



EdgePoint Canadian Portfolio

Financial Statements

*Year ended December 31, 2009 and period from
November 17, 2008 (date of commencement of operations)
to December 31, 2008*

Management's responsibility for financial reporting

The accompanying financial statements have been prepared by the Manager, EdgePoint Wealth Management Inc., on behalf of EdgePoint Canadian Portfolio (the "Fund"). Management is responsible for the information and representations contained in these financial statements.

Management has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and assumptions. The significant accounting policies that management believes are appropriate for the Fund are described in note 2 to the financial statements.

KPMG LLP, the external auditor of the Fund, has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the Unitholders their opinion on the financial statements. Their report, as auditors, is set forth herein.

The Board of Directors is responsible for reviewing and approving the financial statements of the Fund, overseeing management's performance of its financial reporting responsibilities and engaging the independent auditors. The Board of Directors is composed of senior management of the Manager. For all series of units of the Fund, the financial statements have been reviewed and approved by the Board of Directors. The independent auditors have direct and full access to the Board of Directors.



Patrick Farmer
Chief Executive Officer and Director
February 26, 2010



Norman Tang
Director of Finance, as Chief Financial Officer
February 26, 2010

Auditors' Report

To the Unitholders of EdgePoint Canadian Portfolio:

We have audited the statements of net assets of EdgePoint Canadian Portfolio (the "Fund") as at December 31, 2009 and 2008, the statement of investments as at December 31, 2009 and the statements of operations and changes in net assets for the year ended December 31, 2009 and the period from November 17, 2008 (date of commencement of operations) to December 31, 2008. 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, 2009 and 2008, its investments held as at December 31, 2009 and the results of its operations and the changes in its net assets for the year ended December 31, 2009 and the period from November 17, 2008 (date of commencement of operations) to December 31, 2008 in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants
Toronto, Canada
February 26, 2010

	2009	2008
Assets		
Investments, at fair value*	\$ 157,169,636	\$ 3,892,878
Net unrealized gain on foreign exchange forward contracts	14,364	-
Cash and cash equivalents	13,799,356	393,580
Receivable for units subscribed	737,523	712,201
Receivable from securities sold	301,697	-
Accrued interest and dividends receivable	409,024	13,535
Other accounts receivable	20,727	1,196
	172,452,327	5,013,390
Liabilities		
Payable for securities purchased	2,265,571	650,010
Payable for units redeemed	36,157	-
Accounts payable and accrued expenses	158,558	2,824
	2,460,286	652,834
Net assets	\$ 169,992,041	\$ 4,360,556
Net assets, by series:		
Series A	\$ 105,699,402	\$ 2,205,686
Series B	45,266,299	796,733
Series F	9,985,409	1,319,081
Series I	8,497,942	39,056
Series O	542,989	-
	\$ 169,992,041	\$ 4,360,556
Number of units outstanding:		
Series A	6,789,247	211,793
Series B	2,923,527	76,728
Series F	640,354	126,876
Series I	528,436	3,750
Series O	47,821	-
Net assets per unit:		
Series A	\$ 15.57	\$ 10.41
Series B	15.48	10.38
Series F	15.59	10.40
Series I	16.08	10.41
Series O	11.35	-

*Cost of investments is reflected on the statement of investments.

See accompanying notes to financial statements.

ON BEHALF OF THE BOARD:



Tye Bousada, Director



Geoff MacDonald, Director

	2009	2008
Income:		
Dividends	\$ 2,183,826	\$ 14,324
Interest	57,580	226
	2,241,406	14,550
Less foreign withholding taxes	11,612	102
	2,229,794	14,448
Expenses:		
Management fees (note 3)	1,265,374	2,269
Administration and transfer agent fees	208,010	5,828
Fund accounting	46,963	5,743
Audit	18,787	345
Filing fees	16,340	80
Custody fees	16,184	3,241
Unitholder reporting	14,205	847
Legal fees	10,852	-
Independent review committee fees	6,451	-
Interest expense	59	-
Goods and services tax/harmonized sales tax	79,342	914
Total expenses	1,682,567	19,267
Less expenses absorbed by the Manager (note 3)	13,492	15,582
Net expenses	1,669,075	3,685
Net investment income	560,719	10,763
Net realized and unrealized gain (loss) and transaction costs:		
Net realized gain (loss) on sale of investments	3,153,702	(980)
Net change in unrealized appreciation of investments	26,217,729	247,584
Transaction costs	(257,647)	(8,078)
	29,113,784	238,526
Increase in net assets from operations	\$ 29,674,503	\$ 249,289
Increase in net assets from operations, by series:		
Series A	\$ 18,909,358	\$ 139,282
Series B	8,281,748	46,676
Series F	1,919,913	61,775
Series I	532,658	1,556
Series O	30,826	-
Increase in net assets from operations, per unit:		
Series A	\$ 5.63	\$ 1.81
Series B	5.72	2.24
Series F	5.67	1.82
Series I	6.38	0.41
Series O	1.38	-

See accompanying notes to financial statements.

2009	Series A	Series B	Series F	Series I	Series O	Total
Net assets, January 1, 2009	\$ 2,205,686	\$ 796,733	\$ 1,319,081	\$ 39,056	\$ –	\$ 4,360,556
Increase in net assets from operations	18,909,358	8,281,748	1,919,913	532,658	30,826	29,674,503
Capital transactions:						
Proceeds from issue of units	88,278,263	36,475,432	9,279,881	7,971,286	514,638	142,519,500
Reinvested distributions	807,203	374,141	153,529	64,077	1,221	1,400,171
Payments on redemption of units	(3,691,634)	(286,420)	(2,526,438)	(44,042)	–	(6,548,534)
	85,393,832	36,563,153	6,906,972	7,991,321	515,859	137,371,137
Distributions to unitholders:						
Capital gains	(809,474)	(375,335)	(160,557)	(65,093)	(3,696)	(1,414,155)
Increase in net assets	103,493,716	44,469,566	8,666,328	8,458,886	542,989	165,631,485
Net assets, December 31, 2009	\$ 105,699,402	\$ 45,266,299	\$ 9,985,409	\$ 8,497,942	\$ 542,989	\$ 169,992,041
Units issued and outstanding:						
Balance, January 1, 2009	211,793	76,728	126,876	3,750	–	
Units issued for cash, including reinvested distributions	6,844,170	2,868,305	690,267	528,799	47,821	
Units redeemed	(266,716)	(21,506)	(176,789)	(4,113)	–	
Balance, December 31, 2009	6,789,247	2,923,527	640,354	528,436	47,821	
2008	Series A	Series B	Series F	Series I	Series O	Total
Net assets, November 17, 2008	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Increase in net assets from operations	139,282	46,676	61,775	1,556	–	249,289
Capital transactions:						
Proceeds from issue of units	2,066,740	750,057	1,257,306	37,500	–	4,111,603
Payments on redemption of units	(336)	–	–	–	–	(336)
	2,066,404	750,057	1,257,306	37,500	–	4,111,267
Increase in net assets	2,205,686	796,733	1,319,081	39,056	–	4,360,556
Net assets, December 31, 2008	\$ 2,205,686	\$ 796,733	\$ 1,319,081	\$ 39,056	\$ –	\$ 4,360,556
Units issued and outstanding:						
Balance, November 17, 2008	–	–	–	–	–	
Units issued for cash, including reinvested distributions	211,827	76,728	126,876	3,750	–	
Units redeemed	(34)	–	–	–	–	
Balance, December 31, 2008	211,793	76,728	126,876	3,750	–	

See accompanying notes to financial statements.

Number of Shares or Units	Security	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Equities				
301,650	Thomson Reuters Corp.	10,106,715	10,225,935	6.02
314,850	Tim Hortons Inc.	9,482,967	10,097,240	5.94
131,950	Research in Motion Ltd.	9,039,054	9,360,533	5.51
346,850	Onex Corp.	7,116,142	8,157,912	4.80
115,900	Canadian Imperial Bank of Commerce	6,466,083	7,875,405	4.63
134,900	Bank of Nova Scotia	5,621,361	6,635,731	3.90
162,700	Intact Financial Corp.	5,388,342	5,997,122	3.53
188,250	Power Corp. of Canada	4,398,640	5,481,840	3.23
262,600	Calfrac Well Services Ltd.	3,512,910	5,401,682	3.18
154,600	Toromont Industries Ltd.	3,779,933	4,288,604	2.52
131,900	Cogeco Inc.	3,005,393	3,734,089	2.20
458,900	Newalta Inc.	2,728,652	3,680,378	2.17
487,800	ATS Automation Tooling Systems Inc.	2,712,565	3,643,866	2.14
62,200	Royal Bank of Canada	2,946,727	3,504,970	2.06
865,500	Exfo Electro-Optical Engineering Inc.	3,386,015	3,470,655	2.04
842,600	Boralex Power Income Fund	3,303,773	3,437,808	2.02
302,500	Daylight Resources Trust	2,733,482	3,076,425	1.81
62,650	Atco Ltd. 'I'	2,341,011	2,871,250	1.69
370,700	International Royalty Corp.	1,102,477	2,791,371	1.64
141,150	Zargon Energy Trust	2,295,039	2,698,788	1.59
215,700	Pason Systems Inc.	2,221,912	2,506,434	1.47
630,900	West Energy Ltd.	1,600,735	2,435,274	1.43
104,300	International Rectifier Corp.	1,837,755	2,414,210	1.42
312,000	Precision Drilling Trust	1,836,577	2,386,800	1.40
520,500	Aura Minerals Inc.	1,605,413	2,357,865	1.39
105,950	The Progressive Corp.	1,843,446	1,992,300	1.17
201,550	Akita Drilling Ltd. 'A'	1,388,695	1,888,524	1.11
94,900	International Game Technology	1,668,696	1,863,958	1.10
400,600	Neo Material Technologies Inc.	557,488	1,822,730	1.07
54,950	Astral Media Inc. 'A'	1,498,421	1,818,845	1.07
60,000	Ryanair Holdings PLC, ADR	1,717,247	1,681,386	0.99
83,100	Corus Entertainment Inc. 'B'	1,166,157	1,641,225	0.97
261,900	Gran Tierra Energy, Inc.	899,090	1,571,400	0.92
126,600	Dundee Corp. 'A'	664,133	1,516,668	0.89
54,500	Hughes Communications Inc.	1,004,058	1,480,495	0.87
151,400	AMN Healthcare Services Inc.	1,381,669	1,435,356	0.84
350,000	Sprott Resource Corp.	1,150,465	1,414,000	0.83
50,000	Willis Group Holdings PLC	1,420,084	1,379,180	0.81
1,240,000	Essential Energy Services Trust	1,169,341	1,326,800	0.78
173,200	Total Energy Services Inc.	803,821	1,195,080	0.70
2,013,500	Sandstorm Resources Inc.	751,625	1,107,425	0.65
25,000	Inverness Medical Innovations Inc.	1,043,516	1,084,875	0.64
1,151,800	Compton Petroleum Corp.	1,332,648	1,071,174	0.63
83,400	Marsulex Inc.	705,493	951,594	0.56
41,000	Bonavista Energy Trust	603,747	913,070	0.54
21,000	IGM Financial Inc.	718,072	884,730	0.52

December 31, 2009

Number of Shares or Units	Security	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Equities (continued)				
197,600	Vero Energy Inc.	894,757	875,368	0.52
40,300	FirstService Corp., 7% cumulative preferred, Series 1	743,026	872,933	0.51
168,000	Gennum Corp.	754,958	756,000	0.44
56,000	TVA Group Inc. 'B'	342,431	742,000	0.44
26,700	Mine Safety Appliances Co.	711,182	741,232	0.44
20,100	Boardwalk Real Estate Investment Trust	536,914	739,278	0.43
20,000	Harman International Industries Inc.	577,840	737,516	0.43
12,000	WellPoint Inc.	586,326	730,819	0.43
337,300	PRT Forest Regeneration Income Fund Trust	443,277	688,092	0.40
28,350	Pool Corp.	519,393	566,027	0.33
901,800	Compton Petroleum Corp., warrants September 25, 2011	81,162	207,414	0.12
409,800	Sandstorm Resources Inc., warrants April 23, 2014	63,109	90,156	0.05
60,000	Omni-Lite Industries Canada Inc.	54,504	45,600	0.03
		130,366,464	156,365,437	92.00
Face Value (\$)	Fixed Income			
725,000	Trinidad Drilling Ltd., 7.75% convertible debentures, due July 31, 2012	562,063	735,876	0.43
37,000	Kinetic Concepts Inc., 3.25%, due April 15, 2015	25,487	38,407	0.02
22,090	TimberWest Forest Trust 9.00% debenture, due February 11, 2014	22,086	29,916	0.02
		609,636	804,199	0.47
	Adjustment for transaction costs	(257,412)	–	–
	Total Investments	\$ 130,718,688	157,169,636	92.47
Foreign exchange forward contracts				
	Foreign exchange forward contract to buy Cdn. \$269,943 for U.S. \$250,000 with an exchange rate of 1.0798, maturing January 28, 2010	–	7,072	0.00
	Foreign exchange forward contract to buy Cdn. \$921,658 for U.S. \$865,000 with an exchange rate of 1.0655, maturing March 18, 2010	–	12,147	0.01
	Foreign exchange forward contract to buy U.S. \$1,080,000 for Cdn. \$1,144,260 with an exchange rate of 0.9438, maturing February 25, 2010	–	(4,855)	(0.00)
		–	14,364	0.01
	Other assets less liabilities		12,808,041	7.52
	Net assets		\$ 169,992,041	100.00

See accompanying notes to financial statements.

1. The Fund

- (a) EdgePoint Canadian Portfolio (the “Fund”) is an open-ended mutual fund trust created on November 10, 2008 by declaration of trust under the laws of the Province of Ontario. EdgePoint Wealth Management Inc. (“EdgePoint”) is the manager (“Manager”) and trustee of the Fund and EdgePoint Investment Management Inc. is the investment advisor (“Investment Advisor”). The Fund commenced operations on November 17, 2008 with four series of units: Series A, B, F, and I. On September 1, 2009, the Fund began offering Series O units.
- (b) The authorized capital of the Fund consists of an unlimited number of units and series without par value. The number of units of each series outstanding is disclosed in the statements of net assets. Series A and Series B units are available to retail investors. Series F units are available to all investors who participate in fee-based programs through an investment dealer and whose investment dealer has signed an agreement with EdgePoint. Series I and O units are for investors who meet minimum investment thresholds and have entered into a Series I Subscription Agreement or a Series O Subscription Agreement, respectively, with EdgePoint.
- (c) To establish the Series O units of the Fund, EdgePoint made an initial investment. As at December 31, 2009, EdgePoint held Series O units of the Fund with a market value of \$2,295 (2008 – nil).
- (d) The financial statements include the statement of investments as at December 31, 2009 and the statements of net assets at December 31, 2009 and 2008 and the statements of operations, and the statement of changes in net assets for the year ended December 31, 2009 and the period from November 17, 2008 (date of commencement of operations) to December 31, 2008 (the “financial statements”).

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and reflect the following policies:

- (a) Accounting estimates:
The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.
- (b) Valuation of investments:
Investments are categorized as held-for-trading and are,

therefore, recorded at fair value. Investments in securities listed on a public securities exchange or traded on an over-the-counter market are valued at the closing bid price. Securities with no available closing bid prices are valued at the last sale or close price. Securities for which a closing bid price, last sale or close price are unavailable or securities for which market quotations are unreliable or not reflective of all available material information, are valued at their fair value as determined by the Manager using available sources of information and commonly accepted industry valuation techniques, including valuation models. Short-term investments, including short-term debt instruments maturing within less than 90 days from the date of acquisition, are deemed to be held-for-trading and are, therefore, stated at fair value, using amortized cost, which approximates fair value.

- (c) Valuation of foreign exchange contracts:
The Fund may enter into foreign exchange contracts for hedging purposes or to establish an exposure to a particular currency. Foreign exchange contracts are valued based on the difference between the contract forward rate and the forward bid rate (for currency held) or the forward ask rate (for currency sold short), on the valuation date. Upon closing of a contract, the gain or loss is included in net realized gain (loss) on sale of investments.
- (d) Cash and cash equivalents:
Cash and cash equivalents are cash on deposit and short-term notes with maturities less than 90 days and are carried at cost, which approximates their fair value.
- (e) Other assets and liabilities:
Receivable for units subscribed, receivable from securities sold, accrued interest and dividends receivable and other accounts receivable are designated as receivables and shown as other assets. They are recorded at amortized cost which approximates their fair value. Similarly, payable for securities purchased, payable for units redeemed, and accounts payable and accrued expenses are designated as financial liabilities and are reported at their amortized cost, which approximates their fair value.
- (f) Investment transactions and income recognition:
All income, net realized and unrealized appreciation or depreciation and transaction costs are attributable to investments and derivatives that are deemed held-for-trading. Investment transactions are accounted for on the trade-date, that is, on the day that a buy or sell order is executed. The cost of investments represents the amount paid for each security and is determined on an average cost basis, excluding transaction costs. Realized gains and losses on investment transactions are computed

as proceeds of disposition less their average cost. The unrealized appreciation of investments represents the difference between their average cost and fair value at the period end date. Dividend income, including stock dividends, is recorded on the ex-dividend date along with withholding taxes on foreign dividends, if any. Interest income is recorded daily on an accrual basis.

Income and realized and unrealized capital gains (losses) are distributed amongst the different series of securities in proportion to the amount of equity invested in them. For management fees and expenses, refer to note 3.

(g) Transaction costs:

Transactions costs, such as brokerage commissions incurred on the purchase and sale of portfolio securities and other trade execution costs paid to external third parties, such as stamp duty and exchange fees, are recognized as expenses in the statements of operations based on trade date.

(h) Translation of foreign currencies:

The fair value of investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on each business day, except for the historical costs of investments, which are translated at the rate of exchange prevailing on the date of purchase. The proceeds from sales of investments, dividends, and interest income received in foreign currencies are translated into Canadian dollars at the approximate rate of exchange prevailing on the dates of such transactions. Gains and losses from transactions and the translation of foreign currencies are considered to be investment transactions and, accordingly, are included in the net realized gain or loss on sale of investments or in the net change in unrealized appreciation of investments.

(i) Fair value measurements:

The Fund adopted amendments to The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862") on January 1, 2009. Section 3862 establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. The hierarchy of inputs is summarized below:

- (i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- (iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

The following is a summary of the inputs used as of December 31, 2009 in valuing the Fund's investments and derivatives at fair values:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total
Common shares	\$ 139,927,873	\$ –	\$ 139,927,873
Trust units	15,267,061	–	15,267,061
Preferred shares	872,933	–	872,933
Convertible debentures	–	735,876	735,876
Bonds	–	68,323	68,323
Warrants	297,570	–	297,570
Short-term notes	–	12,798,266	12,798,266
Total investments	\$ 156,365,437	\$ 13,602,465	\$ 169,967,902
Derivative assets	\$ –	\$ 19,219	\$ 19,219
Derivative liabilities	\$ –	\$ 4,855	\$ 4,855

During the year ended December 31, 2009, there were no investments that were transferred between levels.

During the year ended December 31, 2009, the Fund held no Level 3 financial instruments.

(j) Capital management:

The Manager manages the capital of the Fund, which consists of the net assets of the Fund, in accordance with the investment objectives set out in the Fund's simplified prospectus and annual information form.

(k) Increase in net assets from operations per unit:

Increase in net assets from operations per unit in the statement of operations represents the net increase in the net assets from operations for the period for each Series divided by the average units outstanding for each Series during the period.

(l) Future changes in accounting policies:

The Canadian Accounting Standards Board has 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.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the Manager does not expect that net assets attributable to unitholders or net asset value per unit will be impacted

by the changeover to IFRS. Currently, the Manager expects that the impact of IFRS on the Fund's financial statements will result in additional disclosures and a potentially different presentation of unitholder interests and certain other items.

The Fund's units are puttable financial instruments. Under International Accounting Standards ("IAS") 32, Financial Instruments – Disclosure and Presentation, for the Fund to continue to classify the units as equity, the units must meet certain specific criteria. Due to the multi-class structure of the Fund, it is unlikely that the units will meet the criteria as it is currently written, and the units will be classified as a liability upon the adoption of IFRS. This will not impact the net asset value per unit used for unitholders' purchase, switch, or redemption transactions, and is considered a presentation difference only. Certain agreements that refer to net asset value may need to be amended to reflect new terminology that may be adopted; however, calculations for amounts, such as management fees, will remain the same.

3. Management Fees and Expenses

- (a) EdgePoint, the Manager, provides investment management, distribution and administrative services to the Fund. In consideration for the services provided, EdgePoint receives a monthly management fee based on the daily average net assets of each series. The management fee differs among series of units, as outlined in the table below. The Fund pays EdgePoint an aggregate management fee. Management fees for Series I and O units are negotiated and paid directly by the investor, not by the Fund. These fees will not exceed the Series A management fees of the Fund.

Series A	1.80 %
Series B	2.00 %
Series F	0.80 %

- (b) In addition to management fees, the Fund is responsible for the payment of all expenses relating to its operations. Operating expenses incurred by the Fund may include, but are not limited to: taxes, accounting, legal and audit fees, costs relating to the Fund's Independent Review Committee, trustee and custodial fees, portfolio transaction costs, administrative costs excluding any salaries to the principal shareholders of the Manager, investor servicing costs, and costs of reports and prospectuses. Each series is responsible for the payment of operating expenses that can be specifically attributed to that series. Except for interest and bank charges which are paid or payable directly by the Fund, the Manager incurs such expenses on behalf of the Fund and is then

reimbursed by the Fund for such expenses. Common operating expenses of the Fund are allocated amongst the series based on the average number of unitholders or the average daily net assets of each series, depending on the type of operating expenses being allocated. All operating expenses of Series I units are the responsibility of EdgePoint.

- (c) At its sole discretion, EdgePoint may waive management fees or absorb expenses of the Fund. The expenses absorbed are shown on the statements of operations, if any. Such waivers and absorptions can be terminated at any time.
- (d) From time to time, EdgePoint may reduce the effective management fee payable by some unitholders, by reducing the management fee it charges to the Fund and directing the Fund to make management fee distributions to these unitholders in amounts equal to the management fee reduction. Management fee distributions are automatically reinvested in additional units of the Fund and are accounted for as distributions for financial statement reporting purposes.

4. Income Taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada) and, accordingly, is not subject to income taxes on the portion of its net income, including net realized gains, which is paid or payable to unitholders. Such distributed income is taxable in the hands of the unitholders.

Temporary differences between the carrying value of assets and liabilities for accounting and income tax purposes give rise to future income tax assets and liabilities. The most significant temporary difference is that between the reported fair value of the Fund's investment portfolio and its adjusted cost base for income tax purposes. Since the Fund's distribution policy is to distribute all net realized capital gains, future tax liabilities with respect to unrealized capital gains and future tax assets with respect to unrealized capital losses will not be realized by the Fund and, are therefore, not recorded by the Fund. Unused realized capital losses represent future tax assets to the Fund but due to the uncertainty that they will be realized by offsetting future capital gains, no net tax benefit is recorded by the Fund.

As at the most recent taxation year end of December 15, 2009, the Fund had capital losses of nil (2008 – \$436) available, which may be carried forward indefinitely to reduce future net realized capital gains.

Upon the adoption of IFRS, it is unclear whether the Fund will be permitted to continue to recognize the tax effects of distributions before the distribution is recognized. Unlike Canadian GAAP, IAS 12, Income Taxes, prohibits this treatment; however, the International Accounting Standards Board has published an exposure draft that proposes a similar treatment to Canadian GAAP. The issue is currently unresolved. Should the Fund be required to record future income taxes upon the adoption of IFRS, they will be recorded for financial statement purposes only and will not impact the net asset value per unit used for unitholders' purchases, switches or redemptions.

5. Brokerage Commissions

Commissions paid to brokers in connection with portfolio transactions are disclosed in the statements of operations of the Fund. Brokerage business is allocated to brokers based on an assessment as to which broker can deliver the Fund with the best results. Subject to these criteria, EdgePoint may allocate business to brokers that provide or pay for, in addition to transaction execution, investment research, statistical or other similar services which may or may not be used by EdgePoint in its investment decision-making process. In 2009 and 2008, EdgePoint did not have any "soft dollar" arrangements where third party services were paid for by brokers. Other proprietary research services are offered on a "bundled" basis with transaction execution and as a result, EdgePoint is not able to reasonably ascertain the value of these investment research services.

6. Reconciliation of Net Asset Value ("NAV")

Net assets reported in these financial statements are accounted for using GAAP ("GAAP Net Assets") and use the closing bid price for the fair value of investments traded in an active market. The net asset value ("NAV") for purposes of unitholders' purchases, switches and redemptions is calculated in accordance with the valuation rules as set out in the Fund's simplified prospectus and annual information form and uses last trade price to value investments traded in an active market. The Canadian Securities Administrators require reconciliation between NAV and GAAP Net Assets.

The difference between NAV and GAAP Net Assets on a per unit basis is as follows:

2009	NAV	GAAP Net Assets
Series A	\$ 15.62	\$ 15.57
Series B	15.54	15.48
Series F	15.65	15.59
Series I	16.14	16.08
Series O	11.40	11.35

2008	NAV	GAAP Net Assets
Series A	\$ 10.49	\$ 10.41
Series B	10.45	10.38
Series F	10.47	10.40
Series I	10.49	10.41
Series O	n/a	n/a

7. Financial Instruments

Essentially all of the assets and liabilities of the Fund are financial instruments. These financial instruments comprise investments, unrealized gain on foreign exchange forward contracts, cash, receivable for securities sold, receivable for units subscribed, accrued interest and dividends receivable, other accounts receivable, payable for securities purchased, payable for units redeemed, and accounts payable and accrued expenses. Investments and foreign exchange contracts are recorded at fair value based on the accounting policies described earlier. All other financial instruments are carried at cost or amortized cost, which, given their short-term nature, closely approximates their fair values.

8. Financial Instrument Risk

In the normal course of business, the Fund is exposed to a variety of financial risks: market risk (comprising market price risk, foreign currency risk and interest rate risk), counterparty credit risk and liquidity risk. The value of investments in the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, market and economic conditions, and factors specific to individual securities within the Fund. The level of risk depends on the Fund's investment objectives and the type of securities in which it invests.

Risk Management

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

The investment team takes a conservative approach to risk management by applying in depth thorough research to each investment idea in order to understand the risks of the individual business and this is weighed against its return potential.

Risk is further managed by investing in a diversified portfolio of companies. The team believes that investing in businesses that have competitive advantages in each of their respective industries is a more effective approach to diversification than focusing on traditional sector allocations. The team takes a common-sense approach to risk by assessing how much money can be lost and the probability of losing it. While this approach may seem overly simplistic, it provides vital clarity about the true investment risks.

The Manager employs 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. Monthly reviews by the Chief Compliance Officer and Chief Investment Officer are performed to ensure that pre-trade and post-trade compliance rules are followed. The Governance and Oversight Committee conducts reviews on a quarterly basis to monitor activity within the portfolio to ensure compliance with applicable rules.

(a) Market risk:

(i) Market price risk:

Market price risk arises primarily from uncertainties about future market prices of the instruments held. Market price fluctuations may be caused by factors specific to an individual investment, or factors affecting all securities traded in a market or industry sector. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. The most significant exposure to market price risk for the Fund arises from its investment in equity securities. If equity prices on the respective stock exchanges for these securities had increased or decreased by 5% as at December 31, 2009, with all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately \$7.82 million (approximately 4.6% of total net assets) (2008 – \$0.2 million or 4.5% of total net assets). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Foreign currency risk:

Foreign currency risk arises from financial instruments that are denominated in a currency

other than the Canadian dollar, which is the Fund's functional currency. The Fund is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates.

The Fund's investments are denominated primarily in Canadian dollars; therefore, the Fund is not subject to any significant foreign currency risk.

(iii) Interest rate risk:

Interest rate risk arises from interest-bearing financial instruments where the values of those instruments fluctuate due to changes in levels of market interest rates. The majority of the Fund's financial assets are equity shares, which are not interest-bearing. The Fund's financial liabilities are primarily short-term in nature and generally not interest-bearing. Therefore, the Fund's exposure to interest rate risk is considered insignificant.

(b) Counterparty credit risk:

Counterparty credit risk is the risk that the counterparty to a financial instrument will fail to honour an obligation or commitment that it has entered into with the Fund. The Fund's main exposure to credit risk is its trading of listed securities. It minimizes the concentration of credit risk by trading with a large number of brokers and counterparties on recognized and reputable exchanges. The risk of default is considered minimal as all transactions are settled and paid for upon delivery using approved brokers.

(c) Liquidity risk:

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Aside from financial liabilities arising from its normal investing activities, the Fund has no other significant financial liabilities.

The Fund's most significant potential exposure to financial liabilities is the 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 that can be readily sold). The Fund also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions. No such borrowings occurred during the year.

9. Comparative Figures

Certain 2008 comparative figures have been reclassified to conform to the financial statement presentation adopted in 2009.