

HIRSCH GROUP OF FUNDS

Audited Financial Statements December 31, 1999

*Hirsch Canadian Growth Fund
Hirsch Natural Resource Fund
Hirsch Balanced Fund
Hirsch Fixed Income Fund*

HIRSCH
Your Future is Our Mission

President's Message

It hasn't happened often that the Canadian stock market performed as well as it did in 1999. With a total return of nearly 32%, the TSE 300 Index outperformed the S&P 500, the Dow Jones, the Morgan Stanley World and almost all other major indexes. The heavyweight Nortel Networks was responsible for almost half of this gain. However, many outstanding companies contributed to this performance led by JDS Uniphase, Research in Motion, QLT and Celestica. Thirty-five stocks in all doubled within the year, some from the more traditional, or Old Economy, industries.

Canada has always been an Old Economy leader and was able to once again benefit from the strength in the resource sector. We saw commodity prices rebound sharply, with the price of oil and nickel more than doubling from their cyclical lows. The broadly based global economic growth, and especially the miracle economy south of the border, drove Canadian exports to a record high and thus contributed significantly to strong GDP growth – after all, Canada is the most export dependent developed country.

Surprising contributions came from the New Economy, whose torrid pace of expansion spilled over into the stock market. This group of innovators gained recognition from investors both at home and abroad. As a result of a recent spate of mergers, acquisitions and alliances, 1999 was the year Canada finally caught up with the rest of the world in creating global leaders in their field such as Nortel and JDS. Many more are needed (and no doubt will emerge) to sustain the interest of global investors and thus the health of the capital markets so crucial to their formation. Of far more importance is the fact that Canada needs these global caliber companies to complete its transition from the Old to the New Economy in order to ensure prosperity for the next generation.

As a result of strong performance, technology stock weightings in the Index grew substantially by the end of the year. The TSE 300 Index became much more balanced, thereby reducing its future cyclicity. The Old and New Economy stocks now have similar weightings in the Index, which we believe will contribute to a much stronger relative performance in years to come.

We are very pleased that we were able to correctly respond to the investment climate and thus reward our valued unitholders. The Hirsch Canadian Growth Fund, with a 1-year return of 41.4% to December 31st, 1999, handily outperformed the TSE 300, despite the Index's remarkable 31.7% return over the same period. We are especially proud of our Hirsch Balanced Fund, which ranked 1st among its peers in the tactical asset allocation category with a 36.7% rise for the year ended December 31st, 1999, as a result of our asset allocation favouring growth stocks.

If the first 4 months of the new millenium are any indication, the Canadian stock market has turned the corner from its chronic underperformance. Despite the tremendous turmoil in stock markets around the world, Canada is the 2nd best performing major market so far this year. Strength in the Canadian currency relative to Europe is only a small part of the reason. As markets churn trying to assess the future direction of growth, inflation and thus interest rates, the TSE 300 keeps performing because it has become almost indifferent to which market leadership will prevail – the Old or the New. It is telling us that with its newly achieved balance, it can outperform under either scenario.

We are hopeful that what will emerge will be a balanced approach to investing. Going forward, we see the market broadening to reward successful growth companies whether they operate in the Old or the New Economy, as opposed to being fixated on the technology sector. This should lead to a healthier market that can once again sustain a rise – albeit slower this time, and with less volatility. We are prepared for the investment challenges that lie ahead and we are looking forward to the opportunity to continue to maximize returns for our clients.

Best Wishes,

Veronika Hirsch
President

Auditor's Report

To the Unitholders of
Hirsch Canadian Growth Fund
Hirsch Natural Resource Fund
Hirsch Balanced Fund
Hirsch Fixed Income Fund
(collectively as the Funds)

We have audited the statements of net assets and investments and other net assets of the Funds as at December 31, 1999 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of each of the Funds as at December 31, 1999 and each of their results of operations and changes in their net assets for the year then ended in accordance with generally accepted accounting principles.

The financial statements of the Hirsch Canadian Growth Fund as at December 31, 1998 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those financial statements in their report dated March 15, 1999.

The financial statements of the Hirsch Natural Resource Fund, Hirsch Balanced Fund and Hirsch Fixed Income Fund as at December 31, 1998 and the periods then ended were audited by other auditors who expressed an opinion without reservation on those financial statements in their report dated March 5, 1999.

Toronto, Ontario
February 4, 2000

“ Grant Thornton LLP ”

Chartered Accountants

HIRSCH CANADIAN GROWTH FUND

Statement of Investments and Other Net Assets

December 31, 1999

| | Number of shares | Average cost | Market value | % of total market value |
|--|---------------------|-----------------|-----------------|-------------------------------|
| Canadian Equities | | | | |
| Metals & Minerals | | | | |
| Alcan Aluminum Limited | 2,600 | \$ 137,495 | \$ 154,440 | |
| Falconbridge Limited | 6,500 | 117,321 | 167,700 | |
| Inco Limited | 5,000 | 94,851 | 168,750 | |
| | | 349,667 | 490,890 | 5.4 |
| Gold & Precious Minerals | | | | |
| Dia Met Minerals Ltd., Class "A" | 2,200 | 48,794 | 43,450 | |
| Franco-Nevada Mining Corporation Ltd. | 3,218 | 89,149 | 71,279 | |
| Franco-Nevada Mining Corporation Ltd., Warrants 12/11/2003 | 225 | 6,570 | 4,500 | |
| Pangea Goldfields Inc. | 12,900 | 30,717 | 49,020 | |
| Placer Dome Inc. | 2,000 | 41,175 | 30,800 | |
| Winspear Resources Ltd. | 15,000 | 38,250 | 36,750 | |
| | | 254,655 | 235,799 | 2.6 |
| Oil & Gas | | | | |
| Alberta Energy Company Ltd. | 1,000 | 27,685 | 45,000 | |
| Berkley Petroleum Corporation | 7,800 | 118,571 | 98,670 | |
| Canadian Hunter Exploration Ltd. | 5,000 | 60,402 | 118,750 | |
| Ensign Resource Services Group Inc. | 1,800 | 65,775 | 60,300 | |
| Ivanhoe Energy Inc. | 16,000 | 59,455 | 43,200 | |
| Paramount Resources Ltd. | 6,300 | 125,125 | 107,100 | |
| Penn West Petroleum Ltd. | 4,400 | 138,520 | 124,300 | |
| Precision Drilling Corporation | 3,600 | 89,922 | 133,200 | |
| Request Seismic Surveys Ltd. | 15,000 | 61,313 | 62,250 | |
| Suncor Energy Inc. | 1,000 | 60,490 | 60,400 | |
| Velvet Exploration Ltd. | 5,000 | 18,059 | 25,000 | |
| | | 825,317 | 878,170 | 9.7 |
| Paper & Forest Products | | | | |
| Canfor Corporation | 4,500 | 50,218 | 76,050 | |
| Domtar Inc. | 4,000 | 47,189 | 68,400 | |
| | | 97,407 | 144,450 | 1.6 |
| Consumer Products | | | | |
| Biovail Corporation International | 800 | 73,240 | 108,000 | |
| Cinram International Inc. | 2,600 | 31,798 | 30,550 | |
| Hemosol Inc. | 5,000 | 28,850 | 36,750 | |
| Noble China Inc. | 19,000 | 79,306 | 45,030 | |
| QLT PhotoTherapeutics Inc. | 800 | 51,152 | 68,000 | |
| | | 264,346 | 288,330 | 3.2 |

HIRSCH CANADIAN GROWTH FUND

Statement of Investments and Other Net Assets

December 31, 1999

| | Number of shares | Average cost | Market value | % of total market value |
|--|---------------------|-----------------|-----------------|-------------------------------|
| Canadian Equities (cont'd) | | | | |
| Industrial Products | | | | |
| ATI Technologies Inc. | 2,000 | \$ 34,980 | \$ 38,200 | |
| BCE Emergis Inc. | 1,600 | 69,932 | 124,000 | |
| Brocker Technology Group Ltd. | 6,000 | 32,900 | 72,600 | |
| Celestica Inc. | 2,000 | 74,450 | 161,600 | |
| CGI Group Inc. | 1,500 | 46,890 | 92,625 | |
| C-Mac Industries Inc. | 1,800 | 94,353 | 148,500 | |
| CYBERplex Inc. | 4,500 | 61,335 | 82,125 | |
| DataMirror Corporation | 2,000 | 29,060 | 25,500 | |
| Descartes Systems Group Inc. | 3,800 | 62,890 | 120,650 | |
| Devtek Corporation, Class "A" SV | 6,000 | 15,180 | 15,480 | |
| Dofasco Inc. | 1,000 | 27,867 | 28,500 | |
| eDispatch.com Wireless Data Inc. | 9,500 | 57,328 | 68,875 | |
| GSI Lumonics Inc. | 1,000 | 9,500 | 12,800 | |
| JDS Uniphase Canada Ltd. | 1,232 | 51,611 | 288,288 | |
| MGI Software Corp. | 2,100 | 26,817 | 56,595 | |
| Microforum Inc. | 5,000 | 36,825 | 41,750 | |
| Milltronics Ltd. | 2,500 | 25,100 | 30,000 | |
| Mitel Corporation | 2,200 | 29,788 | 44,000 | |
| Mosaid Technologies Inc. | 3,600 | 58,104 | 61,200 | |
| Multiactive Software Inc. | 6,500 | 29,107 | 24,050 | |
| Newbridge Networks Corporation | 1,500 | 42,327 | 48,824 | |
| Nortel Networks Corporation | 7,200 | 552,290 | 1,050,121 | |
| NOVA Chemicals Corporation | 2,800 | 83,888 | 79,100 | |
| Research in Motion Limited | 1,400 | 62,681 | 93,380 | |
| SMED International Inc. | 4,000 | 76,200 | 82,000 | |
| stox.com Inc. | 5,300 | 25,419 | 34,715 | |
| Unique Broadband Systems Inc. | 5,000 | 20,000 | 18,900 | |
| VisuaLABS Inc. | 3,100 | 33,821 | 35,030 | |
| | | 1,770,643 | 2,979,408 | 32.7 |
| Transportation & Environmental Services | | | | |
| Air Canada | 1,397 | 13,316 | 15,227 | 0.2 |
| Utilities | | | | |
| BCE Inc. | 8,000 | 630,814 | 1,049,200 | |
| Bell Canada International Inc. | 1,800 | 51,210 | 59,220 | |
| Clearnet Communications Inc., Class "A" NV | 3,500 | 128,346 | 173,775 | |
| Microcell Telecommunications Inc., Class "B" | 1,100 | 22,308 | 52,250 | |
| Teleglobe Inc. | 800 | 27,720 | 26,320 | |
| Telesystem International Wireless Inc., SV | 1,300 | 44,174 | 69,030 | |
| | | 904,572 | 1,429,795 | 15.7 |

HIRSCH CANADIAN GROWTH FUND

Statement of Investments and Other Net Assets

December 31, 1999

| | Number of shares | Average cost | Market value | % of total market value |
|--|---------------------|-----------------|-----------------|-------------------------------|
| Canadian Equities (cont'd) | | | | |
| Communications & Media | | | | |
| Cable Satisfaction International Inc., Class "A" | 10,000 | \$ 37,300 | \$ 58,500 | |
| Mosaic Group Inc. | 3,000 | 31,417 | 33,600 | |
| | | 68,717 | 92,100 | 1.0 |
| Merchandising | | | | |
| Chapters Online Inc. | 3,800 | 51,300 | 76,190 | |
| Sears Canada Inc. | 1,800 | 63,090 | 72,000 | |
| travelbyus.com Ltd. | 6,000 | 24,030 | 25,140 | |
| | | 138,420 | 173,330 | 1.9 |
| Financial Services | | | | |
| Canadian Imperial Bank of Commerce | 1,400 | 43,960 | 48,300 | |
| Manulife Financial Corporation | 4,500 | 88,200 | 83,025 | |
| The Toronto-Dominion Bank | 2,400 | 76,315 | 93,000 | |
| | | 208,475 | 224,325 | 2.5 |
| Conglomerates | | | | |
| Onex Corporation, SV | 1,400 | 64,400 | 73,150 | 0.8 |
| Total Canadian Equities | | 4,959,935 | 7,024,974 | 77.3 |
| U.S. Equities | | | | |
| Basic Materials | | | | |
| Homestake Mining Company | 1,400 | 19,298 | 15,873 | |
| Stillwater Mining Company | 2,000 | 63,120 | 92,521 | |
| | | 82,418 | 108,394 | 1.2 |
| Capital Goods | | | | |
| Corning Inc. | 375 | 63,886 | 70,173 | 0.8 |
| Consumer Cyclicals | | | | |
| Tiffany & Co. | 400 | 37,192 | 51,812 | 0.6 |
| Health Care | | | | |
| BioCyrst Pharmaceuticals Inc. | 1,500 | 55,298 | 64,221 | |
| DUSA Pharmaceuticals Inc. | 1,400 | 32,675 | 57,907 | |
| | | 87,973 | 122,128 | 1.3 |

HIRSCH CANADIAN GROWTH FUND

Statement of Investments and Other Net Assets

December 31, 1999

| | Number of shares | Average cost | Market value | % of total market value |
|--------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| U.S. Equities (cont'd) | | | | |
| Technology | | | | |
| E-Tek Dynamics Inc. | 1,000 | \$ 91,218 | \$ 195,383 | |
| Gene Logic Inc. | 2,000 | 60,708 | 76,920 | |
| JAWS Technologies Inc. | 6,500 | 51,508 | 71,337 | |
| Sawtek Inc. | 600 | 44,778 | 57,961 | |
| SDL Inc. | 650 | 68,568 | 205,651 | |
| | | 316,780 | 607,252 | 6.7 |
| Index Equivalents | | | | |
| Nasdaq-100 Trust Series I | 1,650 | 411,895 | 437,626 | 4.8 |
| Total U.S. Equities | | 1,000,144 | 1,397,385 | 15.4 |
| Global Equities | | | | |
| Japan | | | | |
| Japan OTC Equity Fund | 8,066 | 107,863 | 139,012 | 1.6 |
| South Africa | | | | |
| DeBeers Consolidated Mines Inc., ADR | 300 | 11,432 | 12,599 | 0.1 |
| Total Global Equities | | 119,295 | 151,611 | 1.7 |
| TOTAL INVESTMENT PORTFOLIO | | 6,079,374 | 8,573,970 | 94.4 |
| Short-Term Debt Instruments | | 398,244 | 398,244 | 4.4 |
| Other Assets Net of Liabilities | | 114,703 | 114,512 | 1.2 |
| TOTAL NET ASSETS | | \$ 6,592,321 | \$ 9,086,726 | 100.0 |

The accompanying notes are an integral part of these financial statements

HIRSCH NATURAL RESOURCE FUND

Statement of Investments and Other Net Assets

December 31, 1999

| | Number of shares | Average cost | Quoted market value | % of total market value |
|---------------------------------------|---------------------|-----------------|---------------------------|-------------------------------|
| Canadian Equities | | | | |
| Metals & Minerals | | | | |
| Alcan Aluminum Limited | 2,800 | \$ 143,417 | \$ 166,320 | |
| Aur Resources Inc. | 5,000 | 14,576 | 14,000 | |
| Breakwater Resources Ltd. | 25,000 | 67,693 | 99,750 | |
| Falconbridge Limited | 6,400 | 114,534 | 165,120 | |
| Inco Limited | 5,000 | 102,485 | 168,750 | |
| LionOre Mining International Ltd. | 25,000 | 35,750 | 41,250 | |
| Manhattan Minerals Corporation | 10,600 | 65,594 | 55,650 | |
| Southern Cross Resources Inc. | 73,800 | 36,531 | 66,420 | |
| | | 580,580 | 777,260 | 19.9 |
| Gold & Precious Minerals | | | | |
| Cambiex Exploration Inc. | 13,500 | 5,522 | 4,320 | |
| Dia Met Minerals Ltd., Class "A" | 3,800 | 84,908 | 75,050 | |
| Diamond Fields International Ltd. | 28,000 | 36,024 | 47,600 | |
| Franco-Nevada Mining Corporation Ltd. | 4,234 | 112,694 | 93,783 | |
| Kinross Gold Corporation | 12,500 | 45,742 | 33,500 | |
| Pangea Goldfields Inc. | 25,000 | 72,607 | 95,000 | |
| Placer Dome Inc. | 4,000 | 101,044 | 61,600 | |
| Teck Corporation Ltd., Class "B" SV | 2,000 | 30,580 | 27,200 | |
| Vengold Inc. | 10,000 | 3,929 | 3,500 | |
| Winspear Resources Ltd. | 25,000 | 63,750 | 61,250 | |
| | | 556,800 | 502,803 | 12.8 |
| Oil & Gas | | | | |
| Alberta Energy Company Ltd. | 1,360 | 36,551 | 61,200 | |
| Anderson Exploration Ltd. | 3,000 | 62,850 | 51,750 | |
| Ascot Energy Resources Ltd. | 40,000 | 13,800 | 16,000 | |
| Berkley Petroleum Corporation | 10,000 | 154,612 | 126,500 | |
| Blackrock Ventures Inc. | 25,000 | 27,750 | 25,000 | |
| Canadian Hunter Exploration Ltd. | 4,000 | 56,898 | 95,000 | |
| Canadian Natural Resources Limited | 2,000 | 68,100 | 70,500 | |
| Crestar Energy Inc. | 2,000 | 47,190 | 39,700 | |
| Ensign Resource Services Group Inc. | 1,000 | 24,097 | 33,500 | |
| Ivanhoe Energy Inc. | 22,000 | 75,037 | 59,400 | |
| Paramount Resources Ltd. | 6,000 | 117,426 | 102,000 | |
| Penn West Petroleum Ltd. | 3,200 | 75,588 | 90,400 | |
| Place Resources Corporation | 6,200 | 20,336 | 19,840 | |
| Precision Drilling Corporation | 2,500 | 60,845 | 92,500 | |
| Pursuit Resources Corp. | 10,000 | 23,750 | 23,750 | |
| Request Seismic Surveys Ltd. | 20,000 | 76,378 | 83,000 | |
| Rio Alto Exploration Ltd. | 2,000 | 47,080 | 40,800 | |
| Search Energy Corp. | 5,000 | 5,800 | 8,500 | |
| Suncor Energy Inc. | 1,500 | 90,735 | 90,600 | |
| Velvet Exploration Ltd. | 15,000 | 54,021 | 75,000 | |
| | | 1,138,844 | 1,204,940 | 30.8 |

HIRSCH NATURAL RESOURCE FUND

Statement of Investments and Other Net Assets

December 31, 1999

| | Number of shares | Average cost | Quoted market value | % of total market value |
|--|---------------------|---------------------|---------------------------|-------------------------------|
| Canadian Equities (cont'd) | | | | |
| Paper & Forest Products | | | | |
| Abitibi-Consolidated Inc. | 2,200 | \$ 40,128 | \$ 37,180 | |
| Canfor Corporation | 6,000 | 55,195 | 101,400 | |
| Doman Industries Limited, Class "B" NV | 20,100 | 52,572 | 36,180 | |
| Domtar Inc. | 6,500 | 89,960 | 111,150 | |
| Fletcher Challenge Canada Limited, Class "A" | 4,000 | 67,680 | 67,000 | |
| Slocan Forest Products Ltd. | 5,000 | 42,200 | 62,500 | |
| St. Laurent Paperboard Inc. | 5,000 | 81,400 | 96,250 | |
| Tembec Inc., Class "A" | 3,800 | 48,007 | 61,180 | |
| | | 477,142 | 572,840 | 14.6 |
| Industrial Products | | | | |
| Dofasco Inc. | 1,000 | 27,665 | 28,500 | |
| IPSCO Inc. | 2,000 | 61,900 | 57,000 | |
| | | 89,565 | 85,500 | 2.2 |
| Transportation & Environmental Services | | | | |
| Canadian National Railway Company | 1,200 | 55,980 | 45,840 | 1.2 |
| Utilities | | | | |
| Direct Energy Trust Units | 5,400 | 118,470 | 122,850 | 3.1 |
| Total Canadian Equities | | 3,017,381 | 3,312,033 | 84.6 |
| U.S. Equities | | | | |
| Basic Materials | | | | |
| Homestake Mining Company | 4,800 | 66,164 | 54,421 | |
| Newmont Mining Corporation | 1,800 | 71,332 | 64,003 | |
| Stillwater Mining Company | 2,300 | 80,552 | 106,400 | |
| Total U.S. Equities | | 218,048 | 224,824 | 5.7 |
| Global Equities | | | | |
| South Africa | | | | |
| DeBeers Consolidated Mines Inc., ADR | 1,500 | 57,158 | 62,995 | 1.6 |
| TOTAL INVESTMENT PORTFOLIO | | 3,292,587 | 3,599,852 | 91.9 |
| Short-Term Debt Instruments | | 248,903 | 248,903 | 6.4 |
| Other Assets Net of Liabilities | | 65,497 | 65,392 | 1.7 |
| TOTAL NET ASSETS | | \$ 3,606,987 | \$ 3,914,147 | 100.0 |

The accompanying notes are an integral part of these financial statements

HIRSCH BALANCED FUND

Statement of Investments and Other Net Assets

December 31, 1999

| | Number of shares | Average cost | Market value | % of total market value |
|---------------------------------------|---------------------|-----------------|-----------------|-------------------------------|
| Canadian Equities | | | | |
| Metals & Minerals | | | | |
| Alcan Aluminum Limited | 800 | \$ 42,372 | \$ 47,520 | |
| Cominco Ltd. | 500 | 13,000 | 15,175 | |
| Falconbridge Limited | 1,000 | 19,113 | 25,800 | |
| Inco Limited | 800 | 18,176 | 27,000 | |
| | | 92,661 | 115,495 | 4.8 |
| Gold & Precious Minerals | | | | |
| Dia Met Minerals Ltd., Class "A" | 500 | 11,275 | 9,875 | |
| Franco-Nevada Mining Corporation Ltd. | 554 | 17,018 | 12,271 | |
| Pangea Goldfields Inc. | 3,600 | 10,440 | 13,680 | |
| Placer Dome Inc. | 1,000 | 20,328 | 15,400 | |
| | | 59,061 | 51,226 | 2.2 |
| Oil & Gas | | | | |
| Alberta Energy Company Ltd. | 394 | 12,056 | 17,730 | |
| Berkley Petroleum Corporation | 1,600 | 23,557 | 20,240 | |
| Canadian Hunter Exploration Ltd. | 800 | 10,886 | 19,000 | |
| Ensign Resource Services Group Inc. | 400 | 14,617 | 13,400 | |
| Ivanhoe Energy Inc. | 2,000 | 6,862 | 5,400 | |
| Paramount Resources Ltd. | 1,000 | 19,542 | 17,000 | |
| Penn West Petroleum Ltd. | 1,100 | 35,059 | 31,075 | |
| Precision Drilling Corporation | 600 | 14,734 | 22,200 | |
| Request Seismic Surveys Ltd. | 2,800 | 11,197 | 11,620 | |
| | | 148,510 | 157,665 | 6.6 |
| Paper & Forest Products | | | | |
| Abitibi-Consolidated Inc. | 300 | 5,472 | 5,070 | |
| Canfor Corporation | 1,000 | 17,190 | 16,900 | |
| Domtar Inc. | 1,000 | 12,655 | 17,100 | |
| Tembec Inc., Class "A" | 500 | 7,518 | 8,050 | |
| | | 42,835 | 47,120 | 2.0 |
| Consumer Products | | | | |
| Biovail Corporation International | 100 | 9,155 | 13,500 | |
| Cinram International Inc. | 400 | 4,892 | 4,700 | |
| Hemosol Inc. | 1,500 | 8,655 | 11,025 | |
| QLT PhotoTherapeutics Inc. | 200 | 12,788 | 17,000 | |
| | | 35,490 | 46,225 | 1.9 |
| Industrial Products | | | | |
| ATI Technologies Inc. | 500 | 8,745 | 9,550 | |
| BCE Emergis Inc. | 400 | 30,620 | 31,000 | |
| Brocker Technology Group Ltd. | 1,600 | 9,004 | 19,360 | |
| C-Mac Industries Inc. | 400 | 16,676 | 33,000 | |
| Celestica Inc. | 400 | 13,570 | 32,320 | |
| CGI Group Inc. | 200 | 6,252 | 12,350 | |
| CYBERplex Inc. | 500 | 6,815 | 9,125 | |
| DataMirror Corporation | 500 | 7,265 | 6,375 | |

HIRSCH BALANCED FUND

Statement of Investments and Other Net Assets

December 31, 1999

| | Number of shares | Average cost | Market value | % of total market value |
|--|---------------------|-----------------|-----------------|-------------------------------|
| Canadian Equities (cont'd) | | | | |
| Industrial Products (cont'd) | | | | |
| Descartes Systems Group Inc. | 1,100 | \$ 18,205 | \$ 34,925 | |
| Devtek Corporation, Class "A" SV | 4,000 | 10,120 | 10,320 | |
| GSI Lumonics Inc. | 1,000 | 9,500 | 12,800 | |
| JDS Uniphase Canada Ltd. | 200 | 5,805 | 46,800 | |
| Milltronics Ltd. | 2,500 | 25,100 | 30,000 | |
| Mosaid Technologies Inc. | 1,200 | 19,368 | 20,400 | |
| Multiactive Software Inc. | 3,500 | 15,673 | 12,950 | |
| Nortel Networks Corporation | 1,600 | 141,386 | 233,360 | |
| Research in Motion Limited | 300 | 14,024 | 20,010 | |
| SMED International Inc. | 1,000 | 19,050 | 20,500 | |
| VisuaLABS Inc. | 1,000 | 10,910 | 11,300 | |
| | | 388,088 | 606,445 | 25.4 |
| Transportation & Environmental Services | | | | |
| Canadian National Railway Company | 400 | 18,660 | 15,280 | 0.6 |
| Utilities | | | | |
| BCE Inc. | 2,000 | 183,002 | 262,300 | |
| Bell Canada International Inc. | 100 | 2,845 | 3,290 | |
| Clearnet Communications Inc., Class "A" NV | 400 | 13,779 | 19,860 | |
| Microcell Telecommunications Inc., Class "B" | 400 | 8,112 | 19,000 | |
| Teleglobe Inc. | 300 | 10,395 | 9,870 | |
| Telesystem International Wireless Inc., SV | 300 | 10,194 | 15,930 | |
| | | 228,327 | 330,250 | 13.8 |
| Communications & Media | | | | |
| Mosaic Group Inc. | 400 | 4,189 | 4,480 | 0.2 |
| Merchandising | | | | |
| Chapters Online Inc. | 800 | 10,800 | 16,040 | |
| Sears Canada Inc. | 300 | 10,515 | 12,000 | |
| travelbyus.com Ltd. | 3,000 | 12,015 | 12,570 | |
| | | 33,330 | 40,610 | 1.7 |
| Financial Services | | | | |
| Canadian Imperial Bank of Commerce | 400 | 12,560 | 13,800 | |
| The Toronto-Dominion Bank | 1,000 | 35,195 | 38,750 | |
| | | 47,755 | 52,550 | 2.2 |
| Conglomerates | | | | |
| Onex Corporation, SV | 400 | 9,916 | 20,900 | 0.9 |
| Total Canadian Equities | | 1,108,822 | 1,488,246 | 62.3 |
| U.S. Equities | | | | |
| Basic Materials | | | | |
| Homestake Mining Company | 600 | 8,270 | 6,803 | 0.3 |
| Capital Goods | | | | |
| Corning Inc. | 100 | 17,036 | 18,713 | 0.8 |

HIRSCH BALANCED FUND

Statement of Investments and Other Net Assets

December 31, 1999

| | Number of shares/ Par value | Average cost | Market value | % of total market value |
|---|-----------------------------------|---------------------|---------------------|-------------------------------|
| U.S. Equities (cont'd) | | | | |
| Consumer Cyclical | | | | |
| Tiffany & Co. | 200 | \$ 18,493 | \$ 25,906 | 1.1 |
| Health Care | | | | |
| BioCyrst Pharmaceuticals Inc. | 300 | 11,060 | 12,844 | |
| DUSA Pharmaceuticals Inc. | 400 | 9,336 | 16,545 | |
| | | 20,396 | 29,389 | 1.2 |
| Technology | | | | |
| Gene Logic Inc. | 800 | 24,276 | 30,768 | |
| JAWS Technologies Inc. | 2,000 | 11,595 | 21,950 | |
| Sawtek Inc. | 200 | 14,926 | 19,320 | |
| SDL Inc. | 100 | 10,549 | 31,638 | |
| | | 61,346 | 103,676 | 4.4 |
| Index Equivalents | | | | |
| Nasdaq-100 Trust Series I | 200 | 42,230 | 53,046 | 2.2 |
| Total U.S. Equities | | 167,771 | 237,533 | 10.0 |
| Global Equities | | | | |
| Japan | | | | |
| Japan OTC Equity Fund | 2,533 | 27,079 | 43,655 | 1.8 |
| South Africa | | | | |
| DeBeers Consolidated Mines Inc., ADR | 200 | 7,621 | 8,399 | 0.4 |
| Total Global Equities | | 34,700 | 52,054 | 2.2 |
| Bonds | | | | |
| Federal Bonds | | | | |
| Government of Canada, 7.00%, September 1, 2001 | \$ 50,000 | 50,865 | 50,830 | |
| Government of Canada, 6.50%, June 1, 2004 | 50,000 | 50,525 | 50,475 | |
| Government of Canada, 9.00%, December 1, 2004 | 20,000 | 23,693 | 22,282 | |
| Government of Canada, 7.00%, December 1, 2006 | 125,000 | 138,469 | 130,074 | |
| Government of Canada, 5.50%, June 1, 2009 | 25,000 | 23,773 | 23,673 | |
| | | 287,325 | 277,334 | 11.6 |
| Provincial Bonds | | | | |
| Province of British Columbia, 6.00%, June 9, 2008 | 50,000 | 51,687 | 47,974 | |
| Province of Ontario, 6.50%, March 8, 2029 | 25,000 | 27,880 | 24,246 | |
| | | 79,567 | 72,220 | 3.0 |
| Total Bonds | | 366,892 | 349,554 | 14.6 |
| TOTAL INVESTMENT PORTFOLIO | | 1,678,185 | 2,127,387 | 89.1 |
| Short-Term Instruments | | 133,977 | 133,977 | 5.6 |
| Other Assets Net of Liabilities | | 127,998 | 126,706 | 5.3 |
| TOTAL NET ASSETS | | \$ 1,940,160 | \$ 2,388,070 | 100.0 |

The accompanying notes are an integral part of these financial statements

HIRSCH FIXED INCOME FUND

Statement of Investments and Other Net Assets

December 31, 1999

| | Par Value | Average cost | Market value | % of total market value |
|--|------------|-------------------|-------------------|-------------------------|
| Canadian Bonds | | | | |
| Federal Bonds & Guarantees | | | | |
| Government of Canada 7.00 %, September 01, 2001 | \$ 100,000 | \$ 104,053 | \$ 101,660 | |
| Canada Mortgage & Housing Corporation 5.00, due December 01, 2003 | 150,000 | 149,563 | 142,967 | |
| Government of Canada 9.00 %, December 01, 2004 | 60,000 | 71,079 | 66,846 | |
| Government of Canada 8.75 %, December 01, 2005 | 25,000 | 30,376 | 28,033 | |
| Government of Canada 5.50 %, June 01, 2009 | 25,000 | 25,545 | 23,673 | |
| Government of Canada 9.50 %, June 01, 2010 | 75,000 | 103,500 | 93,105 | |
| | | 484,116 | 456,284 | 67.1 |
| Provincial Bonds & Guarantees | | | | |
| Province of British Columbia 6.00 %, June 09, 2008 | 100,000 | 103,672 | 95,947 | |
| Province of Ontario 6.50 %, March 08, 2029 | 90,000 | 97,154 | 87,284 | |
| | | 200,826 | 183,231 | 27.0 |
| TOTAL INVESTMENT PORTFOLIO | | 684,942 | 639,515 | 94.1 |
| Short-Term Instruments | | 34,541 | 34,541 | 5.1 |
| Other Assets Net of Liabilities | | 5,654 | 5,654 | 0.8 |
| TOTAL NET ASSETS | | \$ 725,137 | \$ 679,710 | 100.0 |

The accompanying notes are an integral part of these financial statements

HIRSCH GROUP OF FUNDS

| Statements of Net Assets as at December 31, 1999 and 1998 | CANADIAN GROWTH | | NATURAL RESOURCE | | BALANCED | | FIXED INCOME | |
|---|------------------------|---------------------|-------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| | ASSETS | | | | | | | |
| Investments, at market value | | | | | | | | |
| Canadian equities | \$ 7,024,974 | \$ 6,206,267 | \$ 3,312,033 | \$ 762,808 | \$ 1,488,246 | \$ 440,980 | \$ — | \$ — |
| U.S. equities | 1,397,385 | 563,660 | 224,824 | 168,866 | 237,533 | 56,161 | — | — |
| Global equities | 151,611 | 125,952 | 62,995 | — | 52,054 | 30,281 | — | — |
| Canadian bonds | — | — | — | — | 349,554 | 320,200 | 639,515 | 1,101,195 |
| Options contracts | — | 35,328 | — | — | — | — | — | — |
| | <u>8,573,970</u> | <u>6,931,207</u> | <u>3,599,852</u> | <u>931,674</u> | <u>2,127,387</u> | <u>847,622</u> | <u>639,515</u> | <u>1,101,195</u> |
| Cash and short-term investments | 578,800 | 895,135 | 325,475 | 873,059 | 228,344 | 119,160 | 35,049 | 168,327 |
| Accrued investment income | 3,947 | 8,526 | 885 | 2,208 | 4,122 | 1,885 | 6,495 | 7,358 |
| Accounts Receivable: | | | | | | | | |
| Units issued | 18,992 | 980 | 10,468 | 980 | 48,135 | — | — | — |
| Receivable for investment sales | — | 75,312 | — | — | 26,390 | — | — | — |
| | <u>9,175,709</u> | <u>7,911,160</u> | <u>3,936,680</u> | <u>1,807,921</u> | <u>2,434,378</u> | <u>968,667</u> | <u>681,059</u> | <u>1,276,880</u> |
| LIABILITIES | | | | | | | | |
| Accounts Payable: | | | | | | | | |
| Management fees and other | 19,479 | 19,937 | 10,135 | 4,752 | 4,778 | 2,103 | 1,106 | 1,977 |
| Units redeemed | 5,063 | — | 12,398 | — | — | — | 243 | — |
| Payable for investment purchases | 64,441 | 71,231 | — | — | 41,530 | 9,098 | — | — |
| | <u>88,983</u> | <u>91,168</u> | <u>22,533</u> | <u>4,752</u> | <u>46,308</u> | <u>11,201</u> | <u>1,349</u> | <u>1,977</u> |
| NET ASSETS REPRESENTING UNITHOLDERS' EQUITY | <u>\$ 9,086,726</u> | <u>\$ 7,819,992</u> | <u>\$ 3,914,147</u> | <u>\$ 1,803,169</u> | <u>\$ 2,388,070</u> | <u>\$ 957,466</u> | <u>\$ 679,710</u> | <u>\$ 1,274,903</u> |
| NUMBER OF UNITS OUTSTANDING (note 3) | <u>695,953</u> | <u>846,837</u> | <u>331,973</u> | <u>177,024</u> | <u>174,465</u> | <u>95,599</u> | <u>70,994</u> | <u>121,731</u> |
| NET ASSET VALUE PER UNIT | \$ 13.06 | \$ 9.23 | \$ 11.79 | \$ 10.19 | \$ 13.69 | \$ 10.02 | \$ 9.57 | \$ 10.47 |

The accompanying notes are an integral part of these financial statements

Approved by the Board of Directors of Hirsch Asset Management Corp.

"Veronika Hirsch"

Veronika Hirsch
Director

"Stephen Johnson"

Stephen Johnson
Director

HIRSCH GROUP OF FUNDS

| Statements of Operations for the periods ended December 31, 1999 and 1998 (note 1) | CANADIAN GROWTH | | NATURAL RESOURCE | | BALANCED | | FIXED INCOME | |
|--|--------------------------|--------------------|-------------------------|------------------|------------------|------------------|---------------------|------------------|
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| | INVESTMENT INCOME | | | | | | | |
| Dividends | \$ 56,842 | \$ 89,223 | \$ 26,190 | \$ 4,329 | \$ 7,035 | \$ 1,712 | \$ — | \$ — |
| Interest | 18,437 | 124,344 | 18,241 | 32,393 | 21,309 | 7,901 | 61,773 | 20,347 |
| | <u>75,279</u> | <u>213,567</u> | <u>44,431</u> | <u>36,722</u> | <u>28,344</u> | <u>9,613</u> | <u>61,773</u> | <u>20,347</u> |
| EXPENSES | | | | | | | | |
| Management fee (note 5) | 157,939 | 193,567 | 82,472 | 15,386 | 25,691 | 5,980 | 14,705 | 4,493 |
| Operating expenses | 38,607 | 47,316 | 16,333 | 2,769 | 6,423 | 1,495 | 2,451 | 749 |
| GST | 13,759 | 16,862 | 6,812 | 1,271 | 2,249 | 524 | 1,201 | 367 |
| | <u>210,305</u> | <u>257,745</u> | <u>105,617</u> | <u>19,426</u> | <u>34,363</u> | <u>7,999</u> | <u>18,357</u> | <u>5,609</u> |
| Earnings (Loss) before foreign withholding taxes | (135,026) | (44,178) | (61,186) | 17,296 | (6,019) | 1,614 | 43,416 | 14,738 |
| Foreign withholding taxes | 918 | 1,197 | 372 | 194 | 55 | 36 | — | — |
| NET INVESTMENT INCOME (LOSS) | <u>(135,944)</u> | <u>(45,375)</u> | <u>(61,558)</u> | <u>17,102</u> | <u>(6,074)</u> | <u>1,578</u> | <u>43,416</u> | <u>14,738</u> |
| NET REALIZED GAIN (LOSS) ON SALES OF SECURITIES | | | | | | | | |
| Proceeds from sales of securities | 22,726,103 | 23,848,910 | 6,783,716 | 1,267,384 | 3,083,710 | 713,168 | 1,173,353 | 371,216 |
| Cost of securities sold — | | | | | | | | |
| Securities at cost, beginning of period | 6,698,713 | 2,066,023 | 943,320 | — | 836,485 | — | 1,090,293 | — |
| Purchases | 21,718,449 | 29,892,888 | 8,953,730 | 2,207,062 | 3,854,001 | 1,549,468 | 786,712 | 1,458,776 |
| | <u>28,417,162</u> | <u>31,958,911</u> | <u>9,897,050</u> | <u>2,207,062</u> | <u>4,690,486</u> | <u>1,549,468</u> | <u>1,877,005</u> | <u>1,458,776</u> |
| Securities at cost, end of period | 6,079,374 | 6,698,713 | 3,292,587 | 943,320 | 1,678,185 | 836,485 | 684,942 | 1,090,293 |
| Cost of securities sold | <u>22,337,788</u> | <u>25,260,198</u> | <u>6,604,463</u> | <u>1,263,742</u> | <u>3,012,301</u> | <u>712,983</u> | <u>1,192,063</u> | <u>368,483</u> |
| NET REALIZED GAIN (LOSS) ON SALES OF SECURITIES | 388,315 | (1,411,288) | 179,253 | 3,642 | 71,409 | 185 | (18,710) | 2,733 |
| NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS | <u>2,263,359</u> | <u>260,823</u> | <u>319,041</u> | <u>(11,881)</u> | <u>436,905</u> | <u>11,005</u> | <u>(56,329)</u> | <u>10,902</u> |
| NET GAIN (LOSS) ON INVESTMENTS | <u>2,651,674</u> | <u>(1,150,465)</u> | <u>498,294</u> | <u>(8,239)</u> | <u>508,314</u> | <u>11,190</u> | <u>(75,039)</u> | <u>13,635</u> |
| NET RETURN (LOSS) FROM INVESTMENT OPERATIONS | \$ 2,515,730 | \$ (1,195,840) | \$ 436,736 | \$ 8,863 | \$ 502,240 | \$ 12,768 | \$ (31,623) | \$ 28,373 |

The accompanying notes are an integral part of these financial statements

HIRSCH GROUP OF FUNDS

| Statements of Changes in Net Assets for the periods ended December 31, 1999 and 1998 (note 1) | CANADIAN GROWTH | | NATURAL RESOURCE | | BALANCED | | FIXED INCOME | |
|---|--|--------------------|-------------------------|------------------|-----------------|----------------|---------------------|------------------|
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| | Net assets, beginning of period | \$ 7,819,992 | \$ 4,484,624 | \$ 1,803,169 | \$ — | \$ 957,466 | \$ — | \$ 1,274,903 |
| From operations: | | | | | | | | |
| Net investment income (loss) | (135,944) | (45,375) | (61,558) | 17,102 | (6,074) | 1,578 | 43,416 | 14,738 |
| Net realized gain (loss) on sale of investments | 388,315 | (1,411,288) | 179,253 | 3,642 | 71,409 | 185 | (18,710) | 2,733 |
| Increase (decrease) in net unrealized gain (loss) on investments | 2,263,359 | 260,823 | 319,041 | (11,881) | 436,905 | 11,005 | (56,329) | 10,902 |
| | <u>2,515,730</u> | <u>(1,195,840)</u> | <u>436,736</u> | <u>8,863</u> | <u>502,240</u> | <u>12,768</u> | <u>(31,623)</u> | <u>28,373</u> |
| From capital unit transactions: | | | | | | | | |
| Proceeds from issue of units | 2,169,448 | 7,982,577 | 2,972,441 | 2,118,099 | 1,377,126 | 1,060,419 | 918,411 | 1,341,791 |
| Distributions to unitholders | — | — | — | (20,623) | — | (1,193) | (43,416) | (16,800) |
| Consideration paid for redemptions of units | (3,418,444) | (3,451,369) | (1,298,199) | (303,170) | (448,762) | (114,528) | (1,438,565) | (78,461) |
| | <u>(1,248,996)</u> | <u>4,531,208</u> | <u>1,674,242</u> | <u>1,794,306</u> | <u>928,364</u> | <u>944,698</u> | <u>(563,570)</u> | <u>1,246,530</u> |
| Net assets, end of period | \$ 9,086,726 | \$ 7,819,992 | \$ 3,914,147 | \$ 1,803,169 | \$ 2,388,070 | \$ 957,466 | \$ 679,710 | \$ 1,274,903 |
| Net asset value per unit | | | | | | | | |
| Beginning of period | \$ 9.23 | \$ 10.12 | \$ 10.19 | \$ 10.00 | \$ 10.02 | \$ 10.00 | \$ 10.47 | \$ 10.00 |
| End of period | \$ 13.06 | \$ 9.23 | \$ 11.79 | \$ 10.19 | \$ 13.69 | \$ 10.02 | \$ 9.57 | \$ 10.47 |

The accompanying notes are an integral part of these financial statements

HIRSCH GROUP OF FUNDS

Notes to Financial Statements

December 31, 1999

1. THE FUNDS

The Funds are open-ended unit trusts formed under the laws of Ontario by their respective declarations of trust. The Hirsch Canadian Growth Fund was created on August 26, 1997. The Hirsch Natural Resource Fund, Hirsch Balanced Fund and Hirsch Fixed Income Fund were created on May 5, 1998.

Hirsch Asset Management Corp. (the "Manager") is the Manager and Trustee of the Funds. At inception, each fund issued units valued at \$150,000 as seed capital. As at December 31, 1999, a company in which two of the directors of the Manager are shareholders owned 15,000 units of the Hirsch Canadian Growth Fund. In addition, a company wholly-owned by a director of the Manager owned 15,019 and 16,097 units of the Hirsch Balanced Fund and Hirsch Fixed Income Fund, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared within the framework of the significant accounting policies summarized below:

(I) Valuation of Investments

Investments are recorded in the accounts at their market value, determined as follows:

Securities listed on a recognized public securities exchange are valued at their closing sale price each business day. Securities not traded on that date are valued at the average of the closing bid and ask price or the latest available sale price. Securities not listed on any recognized public securities exchange are valued in the same manner based on available public quotations from recognized dealers in such securities.

Short-term notes are recorded at cost which together with accrued interest approximates market value.

The difference between market value and the average cost is shown as unrealized appreciation (depreciation) of investments.

(II) Security Transactions and Income Recognition

Security transactions are accounted for as of the trade date. Income and expenses are recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Realized gains and losses from security transactions are calculated using the average cost basis.

(III) Valuation of Fund Units

The Funds' units are issued and redeemed at the net asset value per unit, which is determined as of the close of business each day that the Toronto Stock Exchange is open for trading. The net asset value per unit of each fund is determined by dividing the total market value of the fund's net assets by the number of units outstanding.

For each mutual fund unit sold, the fund receives an amount equal to the net asset value per unit on the date of sale, which amount is included in unitholders' equity. Units are redeemable at the option of the unitholders at their net asset value on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the equity in the Fund is reduced by the related net asset value on the date of redemption.

(IV) Foreign Currency Translation

The market value of foreign investments and other assets and liabilities are translated into Canadian dollars at exchange rates prevailing at the close of each business day.

Purchases and sales of foreign securities and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

(V) Use of Estimates

These financial statements, prepared in accordance with generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from these estimates.

HIRSCH GROUP OF FUNDS

Notes to Financial Statements (continued)

December 31, 1999

3. UNITHOLDERS' EQUITY AND UNIT TRANSACTIONS

The issued and outstanding capital and number of units issued and redeemed at net asset value are summarized as follows:

| | Canadian Growth | | Natural Resource | |
|--|------------------|------------------|------------------|-----------------|
| | <u>1999</u> | <u>1998</u> | <u>1999</u> | <u>1998</u> |
| Balance at beginning of period | 846,837 | 443,297 | 177,024 | — |
| Units issued for cash | 193,765 | 768,443 | 267,551 | 204,860 |
| Units issued on reinvestment of distributions | — | — | — | 2,018 |
| Units redeemed | <u>(344,649)</u> | <u>(364,903)</u> | <u>(112,602)</u> | <u>(29,854)</u> |
| Units issued and outstanding as at December 31 | 695,953 | 846,837 | 331,973 | 177,024 |

| | Balanced | | Fixed Income | |
|--|-----------------|-----------------|------------------|----------------|
| | <u>1999</u> | <u>1998</u> | <u>1999</u> | <u>1998</u> |
| Balance at beginning of period | 95,599 | — | 121,731 | — |
| Units issued for cash | 120,352 | 106,867 | 84,798 | 127,592 |
| Units issued on reinvestment of distributions | — | 119 | 4,437 | 1,605 |
| Units redeemed | <u>(41,486)</u> | <u>(11,387)</u> | <u>(139,972)</u> | <u>(7,466)</u> |
| Units issued and outstanding as at December 31 | 174,465 | 95,599 | 70,994 | 121,731 |

4. TAXES

The Hirsch Canadian Growth Fund, Hirsch Natural Resource Fund, and Hirsch Balanced Fund qualify as “mutual fund trusts” under the Income Tax Act (Canada) (the “Act”). The Hirsch Fixed Income Fund qualifies as a “unit trust” under the Act. The Funds are subject to tax under the Act on all of their taxable income for the period (including net taxable capital gains) and are permitted a deduction in computing taxable income for all amounts which are paid or payable in the period to their unitholders. It is the policy of the Funds, to the extent practicable, to allocate to the unitholders all income of the Funds for the period. Accordingly no provision for income taxes has been made in these financial statements.

As at December 31, 1999, the Hirsch Canadian Growth Fund had accumulated non-capital losses of approximately \$44,000, and net-capital losses of approximately \$810,000, and the Hirsch Fixed Income Fund had net-capital losses of approximately \$10,500, which are available to carry forward for tax purposes against capital gains realized in the future.

5. MANAGEMENT FEE AND OPERATING EXPENSES

Under the terms of agreements between the Funds and the Manager, and in return for investment management and administrative services, the Manager receives a monthly management fee from each Fund based on the Fund's average net assets. Average net assets are calculated to be the average of net asset values determined on a daily basis. The maximum management fee is based on the following annual percentages applied to the average daily net asset value of each fund:

| | |
|------------------------------|-------------|
| Hirsch Canadian Growth Fund | up to 2.25% |
| Hirsch Natural Resource Fund | up to 2.50% |
| Hirsch Balanced Fund | up to 2.00% |
| Hirsch Fixed Income Fund | up to 1.50% |

The Funds also reimburse the Manager for certain operating expenses incurred by the Manager on behalf of the Funds. For the periods ended December 31, 1999 and 1998, the Manager elected to be reimbursed an amount which was less than the Funds' share of the operating expenses incurred by the Manager.

The management expense ratio of each Fund represents the aggregate fees and other expenses (excluding GST) expressed as a percentage of the average net assets of the Fund. The annualized management expense ratio for each of the Funds during the year ended December 31, 1999 was Hirsch Canadian Growth Fund – 2.80% [1998 – 2.80%, 1997 – 2.80%]; Hirsch Natural Resource Fund – 2.95% [1998 – 2.95%]; Hirsch Balanced Fund – 2.50% [1998 – 2.50%]; and Hirsch Fixed Income Fund – 1.75% [1998 – 1.75%].

HIRSCH GROUP OF FUNDS

Notes to Financial Statements (continued)

December 31, 1999

6. NET ASSET VALUES AND DISTRIBUTIONS PER UNIT

Net asset values and distributions per unit from income and from capital gains as at December 31 were as follows:

| | Canadian Growth | | | Natural Resource | |
|---|-----------------|-------------|-------------|------------------|-------------|
| | <u>1999</u> | <u>1998</u> | <u>1997</u> | <u>1999</u> | <u>1998</u> |
| Net asset value per unit, end of period | \$ 13.06 | \$ 9.23 | \$ 10.12 | \$ 11.79 | \$ 10.19 |
| Distributions per unit: From income | .0000 | .0000 | .0000 | .0000 | .0970 |
| From capital gains | .0000 | .0000 | .0000 | .0000 | .0208 |

| | Balanced | | Fixed Income | |
|---|-------------|-------------|--------------|-------------|
| | <u>1999</u> | <u>1998</u> | <u>1999</u> | <u>1998</u> |
| Net asset value per unit, end of period | \$ 13.69 | \$ 10.02 | \$ 9.57 | \$ 10.47 |
| Distributions per unit: From income | .0000 | .0125 | .5674 | .1227 |
| From capital gains | .0000 | .0000 | .0000 | .0172 |

7. BROKERAGE COMMISSIONS

The total brokerage commissions paid by the Funds with respect to security transactions for the years ended December 31 were:

| | <u>Canadian Growth</u> | <u>Natural Resource</u> | <u>Balanced</u> | <u>Fixed Income</u> |
|------|------------------------|-------------------------|-----------------|---------------------|
| 1999 | \$ 78,727 | \$ 51,819 | \$ 14,065 | n/a |
| 1998 | \$107,076 | \$ 10,118 | \$ 3,208 | n/a |

8. STATEMENT OF PORTFOLIO TRANSACTIONS

A statement of portfolio transactions (unaudited) for the year ended December 31, 1999 for the Funds may be obtained without charge by writing to:

Hirsch Asset Management Corp.
Suite 904, P.O. Box 36
95 Wellington Street West
Toronto, Ontario M5J 2N7.

Manager and Principal Distributor



Hirsch Asset Management Corp.

Head Office:

Suite 904, P.O. Box 36
95 Wellington Street West,
Toronto, Ontario M5J 2N7

Telephone: (416) 360-3977

Fax: (416) 360-1102

Toll Free: 1 (888) 233-4432

Registrar and Custodian

The Toronto-Dominion Bank
P.O. Box 1, Toronto-Dominion Centre
100 Wellington Street West, 7th Floor
Toronto, Ontario M5K 1A2

Auditors

Grant Thornton LLP
Royal Bank Plaza
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Toronto, Ontario M5K 1G8