



Highlights: Fund Preserves capital during downturns (in the 12 months from June 2008, SDRF -6.0% vs S&P 500 -34.4%). The Fund provides significant upside participation (2009 SDRF 19.7% vs S&P 500 23.5%). The Fund has an effective currency hedging strategy (2009 SDRF 19.7% vs S&P 500 6.7% in Canadian dollar terms). The Fund's strategies generate annual static return of 7%-10% (positioned to generate significant yield in likely scenario of market consolidation in 2011).

Investment Strategies: The Sherpa Diversified Returns Fund invests in blue chip North American equities, drawn primarily from S&P 500 and S&P/TSX 60 index holdings, overlay options strategies and select short positions to generate extra yield as well as to provide portfolio protection during market downturns.

Investment Objectives

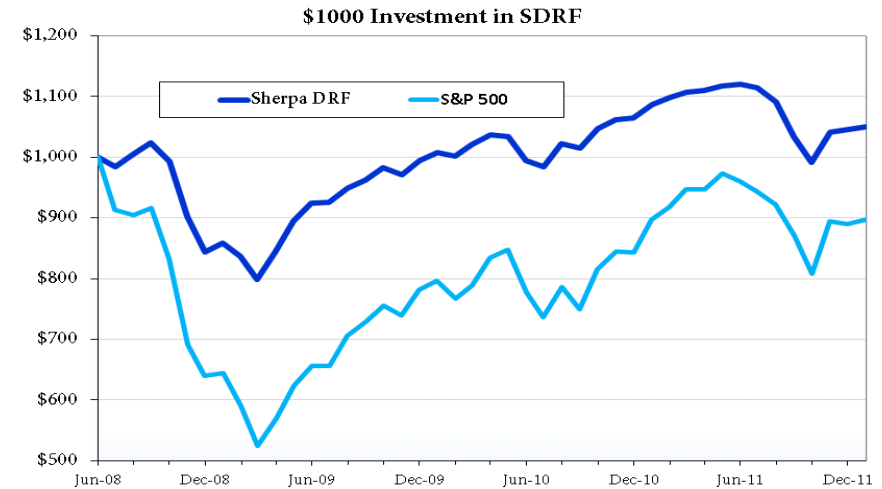
1. Protect capital in declining markets
2. Generate a static return of 7%-10% annually
3. Provide significant participation in rising markets

Monthly Performance (net returns)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since Inception
2011	1.09%	0.73%	0.38%	0.67%	0.17%	-0.51%	-2.11%	-5.22%	-4.09%	5.10%	0.30%	0.51%	-3.33%	5.04%
2010	-0.59%	2.03%	1.58%	-0.29%	-3.93%	-0.94%	3.87%	-0.75%	3.21%	1.33%	0.30%	2.06%	7.89%	
2009	-2.48%	-4.55%	5.86%	5.88%	3.19%	0.28%	2.41%	1.47%	2.05%	-1.19%	2.41%	1.33%	17.39%	
2008	-	-	-	-	-	-1.58%	2.11%	1.81%	-2.88%	-0.19%	-6.43%	1.61%	-14.21%	

*Based on Class A Master Series, net of fees

Performance



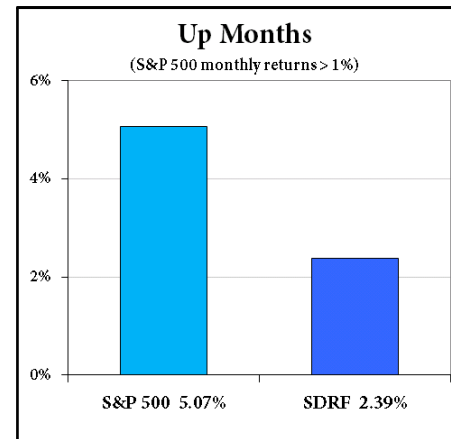
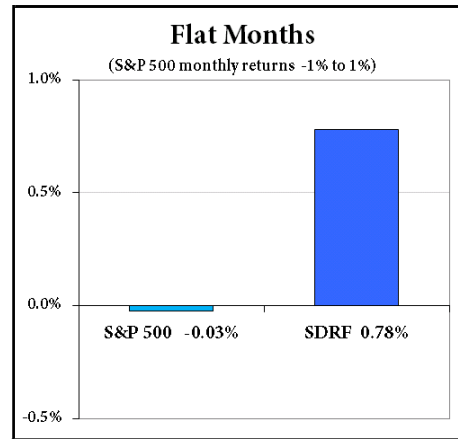
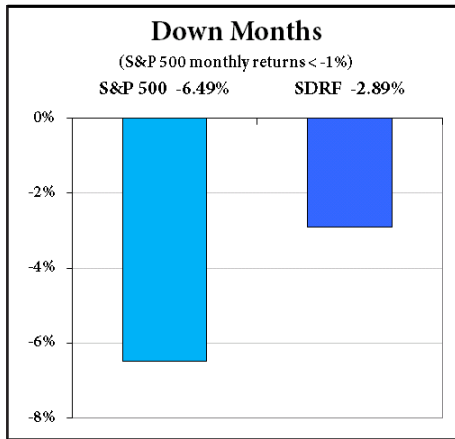
Top 10 Holdings

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|----------------------------------|----------------------------|
| 1. S&P 500 Index Securities | 6. Toronto Dominion Bank |
| 2. iShares S&P/TSX 60 Index Fund | 7. Energy Select SPDR ETF |
| 3. Canadian National Railway | 8. Berkshire Hathaway Inc. |
| 4. Suncor Energy Inc. | 9. Research in Motion Ltd. |
| 5. iShares Russell 2000 Index | 10. Teva Pharmaceutical |

Sherpa Diversified Returns Fund

Outperformance With Lower Volatility: Since its launch in June 2008, the Sherpa Diversified Returns Fund has outperformed its benchmark, the S&P 500, by 25.6% with 50% lower volatility than the index.

Superior Returns: The graphs below show the Fund's average monthly performance compared to the S&P 500 in each of these three scenarios. Through the combination of higher participation in up months, lower (relative) participation in down months and a consistent outperformance in flat months the Fund has been able to achieve its objectives.



Market Commentary: SDRF posted returns of 0.51% in December. We attribute our returns for the month to the following: portfolio 0.25%, options overlay (and related delta hedging costs) 0.25%, currency 0.01%. The S&P 500 fell -5% mid-month from its highs before recovering to end the month with a positive return of 0.85%.

Markets declined mid-month largely due to disappointment in a European summit which produced little more than the standard rhetoric. While the proposed plan of tighter fiscal unity may address longer-term structural issues, the summit failed to produce any substantial plan to address the more immediate solvency concerns. U.S. mid-month declines were less than those seen in Europe and Asia, largely due to positive corporate news and some decent economic data.

The possibility of a Eurozone breakup still remains the largest risk to markets. Economic data in the US indicate that the recovery is beginning to take hold, and if European leaders can solve the issues they face, economic conditions are likely to improve. Still, the austerity measure required to solve the problem will weigh on corporate profits, and the most likely scenario is a prolonged period of low growth. The Fund's options overlay allow it to perform well in this environment.

It is probably safe to say that most investors are happy to see the back of 2011 after a difficult year of extreme volatility brought on by instability in European and US economies, the changing landscape in the Middle East and the Japanese tsunami to name a few. We expect much of the same in 2012 as global political leadership has been lacking, and given that this is an election year in the US, it seems unlikely that we will see the bipartisan cooperation necessary to tackle the problems the economy faces at this stage. As a result, we are approaching the new year with caution, remaining focused on the Fund's strategy, which strives to provide meaningful returns in flat and rising markets while providing protection against market declines.

Fund Information

Portfolio Manager:	David Guarasci, CFA
Legal Structure:	Unit Trust
Management Fee:	Class F 0.75%
Performance Fee:	20% above high-water mark
Minimum Investment:	\$25,000
Redemptions:	Monthly
FundSERV Code:	Class F, SHP101F
Unit Price:	\$10.4804
Unit Pricing:	CAD
Prime Broker:	Royal Bank of Canada
Fund Administrator:	CIBC Mellon
Auditor:	KPMG LLP
Legal:	Norton Rose Group

Profile

ZLC Private Investment Management was created in April 2000 by ZLC Financial Group. Our focus is on tailored wealth management solutions to individuals, trusts and corporations with portfolios of \$150,000 and above. Our portfolio offerings consist of quality fund managers that share our investment philosophy and focus on capital preservation. Diversification is achieved through the introduction of complementary asset classes offered by these select fund managers.

ZLC Private Investment Management

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The Sherpa Diversified Returns Fund is offered by Offering Memorandum, only to investors who meet certain eligibility or minimum purchase requirements in jurisdictions of Canada. The Offering Memorandum contains important information about the Fund and should be read carefully before investing. You can obtain an offering memorandum from ZLC Private Investment Management Inc. Performance data represents past performance and is not indicative of future performance. Data based on history of less than five years may not give investors enough information to base investment decisions on. This document should not be considered a solicitation.