



PALOS EQUITY INCOME FUND – QUARTERLY PORTFOLIO DISCLOSURE

QUARTERLY SUMMARY OF INVESTMENT PORTFOLIO (AS AT SEPTEMBER 30, 2011)

About Palos Investment Funds

Founded in 2001, Palos Management is a boutique asset management firm that provides straightforward advice for our clients and offers a full range of domestic, international and income oriented investment products and services.

Palos Investment Funds, one of Palos Management's divisions, offers fund management services and is committed to the goal of preserving and growing our individual and institutional investors' capital. Our fund investment philosophy is to use disciplined yet creative methods to achieve strong performance while managing risk. The specific investment objectives of each fund differ: some of our funds focus on income distributions whereas others offer tax advantages.

Palos Management executives invest significantly in all Palos Investment Fund products, directly aligning our interests with those of our clients.

About the Fund

The Palos Equity Income Fund is our first public, prospectus-based mutual fund. This Fund attempts to mirror the strategies of our flagship fund, the Palos Income Fund L.P., in a format that is eligible to be held in registered accounts such as RRSP or TFSA accounts.

To obtain a copy of the present disclosure, please contact us at our toll-free number or visit our website.

This summary of investment may change due to ongoing portfolio transaction of the Fund. Updates are available on a quarterly basis.



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Palos Equity Income Fund Palos Management Inc.

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This report lists the top 25 holdings, the sector and country weightings of the Palos Equity Income Fund as at September 30, 2011. For more information, please visit www.palosmanagement.com or contact us at our toll-free number.

Top 25 holdings (as at September 30, 2011)

Long Positions	% of NAV
Toronto-Dominion Bank	4.3%
Enbridge Inc	4.1%
TELUS Corp	3.5%
Bank of Nova Scotia	3.3%
Progressive Waste Solutions Ltd	3.2%
iShares S&P/TSX 60 Index Fund	3.1%
Keyera Corp	2.7%
Northland Power Inc	2.7%
Boardwalk Real Estate Investment Trust	2.6%
ARC Resources Ltd	2.6%
RioCan Real Estate Investment Trust	2.6%
Kinross Gold Corp	2.5%
Baytex Energy Corp	2.4%
Bonavista Energy Corp	2.4%
Vermilion Energy Inc	2.3%
National Bank of Canada	2.3%
SNC-Lavalin Group Inc	2.2%
Cineplex Inc.	2.1%
Brookfield Office Properties Canada	2.0%
The Coca-Cola Company	1.9%
Suncor Energy Inc	1.8%
Teck Resources Ltd	1.7%
Magna International Inc	1.6%
Calloway Real Estate Investment Trust	1.6%
Canyon Services Group Inc	1.6%

Top holdings (as at September 30, 2011)

Short Positions	% of NAV
iShares S&P/TSX Global Gold Index Fund	-0.5%
Canaccord Financial Inc	-0.3%
Calfrac Well Services Ltd	-0.3%
iShares S&P/TSX Capped Energy Fund	-0.1%

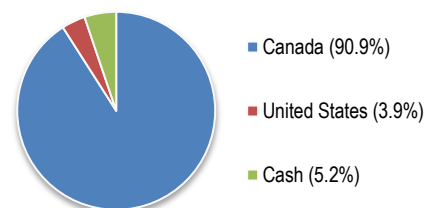
Fund details (as September 30, 2011)

Net asset value per unit	\$7.26
Distribution per unit	\$0.20
Net asset value (in millions)	\$12.87
Inception date	Feb 18, 2011

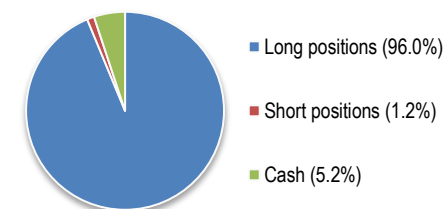
Portfolio: Sector weighting

Consumer Discretionary	4.3%
Consumer Staples	1.9%
Energy	33.1%
Financials	28.4%
Health Care	1.2%
Industrials	9.0%
Materials	8.2%
Telecommunication Services	4.3%
Utilities	4.4%
Cash	5.2%

Portfolio: Country weighting



Portfolio: Market exposure



Disclaimer – The risks associated with investing in the Fund are outlined in the simplified prospectus. You should discuss the risks of investing in the Fund with your financial advisor before making an investment in the Fund. Commissions, trailing commissions, management fees and expenses all may be associated with mutual funds investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently. Performance data represents past performance and is not indicative of future performance.