Objectives

The Norrep US Class (the "Fund") is designed to achieve long-term capital appreciation by investing in small and micro-capitalization U.S. equities. The portfolio may consist of all types of equity and debt obligations of issuers in the United States and Canada that may or may not be listed for trading upon the facilities of stock exchanges or other organized and regulated trading facilities.

Investment Strategies

The Fund uses a value approach as a primary method to securities selection. This means searching for superior long-term earnings and cash flow per share growth, companies exhibiting a strong position in the market in which they operate, quality management and balance sheet strength. This analysis is supplemented by quantitative techniques which examine movements in general market trends as well as trends in earnings and the price of securities.

Pending the selection and purchase of suitable investments, the payment of expenses or other anticipated distributions, a portion of the assets of the Fund may be held in cash. In addition, during periods in which the Portfolio Manager believes that market conditions make it advisable, the Portfolio Manager may reduce the Fund's holdings of investments and hold a portion of the Fund's assets in cash. Such cash balances will be held on deposit in cash accounts at any Canadian bank or trust company or may be invested in short-term investment funds or guaranteed investment certificates.

The Fund invests in a combination of securities including, but not limited to, common and preferred shares, government and corporate bonds, short-term debt instruments, convertible securities (including convertible bonds and warrants), and income trust units. These securities are primarily Canadian, but may also, as market opportunities dictate, include global securities as well. The proportions of the different securities in the Fund's portfolio will vary from time to time based upon the Portfolio Manager's assessment of market conditions.

The Fund may write covered call options and cash covered put options and purchase call options and put options with the effect of closing out existing call options and put options written by the Fund. The Fund may also purchase put options in order to protect the Fund from declines in the market prices of the individual securities in the portfolio or in the value of the portfolio as a whole. The Fund may enter into trades to close out positions in such permitted derivatives. The Fund may also use derivatives to hedge the Fund's foreign currency exposure. Such permitted derivatives may include exchange-traded options, futures contracts, and options on futures, over-the-counter options and forward contracts.

The Fund may also engage in short selling as a result of exemptive relief it obtained from the Canadian securities regulatory authorities. Generally speaking, short selling can provide the Fund with opportunities for gains when markets are volatile or declining. While short selling will be used by the Fund as a complement to its primary investment strategy (discussed above), the Portfolio Manager will utilize the same analysis in determining whether securities of a particular issuer should be sold short. When the analysis produces a favourable outlook, the investment opportunity may be considered for purchase. When the analysis produces an unfavourable outlook, the investment opportunity may be considered for a short sale. The Fund will engage in short selling only within certain limits and conditions including: (i) the Fund will short sell only liquid securities that are traded on a stock exchange or certain government bonds, (ii) the Fund will limit its short sale exposure to any single issuer to 5% of the Fund's total net assets and its aggregate short exposure to 20% of its total net assets, (iii) the Fund will hold cash cover in an amount (including the Fund's assets deposited with lenders) that is at least 150% of the aggregate market value of all securities sold short, and (iv) the Fund will deposit collateral only with lenders which are regulated financial institutions or registered dealers in Canada.

The Fund may purchase securities of Horizons Beta Pro Exchange Traded Funds ("HBP ETFs"), provided that the investment is in accordance with the Fund's investment objective and that no more than 10% of the net assets of the Fund, taken at market value at the time of the purchase, would consist of securities of HBP ETFs. In addition, if short selling relief has been obtained in respect of the Fund, the Fund may not purchase securities of a Bear HBP ETF or sell any security short if, immediately after the transaction, the aggregate market value of (i) all the securities sold short by the Fund, and (ii) all the securities of Bear HBP ETFs held by the Fund, would exceed 20% of the Fund's net assets, taken at market value at the time of the transaction. Also, the Fund will not invest in a HBP ETF with an underlying index based, directly or indirectly through a specified derivative or otherwise, on a physical commodity other than gold.

Risk

General Risks Associated With Mutual Funds

Mutual funds own different types of investments, depending upon the investment objectives of the particular mutual fund. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions, and market and company news. As a result, the value of a mutual fund's units or shares may go up or down on a daily basis, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.

The full amount of your investment in a Fund is not guaranteed. Unlike bank accounts or GICs, mutual fund units and shares are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Different investments have different types of investment risk. Mutual funds also have different kinds of risk, depending on the securities they own. Below is a summary of the various types of investment risks that may be applicable to mutual funds generally.

Individuals have different tolerances for risks. Each investor needs to take into account their own comfort with risk as well as the amount of risk suitable for their investment goals.

Equity Risk

The value of a mutual fund that invests in equity securities (also called stocks or shares) will be affected by changes in the market price of those securities. The price of a stock is affected by individual company developments and by general economic and financial conditions in those countries where the issuer of the stock is located, does business or where the stock is listed for trading. In addition, a portion of the equity securities invested in may be of issuers whose securities are not listed on any prescribed stock exchange and thus there may exist a lack of a liquid market for resale.

Interest Rate Risk

The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities.

If a mutual fund invests in money market or fixed income securities (such as bonds), its value is affected by changes in the general level of interest rates. When interest rates fall, bond prices rise. That is because existing bonds pay higher rates than newly issued ones, and so are worth more. When interest rates rise, bond prices fall, and so will the unit or share value of funds that hold them.

The income earned by a mutual fund, and the income paid by the mutual fund to unitholders or shareholders, is also affected by changes in interest rates.

Foreign Security Risk

The value of foreign securities may be influenced by foreign government policies, lack of information about foreign companies, political or social instability and the possible levy of foreign withholding tax. There may be lower standards of government supervision and regulation in foreign financial markets. Foreign stock markets may also be less liquid and more volatile. In addition, the securities markets of many countries have at times in the past moved relatively independently of one another due to different economic, financial, political and social factors. This may reduce gains the mutual fund has derived from movements in a particular market. A mutual fund that holds foreign securities may have difficulty enforcing legal rights in jurisdictions outside Canada.

Foreign Currency Risk

The Canadian dollar value of a mutual fund's investments in foreign securities is affected by changes in the value of the Canadian dollar relative to those securities. When the value of the Canadian dollar goes up relative to other currencies, the Canadian dollar value of the Fund's investments in securities denominated in those currencies goes down.

Income Trust Risk

Bill C-52, which received Royal Assent on June 22, 2007, amended the Tax Act to subject certain publicly-traded flow-through entities, including certain publicly-traded income trusts and limited partnerships (referred to as "SIFT trusts" and "SIFT partnerships"), to tax and to change the tax consequences of investors holding interests in such entities. These amendments should not apply to the Fund or to unitholders because the units or any security of any entity affiliated with the Fund are not listed or proposed to be listed on a stock exchange or other similar public market.

Status of Income Funds in the Portfolio under Tax Laws

The above mentioned amendments to the Income Tax Act respecting SIFT trusts and SIFT partnerships could have a material adverse effect on the investment returns and value of certain securities within the Portfolio.

Small, Mid-Capitalization and Micro-Capitalization Company Risk

Investments in small, mid-capitalization and micro-capitalization companies may involve greater risks than in larger, more established companies since such companies may have more limited markets and financial resources and their securities may be more sensitive to market changes. As well, the liquidity of the securities may be limited. Consequently, in order to fund redemptions, a mutual fund may have to liquidate its shareholdings in the more liquid large and medium-sized companies. As well, to the extent that the liquidity is limited, the mutual fund's ability to realize profits and/or minimize losses may be limited, which could adversely affect the net asset value of the mutual fund.

Regulatory Risk

Some industries, such as financial services, health care and telecommunications, are heavily regulated and may receive government funding. Investments in these sectors may be substantially affected by changes in government policy, such as increased regulation, ownership restrictions, deregulation or reduced government funding. The value of a mutual fund that buys these investments may rise and fall substantially due to changes in these factors.

Derivative Risk

A derivative is a contract or security whose value and cash flow pattern is derived from another underlying security, such as a stock or bond, or from an economic indicator, such as an interest rate or stock market index. Some examples of the most common derivatives are:

- A forward contract is an agreement to buy and sell currency, commodities or securities at an agreed price for future delivery. Forward contracts are often used to reduce risk.
- An option gives the buyer the right, but not the obligation, to buy or sell currency, commodities or securities at an agreed price within a certain period of time.

Mutual funds may use derivatives to limit potential losses associated with currencies, stock markets and interest rates. This process is called hedging. Mutual funds may also use derivatives for non-hedging purposes to reduce transaction costs, achieve greater liquidity, generate income, and increase speed and flexibility in trading.

The Funds may invest in exchange-traded options, futures contracts and options on futures, over-the-counter options, and forward contracts (the "permitted derivatives") to the extent and for the purposes permitted by Canadian securities authorities. The Funds may also write covered call options. An investment in a permitted derivative is a means of obtaining a leveraged position in the underlying security. The value of a permitted derivative will change more than proportionately to changes in value of the underlying security. Writing covered call options is a means of obtaining income related to the premium associated with the option at the time of writing, although any capital gains would be limited by the exercise price of the option. The Fund may use permitted derivatives for both hedging and non-hedging purposes.

The primary risk associated with an investment in a permitted derivative is that its value can be reduced to nil or a nominal amount if the price of the underlying security should decrease significantly below the exercise price (in the case of a call option) or increase significantly above the exercise price (in the case of a put option). Also, because permitted derivatives have a limited term; their value is influenced by the length of time to expiry.

Stock index options and futures contracts present the additional risk that index prices may be distorted if trading of certain stocks included in the index is interrupted. Trading in these derivative instruments also may be interrupted if trading is halted in a substantial number of stocks included in the index. If this occurred, the Fund would be unable to close out its options and futures positions and, if restrictions on exercise of the options or performance of the futures contracts were imposed, the Fund might experience a substantial loss.

Although they are often used by mutual funds to minimize risk, derivatives have their own kinds of risk:

- The use of derivatives for hedging may not be effective. There may be an imperfect correlation between changes in the market value of the investment being hedged and the hedging derivative.
- Some derivatives may limit a mutual fund's potential for gain as well as loss.
- The cost of entering and maintaining derivative contracts may reduce a mutual fund's total return to investors.
- The price of a derivative may not accurately reflect the value of the underlying currency or security.
- There is no guarantee that a market will exist when a mutual fund wants to buy or sell the contract. This could prevent the mutual fund from making a profit or limiting its losses.
- If the other party (the counterparty) to a derivative contract is unable to meet its obligations, a mutual fund may experience a loss.
- Stock exchanges may set daily trading limits on futures contracts. This could prevent a mutual fund from closing a contract.
- There is a risk of loss of margin deposits in the event of bankruptcy of a dealer with whom the Funds have an open position in an option or futures or forward contract.
- Derivative investments traded in foreign markets may offer less liquidity and greater credit risk than comparable instruments traded in North American markets.

Class Risk

Each Class of Norrep Opportunities has its own investment objective and own fees and expenses, which are tracked separately; however, there is a risk that the expenses or liabilities of one Class may affect the value of the other Classes. If one Class is unable to pay its expenses, Norrep Opportunities as a whole is legally responsible for covering the shortfall.

Series Risk

A holder of units or shares may be subject to certain risks if a mutual fund issues multiple series of units or shares. Each series has its own fees and expenses, which will be tracked separately. It is possible that a mutual fund could not pay the expenses of one series using that series' proportionate share of the mutual fund's assets. If that were to happen, a mutual fund could be required to pay those expenses out of the other series' share of the assets. This could lower the investment return of the other series.

Short Selling Risk

A short sale by the Fund involves borrowing securities from a lender which are then sold in the open market. At a future date, the securities are repurchased by the Fund and returned to the lender. While the securities are borrowed, the proceeds from the sale are deposited with the lender and the Fund pays interest to the lender. If the value of the securities declines between the time that the Fund borrows the securities and the time it repurchases and returns the securities to the lender, the Fund makes a profit on the difference (less any interest the Fund is required to pay the lender). Short selling involves risk. There is no assurance that securities will decline in value during the period of the short sale and make a profit for the Fund. Securities sold short may instead appreciate in value creating a loss for the Fund. The Fund may experience difficulties repurchasing and returning the borrowed security if a liquid market for the security does not exist. The lender may also recall borrowed securities at any time. The lender from whom the Fund has borrowed securities may go bankrupt and the Fund may lose the collateral it has deposited with the lender. The Fund will adhere to controls and limits that are intended to offset these risks by short selling only liquid securities and by limiting the amount of exposure for short sales. The Fund will also deposit collateral only with Canadian lenders that are regulated financial institutions or regulated dealers and only up to certain limits.

Exchange Traded Fund Risk

The Fund has received approval from the Canadian securities regulators to invest in securities of Horizon BetaPro Exchange Traded Funds ("HBP ETFs") on a limited and controlled basis. The HBP ETFs are exchange-traded funds that seek to provide returns similar to a particular benchmark market, industry sector index, or commodity; and utilize leverage in an attempt to magnify returns by either a multiple or an inverse multiple of that benchmark, index or commodity. Investments in the HBP ETFs are highly speculative and involve a high degree of risk. The HBP ETFs are also subject to increased volatility as they seek to achieve a multiple or inverse multiple of a benchmark index or commodity.

Specific Risks Associated with this Mutual Fund

There are no specific risks associated with this Fund.

Results of Operations

The U.S. equity market has staged an impressive rally from the depths of the financial crisis earlier this year. Record government stimulus, a bottoming of economic indicators and significant cost cutting by corporations has improved the profitability and prospects for equities. Although the rally from the March lows has been impressive, the year-over-year returns remain less stellar. Over the fiscal year ended October 31, 2009, the Norrep US Fund returned -4.3%. Over the same period, the Russell Microcap Total Return Index (C$) returned -5.4%.

The primary reason for the negative performance over this period was the weakening of the U.S. dollar, which declined by 10.5% versus the Canadian dollar. Currency volatility over the past few years has significantly added to the variation in the Fund's returns. To mitigate the impact going forward, Hesperian intends to implement a currency-hedging program with the start of the new calendar year.

Offsetting the headwinds caused by a weaker U.S. dollar, the majority of the portfolio benefited from the improvement in economic fundamentals and investor sentiment since the start of the year. Within resources, Pioneer Natural Resources Company (+48.2% over a one year period ending October 31, 2009) and FMC Corporation (+18.6%) benefited from a recovery in commodity prices and trading multiples. Within information technology, stocks such as Syntel Inc., (+48.5%) and Softchoice Corporation (+62.5%) rallied on improving prospects for IT spending. Even within healthcare, a sector that has been weighed down by concerns over healthcare reform, the Fund benefited from strong performance by Life Technologies Corp. (+63.8%) and Atrion Corporation (+21.0%). The Fund's best performer over the fiscal year was G Willi-Food International Ltd. (+185.7%), a consumer staples company.

However, many of the more defensive stocks that benefited from the flight to safety last year, underperformed this fiscal year. Spartan Stores Inc., (-46.8%), a food retailer/distributor suffered from an increasingly competitive food retailing landscape and a contraction in trading multiples. NTELOS Holdings Corp. (-38.7%), a telecommunications company, suffered from fierce competition in its markets. Both stocks, along with some other defensive names in the Fund, underperformed because of investor preference towards more cyclical sectors during an economic recovery. Another sector dragging on the performance of the Fund was financial services, as several of the Fund's bank positions underperformed in an environment of higher loan loss provisions and increasing government scrutiny.

On balance, the Fund managed to outperform its benchmark by 1.1% over the fiscal year. As we head into the final months of 2009, debates over the strength and timing of the recovery are picking up. Although most economic statistics have improved from the lows, uncertainty remains with unemployment moving higher and bank credit quality continuing to deteriorate. Recent concerns have focused on the impact of excess liquidity caused by record government stimulus and the potential for asset bubbles forming. As a result, we've seen a rotation into higher quality stocks and away from the lower quality high-beta stocks that initially performed very well off the March 9th, 2009 lows.

The Fund prides itself on maintaining a portfolio of higher quality stocks selected using a proprietary combination of quantitative and fundamental analysis. We remain disciplined in our focus for stocks with better growth and profitability characteristics that are trading at attractive valuations. We attempt to avoid stocks that are trading at expensive multiples and/or have overly optimistic expectations implied in their stock prices. We believe this emphasis on higher quality stocks should help the Fund continue to outperform its benchmark.

For the year ended October 31, 2009, the Fund earned interest income and dividend income amounting to $9,896 and $103,814, respectively. Management fees amounted to $156,603. A performance bonus recovery of $44,650 was also incurred. The performance bonus of $331,261 accrued at October 31, 2008 was not paid as all criteria had not been met. Although performance bonuses are accrued in the accounts daily, payment of the bonus can only occur at calendar quarter ends and is cumulative until all criteria is met. General and administrative costs of $69,695, related to the operation of the Fund, were also incurred. As a result of the above, the net investment loss was $67,938. Unrealized appreciation in current value of investments was an increase of $460,394, realized losses were $841,133 while transaction costs amounted to $52,552 for a net loss on investments of $433,291. Net assets at the beginning of the period were $9,864,250; they decreased $501,229 from operations, increased $55,453 from the sale of shares to new investors and decreased $2,643,596 as a result of redemptions. At October 31, 2009, the Fund had net assets of $6,774,878.

Recent developments

Changes in accounting policies:

Effective November 1, 2007, the Fund adopted the following new CICA Handbook Sections: Section 1535, Capital Disclosures; Section 3862, Financial Instruments – Disclosures; and Section 3863, Financial Instruments - Presentation.

Section 1535, Capital Disclosures, requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the Fund's objectives, policies and processes for managing capital.

Sections 3862 and 3863 consist of a comprehensive series of disclosure requirements and presentation rules applicable to financial instruments. Section 3862 revises and enhances the disclosure requirements set out in Section 3861, Financial Instruments – Disclosure and Presentation, and Section 3863 carries forward unchanged the presentation requirements of Section 3861.

Section 3862, Financial Instruments – Disclosures, requires the Fund to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments for the Fund's financial position and performance, the nature and extent of risks arising from financial instruments to which the Fund is exposed during the period and at the balance sheet date, and how the Fund manages those risks.

The Fund adopted the amendments to CICA 3862, Financial Instruments – Disclosures on January 1, 2009. CICA 3862 establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. The hierarchy of inputs is summarized below:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Future accounting pronouncements:

The Canadian Accounting Standards Board confirmed that fiscal years beginning on or after January 1, 2011 International Financial Reporting Standard (ÅgIFRSÅh) will replace Canadian generally accepted accounting principles (Canadian GAAP) for publicly accountable enterprises, which include the Fund. The Manager has commenced development of a changeover plan to meet the implementation date. The key elements of the plan include disclosures of the qualitative impact in the October 31, 2009, 2010 and 2011 financial statements, disclosures of the quantitative impact, if any, in the October 31, 2010 financial statements and the preparation of the October 31, 2012 financial statements in accordance with IFRS.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the Manager does not expect that the net asset value per unit will be impacted by the changeover to IFRS. Currently, the Manager expects that the impact of IFRS on the Fund's financial statements to be limited to possible presentation changes and additional note disclosures.

Changes in portfolio transactions:

As per the prospectus dated May 13, 2009, the Fund is able to invest in derivatives for non-hedging purposes and, as a result of exemptive relief it obtained from the Canadian securities regulatory authorities, to engage in short selling and invest in securities of Horizon BetaPro Exchange Traded Funds. In addition, the Fund is able to engage in transaction involving specified derivatives for purposes of than hedging, provided that the Funds comply with the restrictions outlined in Sections 2.7 and 2.8 of National Instrument 81-102 Mutual funds. See the simplified prospectus for further details.

Changes in benchmarks:

Beginning in January 2010, the Norrep US Class will enter into forward foreign exchange contracts in order to substantially reduce the exposure of their portfolio to currency fluctuations. With the implementation of this strategy the benchmark for the Fund will change to the Russell Microcap Total Return Index in Local Currency to provide a better comparison.
Related Party Transactions

Management fees payable to Norrep Inc., the Fund's manager, amounted to $156,603. Management fees are 1/12 of 2% for the MF Series, and 1/12 of 1% for the Series F, of the net asset value of the Fund and are calculated and paid monthly. A performance bonus of $286,611 is payable to Norrep Inc. and has been recorded in the accounts but is unpaid at October 31. This amount payable has been carried forward and depleted from the October 31, 2008 performance bonus resulting in the recovery of $44,650 in the Statement of Operations. Payment of this bonus can only take place at quarter ends, provided all the criteria for the payment of the performance bonus are met. Norrep Inc. is entitled to a performance bonus, which is 20% of the excess of the Fund's performance over the Russell Microcap Total Return Index (in Canadian dollars). The details of the performance bonus calculation are more fully described in the simplified prospectus. Administrative fees of $3,393 were also paid to Hesperian. Administration fees are charged by Hesperian at or below cost. They relate to accounting, trading, record keeping, compliance and other administrative costs. Hesperian is the Fund's portfolio manager and administrator.

Financial Highlights

The following tables show selected key financial information about the Fund's MF series shares and are intended to help you understand the Fund's financial performance for the fiscal periods indicated. This information derived from the Fund's audited financial statements.

Net asset value (NAV) per share – MF Series	2009	2008	2007	2006 (3)
Net Asset Value, beginning of year or interim period	$7.99	$9.50	$10.78	$10.00
Change in accounting policy (4)		-	(0.02)	-
Increase (decrease) from operations:				
Total revenue	0.11	0.09	0.07	0.09
Total expenses	(0.17)	(0.40)	(0.29)	(0.28)
Realized gains (losses) for the period	(0.78)	(0.02)	(0.76)	(0.43)
Transaction costs	(0.05)	(0.05)	(0.02)	-
Unrealized gains (losses) for the period	0.43	(1.22)	(0.19)	0.65
Total increase (decrease) from operations (1)	(0.46)	(1.60)	(1.19)	0.02
Distributions:				
From income	Nil	Nil	Nil	Nil
From dividends	Nil	Nil	Nil	Nil
From capital gains	Nil	Nil	Nil	Nil
Total annual distributions (2)	Nil	Nil	Nil	Nil
Net Asset Value, last day of year or interim period	$7.67	$7.99	$9.50	$10.78

1. Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. Due to the different methods of calculating individual components of the table, the sum of the individual components will not equal the ending net asset value.
2. Distributions, if any, are reinvested in additional shares and paid in cash when requested.
3. Norrep US Class commenced operations January 1, 2006
4. Section 3855, Financial Instrument – Recognition and Measurement, requires the Fund's investment portfolio to be recorded at fair value as substantially established by the closing bid price for trading on the recognized public stock exchange. Prior to 2007 the Fund was required to record the investment portfolio by the closing trade price on the recognized public stock exchange.

Ratios and Supplemental Data – MF Series	2009	2008	2007	2006
Net Assets (000's of $) (1)	6,090	9,008	13,613	16,545
Number of shares outstanding (1)	793,954	1,127,161	1,433,008	1,534,845
Management expense ratio (MER)(2)	2.42%	4.74%	2.77%	3.29%
MER before waivers or absorptions	2.42%	4.74%	2.77%	3.29%
Portfolio turnover rate (3)	70.8%	68.30%	49.80%	96.3%
Trading expense ratio (4)	0.23%	0.34%	0.32%	0.43%

1. This information is provided as at October 31 of the year shown.
2. Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets of the period. It includes performance bonus, if any.
3. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of a year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and performance of the Fund.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

The following tables show selected key financial information about the Fund's Series F shares and are intended to help you understand the Fund's financial performance for the fiscal periods indicated. This information derived from the Fund's audited financial statements.

Net asset value (NAV) per share – Series F	2009	2008	2007	2006 (3)
Net Asset Value, beginning of year or interim period	$8.26	$9.70	$10.88	$10.00
Change in accounting policy (4)		-	(0.02)	-
Increase (decrease) from operations:				
Total revenue	0.11	0.09	0.07	0.09
Total expenses	(0.17)	(0.40)	(0.29)	(0.19)
Realized gains (losses) for the period	(0.78)	(0.02)	(0.76)	(0.43)
Transaction costs	(0.05)	(0.05)	(0.02)	-
Unrealized gains (losses) for the period	0.43	(1.22)	(0.19)	0.65
Total increase (decrease) from operations (1)	(0.46)	(1.60)	(1.19)	0.011
Distributions:				
From income	Nil	Nil	Nil	Nil
From dividends	Nil	Nil	Nil	Nil
From capital gains	Nil	Nil	Nil	Nil
Total annual distributions (2)	Nil	Nil	Nil	Nil
Net Asset Value, last day of year or interim period	$8.02	$8.26	$9.70	$10.88

1. Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. Due to the different methods of calculating individual components of the table, the sum of the individual components will not equal the ending net asset value.
2. Distributions, if any, are reinvested in additional shares and paid in cash when requested.
3. Norrep US Class commenced operations January 1, 2006
4. Section 3855, Financial Instrument – Recognition and Measurement, requires the Fund's investment portfolio to be recorded at fair value as substantially established by the closing bid price for trading on the recognized public stock exchange. Prior to 2007 the Fund was required to record the investment portfolio by the closing trade price on the recognized public stock exchange.

Ratios and Supplemental Data – Series F	2009	2008	2007	2006
Net Assets (000's of $) (1)	685	857	1,168	1,457
Number of shares outstanding (1)	85,427	103,668	120,390	133,930
Management expense ratio (MER) (2)	1.37%	3.69%	1.71%	2.29%
MER before waivers or absorptions	1.37%	3.69%	1.71%	2.29%
Portfolio turnover rate (3)	70.8%	68.30%	49.80%	96.3%
Trading expense ratio (4)	0.22%	0.35%	0.32%	0.37%

1. This information is provided as at October 31 of the year shown.
2. Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets of the period. It includes performance bonus, if any.
3. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of a year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and performance of the Fund.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Net asset value reconciliation

In accordance with industry standards, quoted market values per unit and performance reporting continue to use market values as determined by the last sale price. A reconciliation of net asset value per unit at the current period's closing price and net asset value per unit at the current period's last bid price according to GAAP is presented below.

	October 31, 2009		October 31, 2008	
MF Series	Total	Per unit	Total	Per unit
Net asset value, industry standard	$6,100,315	$7.68	$9,045,472	$8.03
Difference as a result of using bid prices	(10,208)	(0.01)	(37,767)	(0.04)
Net asset value, financial statements	$6,090,107	$7.67	$9,007,705	$7.99

	October 31, 2009		October 31, 2008	
Series F	Total	Per unit	Total	Per unit
Net asset value, industry standard	$685,919	$8.03	$860,136	$8.30
Difference as a result of using bid prices	(1,148)	(0.01)	(3,591)	(0.04)
Net asset value, financial statements	$684,771	$8.02	$856,545	$8.26

Management Fees

The Fund pays a monthly management fee of 1/12 of 2% for the MF Series, and 1/12 of 1% for the Series F, multiplied by the average net asset value of the Fund during the month to Norrep Inc., the Fund's manager. For the year ended October 31, 2009, management fees amounted to $156,603. Norrep Inc. paid servicing commissions of $55,354 (i.e. 30%) as well as selling commissions of $300 (i.e. 0.2%) from these management fees to investment dealers. Norrep Inc. also pays Hesperian for portfolio advisory and administrative services with respect to this Fund as well as all the other funds in the Norrep group. Although the calculation of the amount paid to Hesperian is not fund specific, it is estimated that $87,722 (i.e. 48%) was paid to Hesperian for the year ending October 31, 2009 with respect to services provided to this Fund. In addition, a performance bonus of $286,611 was payable to Norrep inc. with $286,611 (i.e. 100%) being payable to Hesperian. The performance bonus is 20% of the excess performance of Fund compared to its benchmark index multiplied by the weighted average net asset value of the Fund. The performance bonus is more properly described in the simplified prospectus.

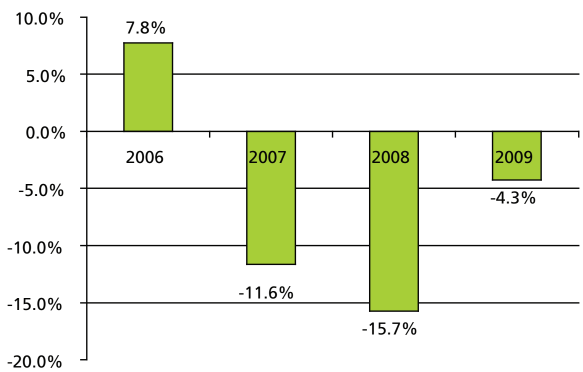
Past Performance

The charts below illustrate the performance of the Fund since inception on December 31, 2005 to October 31, 2009 in percentages. These charts reflect the performance you would have received if you invested in the fund on the first day of the period through the last day of the period.

They assume that all distributions made by the investment Fund in the periods shown are reinvested in additional securities of the investment Fund. They do not take into account sales, redemption, distribution or other optional charges which would have reduced returns or performance. Each year the Fund's performance has changed and past performance does not guarantee future performance.

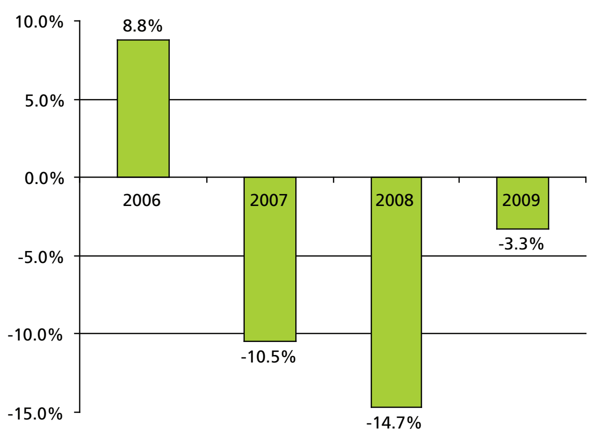
Year by Year Returns

MF Series



* December 31, 2005 to October 31, 2006 and November 1 to October 31, thereafter.

Series F



* December 31, 2005 to October 31, 2006 and November 1 to October 31, thereafter.

Annual Compound Returns

The following table shows the percent compounded returns to October 31, 2009 for each series of the Fund for the periods indicated. It also shows the returns for the Russell Microcap Total Return Index (in $Cdn), which is the Fund's benchmark index.

	MF Series	Series F	Index
One year	-4.3%	-3.3%	-5.4%
Three year*	-10.7%	-9.6%	-13.6%
Since Inception* – MF Series (December 31, 2005)	-6.6%	-	-8.9%
Since Inception* – Series F (December 31, 2005)	-	-5.6%	-8.9%

* annualized

Summary of Investment

Portfolio

The following investments were held by the Fund as at October 31, 2009.

Investments	**Percent of net assets**
Equities	
Amedisys, Inc.	4.96%
Teletech Holdings, Inc.	4.90%
G. Willi-Food International Ltd.	4.72%
Atrion Corporation	4.52%
Correction Corporation of America	4.49%
Life Technologies Corp	4.35%
Affiliated Computer Services, Inc.	4.14%
FMC Corporation	4.06%
Pioneer Natural Resources Company	3.92%
K-Tron International, Inc.	3.75%
Laboratory Corporation of America Holdings	3.72%
Watson Wyatt Worldwide Inc.	3.67%
The Wet Seal, Inc.	3.30%
Softchoice Corporation	3.07%
The Timken Company	2.98%
PetMed Express, Inc.	2.92%
GameStop Corporation	2.89%
Ingles Markets, Incorporated	2.81%
First South Bancorp, Inc.	2.70%
Landauer, Inc.	2.63%
Syntel, Inc.	2.62%
NTELOS Holdings Corp.	2.29%
Convergys Corporation	2.27%
FPIC Insurance Group, Inc,	2.12%
CGI Group Inc.	1.98%
Other Equities	12.64%
Total Equites	98.42%
Other	
Cash	6.24%
Other assets – net of liabilities	-4.66%
Total net asset value	100.00%
Industry Sectors	
Financials	31.12%
Healthcare	15.77%
Industrials	15.61%
Information Technology	12.70%
Consumer Discretionary	7.52%
Energy	6.28%
Basic Materials	4.14%
Telecommunication	3.67%
Consumer Staples	1.61%
Other	1.58%
Total	100.00%

The investments held by the Fund change due to ongoing portfolio transactions. A revised summary is posted on our website at www.norrepfunds.com no later than 60 days after each quarter end.

Our Investment PROFESSIONALS

Randal Oliver, CFA
Chairman & Chief Investment Officer
Portfolio Manager: NorrepFUND, Norrep II Class, Norrep Flow-Through Limited Partnerships

Alexander Sasso, CFA
Chief Executive Officer & Portfolio Manager
Portfolio Manager: NorrepFUND, Norrep II Class, Norrep Q Class, Norrep G Class, Norrep Income Growth Class

Keith Leslie, CFA
Vice President, Portfolio Manager & Chief Compliance Officer
Portfolio Manager: Norrep Q Class, Norrep Income Growth Class

Craig Millar, CFA
Vice President & Portfolio Manager
Portfolio Manager: Norrep G Class, Norrep US Class

Steve Smith, CA
Vice President, Portfolio Manager & Chief Financial Officer
Portfolio Manager: Norrep Flow-Through Limited Partnerships, Norrep Resource Class

Kamran Khan, CFA
Portfolio Manager
Portfolio Manager: Norrep US Class

Paul Tepsich, CFA
Portfolio Manager
Portfolio Manager: Norrep Yield Fund

Our Investment ANALYST

Terry Thib, MEsc, MBA, PEng, CFA
Equity Research Analyst

Don Walker, CFA
Equity Research Analyst

Tim Stephenson
Equity Research Analyst

James Chisholm, CMA
Equity Research Analyst

Steve Ripplinger
Equity Research Analyst

Our MARKETING TEAM

Richard Rohan
VP Business Development

Steve Valetta
VP of Western Regional Sales

Jeff Lucyk
VP of Regional Sales

Mila Belic
Manager of Business Development

Patrick Chu
Dealer Services

Other PROFESSIONALS

Deirdre Harris
Chief Operating Officer

Kelsey Stanton, CA
Treasurer

Other Material Information

The Norrep US Class is a class of Norrep Opportunities Corp. The Simplified Prospectus and all other Fund related materials can be obtained by calling us toll-free at (877) 531-9355, by writing to us at 175, 601-10th Ave. SW Calgary, Alberta T2R 0B2 or from our website at www.norrepfunds.com.

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