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**EdgePoint Canadian Portfolio**  
**Annual Management Report of Fund Performance**

*For the Period Ended December 31, 2008*

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This annual Management Report of Fund Performance (MRFP) contains financial highlights but does not contain the complete annual financial statements of the Fund. The annual financial statements are a separate document which has been included at the back of the MRFP. You may also obtain a copy of both of these separate documents at your request, and at no cost, by calling toll-free 1-866-757-7207, by writing to us at EdgePoint Wealth Management Inc., 1000 Yonge Street, Suite 200, Toronto, ON, M4W 2K2, or by visiting our website at [www.edgepointwealth.com](http://www.edgepointwealth.com) or the SEDAR website, at [www.sedar.com](http://www.sedar.com).

Similarly, unitholders can obtain a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the Fund.

Every effort has been made to ensure that the information contained in this report is accurate as of December 31, 2008; however, the Fund cannot guarantee that accuracy or the completeness of this material. Please refer to the Fund's prospectus and audited annual financial statements for more information.

*For the Fund's current and historical net asset values per unit, please visit our website at [www.edgepointwealth.com](http://www.edgepointwealth.com).*

### **Caution regarding forward-looking statements**

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar expressions.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

We stress that the above mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report on Fund Performance.

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## Management Discussion of Fund Performance

This management discussion of Fund performance presents views of the portfolio management team about the significant factors and developments during the period from inception that have affected the Fund's performance and outlook.

Please read the caution regarding forward-looking statements located on the first page of this document.

## Investment Objectives and Strategies

The Fund seeks to provide long-term capital appreciation by investing primarily in Canadian companies that have strong competitive positions, long-term growth prospects, and are run by strong management teams. We (the portfolio management team) acquire ownership stakes in these companies at prices below our assessment of each company's true value.

We are long-term investors with an investment horizon of greater than 3 years. We believe that the best way to buy a business at an attractive price is to have an idea that is not widely shared by others – what we refer to as a “proprietary insight”.

Our approach is deceptively simple. We buy good, undervalued businesses and hold them until the market fully recognizes their potential. Following this approach requires an ability to think independently and a commitment to embrace the thorough research that is required to uncover opportunities the market doesn't fully appreciate.

## Risk

We believe risk is best managed by applying in-depth thorough research to each investment idea in order to understand the risks of the individual business and this is weighted against its return potential.

The overall risks of investing in the Fund remains as discussed in the Prospectus. There are several types of risks that an investor faces when investing in EdgePoint Canadian Portfolio. These include, but are not limited to:

### Concentration risk

Concentration risk can occur by holding a small number of investments which may reduce the diversification and liquidity of the Fund. We invest with conviction, and as a result, our portfolios are concentrated in our best ideas. This concentration allows individual portfolio holdings to have a meaningful impact on returns. It also allows us to have more in-depth knowledge about each company in our Fund, a key element in reducing the potential risk of an investment. As at December 31, 2008, EdgePoint Canadian Portfolio was diversified into 49 different business ideas.

### Currency risk

The Fund is valued in Canadian dollars; however, it invests in foreign securities that are denominated in foreign currencies (generally no more than 10% of the portfolio's net assets). We may employ currency hedging to reduce the impact of currency fluctuations. As at December 31, 2008, the Fund did not have any exposure to currency derivatives.

The overall risk level of the Fund is moderate and is appropriate for investors with a long-term time horizon.

## Results of Operations from November 17, 2008 to December 31, 2008

In the short period of time since the Fund's inception on November 17, 2008, we have built a diversified portfolio representing our best investment ideas. We have deployed capital in a measured and disciplined fashion focusing on businesses that will not only be “survivors” but can potentially grow in the face of what could be a very tough economy for the next three to five years. We have shied away from businesses that have a material amount of leverage. We are not, however, filling the Fund with companies typically known as recession-resistant businesses such as pharmaceutical, telecommunications, and packaged-goods companies. Rather, we are finding better relative value elsewhere. We believe that the global capital markets have experienced a “once in a generation” type of market decline, and we feel this sell off has presented us with notable opportunities to materially build wealth for investors over the long term.

For the first time in years, we are finding some value in resource-related companies in Canada. If we were to guess, however, it is still early to get too excited. Having said this, we haven't been this excited about this sector in well over 5 years. However, our approach is measured and reserved.

We don't believe that we'll have a rapid bounce back in resource stocks to recent high levels. In fact, it could take years for stocks to get back to levels they were at just 6 months ago. But money is made by buying businesses at values well below their long-term worth, and we're starting to find some value. Resource and resource-related companies represented approximately 24% of the Fund at the end of December 2008.

### Investment Performance

In accordance with Canadian Securities Administrators' National Instrument 81-102, we are not permitted to discuss investment performance until the Fund is one-year old. However, our objective of building wealth over time is to deliver investment results that are at or near the top of our peer group over a 10-year time frame.

## Recent Developments

We're excited about the long-term opportunities we are finding in the market to build wealth for our investors. However our excitement is partially tempered by the short-term challenges the global economy faces. In listening to news reports about the global economic headwinds, one is led to believe that the wheels of commerce have disintegrated and capitalism is dead. For the record, we are not in that camp. However, we do think that the global economy is facing contraction due to personal and corporate deleveraging. Having a sound investment approach is important at all times when it comes to equity investing; however, in our judgement, it was never as important as it is today.

## Future Changes in Accounting Policies

The Canadian Accounting Standards Board ("AcSB") recently confirmed the plan to adopt the International Financial Reporting Standards ("IFRS") in 2011. All publicly accountable enterprises will be required to implement IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

As at December 31, 2008, we were in the process of developing a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants for changeover to IFRS. The key elements of the plan will include disclosures of the qualitative impact in the December 31, 2008, 2009 and 2010 financial statements, disclosures of the quantitative impact, if any, in the December 31, 2010 financial statements and the preparation of the December 31, 2011 financial statements in accordance with IFRS.

Based on our current evaluation of the differences between Canadian Generally Accepted Accounting Principles ("GAAP") and IFRS, we do not expect that net assets attributable to unitholders or net asset value per unit will be impacted by the changeover to IFRS. Currently, we expect that the impact of IFRS on the Fund's financial statements will result in additional disclosures and potentially different presentation of unitholder interests and certain other items.

## Related Parties

### Manager

The Fund is managed by EdgePoint Wealth Management Inc. ("EdgePoint") which provides (or arranges for) investment management, distribution, marketing and promotion of the Fund. EdgePoint receives a monthly management fee based on the daily average Net Asset Value of each series of the Fund (see Management Fees). In addition, EdgePoint is entitled to be reimbursed by the Fund for certain operating expenses.

For the period ended December 31, 2008, the Fund paid EdgePoint management fees of \$2,383. For the period ended December 31, 2008 using its sole discretion, EdgePoint absorbed expenses of the Fund amounting to \$15,582.

### Investment Advisor

EdgePoint Investment Management Inc. ("Investment Advisor") is the portfolio advisor to the Fund. The Investment Advisor is entitled to be reimbursed by EdgePoint for certain operating expenses associated with its advisory services to the Fund.

**Financial Highlights****For the period from November 17, 2008 to December 31, 2008**

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period ended December 31, 2008. In the year a fund or class is established, 'period' represents inception to December 31 of that year. In all other cases, 'period' represents the calendar year ended December 31. The inception date for the Fund, and all of the Fund's Series A, B, F and I, is November 17, 2008. This information is derived from the Fund's audited annual financial statements.

**The Fund's Net Assets per Unit (\$) (Note 1)**

	Series A \$	Series B \$	Series F \$	Series I \$
<b>Net Assets, beginning of the year *</b>	10.00	10.00	10.00	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.10	0.11	0.13	0.08
Total expenses	(0.03)	(0.03)	(0.02)	-
Realized gains (losses) for the year	(0.07)	(0.07)	(0.05)	(0.18)
Unrealized gains (losses) for the year	1.81	2.23	1.76	0.51
<b>Total increase (decrease) from operations</b>	1.81	2.24	1.82	0.41
<b>Distributions to Unitholders:</b>				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
<b>Total distributions to Unitholders</b>	-	-	-	-
<b>Net Assets, end of the year</b>	10.41	10.38	10.40	10.41

\* represents initial Net Assets

1. Net Assets per Unit is calculated as follows:

- (a) The financial information presented in the Net Assets per Unit table is derived from the Fund's audited annual financial statements. The Net Assets per Unit presented in the financial statements (the "GAAP Net Assets") differs from the net asset value calculated for fund pricing purposes (the "NAV"). An explanation of the differences can be found in the notes to the financial statements.
- (b) Net Assets per Unit of a series is based on the number of units outstanding for that series at the relevant time. The Increase (Decrease) from Operations per Unit of a series is based on the weighted average number of units outstanding for that series during the period.
- (c) Distributions per Unit of a series are based on the number of units outstanding for the series on the record dates for the distributions. When any distributions are paid they are reinvested.

**Financial Highlights (continued)****Ratios and Supplemental Data** (Note 2)

	<b>Series A</b>	<b>Series B</b>	<b>Series F</b>	<b>Series I</b>
Total net asset value (\$000's)	2,221	802	1,328	39
Number of units outstanding (000's)	212	77	127	4
Management expense ratio (note 3) ~	2.80%	3.01%	1.75%	-
Management expense ratio before waivers or absorptions ~	14.00%	15.77%	10.50%	-
Trading expense ratio (note 4) ~	5.04%			
Portfolio turnover rate (note 5) ~	1.79%			
Net asset value per unit (\$)	10.49	10.45	10.47	10.49

~ annualized

2. The financial information presented in the Ratios and Supplemental Data table is derived from the Fund's Pricing Net Asset Values (the "NAV") and is provided as at December 31, 2008.

3. The management expense ratio ("MER") is calculated as the total management fees and operating expenses paid by each series of the Fund, including GST and interest and excluding commissions and other portfolio transaction costs, as a percentage of the average daily Net Asset Value of each series of the Fund on an annualized basis. Any management fee distributions paid by a series of the fund that effectively reduced management fees payable by some unitholders are not deducted from expenses to determine the overall MER of that series.

The Manager, at its sole discretion, waives management fees or absorbs expenses. Such waivers and absorptions can be terminated at any time. The MERs of the Fund are shown both with and without the waiver and absorptions.

4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value of the Fund. The trading expense ratio is calculated at the Fund level and applies to all series of the Fund.

5. Portfolio turnover rate is calculated at the Fund level based on the lesser of purchases or proceeds of sales of securities for the period, excluding cash, short term notes and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the period.

The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

**Management Fees**

EdgePoint, the Manager, provides or arranges for investment management, distribution, marketing and promotion of the Fund. In consideration for the services provided, EdgePoint receives a monthly management fee based on the daily average Net Asset Value of Series A, Series B and Series F. Management fees for Class I are negotiated and paid directly by the unitholders, not by the Fund.

For the period ended December 31, 2008, commission payments to registered brokers and dealers for distributing Series B units, reimbursed costs paid to the Investment Advisor, and costs incurred in providing management services, exceeded 100% of the total management fees paid to EdgePoint. To the extent that management fees did not fully cover the costs of services provided to the Fund, the difference was funded by EdgePoint. EdgePoint does not pay any commission in connection with the distribution of Series A, Series F and Series I units.

**Past Performance**

As the Fund was not in existence for a whole year, no performance information is shown at this time.

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**Summary of Investment Portfolio**  
As at December 31, 2008**Top 25 Positions****Security Name (% of Fund)**

1	Onex Corp.	5.45%
2	Power Corp. of Canada	5.39%
3	Research In Motion Ltd.	5.13%
4	Canadian Imperial Bank of Commerce	4.07%
5	Tim Hortons Inc.	3.93%
6	Thomson Reuters Corp.	3.85%
7	Bank of Nova Scotia	3.26%
8	Zargon Energy Trust	3.20%
9	Boralex Power Income Fund	3.06%
10	Royal Bank of Canada	2.80%
11	Toromont Industries Ltd.	2.78%
12	BCE Inc.	2.58%
13	Astral Media Inc.	2.42%
14	Marsulex Inc.	2.41%
15	Cineplex Galaxy Income Fund	2.02%
16	IGM Financial Inc.	1.94%
17	Domtar Canada Paper Inc.	1.83%
18	Essential Energy Services Trust	1.78%
19	Akita Drilling Ltd.	1.63%
20	ATCO Ltd.	1.60%
21	TimberWest Forest Trust Units	1.56%
22	Pason Systems Inc.	1.47%
23	West Energy Ltd.	1.47%
24	IAMGOLD Corp.	1.45%
25	TVA Group Inc.	1.44%
<b>Total</b>		<b>68.51%</b>

**Sector Exposure****Sector (% of Fund)**

Media	11.13%
Cash & Cash Equiv.	10.65%
Diversified Financials	10.61%
Banks	10.13%
Energy	9.54%
Materials	8.09%
Information Technology	7.72%
Consumer Discretionary†	7.62%
Insurance	6.52%
Industrials	6.10%
Utilities	4.67%
Telecommunication Services	2.58%
Health Care	1.83%
Consumer Staples	1.37%
Real Estate	0.87%
Corporate Bonds	0.58%
<b>Total</b>	<b>100.00%</b>

†excludes media companies

The portfolio does not contain any short positions. The investment portfolio may change due to ongoing portfolio transactions of the investment fund. An updated listing is available on a quarterly basis

