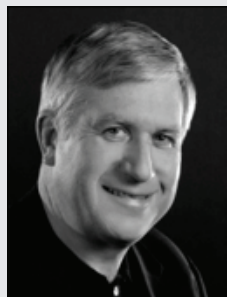


MANAGER COMMENTARY



The Redwood Global Small Cap fund underwent another challenging quarter down 25% versus our benchmark (80% TSX Small Cap Index & 20% MSCI Global Small Cap Index) down 20.24%. Slower than expected growth in

the US paired with continued uncertainty in European sovereign debt led to severe risk aversion during the quarter. Small caps were hit hardest with the TSX Venture underperforming the TSX Composite by over 100% thus far year-to-date. Further, volatility (as measured by the VIX Index) had its biggest quarterly increase in history during Q3 and the S&P retreated the most since 2008.

The funds underperformance during the quarter was due to our overweight position in energy & mining/materials. Commodity prices declined significantly despite fundamental demand remaining strong. China, which represents +30% of global copper demand is showing signs of restocking following nearly 9 month of destocking. Cancelled warrants at the LME (which represent buying demand) hit a 3-yr high the first week of October. The major disconnect between commodity prices and fundamentals has been due to an increase in margin requirements for futures contracts and unwinding of speculative positions as investment funds prepare for tax loss selling season and possible redemptions.

Going into the fourth quarter we are focussing the portfolio in our top twenty holdings we believe have the strongest fundamentals. This will provide the best total return while mitigating potential downside risk. We will hold 30% cash to opportunistically redeploy in our best names should we see a meaningful and sustainable return to risk appetite indicated by renewed buying in income equities and large caps. In addition, we will continue to short companies opportunistically as we have done successfully throughout Q3.

PORTFOLIO MANAGER

Mr. Decter is a Harvard trained economist, Senior Portfolio Manager and President and CEO of LDIC Inc. He is also the author of three financial books including 'Michael Decter's Million Dollar Strategy' (1998), 'The DRIP Strategy: Building Your Wealth One Share at a Time with Dividend Reinvestment Plans' (2001), and 'Ten Good Reasons To Invest in Canada' (2008). LDIC Inc. provides financial services to high net worth individuals and currently has nearly \$513 million assets under management. Mr. Decter's primary focus is value investing. As the former Deputy Minister of Health for Ontario and Cabinet Secretary in the Government of Manitoba, Mr. Decter is a well-recognized speaker on broader political and economic issues. He was the founding former Chair of the Health Council of Canada and the former Chair of the Cancer Quality Council of Ontario. Mr. Decter continues to serve as the Chair of the Wait Times Data Certification Council of Ontario. In 2004, he was awarded the Order of Canada.

INVESTMENT APPROACH

The Redwood Global Small Cap Fund's objective is to achieve long term capital growth by investing primarily in securities of small cap equity issuers in Canada and around the world.

HISTORICAL PERFORMANCE

Year	Q1	Q2	Q3	Q4	YTD	Benchmark *
2011	-0.49%	-20.18%	-25.73%		-40.39%	-21.33%
2010	5.32%	-2.98%	23.00%	38.47%	74.05%	25.74%
2009	16.81%	29.20%	28.21%	29.36%	150.30%	53.41%
2008		-1.48%	-28.37%	-35.27%	-54.31%	-46.72%

*Benchmark is a blend which consists of 80% S&P/TSX Small Cap Index and 20% MSCI World Small Cap Index.

FUND PERFORMANCE

Comparative Analytics	Fund Series A	Fund Series F
Year To Date	-41.00%	-40.39%
1 Month	-17.49%	-17.33%
3 Months	-25.73%	-25.44%
6 Months	-40.71%	-40.37%
1 Year	-18.30%	-18.91%
3 Yr Avg	18.49%	18.65%
Inception	5.00%	4.99%

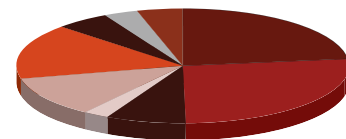
POSITIONS & HOLDINGS

Top 10 Positions
As of September 30, 2011

Ithaca Energy Inc.
Iberian Minerals
Spartan Oil Corp.
Westport Innovations (short)
Xinergy Ltd.
Canfor Pulp Products Inc.
MI Developments
Canacol Energy
Klondex Mines Ltd.
EMED Mining Public Ltd Co.

Total Positions: 45

Asset Mix



Energy	21.71%
Metals & Minerals	25.25%
Gold	7.24%
Fixed Income	2.29%
Individual Products	10.72%
Cash	14.65%
Technology	4.87%
Financial	3.32%
Real Estate	3.95%

<i>Minimum Investment</i>	\$5,000	<i>Prime Broker</i>	RBC Dominion Securities
<i>Pricing</i>	Daily	<i>Auditor</i>	Collins Barrow Toronto LLP
<i>RRSP Eligible</i>	100%	<i>Legal Counsel</i>	Borden Ladner Gervais LLP
<i>Shorting Capabilities</i>	20%	<i>Administrator</i>	KeiData Back Office Solutions Inc.
<i>Leverage</i>	None		

How Much Does It Cost?

The following tables show the fees and expenses you could pay to buy, own and sell Series A and Series F units of the Fund.

Sales Charges

<i>Sales Charge Option</i>	<i>What You Pay</i>	<i>How It Works</i>
Initial Sales Charge	Up to 5% of the amount purchased	This rate is decided between the investor and the advisor. This sales charge is deducted from the amount purchased as a commission for the investment firm.

Ongoing Fund Expenses

These expenses are not paid directly, they are subtracted from the return received on an investment.

	<i>Management Fee</i>
Series A	2.25%
Series F	1.25%

Performance fee is 20% of return greater than the benchmark.

Trailing Commissions

The Fund pays a trailing commission for as long as the fund is owned for the services and advice provided by the investment firm. Investment firms may pay part of the trailing commission to their advisors. This commission of up to 1% of the value of each investment each year is paid out of the management fee

Other Fees

Investors may have to pay other fees when units of the Fund are sold or switched

<i>Short-Term Trading Fee</i>	Up to 5% of the value of the units sold or switched within 180 days of purchase This fee goes to the Fund
<i>Switch Fee</i>	An investment firm may charge up to 2% of the value of the units switched to another Redwood Fund

Risk

When you invest in a Fund, the value of your investment can go down as well as up. The Fund Manager has rated this Fund's risk as medium.

This Fund is for investors who:

The Fund is suitable for investors who have a moderate risk tolerance and a medium to long-term investment horizon.

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Disclaimer

This document is not to be construed as a public offering of securities in any jurisdiction in Canada and is subject to the more detailed information contained in the Fund's prospectus. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values may change frequently and past performance may not be repeated.