Court File No. 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990. Reg. 194 and SECTION 35 OF THE *PARTNERSHIPS ACT*, R.S.O. 1990. c. P.5

AND IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 101 OF THE *COURTS OFJUSTICE ACT*, R.S.O. 1990, c. C. 43

B E T W E E N:

JAMES HAGGERTY HARRIS

Applicant

-and-

BELMONT DYNAMIC GROWTH FUND,
an Ontario Limited Partnership

Respondent

RESPONDING MOTION RECORD
ON BEHALF OF DANIEL NEAD
(Returnable August 25, 2010)

August 24, 2010.

BELLMORE & MOORE
Barristers & Solicitors
393 University Avenue
Suite 1600
Toronto, Ontario
M5G 1E6

David C. Moore - LSUC # 16996U

Tel. No. (416) 581-1818 Ext 222
Fax No. (416) 581-1279

Solicitors for Daniel Nead

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
199 Bay Street
5300 Commerce Court West
Toronto, Ontario
M5L 1B9

Elizabeth Pillon

Tel. No. (416) 869-5623
Fax No. (416) 947-0866

Solicitors for the Receiver KPMG Inc.

INDEX

Court File No. 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990. Reg. 194 and SECTION 35 OF THE *PARTNERSHIPS ACT*, R.S.O. 1990. c. P.5

AND IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 101 OF THE *COURTS OFJUSTICE ACT*, R.S.O. 1990, c. C. 43

B E T W E E N:

JAMES HAGGERTY HARRIS

Applicant

-and-

BELMONT DYNAMIC GROWTH FUND,
an Ontario Limited Partnership

Respondent

INDEX OF RESPONDING MOTION RECORD

Tab No.	Particulars	Page No.
1.	Affidavit of Kathleen McArthur sworn August 24, 2010	1
2.	Exhibit A to the affidavit of Kathleen McArthur	2
3.	Exhibit B to the affidavit of Kathleen McArthur	21

TAB 1

Court File No. 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990. Reg. 194 and SECTION 35 OF THE *PARTNERSHIPS ACT*, R.S.O. 1990. c. P.5

AND IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 101 OF THE *COURTS OFJUSTICE ACT*, R.S.O. 1990, c. C. 43

B E T W E E N:

JAMES HAGGERTY HARRIS

Applicant

-and-

BELMONT DYNAMIC GROWTH FUND,
an Ontario Limited Partnership

Respondent

AFFIDAVIT OF KATHLEEN McARTHUR
(Sworn August 24, 2010)

I, Kathleen McArthur of the City of Toronto, in the Province of Ontario MAKE OATH AND SAY AS FOLLOWS:

1. I am a secretary at the law firm of Bellmore & Moore, solicitors for Daniel Nead and have knowledge of the matters herein.

2. Attached hereto and marked as Exhibit A is a true copy of the Affidavit herein of Daniel Nead, sworn July 23, 2010, together with Exhibits B, C, and D thereto which set out earlier correspondence to and from KPMG's counsel relevant to the proposed settlement with Vontobel/Harcourt.

3. Attached hereto and marked as Exhibit B is a true copy of a letter dated August 24, 2010 stating Mr. Nead's position regarding Court approval of the settlement tomorrow.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 24th day of August, 2010.

KATHLEEN McARTHUR

A Commissioner, etc.

TAB 2

This is Exhibit " A " referred to in the

affidavit of Daniel Nead

sworn before me, this 24th day

of August, 2010.

.....

A Commissioner etc.

Court File No. 09-8302-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION PURSUANT RULE 14.05(2) OF THE ONTARIO *RULES OF CIVIL PROCEDURE*, R.R.O. 1990. Reg. 194 and SECTION 35 OF THE *PARTNERSHIPS ACT*, R.S.O. 1990. c. P.5

AND IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 101 OF THE *COURTS OFJUSTICE ACT*, R.S.O. 1990, c. C. 43

B E T W E E N:

JAMES HAGGERTY HARRIS

Applicant

-and-

BELMONT DYNAMIC GROWTH FUND,
an Ontario Limited Partnership

Respondent

AFFIDAVIT OF DANIEL NEAD
(Sworn July 23 , 2010)

I, Daniel Nead of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. Now shown to me and marked as Exhibit A is a copy of the communications referred to in my affidavit sworn July 13, 2010, which have been reviewed for the purpose of identifying and making appropriate deletions of solicitor-client privileged communications.

2. Attached hereto and marked as Exhibits B, C, and D are true copies of letters written by my counsel to counsel for KPMG Inc. ("KPMG") dated July 7 and 9, 2010, and the reply thereto dated July 13, 2010.

3. The questions and issues raised in my counsel's correspondence reflect my concerns over the information available and conclusions reached in the Third Report of KPMG. Said concerns are consistent with my role as a principal in the General Partner referred to in

previously filed materials, the role I attempted to play prior to the appointment of KPMG, and consistent with my interests as a claimant /creditor herein. They are relevant in part, to the proposed settlement referred to in the Third Report, but several of the requests related more generally to the status of the receivership.

4. I have instructed my counsel to meet as soon as possible with KPMG and its counsel to discuss these matters further following which I shall expeditiously provide instructions to my counsel regarding the proposed settlement referred to in the Third Report.

SWORN before me at the City of Toronto, in the Province of Ontario, this 23rd day of July, 2010.

A Commissioner, etc.

Daniel Nead

Bellmore & Moore
Barristers & Solicitors

393 University Avenue
Suite 1600
Toronto, Ontario
M5G 1E6

David C. Moore, LL.B.
Tel: (416) 581-1818
Fax: (416) 581-1279
Email: david@bellmore.ca

This is Exhibit B referred to in the affidavit of Daniel Nead sworn before me, this 23rd day of July 2010
A COMMISSIONER, ETC.

BY EMAIL TO: epillon@stikeman.com

July 7, 2010.

Stikeman Elliott LLP
Barristers & Solicitors
199 Bay Street,
Suite 5300
Commerce Court West
Toronto, Ontario
M5L 1B9

Attention: Elizabeth Pillon

Dear Ms. Pillon:

Re: Daniel Nead – Belmont Dynamic Growth Fund

1. This is further to our discussions late last week and my email late yesterday.

2. The 3rd Report of the Receiver was delivered while I was away on holidays. I reviewed same briefly with Mr. Nead last week and I have now had an opportunity to meet with him further and consider its contents in greater detail.

3. I have several questions relating to the contents of the 3rd Report. The purpose of this letter focuses on questions and certain information requests relating to the proposed settlement with Harcourt/Vontobel. I will identify some additional information requests in relation to paras. 48 – 67 of the 3rd Report under separate cover.

4. To put the requests which follow in context, it is evident from the 3rd Report that the settlement was reached with Harcourt/Vontobel in December 2009.

5. The fact that a settlement had been reached was disclosed to the parties and to Justice Hoy at our 9:30 a.m. attendance on April 23, 2010. The terms were not disclosed. At that time, the Court was advised that the Receiver expected to deliver its report in relation to the settlement by April 30, 2010. The Receiver did deliver a 2nd Report dated April 30, 2010 but the contents of that Report did not disclose any of the terms or any other information relevant to the proposed

settlement. Those terms and information were not received until June 21, 2010 by way of the 3rd Report. That Report contains reference to numerous assertions made by Harcourt/Vontobel to justify the proposed settlement, but very little if any back up documentation or detail to corroborate such assertions.

6. It is evident that the proposed settlement would result in Harcourt/Vontobel recovering almost US $4,000,000 of its alleged US $5,000,000 investment, plus additional potential recoveries on account of the Remaining Shares referred to in the 3rd Report. This result is highly beneficial to Harcourt/Vontobel and is significantly better than the position of Unit Holders in the Belmont Fund, both as to the timing and quantum of their redemptions, given all of the uncertainties and qualifications described in the 3rd Report.

7. In addition, the proposed payments appear to affect the position of other claimants, including Mr. Nead.

8. The proposed settlement is referred to at paras. 68 – 101 of the 3rd Report. It is evident from these paragraphs that the Receiver has obtained various documents and other information from Harcourt which are relevant to the proposed settlement. I have the following questions/and information requests which are being made to assist Mr. Nead in determining his position:

(1) Para. 69 states that "Harcourt advised the Receiver that in May 2008 Vontobel made the decision to withdraw the Seed Capital from the Segregated Portfolio." Presumably, contemporaneous documentation exists which reflects the decision – making process followed by Harcourt/Vontobel with respect to its redemptions, and which would shed light on the context, circumstances, and considerations relevant to the redemptions. I assume such documentation would include internal memoranda, reports, analysis and similar materials which resulted in the First Redemption Request. Was such documentation requested from Harcourt/Vontobel? If so, can copies of same be provided?

(2) Para. 69 of the Report also refers to (i) a redemption request to Citco on May 8, 2008, (ii) payment of approximately $US2,000,000 on August 4, 2008, and (iii) redemption of "20,000 of the 50,000" shares in the Segregated Portfolio. I presume that documentation exists which corroborates these dates and reflects these transactions, including but not limited to correspondence, internal documents and other communications regarding same. Apart from Exhibits J and K to the 1st Report, no documentation relating to these events has been produced. Did the Receiver obtain copies of any additional documentation and if so can these documents be provided?

(3) Para. 70 of the 3rd Report refers to the Second Redemption Request. I have the same questions as outlined in sub-paras. 4 (1) and (2) above regarding the documentation relating to the Second Redemption Request – i.e. I wish to obtain copies of all relevant internal memoranda, analysis, minutes, and decisions relating to the decision to make the Second Redemption Request, as well as all correspondence and other documentation evidencing the various notices, dates and transactions referred to in this paragraph.

(4) Para. 71 of the 3rd Report refers to a "US 3 million investment in 30,000 shares" and to a loss of $700,000 based on this investment. Did the Receiver obtain any documentation or other information/particulars which reflect and confirm the quantum of the investment, including the date and mechanics of the alleged US $3 million investment? If so, please provide same.

(5) Para. 72 of the 3rd Report refers to confirmation from Harcourt that "any distributions (including outstanding redemption requests) from the Segregated Portfolio have been frozen." Does the Receiver have particulars of the outstanding frozen redemption requests and documents reflecting same? If so, please provide same.

(6) Para 77 of the 3rd Report refers to Harcourt's position/assertion that there was never any agreement that the Seed Capital was to be invested in the Belmont Fund. Has the Receiver made any inquiries with any other interested parties regarding the accuracy of Harcourt's self-serving assertions?

(7) Para. 78 of the 3rd Report refers to certain practices which Harcourt asserts applied generally to its injection of Seed Capital. Has Harcourt provided the Receiver with any back up documentation to support the existence of these alleged historical practices? Did Harcourt provide the Receiver with any documentation or other information indicating whether, in accordance with its alleged practices, Harcourt/Vontobel gave consideration as to whether the Segregated Portfolio had reached a size "which supported the cost structure" of the fund, prior to the Redemption Requests in issue? Also, does the Receiver know whether the Seed Capital was funded by Harcourt/Vontobel as principal, or did it represent an investment which was advanced on behalf of some other party?

(8) Para. 79 of the 3rd Report refers to unspecified "supporting information" received from Harcourt in relation to the First Redemption Request. To the extent not covered by the requests for documentation/information contained in sub-paras. 4 (1) - (7) herein, please provide copies/particulars of such "supporting information".

(9) Para. 80 of the 3rd Report contains further assertions by Harcourt with respect to the decision making process it claims was followed in relation to the decision to withdraw Seed Capital. To the extent not already requested, please advise whether Harcourt has provided any internal or other documentation regarding the decision making process discussed in this paragraph, or relevant to the factual assertions contained therein. Without limiting the generality of the foregoing, has Harcourt provided the Receiver with copies of any analysis, reports, memos, or other similar documentation in its possession regarding Harcourt's or any of its representatives' monitoring of the Underlying Funds, or the Underlying Funds of Funds from January 1, 2008 – October 30, 2008, including but not limited to their actual and projected performances? If so, please provide same.

(10) Para. 82 of the 3rd Report states that "Harcourt has advised the Receiver that it decided to remove the Seed Capital in two transactions to lessen the impact on the

liquidity of the Segregated Portfolio." Did Harcourt provide any internal or other documentation reflecting any such liquidity analysis and/or concerns? If so, please provide same. Given the fact that (according to Harcourt's assertions contained elsewhere in the 3rd Report) the two redemption requests were barely 6 weeks apart, did Harcourt provide any explanation or rationale as to how the acknowledged liquidity concerns would be mitigated by such closely spaced requests?

(11) I do not fully understand the transactions, events, and terms referred in paras. 87 – 88 of the 3rd Report. I shall contact you further about this. In any event, is there any documentation available evidencing the transactions, decisions, and events asserted by Harcourt as referred to in these paragraphs? Without limiting this request, does the Receiver have documentation to support the statement that payment of the US $9.4 million to the leverage provider was approved by all of the directors of the Belmont Fund?

(12) Has the Receiver made any inquiries with the directors of the Segregated Portfolio regarding the matters referred to in para. 89 of the 3rd Report?

(13) The 3rd Report refers to Exhibits H, I, and J. Could you please provide copies of same (if possible, perhaps these could be forwarded by email as a priority) ?

(14) Paras. 94 – 97 of the 3rd Report refers, inter alia, to "Sept. 2009 Estimated Cash Receipts" which appear to be based upon the "Sept. 2009 Liquidity Analysis" described in para. 65 of the 3rd Report. Please provide copies of these documents/materials. Para. 94 also implies that additional "figures" were available and considered when the settlement was reached. Please clarify.

(15) It is evident that the proposed settlement is based upon a September 30, 2008 NAV of $75.43 per Class A Share. Having regard to the fundamental caveats, qualifications and uncertainties referred to in, inter alia, paras. 52 and 67 of the 3rd Report, on what basis has it been determined that the September 30, 2008 NAV is accurate and reliable? Put differently, please explain why the Receiver considers that "it is reasonable to use this NAV figure for the purposes of estimating the potential claim in respect of the Second Redemption Request" (3rd Report, para. 96) when the 3rd Report and other Reports indicate that the NAV figures are highly uncertain and cannot, at this juncture, be relied upon to indicate the quantum of the Unit Holders' recoveries?

(16) The RX Payment Schedules (3rd Report, para. 66) are relevant to assess the extent to which Harcourt is advantaged by the proposed settlement. Please provide same, as well as any back up documentation supporting the March 31, 2010 Cash Balance (3rd Report, para.100). Also, please advise what the quantum of the reserve is proposed for costs and how much of the remaining cash on hand is purposed to be set aside as a reserve for the Disputed Claims, including the claims advanced by Nead/OmniScope.

(17) Finally, paras.55-56 of the 3rd Report refer to Performance Fees payable to Harcourt and to advice from Harcourt that "no Performance Fees are outstanding", and state that Harcourt does not expect "to earn any Performance Fees in the future". These paras. also refer to "management fees" payable to Harcourt. Is the Receiver aware of the quantum of Performance Fees, management fees, or any other fees paid to Harcourt or any related or affiliated party during or in relation to calendar 2008 or 2009?

9. Mr. Nead intends to finalize his position with respect to the proposed settlement as expeditiously as possible, and the responses to the aforementioned questions will enable him to do so on a more informed basis than is currently possible.

10. I will call you today to scheduling/logistics regarding the above, including the proposed July 22, 2010 date.

Yours very truly,

BELLMORE & MOORE

David C. Moore

Per: David C. Moore
DCM/km

cc: Dan Nead

Bellmore & Moore
Barristers & Solicitors

393 University Avenue
Suite 1600
Toronto, Ontario
M5G 1E6

David C. Moore, LL.B.
Tel: (416) 581-1818
Fax: (416) 581-1279
Email: david@bellmore.ca

This is Exhibit C referred to in the affidavit of Daniel Nead sworn before me, this 23rd day of July 2010
A COMMISSIONER, ETC.

BY EMAIL TO: epillon@stikeman.com

July 9, 2010.

Stikeman Elliott LLP
Barristers & Solicitors
199 Bay Street,
Suite 5300
Commerce Court West
Toronto, Ontario
M5L 1B9

Attention: Elizabeth Pillon

Dear Ms. Pillon:

Re: Daniel Nead – Belmont Dynamic Growth Fund

1. On Wednesday, I forwarded a letter containing questions and information requests relevant to the proposed settlement with Harcourt/Vontobel. In that letter, I indicated I would write you under separate cover identifying additional questions and requests with respect to certain other elements of the 3rd Report.

2. Paragraphs 17-18 of the 3rd Report refer to various communications from Citco and Harcourt to Shareholders of the Segregated Portfolio and to RBC. Does the Receiver have copies of these communications?

3. Paragraph 49 of the 3rd Report reads as follows:

> "*49. The Segregated Portfolio is itself presently in wind-up, with Harcourt overseeing the winding-up. The Receiver has requested regular updates in respect of the wind-up of the Segregated Portfolio and continues to collect any relevant supporting information with request to the value and liquidity of the Underlying Funds of Funds (as defined below) from Harcourt.*" (underlining added)

4. Paragraph 50 of the 3rd Report indicates that one of the significant factors regarding the value, timing, and entitlement of any recovery from the Segregated

Portfolio is the value and timing of any realization on the investments of the Segregated Portfolio.

5. In this context, I have several questions.

6. Paragraphs 52-53 of the 3rd Report refer to NAV calculations apparently obtained from Harcourt for July 2009 and March 2010 respectively:

(1) Why does the cost of the Underlying Fund of Funds vary from US $ 12,030,000 at July 31, 2009 to US $ 10,290,000 at March 31, 2010?

(2) On what basis have the "market values" of $9,166,000 and $7,281,000 been calculated and what supporting information/documentation has been provided?

7. Paragraph 57 of the 3rd Report reads as follows:

"57. Harcourt has advised the Receiver that as at March 31, 2010, the Segregated Portfolio was invested in cash and the following five fund of hedge funds (the "Underlying Funds of Funds"):

Fund Name	*Market Value at March 31, 2010*
BELMONT ASSET BASED LENDING CLASS A ("ABL FUND")	*$3,603*
BELMONT RX SPC CLASS ASIA 11/08 ("RX ASIA FUND")	*560*
BELMONT RX SPC CLASS LATAM 11/08 ("RX LATAM FUND")	*1,012*
BELMONT RX SPC CLASS FI 09/08 ("RX FI 09/08 FUND")	*220*
BELMONT RX SPC CLASS FI 11/08 ("RX FI 11/08 FUND"	*1,886*
Total	

8. Paragraph 59 of the 3rd Report reads:

"59. The ABL FUND was placed into a court supervised liquidation proceeding in January 2010, with Stuart Sybersma and Ian Wight of Deloitte & Touche ("Deloitte") in the Cayman Islands being appointed as Joint Official Liquidators of the ABL FUND by an Order of the Grand Court in the Cayman Islands on January 19, 2010. Prior to this, the ABL FUND which was established by Harcourt, was being informally wound up by Harcourt. The Receiver learned of appointment of the Joint Official Liquidators from Harcourt in early May 2010. The Receiver understands from Harcourt that the liquidity provider to the ABL FUND sought the appointment of an official liquidator for the ABL FUND."

9. Questions:

(1) Has the Receiver requested or obtained any explanation as to why the January 19, 2010 receivership of the ABL Fund from was not disclosed to the Receiver until May 2010?

(2) Does the Receiver have a copy of the Court Order appointing the Receiver, and a copy of the material filed to obtain such order? If so, please provide same. If not, will the Receiver take steps to obtain this documentation, as it will provide some explanation for the reasons why the receivership of the ABL Fund was transformed from an informal liquidation by Harcourt to a Court ordered procedure, and may shed light on the status of the ABL Fund?

(3) Does the Receiver have any indication as to the potential impact of the Deloitte Receivership in the values of the ABL Fund and ABL Receivable referred to in the chart in paragraph 53 of the 3rd Report?

10. Previously, the Receiver's report (1st Report, paragraph 70) stated that the Segregated Portfolio was invested in the following funds:

(1) Belmont Asset Based Lending Ltd.

(2) Belmont Asia Ltd. Nov. 08 – Redemption Share Class

(3) Belmont Fixed Income Sep. 08 – Redemption Share Class

(4) Belmont Fixed Income Nov. 08 – Redemption Share Class

(5) Belmont Fixed Income Dec. 08 – Redemption Share Class

(6) Belmont Latin America Ltd. Nov. 08 – Redemption Share Class.

However, based upon paragraph 57 of the 3rd Report, quoted above, it now appears that the Segregated Portfolio is no longer invested in any of these funds.

11. In addition, paragraphs 61-62 of the 3rd Report reads as follows:

"61. The RX LATAM FUND, the RX ASIA FUND and the RX FI 09/08 and RX FI 11/08 FUNDS (the "RX Funds) are "side pockets" funds, established respectively from the following funds: BELMONT ASIA CLASS A, BELMONT LATIN AMERICA LTD. CLASS A and BELMONT FIXED INCOME LTD CLASS A. (the "Redeemed Funds"). A side pocket is a separate account created to include the illiquid assets of a particular hedge fund. Each time an investor redeemed from one of the Redeemed Funds the investor received the liquid part of its redemption in cash as well as a payment in kind in the form of units in one of the RX Funds.

> *62. Harcourt established and managed the Redeemed Funds. Harcourt continues to manage and oversee the liquidation of the RX Funds. The Receiver understands from Harcourt that Harcourt's approach to liquidating the RX Funds is to maximize the recovery from the Underlying Funds; therefore, to the extent it is reasonable, Harcourt's objective is to continue to hold the positions in the Underlying Funds until such time as the fund allows redemptions. It is not Harcourt's intention to "fire sale" the assets of the RX Funds in the secondary market. The Receiver understands from Harcourt that as liquidity is available in the RX Funds, distributions will be made on a pro rata basis to investors in the RX Funds, including the Segregated Portfolio."* (underlining added)

12. I have difficulty fully understanding what these paragraphs really mean.

13. Although it is not clear to me, one interpretation of paragraphs 61-62 is that the Segregated Fund has redeemed its position in the funds listed in paragraph 10 above, and that as a result it has received:

(1) cash[1];

(2) a variety of illiquid assets which have been segregated in the RX Funds, by, at and under the direction of Harcourt.

14. Is this in fact what has happened? If so, does the Receiver have particulars of the various redemption requests and payments that have been made? Further, if this is the case this raises another issue as to the disparity of treatment between the Belmont Fund Unit Holder. If the above scenario is correct, this means that in the case of the Belmont Fund Unit Holders, when steps are taken to liquidate their investments in and through the Segregated Portfolio, the resulting proceeds are comprised of cash plus a significant component of illiquid investments whose realization values and timing is highly uncertain. In contrast, when Harcourt takes steps to liquidate its investment, it immediately receives an all cash distribution.

15. While there may be some overlap with the above inquiries, the following information would also help understand what has and is going on:

(1) Why the RX Funds created?

(2) When, by whom, and on what authority were they created?

(3) Why did the Segregated Portfolio investment change from funds listed in paragraph herein to the RX Funds?

---

[1] I have difficulty understanding the relationship between the cash position disclosed in the July 31, 2009 Financial Statements ($655 per paragraph 71, 1st Report) and the "cash" recorded in the NAV calculations for July 31, 209 and March 31, 2010 ($1,716,000 and $4,068,000 respectfully, per chart, paragraph 53, 3rd Report). Please clarify.

(4) Do paragraphs 57 and 61-62 of the 3rd Report mean that all of the assets of the Segregated Portfolio (aside from cash and the ABL Receivable) are currently invested in the ABL and RX Funds?

(5) The description of the "side pocket" is, to me, unclear. Does this mean that the RX Funds contain (a) only illiquid assets, (b) a portion of illiquid assets? How was the composition of the "side pocket" funds established?

(6) What back up documentation/information does the Receiver have about the RX Funds and their composition (aside from the verbal assertions attributed to Harcourt in the 3rd Report)?

(7) What back up documentation has the Receiver obtained from Harcourt regarding the RX Payment Schedules?

16. Paragraph 67 of the 3rd Report reads in part as follows:

"67. The Receiver understands that the Sept. 2009 Liquidity Analysis and the RX Payout Schedules were prepared by Harcourt from information received directly or indirectly from the administrators of the Underlying Funds. The Receiver understands that Harcourt has limited ability to assess the accuracy of the valuations received directly or indirectly from the administrators or portfolio managers of the Underlying Funds. This is because, given the terms of the agreements between the Underlying Funds of Funds and the Underlying Funds, it is up to the discretion of the fund managers of the Underlying Funds as to whether they provide all detailed specifics about the underlying investments and the specific methods and processes used to value the investments of the Underlying Funds. In addition, the Underlying Funds are invested in illiquid investments for which it is difficult to obtain precise market values. Furthermore, the values received from the Underlying Funds' managers may consist of estimates only." (underlining added)

17. Several aspects of the paragraph are unclear to me. Surely, both Harcourt and the administration/portfolio managers have fiduciary and other duties to account for the assets and performance of the funds under their direction and control. I have the following questions:

(1) Does the Receiver have copies of the information (documents) provided to Harcourt by the administrators of the Underlying Funds?

(2) The 3rd Report stated (paragraph 62) that "Harcourt established and managed the Redeemed Funds" and that "Harcourt continues to manage and oversea the liquidation of the RX Funds". Why then is Harcourt dependent on receiving questionable information about these funds "directly or indirectly", and subject to the discretion referred to above?

(3) Does the Receiver have copies of the "agreements" between the Underlying Funds of Funds and the Underlying Funds which, according to paragraph 67, impair the ability of Harcourt to assess the accuracy of the direct/indirect valuations it receives?

(4) In what jurisdictions do the administrators operate and where are the assets located? Does the Receiver know the identity of the administrators?

(5) Does the Receiver have particulars of the "illiquid investments" referred to above?

(6) Are the values received from the Underlying Funds based solely upon estimates or not?

(7) Are there not regular financial statements or other books and records available with respect to the Underlying Funds of Funds?

18. I appreciate that asking and obtaining answers to these questions may not have been conducive to a resolution of the issues with Harcourt, but the importance of these and related questions, and the fundamental uncertainties in relation to virtually every financial aspect of the receivership, are highlighted by the following sentence at the conclusion of paragraph 67 of the 3rd Report:

> "*Due to a number of factors, including the uncertainty of future events, there can be no assurance that the value at which an investment is recorded in the accounting records of a particular Underlying Fund at any particular time will not later be reduced, or that a fund will be able to liquidate the investment at that value or at any other amount.*"
> (underlining added)

19. I must say that I find this state of affairs difficult to understand, given the ability of the Receiver to seek direction and appropriate Court Orders regarding the disclosure of information and documents, and regarding any other steps necessary to understand and safeguard the Unit Holder's interests and investments, from Harcourt and any other administrators/managers.

20. I look forward to discussing the above with you in the near future.

Yours very truly,

BELLMORE & MOORE

David Moore

Per: David C. Moore
DCM/km

cc: Dan Nead

STIKEMAN ELLIOTT

Stikeman Elliott LLP Barristers & Solicitors

5300 Commerce Court West, 199 Bay Street, Toronto, Canada M5L 1B9
Tel: (416) 869-5500 Fax: (416) 947-0866 www.stikeman.com

This is Exhibit D referred to in affidavit of Daniel Nejad sworn before me, this 23rd day of July 2010

A COMMISSIONER, E

Direct: (416) 869-5623
Fax: (416) 947-0866
E-mail: lpillon@stikeman.com

BY E-MAIL

July 13, 2010
File No.: 102009.1009

David C. Moore
Bellmore & Moore
393 University Avenue
Suite 1600
Toronto ON M5G 1E6

Dear Mr. Moore:

Re: Belmont Dynamic GP Inc. Claim

The Receiver acknowledges receipt of your letters dated July 7 and 9 outlining a number of questions in respect of the Receiver's Third Report dated June 21, 2010.

Paragraph 101 of the Third Report summarizes the various considerations that the Receiver took into account (as further described in the Third Report) in reaching the resolution of the Derivative Application and in recommending the Vontobel Settlement to the Court. The Receiver believes that the level of information in the Third Report is quite extensive and provides information such that your client, and the stakeholders, would be in a position to reach a determination in respect of the impact of the recommendations in the Third Report on their respective economic interests.

Some of the questions raised by your client appear to be questions raised on behalf of the Limited Partners of the Belmont Fund, even though, as noted in the Third Report, RBC as representative of the Limited Partners supports of the proposed Vontobel Settlement (as defined in the Third Report).

As noted in the Third Report, it is now available to have the majority of funds on hand at the Segregated Portfolio in the Cayman Islands distributed by Vontobel/Harcourt immediately upon the approval of the Vontobel Settlement by the Ontario Court, and such funds to be held in a Canadian bank account. The Receiver strongly recommends repatriating the funds into Canada so that they are subject to the jurisdiction of the Canadian Court and ultimately available for stakeholders of the Belmont Fund.

Your client's assistance in ensuring the motion can be set to seek the approval of the Vontobel Settlement as soon as possible would be greatly appreciated.

In starting its review of the proposed Derivative Application, and the potential of a settlement of this application, the Receiver started with the application materials

which had been prepared by your client in commencing the Application, including the affidavit of Mr. Nead sworn July 28, 2009. The Receiver understood that the issues which your client thought were relevant to the potential Derivative Application had been outlined in his materials, affidavit and in the form of draft Statement of Claim filed with the Derivative Application. Prior to your involvement the Receiver spoke with Mr. Nead on these matters and Mr. Nead confirmed that the information he was relying upon was included in the Affidavit filed in support of the Derivative Application. The Receiver has requested of Mr. Nead any further information which may assist the Receiver in the determination of these matter. To date, no such additional information has been presented to the Receiver by Mr. Nead.

As noted in the Third Report, the Receiver has had various discussions during the course of its negotiations of the Vontobel Settlement, and received certain information from Third Parties, including Vontobel and Harcourt. Some of that information and those negotiations have been confidential and as such it is not available to the Receiver to produce the underlying information where confidential.

Some of your requests also seek additional information in respect of the Underlying Funds and Segregated Portfolio. As you are aware, the Receiver was appointed over the Belmont Fund, and not the Underlying Funds or Segregated Portfolio. The Belmont Fund does not have a direct investment in the Underlying Fund/Segregated Portfolio. The Receiver has sought and obtained some information during the course of its mandate in respect of the underlying investments and Vontobel/Harcourt have to date cooperated in providing this information to the Receiver.

Your July 9th letter outlines some areas in which you appear to have misunderstood the Third Report or what was intended by the Report. In that regard, the Receiver is prepared to meet with you directly to assist you in reviewing and understanding what was intended by the Third Report.

July 7th Letter

Par 4 & 5 - the settlement with Vontobel/Harcourt was agreed in principle in late 2009; however, the final terms of the settlement continued to be discussed up to the filing of the Third Report. The final confirmation and presentation of financial information from the Court in the Third Report was one of the primary reasons for the time required between our April appearance with the Court and the filing of the Third Report. In any event, despite the three day response time imposed by the Court for your client and other stakeholders to respond to the positions outlined in the Third Report, the Receiver has provided Mr. Nead with an additional week of time given your absence from the office during the time that the Report was filed, which I trust addresses any timing concerns your client may have.

Par 7 - please note that the ultimate beneficiaries of the Belmont Fund, the Limited Partners support the proposed Vontobel Settlement. As noted in the response to paragraph 16, the proposed Vontobel Settlement would in fact permit available funds in the Segregated Portfolio to be paid and ultimately be available to stakeholders of the Belmont Fund. As detailed in paras. 99, 100 and 101, if the Vontobel Settlement is approved, based on the Sept. 2009 Estimated Cash Receipts of approximately US$12.2

million, Vontobel would receive approximately US$2.15 million over time, before ongoing costs of the Segregated Portfolio. The remaining approximately US$10.0 million would be available to be distributed from the Segregated Portfolio to the other shareholders, the bulk of which would flow to the claimants, including Mr. Nead (if eligible for any payments), and then to the unitholders of the Belmont Fund.

Par 8 - the Receiver notes the various requests for information. The Receiver did have discussions with management of Vontobel / Harcourt and other parties in respect of the issues raised in the Derivative Application. Where the Receiver considered it relevant and necessary to seek further documentation, they did so and documentation satisfactory to the Receiver has been obtained. As noted above, some of the information received was on a confidential basis and is not available to be produced.

1) Yes, documentary evidence of the subject matter discussed was requested from Harcourt/Vontobel. Relevant documents were received by the Receiver.

2) No. Determined by the Receiver that no further support was required or the matter was not relevant to our proceedings.

3) No. Determined by the Receiver that no further support was required or the matter was not relevant to our proceedings.

4) Yes, documentary evidence of the subject matter discussed was requested from Harcourt/Vontobel. Relevant documents were received by the Receiver, in the form of Cash Statements.

5) Yes, documentary evidence of the subject matter discussed was requested from Harcourt/Vontobel. Relevant documents were received by the Receiver, in the form of Cash Statements.

6) Yes, no evidence to the contrary has been presented to the Receiver to date.

7) No to all queries presented. The Receiver had several discussions with senior members of Harcourt's management with respect to the subject matter at hand, among other things. The Receiver determined that it was not necessary or appropriate to request Vontobel's internal policy documents or procedure manuals in support of the information provided verbally.

8) Yes, documentary evidence of the subject matter discussed was requested from Harcourt/Vontobel. Relevant documents were received by the Receiver, in the form of Cash Statements.

9) No. Determined by the Receiver to be reasonable in the circumstances.

10) No to all queries presented.

11) Yes, documentary evidence of the subject matter discussed was requested from Harcourt/Vontobel. Relevant documents were received by the Receiver, in the form of Cash Statements.

12) Yes. Determined by the Receiver to be reasonable in the circumstances.

13) The appendices to the Third Report of the Receiver were emailed to Mr. Moore on June 21, 2010.

14) There was no intention to indicate that additional information was relied upon. The Receiver do not have permission from Vontobel to disclose all of the information that we received or relied upon and the Receiver is concerned that such disclosure may adversely affect realization efforts.

15) Paragraph 14 of the Memorandum of Association for the Segregated Portfolio discusses what NAV is to be used. As such, the Receiver understands that the Sept. 20, 2008 NAV (whether an estimate or not) is the appropriate NAV to use.

16) We understand that approximately US$4.1 million will be available to be paid out upon approval of the Vontobel Settlement. Harcourt/Vontobel advises that they will still have sufficient funds on hand to pay ongoing costs of the Segregated Portfolio. As noted in the Notice of Motion, the Receiver seeks to hold these funds in a reserve in Canada pending further Order of the Court.

    The RX Payment Schedules contain information which is confidential in nature and would require permission from third parties prior to release to the general public, beyond what has already been provided in the Third Report of the Receiver.

17) No. Determined by the Receiver that no further support was required or the matter was not relevant to our proceedings.

July 9th Letter

9) With reference to paragraph 60 of the Third Report, the Receiver understands that Deloitte (the Administrator of the ABL FUND) is continuing to investigate the financial status of the ABL FUND and has not yet developed a realization or distribution plan for the ABL FUND. Until the Receiver receives the information in this report it is not in a position to comment on the financial status of the ABL Fund. We also note that in the Third Report the Receiver was clear that it was not making a determination as to the amounts likely to be realized on the underlying funds. The Receiver was also clear in the Third Report that the values provides for all of the investments of the Segregated Portfolio were from information provided to the Receiver by other parties

As noted above, the Receiver is otherwise prepared to meet with you to discuss the questions raised in your letter.

Yours truly,

Elizabeth Pillon

EP/as

cc. Elizabeth Murphy / Johnny Chow, *KPMG Inc.*

Court File No. 09-8302-00CL

JAMES HAGGERTY HARRIS
Applicant

and

BELMONT DYNAMIC GROWTH FUND
Respondent

ONTARIO
***SUPERIOR* COURT OF JUSTICE**

Proceedings commenced in Toronto

AFFIDAVIT OF DANIEL NEAD

BELLMORE & MOORE
Barristers and Solicitors
Suite 1600
393 University Avenue
Toronto, Ontario
M5G 1E6

David C. Moore

Telephone: (416) 581-1818
Fax: (416) 581-1279

Solicitors for Daniel Nead

TAB 3

This is Exhibit " B " referred to in the

affidavit of Daniel Nead

sworn before me, this 24th day

of August, 2010.

David Moore

.....

A Commissioner etc.

Bellmore & Moore
Barristers & Solicitors

393 University Avenue
Suite 1600
Toronto, Ontario
M5G 1E6

David C. Moore, LL.B.
Tel: (416) 581-1818
Fax: (416) 581-1279
Email: david@bellmore.ca

BY EMAIL TO: epillon@stikeman.com

August 24, 2010

Stikeman Elliott LLP
Barristers & Solicitors
199 Bay Street,
Suite 5300
Commerce Court West
Toronto, Ontario
M5L 1B9

Attention: Elizabeth Pillon

Dear Ms. Pillon:

Re: Daniel Nead – Belmont Dynamic Growth Fund

1. In my correspondence dated July 7 and 9, 2010, I set out in detail several informational/documentary inquiries which were intended to enable a better understanding of the pros and cons of the proposed Vontobel/Harcourt settlement.

2. My inquiries were not intended to be a "fishing expedition" nor were they intended to be in aid of any "continuation of hostilities" between my client and Vontobel/Harcourt.

3. My client has a claim against the estate which has been contested by KPMG. His interests are directly affected by the resolution of claims that depletes, or sanctions the prior depletion of the ultimate assets available for distribution. Obviously, if it was clear that sufficient assets were and would remain on hand to fund payment of Mr. Nead's claim, following the implementation of the proposed settlement, his concerns/interests as a claimant/creditor would be alleviated. That is why I asked questions about the "reserve" (paragraph 16, July 7, 2010 letter) and about the value of assets that may be ultimately available following the proposed settlement. These questions were not answered. However, it is evident from our discussion on Friday and from the Supplement to the Third Report that there is no certainty that sufficient assets will be held in reserve following the settlement. Moreover, it is not clear to me the quantum of costs that have been or are expected to be charged against the estate for the Liquidator's fees and legal fees. While I understand that in the first instance such costs may have been/may be paid by RBC, I am certain that these payments will be sought to be recouped as a first charge on all assets.

4. My client also was and is a principal of the General Partner, which had and arguably still has duties to the investors. He endeavored, prior to the appointment of KPMG, to safeguard the

interest of investors in relation to certain potentially inappropriate conduct by Vontobel/Harcourt.

5. In this context, while many of my questions were detailed, fundamentally what I was seeking to find out was whether KPMG had asked for the production/disclosure of ANY documentation relevant to representations apparently made to KPMG by Vontobel/Harcourt that at the time of the first and second redemption requests:

(a) Vontobel/Harcourt were acting in the normal course in keeping with pre-existing business practices, and

(b) that these redemption requests were made in circumstances where Vontobel/Harcourt did not have any advance/inside knowledge of any impending liquidity/valuation issues/problems.

6. The factual accuracy of these entirely predictable and self-serving representations is critical to the proposed settlement. Unless the Court approval is deemed to be a rubber stamp exercise, I do not think that my making the inquiry summarized above was unreasonable.

7. As I understand it, based upon our meeting on Friday, KPMG is not willing to provide any of the documents requested in my correspondence. I respectfully suggest that this position should be reconsidered. In this regard, I would invite you to consider advising whether in fact KPMG received or was given access to ANY documentation bearing upon the accuracy of the aforementioned representations, and if so, to list same in the same way as a Schedule B listing to an affidavit of documents. In this way, consideration can immediately (i.e. today) be given as to the nature of the documents received and reviewed by KPMG, and whether any further inquiries are needed.

8. I make this suggestion because as things stand now my understanding is that KPMG did not seek or obtain any documents relevant to testing the representations referred to above. If I am mistaken, the suggested procedure would enable my conclusion to be corrected. If I am not mistaken, then in my view the Court should not sanction the settlement without such inquiries having been made and responded to, and I am instructed to take this position tomorrow.

9. I shall write to you under separate cover regarding your correspondence dated August 19, 2010.

Yours very truly,
BELLMORE & MOORE

David Moore

Per: David C. Moore
DCM/km

Court File No. 09-8302-00CL

JAMES HAGGERTY HARRIS
Applicant

and

BELMONT DYNAMIC GROWTH FUND
Respondent

ONTARIO
***SUPERIOR* COURT OF JUSTICE**

Proceedings commenced in Toronto

AFFIDAVIT OF
KATHLEEN McARTHUR

BELLMORE & MOORE
Barristers and Solicitors
Suite 1600
393 University Avenue
Toronto, Ontario
M5G 1E6

David C. Moore

Telephone: (416) 581-1818
Fax: (416) 581-1279

Solicitors for Daniel Nead

Court File No. 09-8302-00CL

JAMES HAGGERTY HARRIS
Applicant

and

BELMONT DYNAMIC GROWTH FUND
Respondent

ONTARIO
***SUPERIOR* COURT OF JUSTICE**

Proceedings commenced in Toronto

RESPONDING MOTION RECORD
ON BEHALF OF DANIEL NEAD
(Returnable August 25, 2010)

BELLMORE & MOORE
Barristers and Solicitors
Suite 1600
393 University Avenue
Toronto, Ontario
M5G 1E6

David C. Moore

Telephone: (416) 581-1818
Fax: (416) 581-1279

Solicitors for Daniel Nead