



KPMG LLP
Chartered Accountants
Suite 3300 Commerce Court West
PO Box 31 Stn Commerce Court
Toronto ON M5L 1B2
Canada

Telephone (416) 777-8500
Fax (416) 777-8818
Internet www.kpmg.ca

AUDITORS' REPORT TO THE UNITHOLDERS

We have audited the statements of net assets of Pro FTSE RAFI Canadian Index Fund (the "Fund") as at December 31, 2008 and 2007, the statement of investment portfolio as at December 31, 2008 and the statements of operations and changes in net assets for the year ended December 31, 2008 and period from January 3, 2007 (date of inception) to December 31, 2007. 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 audits.

We conducted our audits in accordance with Canadian 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 net assets of the Fund as at December 31, 2008 and 2007, its investments held as at December 31, 2008 and the results of its operations and changes in net assets for the year ended December 31, 2008 and period from January 3, 2007 (date of inception) to December 31, 2007 in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

March 26, 2009

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Funds (as defined in Note 1) have been prepared by Pro-Financial Asset Management Inc. (the "Manager"). The Manager of the Funds is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate procedures and controls to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgements. The significant accounting policies which management believes are appropriate for the Funds are described in Note 2 to the financial statements.

An Independent Review Committee (the "IRC") for the Funds has been established by the Manager under *National Instrument 81-107, Independent Review Committee for Investment Funds*. The IRC is responsible for reviewing, and if desirable providing input on, the Funds' written policies and procedures on conflicts of interest involving the Funds. The IRC also review conflicts of interest matters referred to it by the Manager.

The Board of Directors of Pro-Financial Asset Management Inc. is responsible for approving the financial statements and ensuring that management fulfills its financial reporting responsibilities.



Stuart McKinnon
President & CEO
Pro-Financial Asset Management Inc.



John Farrell
Senior Vice President, CIO & CCO
Pro-Financial Asset Management Inc.

March 26, 2009

Pro FTSE RAFI Canadian Index Fund
Statement of Net Assets
As at December 31, 2008,

	2008	2007
Assets		
Cash and cash equivalents	\$ 106,197	\$ 46,578
Subscriptions receivable	50,051	96,668
Dividends receivable	56,863	37,461
Investments in securities at market value	12,533,449	9,991,731
	12,746,560	10,172,438

Liabilities		
Accrued liabilities	-	(5,425)
Net assets (Note 2)	\$ 12,746,560	\$ 10,167,013

Units outstanding		
Class A	801,248	356,763
Class B	825,998	329,851
Class F	171,906	289,705
Total units outstanding (Note 6)	1,799,152	976,319

Net assets per unit (Note 2)		
Class A	\$ 7.09	\$ 10.41
Class B	\$ 7.06	\$ 10.39
Class F	\$ 7.19	\$ 10.46

See accompanying notes to financial statements

Approved by Pro-Financial Asset Management Inc.



Stuart McKinnon
Director



John Farrell
Director

Pro FTSE RAFI Canadian Index Fund

Statement of Operations

For the year ended December 31, 2008 and period January 3, 2007 to December 31, 2007

	2008	2007
Investment Income		
Dividend income	\$ 371,298	\$ 102,175
Interest income	786	173.68
Total investment income	372,084	102,349
Expenses		
Management fees (Note 4)	218,835	79,982
Operating costs	56,690	53,919
Marketing & printing costs	23,764	15,027
Securityholder reporting costs	23,662	24,582
Audit fees	17,207	23,429
Legal fees	15,738	23,262
Custodial fees	5,237	5,117
Directors' fees	3,938	442
Total expenses	365,071	225,760
Less expenses absorbed by Manager (Note 4)	(111,347)	(127,511)
Net expenses	253,724	98,249
Net investment income	118,360	4,100
Realized and unrealized gain (loss) on investments		
Net realized gain (loss) on sale of investments	(529,674)	58,338
Net change in unrealized depreciation of investments	(5,024,452)	(237,732)
Transaction costs	(29,554)	(23,115)
Net loss on investments	(5,583,680)	(202,509)
Decrease in net assets from operations	\$ (5,465,320)	\$ (198,409)
Decrease in net assets from operations per unit		
Class A	\$ (3.32)	\$ (0.41)
Class B	\$ (3.33)	\$ (0.39)
Class F	\$ (3.27)	\$ (0.46)

Pro FTSE RAFI Canadian Index Fund

Statement of Changes in Net Assets

For the year ended December 31, 2008 and period January 3, 2007 to December 31, 2007

	2008	2007
Net assets, beginning of period		
Class A	\$ 3,681,835	\$ -
Class B	3,091,784	-
Class F	3,406,416	-
Net assets, beginning of period	10,180,035	-
Decrease in net assets from operations		
Class A	(2,433,968)	(72,502)
Class B	(2,509,150)	(58,874)
Class F	(522,202)	(67,033)
	(5,465,320)	(198,409)
Capital transactions		
Proceeds from issue of units		
Class A	5,773,929	3,965,737
Class B	5,965,350	4,026,221
Class F	3,601,461	3,630,632
	15,340,740	11,622,590
Redemption of units		
Class A	(1,514,351)	(211,400)
Class B	(1,319,348)	(875,563)
Class F	(4,475,196)	(157,183)
	(7,308,895)	(1,244,146)
Increase in net assets	2,566,525	10,180,035
Net assets, end of period		
Class A	5,507,445	3,681,835
Class B	5,228,636	3,091,784
Class F	2,010,479	3,406,416
Net assets, end of period (Note 2)	\$ 12,746,560	\$ 10,180,035

Pro FTSE RAFI Canadian Index Fund
Statement of Investment Portfolio
As at December 31, 2008

Security Name	No. of Shares	Average Cost (\$)	Market Value (\$)	% of Net Assets
Ace Aviation Holdings Inc. Voting Shares	5,800	57,935	39,962	
Addax Petroleum Corp.	1,100	42,687	23,199	
Alimentation Couche Tard Inc.	5,900	86,406	82,777	
Atco Limited	2,200	98,131	82,874	
Bank Of Montreal	14,700	755,404	458,934	
Bank Of Nova Scotia	19,650	942,190	651,398	
Barrick Gold Corporation	7,200	287,649	321,696	
BCE Inc.	9,250	344,266	231,713	
Bombardier Inc. "B"	21,300	131,468	94,146	
Brookfield Asset Management Inc.	10,600	326,900	196,524	
Brookfield Properties Corporation	4,925	105,443	45,803	
Canadian Imperial Bank Of Commerce	10,150	730,048	517,346	
Canadian National Railway Company	7,300	382,780	326,602	
Canadian Natural Resources Limited	6,200	460,197	302,250	
Canadian Pacific Railway Limited	2,650	176,906	108,279	
Canadian Tire Corporation, Limited "A"	2,100	142,196	91,245	
Canadian Utilities Limited	2,300	106,338	92,943	
Canwest Global Communication Corporation	16,600	70,672	12,948	
Celestica Inc.	25,650	184,441	141,588	
CGI Group Inc. "A"	9,150	100,540	86,925	
Empire Company Limited	1,200	47,687	58,200	
Enbridge Inc.	7,400	292,459	292,300	
Encana Corporation	10,350	720,528	587,363	
Fairfax Financial Holdings Limited Voting Shares	500	148,806	190,935	
Finning International Inc.	3,100	87,877	44,082	
George Weston Limited	3,850	208,745	229,614	
Gerdou Amerosteel Corp.	2,500	37,128	18,575	
Goldcorp Inc.	5,950	214,098	228,242	
Great-West Lifeco Inc.	3,700	124,160	76,553	
Husky Energy Inc.	3,800	165,230	117,230	
IGM Financial Inc.	2,000	97,003	70,840	
Imperial Oil Limited	3,900	196,237	159,783	
ING Canada Limited	800	28,750	25,280	
Jean Coutu Group "A"	11,500	113,002	94,185	
Loblaw Companies Limited	5,900	227,271	206,146	
Magna International Inc. "A"	6,200	463,343	227,044	
Manitoba Telecom Services Inc.	2,300	92,701	81,581	
Manulife Financial Corporation	24,150	899,401	501,354	
Metro Inc.	6,100	160,867	225,395	
National Bank Of Canada	4,700	247,893	147,063	
Nexen Inc.	6,405	201,817	136,555	
Norbord Inc.	11,000	56,568	7,480	
Nortel Networks Corporation	23,150	174,477	7,408	
Nova Chemicals Corporation	2,850	88,460	16,644	
Onex Corporation	2,000	61,205	36,020	
Petro-Canada	11,200	538,564	298,032	
Potash Corporation Of Saskatchewan Inc.	917	111,365	82,090	
Power Corporation Of Canada	15,450	534,672	343,145	
Power Financial Corp.	7,150	263,760	169,384	
Quebecor Inc. "B"	5,600	152,787	109,928	
Research In Motion Limited	963	93,990	47,630	
Riocan Real Estate Investment Trust	5,332	109,033	72,782	
Rogers Communications Inc. "B"	5,250	215,127	192,045	
Royal Bank Of Canada	25,000	1,225,590	900,000	
Sears Canada Inc.	2,700	60,641	47,250	
Shaw Communications Inc. "B"	6,700	143,866	144,653	
Shoppers Drug Mart Corporation	2,400	126,481	115,272	
Sun Life Financial Inc.	13,850	630,907	392,648	
Suncor Energy Inc.	6,800	330,359	161,296	
Talisman Energy Inc.	21,200	385,878	258,216	
Teck Cominco Limited "B"	5,900	250,855	35,341	
Telus Corporation	1,400	72,434	52,024	
Telus Corporation Non Voting Shares	1,250	62,176	43,125	
Thomson Reuters Corporation	5,400	208,052	192,186	
Toronto-Dominion Bank	14,861	966,149	645,265	
Transalta Corporation	4,300	129,969	104,490	
Transcanada Corporation	13,048	494,668	431,628	
Transaction costs		(26,109)		
Total Investments		17,769,523	12,533,449	98.3
				-
Net Assets:				
Total investments			12,533,449	98.3
Cash and cash equivalents			106,197	0.8
Other net assets			106,914	0.9
			12,746,560	100.0

Pro FTSE RAFI Canadian Index Fund
Notes to Statement of Investment Portfolio
As at December 31, 2008

Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Statement of Investments presents the securities held by the Fund as at December 31, 2008, and groups the securities by asset type, geographic region and/or market segment. Significant risks that are relevant to the Fund are discussed below.

The Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, and by diversifying the investment portfolio within the constraints of the investment objective. To assist in managing risk, the Manager also uses internal guidelines that identify the target exposures for each type of risk, maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines, and securities regulations.

The investment portfolio mainly holds the constituent or equivalent securities of the FTSE RAFI Canada Index Fund in similar proportion as they are reflected in that index.

Liquidity Risk

The Fund is exposed to daily cash redemptions of redeemable units. In accordance with securities regulations, the Fund must maintain at least 90% of its assets in liquid investments (i.e. investments that are traded in an active market and can be readily disposed). In addition, the Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity.

Currency Risk

Currency risk is the risk that financial instruments which are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund does not have a significant currency risk exposure as at December 31, 2008, as financial instruments are denominated in Canadian dollars, which is the Fund's reporting currency.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund does not have a significant credit risk exposure as at December 31, 2008. The carrying amount of other assets represents their maximum credit risk exposure, as they will be settled in the short term.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value.

For this Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2008, had the prices on the respective stock exchanges for these securities raised or lowered by 10%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$1,253,345 (approximately 9.8% of total net assets). In practice, the actual trading results may differ and the difference could be material.

**Pro FTSE RAFI Canadian Index Fund
For the year ended December 31, 2008**

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE FUND

The Pro FTSE RAFI Canadian Index Fund (the "Fund") is a mutual fund trust created under the laws of the Province of Ontario by Trust Indenture dated January 3, 2007. The Fund commenced operations on January 3, 2007. Pro-Financial Asset Management Inc. is the Trustee and Manager of the Fund.

The investment objective of the Fund is to track the performance of the FTSE RAFI Canada Index, net of expenses.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The following is a summary of significant accounting policies:

Adoption of new accounting standards:

Section 3862, Financial Instruments - Disclosures ("Section 3862"), and Section 3863, Financial Instruments - Presentation ("Section 3863"), have replaced Section 3861, Financial Instruments - Disclosure and Presentation ("Section 3861"). Section 3862 requires additional disclosure by the Fund pertaining to the nature and extent of risks arising from financial instruments to which the Fund is exposed and how the Fund manages those risks. Section 3863 carries forward unchanged the presentation requirements of Section 3861 with respect to financial instruments. Both Section 3862 and Section 3863 apply to interim and annual financial statements of the Fund beginning for the fiscal year commencing January 1, 2008. Refer to the Statement of Investment Portfolio for further details regarding risk management.

Future accounting change:

The Canadian Accounting Standards Board ("AcSB") has confirmed January 1, 2011 as the date International Financial Reporting Standards ("IFRS") will replace GAAP for publicly accountable enterprises, which includes investment funds. The Fund will adopt IFRS for its fiscal year beginning January 1, 2011.

Investments:

Section 3855, Financial Instruments - Recognition and Measurement ("Section 3855"), establishes standards for the fair valuation of investments as well as the accounting treatment of transaction costs. Section 3855 applies to fiscal years beginning on or after October 1, 2006.

Investments are deemed categorized as held-for-trading in accordance with Section 3855 and, therefore, recorded at fair value as follows:

Investments in securities listed on a recognized public stock exchange are valued at their closing bid prices on the valuation date. If no closing bid price can be ascertained or if the securities are not quoted on an exchange, they will be valued at fair value based on management's best estimate. The difference between market value and average cost is shown as unrealized appreciation (depreciation) of investments in the Statement of Operations. Average cost is used to calculate the gain or loss on investments sold. The average cost excludes transaction costs.

Transaction costs:

In accordance with Section 3855, transaction costs such as brokerage commissions and other portfolio transaction costs are included in transaction costs in the Statement of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment. Prior to the adoption of Section 3855, transaction costs were capitalized and included in the cost of purchases or proceeds from sale of investments. There is no impact to the net assets or transactional net assets of the Fund from the adoption of this section.

Cash and cash equivalents:

Cash and cash equivalents are comprised of cash on deposit and short-term debt instruments with terms to maturity of less than 90 days at acquisition. Cash and cash equivalents are deemed to be held for trading and, therefore, carried at fair value, which approximates their carrying amounts.

NOTES TO FINANCIAL STATEMENTS

Other assets and liabilities:

The fair value of other financial assets (loans and receivables) and financial liabilities approximate their carrying amounts. For the purpose of categorization in accordance with Section 3855, subscriptions receivable and dividends receivable are designated as loans and receivables and recorded at cost. Similarly, accrued liabilities are designated as other financial liabilities and recorded at cost.

Investment transactions and income recognition:

All investment transactions are accounted for on the trade date. Gains and losses from the sale of investments are calculated on an average cost basis. Interest income is accrued daily and dividend income is recognized on the record date.

Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Net assets per unit:

The net assets per unit are computed by dividing the net assets attributable to a class of units on a business day by the total number of units of the class outstanding on that day.

Foreign currency translation:

Investments at market value and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rates of exchange applicable on the valuation dates. Investment transactions and income and expenses are translated at the rates of exchange on the dates of such transactions.

3. INCOME TAXES

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is not subject to tax on net income, including net realized capital gains, which is paid or payable to unitholders. It is the intention of the Fund to distribute sufficient net income and net realized capital gains so that the Fund will not be subject to income taxes after taking into account applicable capital gains tax refunds. Accordingly, no provision for income taxes has been made.

Net capital losses are available to be carried forward indefinitely and applied against future net realized capital gains. Non-capital losses may be carried forward up to 20 years to reduce future taxable income.

4. EXPENSES OF THE FUND

The Manager provides investment and administrative services to the Fund. In consideration for these services the Manager receives a fee:

Class A – 1.60% per annum
Class B – 1.80% per annum
Class F – 0.65% per annum

of the net asset value of the Fund calculated daily and payable daily in arrears. For the year ended December 31, 2008, the management fee amounted to \$218,835.

The Fund is responsible for the payment of all expenses relating to its operations and the carrying on of its business. All expenses in the Fund are payable by the Manager, other than legal fees, audit fees, custodial fees, directors' fees, securityholder reporting costs, marketing and printing costs, operating costs, transaction costs and taxes. At times, the Manager has paid a portion of the expenses otherwise payable by the Fund, and the rebate has been highlighted in the Statement of Operations.

**Pro FTSE RAFI Canadian Index Fund
For the year ended December 31, 2008**

NOTES TO FINANCIAL STATEMENTS

The management expense ratio (MER) is calculated based on the total management expenses of the Fund as a percentage of the weighted average net assets of the Fund. The MER is inclusive of the GST in accordance with National Instrument 81-102. The Fund's MER was:

Class A – 2.00% per annum
Class B – 2.21% per annum
Class F – 0.98% per annum

for the period ended December 31, 2008.

5. NET ASSET VALUE

For investments that are traded in an active market where quoted prices are readily available, Section 3855 requires bid prices to be used in the fair valuation of investments, rather than the use of closing sale prices currently used for the purpose of determining transactional net assets. These changes account for the difference between transactional net assets and net assets.

	2008	2007
Class A	\$7.11	\$10.42
Class B	\$7.08	\$10.40
Class F	\$7.22	\$10.48

6. UNITHOLDERS' EQUITY

For each unit sold, the Fund receives an amount equal to the net asset value per unit at the next valuation date, which is included in unitholders' equity. Units are redeemable at the option of unitholders at their net asset value on the next valuation date following the redemption date. For each unit redeemed, unitholders' equity is reduced by the net asset value of the unit at the next valuation date after the redemption date.

7. CONTINGENT LIABILITY

Agreements between the individual members of the Funds' Independent Review Committee ("IRC") and the Trustee, on behalf of the Funds, provides for the indemnification of each IRC member by the Funds from and against liabilities and costs in respect of any action or suit against the member by reason of being or having been a member of the IRC, provided that the member acted honestly and in good faith with a view to the best interest of the Funds, or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, that they had reasonable grounds for believing that his/her conduct was lawful. No claims with respect to such occurrences have been made and, as such, no amount has been recorded in these financial statements with respect to these indemnifications.

8. COMPARATIVE FIGURES

Certain prior period comparative figures have been reclassified to conform to the current period's financial statement presentation.