

November was a volatile month for capital markets. On the 6th, American Citizens re-elected President Obama for his second and final presidential term, sparking a broad-based selloff in equity markets. The S&P 500 sold off by 3.65% in Canadian dollar terms, while the TSX Composite Index declined by 4.88%. This was largely attributed to a shift of investors' focus towards the 'Fiscal Cliff' discussions. Optimism towards the prospects of a bipartisan solution, brought on by statements by both John Boehner and President Obama, allowed markets to recover most of their losses for the month, with the S&P 500 and TSX Composite Index returning -0.09% and -1.28% for November, in Canadian dollar terms.

A tail risk scenario in Greece was avoided....for now, as a deal was reached to address Greece's short-term funding gap issue and its long-term debt sustainability issue. Greece should receive a total of 34.4 billion Euros, subject to the completion of national parliamentary procedures. The deal aims to reduce its debt to GDP ratio from 194% in 2013 to substantially below 110% by 2022, however many unknowns remain. While the debt side of the equation has gained some clarity, the GDP side remains a challenge especially when considering the effects of austerity. Overall, the deal is a significant step forward in the right direction and a net positive for capital markets and risk assets.

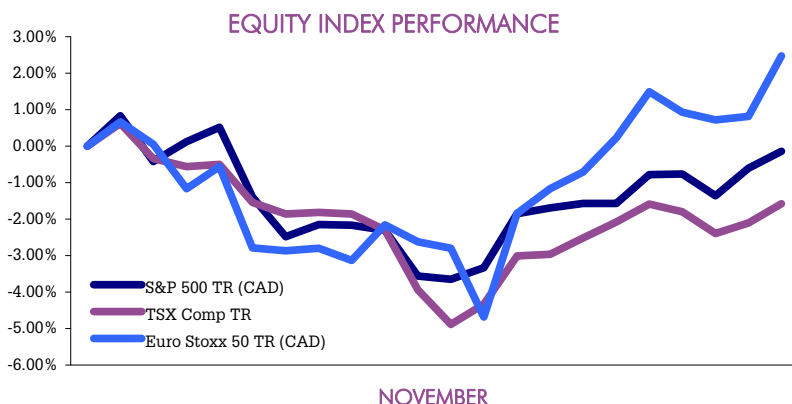
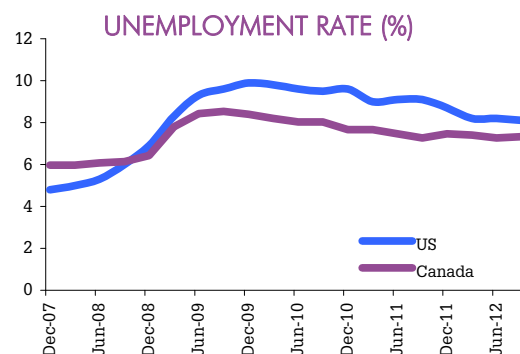
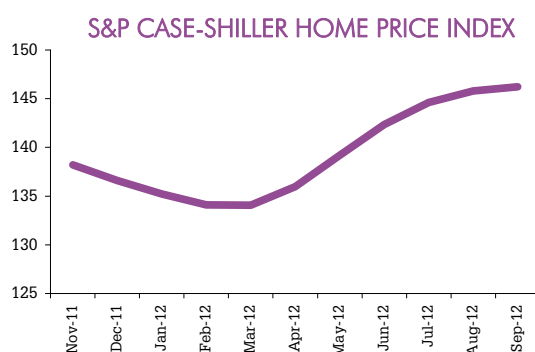
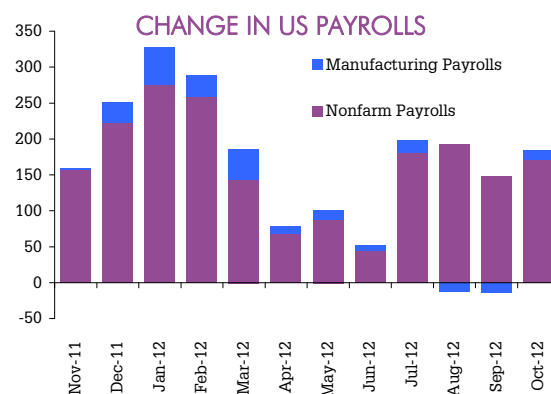
Retail sales data in the US following Thanksgiving and Black Friday were generally positive, with impressive eCommerce growth of 32% and 26% year over year stealing the show, as reported by comScore and Mercent. Mobile sales continue to impress accounting for roughly 75% of this year's eCommerce growth. This trend continues to challenge traditional retailers, as they offer margin-destroying promotions. Preliminary Sales data from Amazon and eBay (PayPal) showed very strong growth, while traditional big box stores such as Best Buy continue to disappoint and their future viability remains in question.

hf

YORKVILLE STRATEGY PERFORMANCE AS AT NOV 30

	1 Month	3 Months	1 Year
Yorkville Enhanced Protection Class	-0.13%	2.72%	10.46%
Yorkville Global Opportunities Class	-0.32%	-0.81%	0.93%
Yorkville Optimal Return Bond Class	0.36%	0.58%	-0.41%

*Series O performance based on beginning and ending NAVs



NOVEMBER RETURNS (CAD)

SECTORS	S&P 500	TSX
Energy	-2.06%	-2.29%
Materials	1.02%	-7.19%
Industrials	1.00%	0.99%
Consumer Discr.	2.51%	0.14%
Consumer Staples	0.92%	0.75%
Health Care	-0.09%	0.10%
Info Tech	0.44%	4.09%
Telecom	-1.54%	-1.59%
Utilities	-4.92%	-2.62%

(Source: Bloomberg)

EQUITY STRATEGY AND UPDATE

For the 2nd half of 2012, we remained very cautious in our portfolios, maintaining relatively high levels of cash (15.2%), while writing options to reduce the volatility on a significant portion of our positions. At the end of November, we were 50.6% invested in US equities and 34.3% in Canadian. We are pleased with the results of our risk management practices as the Enhanced Protection Class delivered 3 Month returns of 2.37% relative to 1.44% returns for the S&P 500 (TR CAD) and 2.33% for the TSX Composite (TR). Furthermore, this outperformance was delivered with below benchmark volatility.

From a sector perspective we continue to invest on the premise that although the US economy is growing at a modest pace, we see signs of the beginning of a housing recovery in terms of new and pending home sales growth, the Case-Shiller Home Price Index, and anecdotal evidence from Home Depot's CEO for example, who in our opinion has the best ground-level view of what's going on in the space. As the housing market turns, US Financials as well as Consumer related stocks will be substantial beneficiaries of the development. At month end the Yorkville Enhanced Protection Class had a 29.53% weight to Financials, with a cumulative weight of 25.49% towards Consumer Staples, Discretionary, and Apple Computer (which is classified as tech but we view it as a consumer stock), representing the primary drivers behind the strategy at approximately 45% of assets.

From a tactical perspective, there were a number of opportunities we seized on to add returns to the portfolios. At time of elevated volatility we took advantage of opportunities in both Research in Motion and Wal-Mart by selling out of the money put options against the names, earning upfront premiums while maintaining a significant downside cushion in the event of a sell-off. In terms of Research In Motion, we sold 8 strike puts while the stock was trading at 8.46, earning 50c premium which we ultimately closed at .7, realizing a gain of 43c on an \$8 strike, a return of 5.37%. Similarly, in terms of Wal-Mart, we sold 65 strike puts while the stock was trading at 68.73, earning 50c premium which can now be closed out below 10c. This is one strategy we use to generate returns on names we would like to own, but only at below market prices.

We were also happy to exit our position in Inmet Mining in November following their announcement that they were declining a takeover offer from another company we hold in our portfolios, First Quantum. Following the announcement, Inmet surged to \$65 from \$52. We took this opportunity to exit the position with a 1 day return of 26.8%.

Going into the year end, we expect to remain extremely cautious as news surrounding the Fiscal Cliff continues to push markets in either direction. We are comfortable with our elevated cash position in any event, and will continue to seek opportunities to deploy cash, while generating yield and reducing volatility with our options strategies.

INVESTMENT EARNINGS RESULTS FOR NOVEMBER

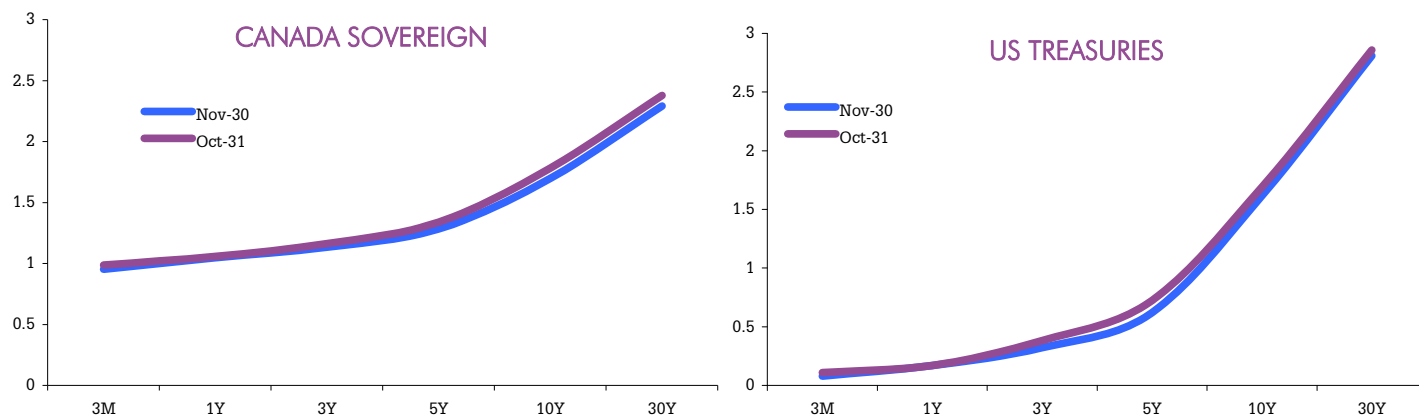
COMPANY NAME	DATE	PERIOD	ACTUAL	ESTIMATE	SURPRISE	BEAT/MISS
Pfizer Inc	01/11/2012	Q3 2012	0.53	0.525	0.95%	+
Las Vegas Sands Corp	01/11/2012	Q3 2012	0.46	0.599	-23.21%	-
Inmet Mining Corp	01/11/2012	Q3 2012	1.67	1.046	59.66%	+
Husky Energy Inc	01/11/2012	Q3 2012	0.52	0.402	29.35%	+
Kraft Foods Group Inc	07/11/2012	Q3 2012	0.84	0.665	26.32%	+
Enbridge Inc	07/11/2012	Q3 2012	0.34	0.346	-1.73%	-
Mondelez International Inc	07/11/2012	Q3 2012	0.39	0.355	9.86%	+
Manulife Financial Corp	08/11/2012	Q3 2012	-0.14	-0.301	53.49%	+
Walt Disney Co/The	08/11/2012	Q4 2012	0.68	0.678	0.29%	+
Brookfield Asset Management Inc	09/11/2012	Q3 2012	0.48	0.295	62.71%	+
Home Depot Inc/The	13/11/2012	Q3 2013	0.74	0.7	5.71%	+
Baytex Energy Corp	13/11/2012	Q3 2012	0.22	0.314	-29.94%	-
Shoppers Drug Mart Corp	13/11/2012	Q3 2012	0.81	0.812	-0.25%	-
Wal-Mart Stores Inc	15/11/2012	Q3 2013	1.08	1.072	0.75%	+
Target Corp	15/11/2012	Q3 2013	0.96	0.958	0.21%	+
Foot Locker Inc	16/11/2012	Q3 2013	0.63	0.541	16.45%	+
HJ Heinz Co	20/11/2012	Q2 2013	0.9	0.88	2.27%	+
Royal Bank of Canada	29/11/2012	Q4 2012	1.27	1.256	1.11%	+
Tiffany & Co	29/11/2012	Q3 2013	0.49	0.632	-22.47%	-

Of the 19 companies reporting in November in the Yorkville Enhanced Protection Class, 14 of them or 73.68% beat their earnings estimates, while only 4 companies or 26.32% missed. Of the 5 companies that missed, Shoppers Drug Mart Corp and Enbridge Inc missed by less than 1c per share. (Source: Bloomberg)

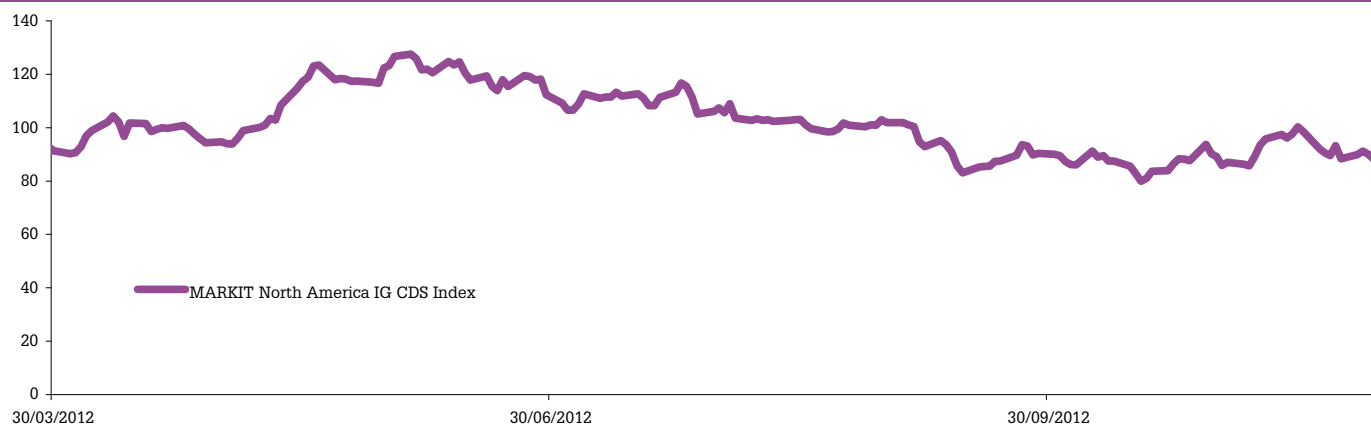
FIXED INCOME STRATEGY AND UPDATE

At month-end, the Yorkville Optimal Return Bond Class strategy was invested 70.4% in Federal issues, 17.4% in Corporates, and 11.5% in Provincials. Approximately 54% of assets are invested in Canada, with the remaining 46% invested in the US. The duration of the portfolio is approximately 6.6, in between the DEX standing at 7.3 and the ML Broad Market Index at 5.95. A large portion of the returns of the funds are currency related as 46% of the fund is denominated in USD securities. We maintain this position as a hedge against deteriorating macro conditions domestically and abroad as the USD has tended to appreciate in times of uncertainty and risk aversion relative to the Canadian Dollar.

1 MONTH YIELD CURVE SHIFTS



CREDIT SPREADS



DEVELOPMENTS AT YORKVILLE

BRANCH OPENING AND NEW HIRES

We expanded Yorkville's reach into the Ottawa region, opening a branch led by Steve Conrad.

Syd Bojarski has joined the Client Service team in Toronto as a Senior Advisor servicing High Net Work Private Clients

SOUTHBRIDGE HEALTH CARE FUND LUNCH

In November we successfully launched the Southbridge Health Care Fund, which provides access to Long Term Health Care Facility investment opportunities in Ontario. For more information please visit www.southbridgecapitalinc.com

COMMUNITY INVOLVEMENT

We are proud to recognize our continued affiliation with and support of West Lincoln Memorial Hospital, Toronto Rehab, Credit Valley Hospital, Queensway Carleton Hospital, Ottawa Heart Institute. Check our website for further details and announcements.

DISCLAIMER

The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. This communication does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such a solicitation. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted basis and/or may not be eligible for sale to all investors. All information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to its accuracy or completeness (other than disclosures relating to Yorkville Asset Management Inc. ("Yorkville")). All information and opinions as well as any prices indicated are current as of the date of this report, and are subject to change without notice. Opinions expressed herein may differ or be contrary to those expressed by other business areas or divisions of Yorkville as a result of using different assumptions and/or criteria. At any time Yorkville (or employees thereof) may have a long or short position, or deal as principal or agent, in relevant securities or provide advisory or other services to the issuer of relevant securities or to a company connected with an issuer. Some investments may not be readily realizable since the market in the securities is illiquid and therefore valuing the investment and identifying the risk to which you are exposed may be difficult to quantify. Futures and options trading is considered risky. Past performance of an investment is no guarantee for its future performance and past performance may not be repeated. Some investments may be subject to sudden and large falls in value and on realization you may receive back less than you invested or may be required to pay more. Changes in FX rates may have an adverse effect on the price, value or income of an investment. We would recommend that you take financial and/or tax advice as to the implications of investing in any of the products mentioned herein. This document may not be reproduced or copies circulated without prior authority of Yorkville.

Heritage Yorkville Mutual Fund Corporation is managed by Yorkville Asset Management Inc. (Yorkville) and available through authorized dealers. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing – the prospectus can be found at www.yorkvilleasset.com.

Mutual funds are not guaranteed, their values change frequently and past performance is not indicative of future performance. Performance Numbers included in this document are sourced from Bloomberg using the beginning and ending NAVs for the specific period to calculate Mutual Fund performance. All other index or security specific performance is taken from Bloomberg.

This communication does not constitute an offer or solicitation. All information and opinions as well as any prices indicated are current as of the date of this report, and are subject to change. At any time Yorkville (or employees thereof) may have a long position, or deal as principal or agent, in classes of the Fund.

We would recommend that you consult financial and/or tax experts regarding the implications of investing in the Funds. This document may not be reproduced or copies circulated without prior authority of Yorkville. The Yorkville logo and other trade-marks are property of Yorkville Asset Management Inc.