



EdgePoint Canadian Portfolio
Annual Management Report of Fund Performance

For the Period Ended December 31, 2009

This annual Management Report of Fund Performance (MRFP) contains financial highlights but does not contain the 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 can obtain a copy of the annual financial statements 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 or the SEDAR website, at 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, 2009; 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.

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, 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.

Management Discussion of Fund Performance

This management discussion of fund performance presents views of the portfolio management team about the significant factors and developments 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 three 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 weighed against its return potential. We take 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.

There were no significant changes during the period that affected the overall level of risk associated with the Fund.

As discussed in the Prospectus, the overall risk of investing in the Fund remains moderate and is appropriate for investors with a long-term investment horizon. There are several types of risks that 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, the portfolio is 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.

During the 12-month period, the overall concentration of the Fund decreased slightly as the number of equity holdings increased from 48 at the end of 2008 to 59 at the end of 2009.

We have taken advantage of the Fund's market capitalization flexibility, finding attractive value in a number of smaller-sized companies. Because these types of companies tend to be thinly traded, making it more difficult to establish larger positions, the Fund is less concentrated than we would expect it to be over the long term.

Currency risk

While the Fund's foreign content exposure is limited to 10% of its net assets, investors are exposed to a small amount of currency risk. In order to reduce the impact of short-term currency fluctuations, we may employ currency hedging. Specifically, we may hedge a portion of our U.S. dollar exposure depending on our view of its relative value using purchasing power parity (PPP) as a guide.

As at December 31, 2009, less than 1% of the Fund's U.S. dollar exposure was hedged.

Results of Operations

Investment Performance

For the 12-month period ended December 31, 2009, EdgePoint Canadian Portfolio, Series A returned 50.2% versus an increase of 35.1% (C\$) for its benchmark, the S&P/TSX Composite Index. Please refer to the *Past performance* section for the performance of the other series. The performance of the other series offered by the Fund differs from Series A due largely to the varying level of expenses incurred by each series, as explained in the Prospectus.

While we provide these results due to the disclosure requirements of this report, we measure investment success over periods of ten years or more and believe it takes considerable skill to consistently add value over the long term. We don't believe any meaningful conclusions can be drawn based on a short time period of only one year.

Meaningful contributors to investment results:

Research In Motion Ltd.
International Royalty Corp.
Neo Material Technologies Inc.
Canadian Imperial Bank of Commerce
Onex Corp.

As a group, these companies contributed approximately 15% to overall portfolio performance.

Meaningful detractors from investment results:

Gennum Corp.
Domtar Canada Paper Inc.
Compton Petroleum Corp.
Pason Systems Inc.
AMN Healthcare Services Inc.

As a group, these companies detracted approximately 2% from overall portfolio performance. With the exception of Domtar, we continue to hold these companies as we still believe in our original thesis and their long-term value.

Portfolio transactionsBusinesses purchased

Over the past year, the Fund was the beneficiary of positive net cash flows, which it was able to deploy into existing holdings as well as new investment ideas. We avoided investing in the obvious “safety” businesses, as well as businesses that needed the economy to grow in order to propel them. Instead, we invested in businesses that would not only be “survivors” but could potentially grow in the face of what could be a very tough economy for the next three to five years.

Throughout the year, we had good success finding what we believe are high-quality ideas. Though we were finding fewer ideas near the end of the year, the quality of the ideas was just as strong.

Examples of new holdings include:

- Cogeco Inc.
- Gran Tierra Energy Inc.
- NEO Material Technologies Inc.
- Calfrac Well Services Inc.
- Daylight Resources Trust
- Vero Energy Inc.

Many of these companies are in the oil and gas sector as we are excited with the quality of ideas we are finding. The two primary reasons for this are the relatively low natural gas prices during the past year and the new technology that is being used to produce oil and gas.

The price of natural gas was low due to a number of factors resulting in natural gas inventories marginally above their five-year average. While we believe prices are likely to be even lower over the next few years, we believe last year was a bit of an anomaly. The lack of excitement towards natural gas stocks and the consensus view that prices will stay low indefinitely are giving us the opportunity to buy natural gas-related businesses at very attractive prices.

On the technology side, multi-frac horizontal drilling is changing the economics of the industry. Oil and gas companies can now economically access known oil or gas resources where historically vertical drilling could not.

Businesses sold

During the period, a number of companies were sold.

Examples include:

Trimac Income Fund
GameStop Corp.
BCE Inc.
GMP Capital
Contrans Income Fund
IAMGOLD Corp.
Yamana Gold Inc.

The majority of the companies that were sold in 2009 contributed positively to Fund performance and proceeds were deployed into stronger investment ideas.

Sector exposure

Overall sector exposure shifted as a result of investment decisions as well as changes in stock prices. The most significant shift was an increase in the Fund’s energy weight from 9.5% at the end of 2008 to 16.3% at the end of 2009 due primarily to the earlier discussion on opportunities we are finding.

These transactions were a result of the portfolio managers’ “bottom-up” stock selection process. The Fund is constructed to be diversified by idea and sector allocation is simply a by-product of the investment process. We focus on the individual merits of each business when constructing a portfolio and ensure the Fund is diversified by business idea. We do not construct the Fund with an index or benchmark in mind. As a result, the Fund’s composition is typically very different than its benchmark index.

Income, fees and expenses

The management expense ratio (MER), both before and after waivers or absorptions, decreased significantly for all series of units of the Fund since December 31, 2008. The decrease in the MER before waivers is largely a result of the Fund being in operation over the full year as opposed to over a very short period of time in 2008. The requirement to annualize the MER in the prior year resulted in the presentation of an artificially high MER that was not representative of the actual costs of the Fund. A component of the decrease in the MER was a result of the growth of the Fund. Many of the operating expenses of the Fund are fixed costs which were shared among a growing number of investors in the Fund. Our goal is to be amongst the lowest cost funds in our distribution channel. In a very short period of time, we have made significant progress towards achieving our goal. We continue to focus on providing unitholders with the best investment results possible. This focus requires us to be vigilant in minimizing the direct and indirect costs and expenses that are ultimately

borne by unitholders. Please refer to the *Financial Highlights* section for more information about the MER for all of the series of units.

As the Fund was in operation for a short period of time in 2008, a discussion about the period-over-period change in any specific income or expense line item would not be meaningful.

Unitholder activity

During the period ended December 31, 2009, the Fund's Net Asset Value increased to \$170.6 million from \$4.4 million at December 31, 2008. Of this increase, \$135.9 million is as a result of net inflows to the Fund by unitholders and \$30.3 million is attributed to operations.

Recent Developments

We continue to believe that the economic environment may be tougher for longer than most people expect. Given this, we believe it is important to focus on businesses with strong growth prospects that are independent of global economic growth.

Today, optimism and pessimism in the market place appear to be in balance. What is beneficial about this "balanced situation" is that we have the opportunity to buy growth companies without paying for that growth today. We have strived to build a portfolio of companies with a blend of growth and value. Looking forward, we are encouraged by the prospects facing the businesses in your portfolio.

In summary, we are attempting to approach investing in these turbulent markets with a sense of measured confidence. We will not deviate from EdgePoint's deceptively simple investment approach. We will continue to invest behind our convictions and remain focused on our goal of building wealth for you over the long term.

Adoption of new accounting standards and future changes in accounting policies

On January 1, 2009, the Fund adopted the amendments to the Canadian Institute of Chartered Accountants Handbook Section 3862, "Financial Instruments – Disclosures" (CICA 3862). The amendments require additional disclosures regarding the inputs that are used to determine the fair value of financial instruments and can be found in Note 2 of the Annual Financial Statements. The amendments to CICA 3862 had no impact to the valuation of the Fund's portfolio investments.

Effective January 1, 2011, the Fund will be required to report its financial results using International Financial Reporting Standards (IFRS). Based on our current analysis, we do not believe that there will be any material impact on the net asset value used for unitholder purchases, switches, or redemptions. However, for financial statement reporting purposes the Fund's units are considered to be puttable financial instruments as a unitholder can redeem their units at anytime. Puttable financial instruments are classified as a liability unless they meet certain criteria under IAS 32 Financial Instruments: Disclosure and Presentation. Due to the multi-class structure of the Fund, it is unlikely that the units will meet the criteria. As a result, upon the adoption of IFRS, all series of units will likely be reclassified from equity to liabilities. This should have no impact to net asset value, as the same net assets will be attributed to each unit. The reclassification of the units to liabilities will likely require amendments to the Fund's Declaration of Trust as well as to certain other agreements, such as the Management Agreement, which make reference to Net Asset Value or liabilities. The amendments will ensure that for the purposes of the agreements the value of the units will be excluded from liabilities before any calculations are performed.

Another potential impact of adopting IFRS relates to the recording of future income taxes. Under current Canadian GAAP, the Fund is able to recognize the tax effects of distributions before the distribution is recognized. As a result, the Fund is not required to recognize future income taxes because it is assumed that the Fund will continue to make its annual distributions to unitholders and any income or capital gains will be taxed in the hands of the unitholders as opposed to the Fund. IAS 12 Income Taxes prohibits this treatment and upon adoption of IFRS, the Fund may be required to record a future income tax provision. However, the International Accounting Standards Board has published an exposure draft that proposes a similar treatment to Canadian GAAP. The issue is currently unresolved and we will continue to monitor it and evaluate the impact. The future tax provision will be recorded for financial statement purposes only and should not have a material impact to the net asset value used for unitholder purchases, switches, or redemptions.

Harmonization of Sales Taxes

The Ontario government (along with the British Columbia government) recently announced plans to harmonize provincial sales taxes with the federal Goods and Services Tax (GST). This new harmonized sales tax (HST) will be effective July 1, 2010 and will generally use the same rules and tax base as the GST. This will have a significant impact to the unitholders of the Fund (and to investors across the

entire industry) as the majority of the Fund's expenses were previously not subject to Ontario's 8% provincial sales tax. The new HST will effectively increase the sales tax paid by the Fund from 5% to 13%. In a time when studies have shown that the general population is not saving enough for their retirements, we do not believe that increasing the sales taxes applied to mutual funds by 160% is in the best interests of investors.

The HST will add at least 0.14% (or 14 basis points) to the Fund's MER on an annualized basis, and over time will make sales taxes the second largest expense that the Fund will pay. The Ontario government has been releasing additional details over the past few months on how the HST will be implemented in each province along with certain transaction specific details. As the time writing, we have not seen any details specific to investment funds, however, it seems unlikely that the Ontario government will exempt mutual funds from the HST. As investors, we are deeply disappointed. As the details surrounding the implementation of the HST for investment funds has not been finalized at the time of writing, we are monitoring the situation closely and will determine the Fund's course of action once the details become clearer.

Related Parties

Manager

The Fund is managed by EdgePoint Wealth Management Inc. ("EdgePoint") who is responsible for the day-to-day operations of the Fund. As the manager, EdgePoint also provides (or arranges for) investment management; distribution, marketing and promotion of the Fund; transfer agency services; and unitholder reporting and servicing. These services are in the normal course of operations and are charged at the rate agreed to by the parties.

In return for providing these management services, 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. The management fees payable by Series I and Series O unitholders are negotiated and paid directly by the Series I and Series O unitholders. The operating expenses for Series I unitholders are the responsibility of EdgePoint.

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.

Independent Review Committee

EdgePoint has an appointed Independent Review Committee ("IRC") established under the Canadian Securities Administrators' National Instrument 81-107, which consists of three independent members. The mandate of the IRC is to review, and provide input on, EdgePoint's written policies and procedures that pertain to conflict of interest matters with respect to the Funds managed by EdgePoint. Additional information about the IRC is available in the Simplified Prospectus and Annual Information Form of the Fund. The members of the IRC receive fees and reimbursement of expenses for services provided to the Fund.

Other

EdgePoint provided start-up investment capital to this Fund and sufficient initial capital to each series in the Fund to permit that series to be valued on a daily basis. EdgePoint's investment in the Fund is recorded at the Net Asset Value per Unit of each series, as applicable. From time to time, EdgePoint may provide the initial capital required on the introduction of a new series of the Fund.

Financial Highlights**For the period ended December 31, 2009**

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, 2009 and the period from inception to December 31, 2008. The inception date for Series A, B, F and I of the Fund is November 17, 2008. The inception date for Series O is September 1, 2009. This information is derived from the Fund's financial statements.

| | Series A | | Series B | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2009 | 2008 | 2009 | 2008 |
| The Fund's Net Assets per Unit (\$) (note 1) | | | | |
| Net Assets, beginning of the period * | \$ 10.41 | \$ 10.00 | \$ 10.38 | \$ 10.00 |
| Increase (decrease) from operations: | | | | |
| Total revenue | 0.43 | 0.10 | 0.42 | 0.11 |
| Total expenses | (0.33) | (0.03) | (0.35) | (0.03) |
| Realized gains (losses) for the period | 0.55 | (0.07) | 0.55 | (0.07) |
| Unrealized gains (losses) for the period | 4.98 | 1.81 | 5.10 | 2.23 |
| Total increase (decrease) from operations | 5.63 | 1.81 | 5.72 | 2.24 |
| Distributions to Unitholders: | | | | |
| From income (excluding dividends) | - | - | - | - |
| From dividends | - | - | - | - |
| From capital gains | (0.12) | - | (0.13) | - |
| Return of capital | - | - | - | - |
| Total distributions to Unitholders | (0.12) | - | (0.13) | - |
| Net Assets, end of the period | \$ 15.57 | \$ 10.41 | \$ 15.48 | \$ 10.38 |
| Ratios and Supplemental Data (note 2) | | | | |
| Total net asset value (\$000's) | 106,077 | 2,221 | 45,428 | 802 |
| Number of units outstanding (000's) | 6,789 | 212 | 2,923 | 77 |
| Management expense ratio (note 3) - | 2.37% | 2.80% | 2.57% | 3.01% |
| Management expense ratio before waivers or absorptions - | 2.40% | 14.00% | 2.57% | 15.77% |
| Net asset value per unit | \$ 15.62 | \$ 10.49 | \$ 15.54 | \$ 10.45 |

- 2008 annualized

* for 2008, represents initial Net Assets

Notes

1. Net Assets per Unit is calculated as follows:

- 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.
- 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. Therefore, the beginning of period Net Assets plus the increase (decrease) from operations will not sum to the end of period Net Assets.
- Distributions per Unit of a series are based on the number of units outstanding for the series on the record dates for the distributions. Distributions were both paid in cash and reinvested in additional units at the option of the unitholder.

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, 2009 and 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.

Financial Highlights (continued)

| | Series F | | Series I | | Series O | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| The Fund's Net Assets per Unit (\$) (note 1) | | | | | | |
| Net Assets, beginning of the period * | \$ 10.40 | \$ 10.00 | \$ 10.41 | \$ 10.00 | \$ 10.00 | \$ - |
| Increase (decrease) from operations: | | | | | | |
| Total revenue | 0.42 | 0.13 | 0.51 | 0.08 | 0.12 | - |
| Total expenses | (0.16) | (0.02) | - | - | (0.01) | - |
| Realized gains (losses) for the period | 0.53 | (0.05) | 0.63 | (0.18) | 0.14 | - |
| Unrealized gains (losses) for the period | 4.88 | 1.76 | 5.24 | 0.51 | 1.13 | - |
| Total increase (decrease) from operations | 5.67 | 1.82 | 6.38 | 0.41 | 1.38 | - |
| Distributions to Unitholders: | | | | | | |
| From income (excluding dividends) | - | - | - | - | - | - |
| From dividends | - | - | - | - | - | - |
| From capital gains | (0.26) | - | (0.15) | - | (0.08) | - |
| Return of capital | - | - | - | - | - | - |
| Total distributions to Unitholders | (0.26) | - | (0.15) | - | (0.08) | - |
| Net Assets, end of the period | \$ 15.59 | \$ 10.40 | \$ 16.08 | \$ 10.41 | \$ 11.35 | \$ - |

Ratios and Supplemental Data (note 2)

| | | | | | | |
|--|----------|----------|----------|----------|----------|------|
| Total net asset value (\$000's) | 10,022 | 1,328 | 8,529 | 39 | 545 | - |
| Number of units outstanding (000's) | 640 | 127 | 528 | 4 | 48 | - |
| Management expense ratio (note 3) - | 1.16% | 1.75% | - | - | 0.15% | - |
| Management expense ratio before waivers or absorptions - | 1.20% | 10.50% | - | - | 0.15% | - |
| Net asset value per unit | \$ 15.65 | \$ 10.47 | \$ 16.14 | \$ 10.49 | \$ 11.40 | \$ - |

- 2008 and Series O annualized

*for Series F and I, 2008 represents initial Net Assets. For Series O, 2009 represents initial Net Assets.

Fund Level Ratios

| | 2009 | 2008 |
|------------------------------------|--------|-------|
| Trading expense ratio (note 4) - | 0.35% | 5.04% |
| Portfolio turnover rate (note 5) - | 19.24% | 1.79% |

- 2008 annualized

1. Net Assets per Unit is calculated as follows:

- 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.
 - 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. Therefore, the beginning of period Net Assets plus the increase (decrease) from operations will not sum to the end of period Net Assets.
 - Distributions per Unit of a series are based on the number of units outstanding for the series on the record dates for the distributions. Distributions were both paid in cash and reinvested in additional units at the option of the unitholder.
- 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, 2009 and December 31, 2008.
 - 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.
 - 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.
 - 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 turn-over 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

As compensation for the services provided, EdgePoint, the manager of the Fund, receives a monthly management fee based on the daily average Net Asset Value of Series A, Series B and Series F. Management fees for Series I and Series O are negotiated and paid directly by the unitholders, not by the Fund.

For the period ended December 31, 2009, a breakdown of the services received in consideration of the management fees as a percentage of the management fees is as follows:

| | Absorbed Expenses | Distribution Costs | Portfolio Advisor and other fees* |
|----------|-------------------|--------------------|-----------------------------------|
| Series A | 1% | 55% | 44% |
| Series B | 0% | 25% | 75% |
| Series F | 5% | 0% | 95% |
| Series I | n/a | n/a | n/a |
| Series O | n/a | n/a | n/a |

*includes general and administrative expenses and profits

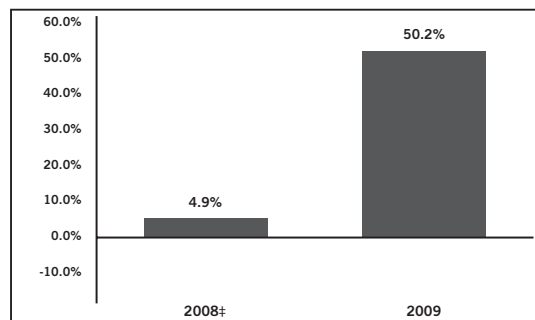
Past Performance

This section shows the Fund’s past performance. The past performance information shown includes changes in security value; assumes the reinvestment of all distributions (if any); and does not take into account sales, redemption, distribution or optional charges, or income taxes payable by any investor, which would have reduced returns. It is important to note that the past performance of the Fund is not an indication of how the Fund will perform in the future.

Period-by-period returns

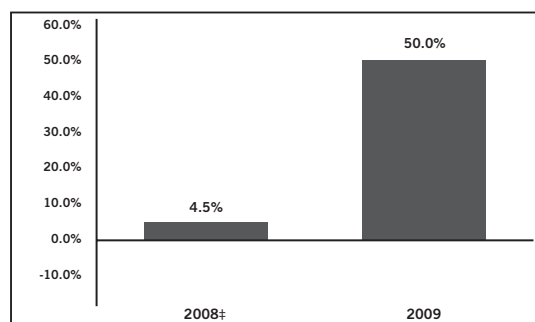
The following bar charts show you the Fund’s performance for each of the periods shown, and illustrate how the Fund’s performance changes from period to period. They indicate, on a percentage basis, how much an investment would have made or lost if you invested on the first day of each financial period and held that investment to the last day of each financial period, as applicable. The differing performance between the Series of units is due largely to the varying levels of expenses charged to each Series as explained in the Prospectus and the Financial Statements.

Series A



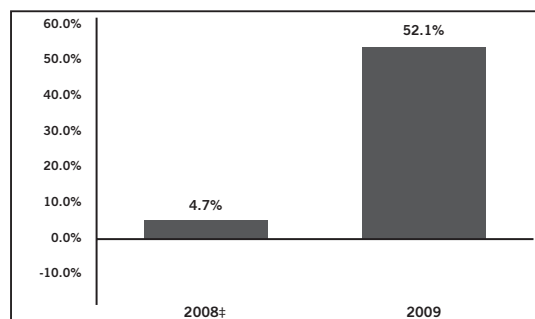
‡ Inception (November 17, 2008) to December 31, 2008

Series B

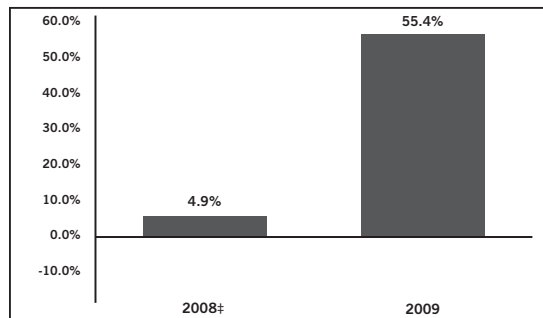


‡ Inception (November 17, 2008) to December 31, 2008

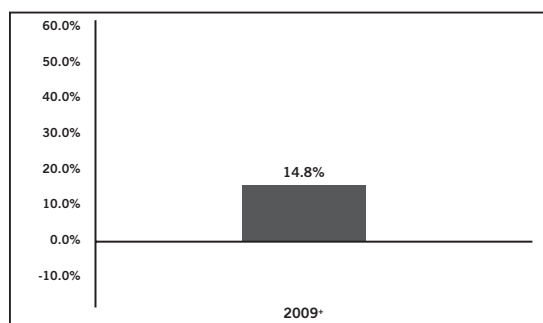
Series F



‡ Inception (November 17, 2008) to December 31, 2008

Series I

‡ Inception (November 17, 2008) to December 31, 2008

Series O

* Inception (September 1, 2009) to December 31, 2009

Benchmark

The Fund uses the S&P/TSX Composite Index as its benchmark for long-term performance comparisons. The S&P/TSX Composite Index is a market-capitalization-weighted index comprised of the largest and most widely held stocks traded on the Toronto Stock Exchange. While the Fund uses this index as its broad-based performance benchmark, the Fund is not managed relative to the composition of the index. As a result, the Fund may, and likely will, experience periods when its performance does not mimic the performance of the index, either positively or negatively. Please see the *Results of operations* section of this report for a discussion of recent performance results

Annual compound returns

The following table compares the Fund's annual compound returns for Series A, Series B, Series F, Series I, and Series O units with the returns of the S&P/TSX Composite Index for the periods shown ended December 31, 2009.

| | Since inception (%)* | 1-year (%) |
|-------------------------|----------------------|------------|
| Series A | 50.0 | 50.2 |
| Series B | 49.4 | 50.0 |
| Series F | 51.4 | 52.1 |
| Series I | 54.6 | 55.4 |
| S&P/TSX Composite Index | 34.0 | 35.1 |
| Series O | 14.8 | n/a |
| S&P/TSX Composite Index | 11.0 | n/a |

* Inception date is November 17, 2008 for all Series except for Series O, which was September 1, 2009

Summary of Investment Portfolio
As at December 31, 2009**Top 25 Positions**

| Security Name (% of Fund) | |
|--|---------------|
| 1 Thomson Reuters Corp. | 6.00% |
| 2 Tim Hortons Inc. | 5.93% |
| 3 Research In Motion Ltd. | 5.49% |
| 4 Onex Corp. | 4.80% |
| 5 Canadian Imperial Bank of Commerce | 4.63% |
| 6 Bank of Nova Scotia | 3.89% |
| 7 Intact Financial Corp. | 3.54% |
| 8 Power Corp. of Canada | 3.22% |
| 9 Calfrac Well Services Ltd. | 3.21% |
| 10 Toromont Industries Ltd. | 2.52% |
| 11 Cogeco Inc. | 2.22% |
| 12 Newalta Inc | 2.16% |
| 13 ATS Automation Tooling Systems Inc. | 2.14% |
| 14 Royal Bank of Canada | 2.06% |
| 15 Exfo Electro-Optical Engineering Inc. | 2.04% |
| 16 Boralex Power Income Fund | 2.02% |
| 17 Daylight Resources Trust | 1.81% |
| 18 ATCO Ltd. 'I' | 1.70% |
| 19 International Royalty Corp. | 1.64% |
| 20 Zargon Energy Trust | 1.59% |
| 21 Pason Systems Inc. | 1.47% |
| 22 West Energy Ltd. | 1.44% |
| 23 International Rectifier Corp. | 1.42% |
| 24 Precision Drilling Trust | 1.40% |
| 25 Aura Minerals Inc. | 1.39% |
| Total | 69.73% |

Sector Exposure

| Sector (% of Fund) | |
|---------------------------|----------------|
| Energy | 16.27% |
| Media | 10.70% |
| Banks | 10.58% |
| Information Technology | 10.27% |
| Industrials | 8.84% |
| Insurance | 8.74% |
| Consumer Discretionary | 7.79% |
| Cash & Cash Equiv. | 7.49% |
| Diversified Financials | 6.22% |
| Materials | 6.05% |
| Utilities | 3.72% |
| Health Care | 1.91% |
| Real Estate | 0.95% |
| Corporate Bonds | 0.47% |
| Total | 100.00% |

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.

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