

Ark Catapult Energy Class Fund

Management Report of Fund Performance

June 30, 2011

This semi annual management report of fund performance is an analysis and explanation that is intended to complement Ark Fund Management Ltd. mutual fund financial statements. The report contains financial highlights but does not contain the complete 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 1-877-313-7011, by visiting our website at www.redwoodfunds.ca or SEDAR at www.sedar.com or by writing to us at: Redwood Asset Management Inc., 120 Adelaide Street West, Suite 2400, P.O. Box 23, Toronto, Ontario M5H 1T1. Securityholders 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 record or quarterly portfolio disclosure.

Investment Objective and Strategies

The Ark Catapult Energy Class Fund aims to achieve long-term capital appreciation by investing primarily in the equity securities of Canadian energy and resource issuers. The Fund was established, to facilitate exchange transactions in which the assets of one or more Limited Partnerships are transferred into the Fund on a mutual fund rollover transaction.

The Fund's investment strategy entails investing in shares of resource issuers engaged predominantly in oil and gas exploration, development or production, including alternative energy production such as from wind, but also the shares of types of resources companies such as those engaged in mining. The holdings will include a significant number of junior resource issuers and, pursuant to regulatory limitations, private resource companies. The Fund may also invest in corporate debt, government bonds or small exposures to small capitalization companies throughout the world, including Canada and the U.S.

The Fund does not currently intend to use derivatives; however the Fund may use specified derivatives in the future, such as options, futures, forward contracts, swaps and other similar investments for hedging and non-hedging purposes as permitted by Canadian securities regulations.

Results of Operations

The economic optimism that carried through Q1 has faded and we have seen a corresponding rotation out of risk into defensive equities. With the 3rd largest economy back in recession, persistently high oil prices, and escalating problems with European banks the transition from a stimulus driven economy to self-sustaining growth will not be smooth. Growth in the second half of 2011 will likely be slower but should find support from Japan's rebuilding process, continued US capex spending, and positive albeit more muted growth in China. The main concern is Europe, but Europe has never been a dynamic grower and a Greek default is already highly anticipated by the markets.

The global economic deceleration has raised concern over decreasing demand for energy but even though current fundamentals in the sector may not be quite as favourable, they are by no means negative. Global oil demand remains robust with the IEA increasing their global oil demand forecast in July to 89.5 mb/d from their forecast of 89.1 mb/d in the January Oil Market Report. With Libyan supply likely offline for some time due to infrastructure damage, and non-OPEC supply growth now at half of 2010 levels the call on OPEC, and therefore remaining spare capacity, increases. Continued strong domestic gas production offset increased demand from industrial and electric power generation but with higher than normal temperatures in North America, natural gas prices managed to stay flat over the weaker quarter. The gas rig count in the US and Canada continues to fall as “hold by production” drilling slows and uneconomic dry gas plays are replaced with liquids rich and/or oil prospects. The outlook for natural gas prices for the remainder of the year are not as attractive as for oil prices, however the situation is improving.

At the end of the second quarter the portfolio’s weight in oil, at approximately 60%, remained essentially the same as 2010 year end. The most significant difference in the portfolio is that it is now only 43% small cap vs 62% small cap at 2010 year end. The portfolio still maintains a large position in Crescent Point Energy but Bonterra Energy has taken over as second largest position from Reliable Energy. A significant portion of the Reliable Energy position was sold earlier in the year as liquidity was needed for redemptions and Reliable being a relatively small company, with a concentrated land base in the WCSB, was particularly exposed to the negative effects of the long winter and wet spring weather. Positions in BNP Resources, DeeThree Energy and NAL Energy were also liquidated as the outlook for these companies had begun deteriorating. No new positions were added during the first half of 2011. The fund currently holds one private company which is expected to go public in 2011 and is trading in the grey markets at a healthy premium to the fund’s purchase price. The manager will continue to hold onto the best performers with a focus on strong balance sheets and good management.

Related- Party Transactions

Management Fee

The Fund pays management fees at an annual rate of up to 2.50% of average net assets of Series A and up to 1.50% of Series F. This fee relates to the portfolio advisory services the Fund received during the year. The management fee is calculated and accrued daily based on the average net asset value of that Series of unites of the Fund and is paid on the last day of each month.

As of December 31, 2010, portfolio management held 638.4940 units of the Ark Catapult Energy Class.

Financial Highlights (unaudited)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period ended June 30, 2011. Per share data is derived from the Fund's financial statements. The net assets per share presented in the financial statement differs from the net asset value per share used in calculating purchase and redemption prices for the fund, due to differences in valuation techniques of certain investments.

Ratio and supplemental data is derived from the Fund's net asset value.

The Fund's Net Assets per Share (\$) ⁽¹⁾

SERIES A	2011	2010	2009 ⁽⁴⁾
Net Assets, beginning of period	\$ 9.30	\$ 7.38	\$ 4.19
Increase (decrease) from operations:			
Total revenue	0.02	0.07	0.09
Total expenses	(0.23)	(0.40)	(0.22)
Realized losses for the period	(0.03)	0.44	(1.73)
Unrealized losses for the period	0.15	1.88	5.20
Total increase (decrease) from operations ⁽²⁾	\$ (0.09)	\$ 1.99	\$ 3.35
Distributions:			
From income (excluding dividends)	0	(0.07)	(0.02)
From dividends	0	0	0
From capital gains	0	0	0
Return of capital	0	0	0
Total Annual Distributions ⁽³⁾	0	(0.07)	(0.02)
Net Assets, end of period	\$ 9.21	\$ 9.30	\$ 7.38
SERIES F	2011	2010	2009 ⁽⁴⁾
Net Assets, beginning of period	\$ 9.30	\$ 7.29	\$ 4.10
Increase (decrease) from operations:			
Total revenue	0.02	0.07	0.11
Total expenses	(0.18)	(0.30)	(0.18)
Realized losses for the period	(0.03)	0.41	(2.10)
Unrealized losses for the period	0.14	1.91	5.50
Total increase (decrease) from operations ⁽²⁾	\$ (0.05)	\$ 2.08	\$ 3.33
Distributions:			
From income (excluding dividends)	0	(0.07)	(0.02)
From dividends	0	0	0
From capital gains	0	0	0
Return of capital	0	0	0
Total Annual Distributions ⁽³⁾	0	(0.07)	(0.02)
Net Assets, end of period	\$ 9.25	\$ 9.30	\$ 7.29

⁽¹⁾ This information is derived from the Fund's audited annual financial statements. The net assets per share presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

⁽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/reinvested in additional units of the Fund, or both.

⁽⁴⁾ This Fund was started January 16, 2008.

Ratios and Supplemental Data (unaudited)

	2011	2010 ⁽⁶⁾
Total net asset value (\$) ⁽¹⁾	4,491,524	7,972,213
Number of units outstanding ⁽¹⁾	201,865	359,116
Management expense ratio ⁽²⁾	4.51%	7.48% ⁽⁵⁾
Management expense ratio before waivers or absorption	4.51%	7.48% ⁽⁵⁾
Trading expense ratio ⁽³⁾	0.82%	1.06% ⁽⁵⁾
Portfolio turnover rate ⁽⁴⁾	129.78%	326.68%
Net asset value per unit (\$)	22.25	22.20

(1) The information is provided as at December 31 of the period shown.

(2) Management expense ratio is based on total expenses (excluding broker commission 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.

(3) 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.

(4) 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 the year. The higher a fund's portfolio turnover 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 the performance of the Fund.

(5) Percentages are annualized.

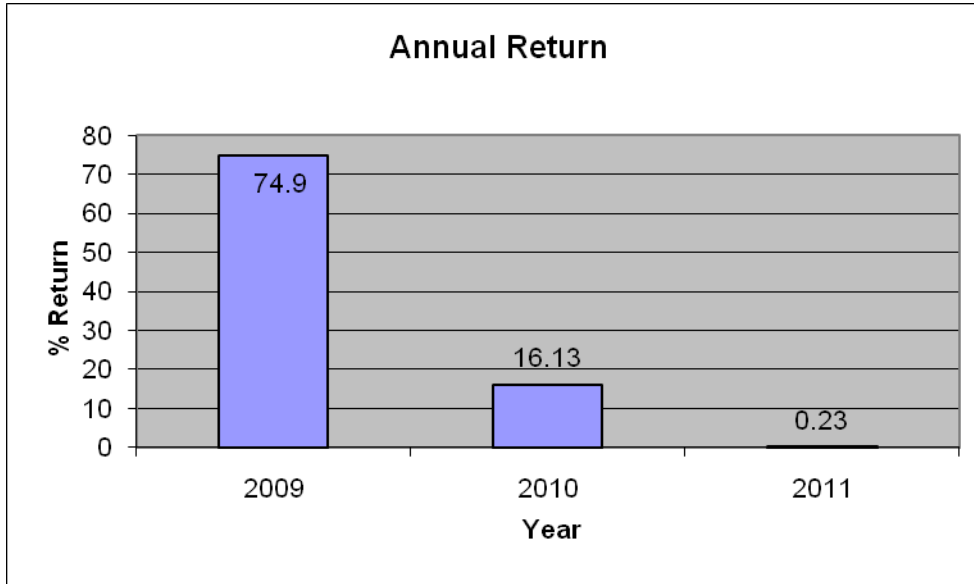
(6) This Fund started on December 31, 2008.

Past Performance

The indicated rates of return are the historical total returns including changes in unit values and assume reinvestment of all distributions in additional units of the relevant Series of the Fund. These returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that may reduce returns. Please note that past performance is not indicative of future performance.

Year-by-Year Returns

The following chart indicates the performance of each Series of the fund as of the inception date of December 31, 2008.



Until June 30, 2011 only

Quarterly Portfolio Disclosure

As of June 30, 2011

Summary of Investment Portfolio

Sector Allocation

Energy 83.32%
Cash 0.62%
Utilities 15.14%
Other Net Liabilities -0.42%

Total Net Asset Value*

\$4,552,664.47

(*based on the net asset value
used for fund pricing purposes)

Top 24 Holdings

	Issuer	% of Net Assets
1	Crescent Point Energy Trust	13.31
2	Bonterra Energy Corp.	13.10
3	Reliable Energy Ltd.	9.01
4	Painted Pony Petroleum Ltd.	8.65
5	Open Range Energy Corp.	7.82
6	Twin Butte Energy Ltd.	7.47
7	Gear Energy Ltd.	7.20
8	Waldron Energy Corp.	6.44
9	Trafina Energy Ltd.	6.36
10	Yoho Resources	5.46
11	Strategic Oil & Gas Ltd.	5.37
12	TriOil Resources	2.42
13	Bellamont CL A	2.29
14	Whitecap Resources	2.05
15	Arsenal Energy	1.85
16	Argosy Energy Inc.	0.81
17	Magnum Hunter Resources Corp.	0.07
18	Angle Energy Inc.	0.04
19	Delphi Energy Corp.	0.02
20	Fairborne Energy Ltd	0.01
21	Southern Pacific Resource Corp.	0.01
22	AvenEx Energy Corp.	0.01
23	Crocotta Energy	0.01
24	BNP Resources	0.00

***This portfolio only consists of 24 positions.**

Percentage of Long Positions

100%

Total Net Asset Value

Total Net Asset Value of the Fund as at the end of June 30, 2011 was \$4,552,664.47.

*The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund. The top 25 holdings are made available 60 days after the quarter-end, except for December 31, which is the fiscal year-end for the fund, when they are available after 90 days.

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