



EdgePoint Canadian Growth & Income Portfolio

Semi-Annual Financial Statements

For the Period Ended June 30, 2009

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

Management has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The interim 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 interim financial statements.

The Board of Directors is responsible for reviewing and approving the interim 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 no members who are independent of management. For all series of units of the Fund, the interim financial statements have been reviewed and approved by the Board of Directors.



Patrick Farmer
Chief Executive Officer and Director
August 24, 2009



Norman Tang
Director of Finance
August 24, 2009

NOTICE TO UNITHOLDERS

EdgePoint Wealth Management Inc., the Manager of the Fund, appoints independent auditors to audit the Fund's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, this must be disclosed in an accompanying notice.

The Fund's independent auditor has not performed a review of these Interim Financial Statements in accordance with the standards established by the Canadian Institute of Chartered Accountants.

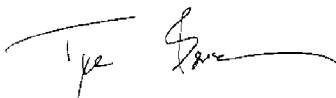
EDGEPOINT Canadian Growth & Income Portfolio
Statement of Net Assets (Unaudited)
June 30, 2009, with comparative figures for December 31, 2008

	2009	2008 (audited)
Assets		
Investments, at fair value*	\$ 67,164,506	\$ 2,482,076
Unrealized gain on foreign exchange forward contracts	51,751	-
Cash	4,353,034	483,140
Receivable for units subscribed	1,865,587	162,804
Accrued interest and dividends receivable	303,575	14,931
Other accounts receivable	87	-
	<u>73,738,540</u>	<u>3,142,951</u>
Liabilities		
Payable for securities purchased	1,989,986	225,618
Payable for units redeemed	26,149	-
Accounts payable and accrued expenses	147,651	2,505
	<u>2,163,786</u>	<u>228,123</u>
Net assets	\$ 71,574,754	\$ 2,914,828
Net assets, by Series:		
Series A	\$ 48,057,479	\$ 2,461,321
Series B	21,895,671	331,208
Series F	1,619,134	84,092
Series I	2,470	38,207
Net assets	\$ 71,574,754	\$ 2,914,828
Number of units outstanding:		
Series A	4,017,470	243,563
Series B	1,822,682	32,608
Series F	133,650	8,269
Series I	201	3,750
Net assets per unit:		
Series A	\$ 11.96	\$ 10.11
Series B	\$ 12.01	\$ 10.16
Series F	\$ 12.11	\$ 10.17
Series I	\$ 12.29	\$ 10.19

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

See accompanying notes to interim financial statements.

ON BEHALF OF THE BOARD:



Tye Bousada, Director



Geoff MacDonald, Director

Income:

Dividends	\$	459,557
Interest		245,851
		<u>705,408</u>
Less: foreign withholding taxes		<u>(4,772)</u>
		700,636

Expenses:

Management fees (note 3)	287,955
Administration and transfer agent fees	80,368
Custody and fund accounting	34,667
Audit	10,277
Unitholder reporting	4,527
Independent review committee fees	2,004
Filing fees	1,574
Legal fees	846
Bank Charges	9
	<u>422,227</u>

Net investment income 278,409

Net realized and unrealized gain (loss) and transaction costs:

Net realized gain on sale of investments	588,286
Net change in unrealized appreciation of investments	5,736,385
Transaction costs	<u>(81,723)</u>
	6,242,948

Increase in net assets from operations \$ 6,521,357

Increase in net assets from operations, by series:

Series A	\$	4,303,078
Series B	\$	2,063,854
Series F	\$	154,461
Series I	\$	(36)

Increase in net assets from operations, per unit:

Series A	\$	2.24
Series B	\$	2.39
Series F	\$	2.21
Series I	\$	(0.03)

See accompanying notes to interim financial statements.

	Series A	Series B	Series F	Series I	Total
Net assets, beginning of period	\$ 2,461,321	\$ 331,208	\$ 84,092	\$ 38,207	\$ 2,914,828
Increase in net assets from operations	4,303,078	2,063,854	154,461	(36)	6,521,357
Capital transactions:					
Proceeds from issue of units	41,935,255	19,613,964	1,446,272	–	62,995,491
Reinvested distributions	–	–	–	–	–
Payments on redemption of units	(642,175)	(113,355)	(65,691)	(35,701)	(856,922)
	45,596,158	21,564,463	1,535,042	(35,737)	68,659,926
Distributions to unitholders:					
Investment income	–	–	–	–	–
Capital gains	–	–	–	–	–
Net assets, end of period	\$ 48,057,479	\$ 21,895,671	\$ 1,619,134	\$ 2,470	\$ 71,574,754

Unitholders' equity

Units issued and outstanding:					
Balance, beginning of period	243,563	32,608	8,269	3,750	
Units issued for cash, including reinvested distributions	3,829,884	1,801,044	131,744	–	
Units redeemed	(55,977)	(10,970)	(6,363)	(3,549)	
Balance, end of period	4,017,470	1,822,682	133,650	201	

See accompanying notes to interim financial statements.

Number of shares/units	Security	Average cost (\$)	Fair value (\$)	% of net assets
Equities				
53,400	Canadian Imperial Bank of Commerce	2,672,972	3,105,210	4.34
108,350	Tim Hortons Inc.	3,223,280	3,079,307	4.30
112,650	Onex Corp.	1,912,466	2,253,000	3.15
26,150	Research in Motion Ltd.	1,717,567	2,160,513	3.02
77,050	Power Corp. of Canada	1,597,898	2,063,399	2.88
55,100	Thomson Reuters Corp.	1,771,638	1,864,584	2.61
54,700	Intact Financial Corp.	1,765,009	1,854,877	2.59
38,900	Bank of Nova Scotia	1,280,880	1,689,038	2.36
30,050	Royal Bank of Canada	1,219,273	1,427,075	1.99
32,200	Atco Ltd. 'I'	1,156,221	1,267,070	1.77
103,000	Calfrac Well Services Ltd.	1,243,405	1,249,390	1.75
308,500	Boralex Power Income Fund	1,164,862	1,234,000	1.72
69,750	The Progressive Corp.	1,184,247	1,224,922	1.71
76,150	Zargon Energy Trust	1,179,654	1,203,170	1.68
208,400	Newalta Inc.	915,018	1,185,796	1.66
48,600	Cogeco Inc.	1,134,973	1,035,666	1.45
38,400	Hughes Communications Inc.	610,017	1,018,912	1.42
54,200	International Rectifier Corp.	858,827	931,051	1.30
253,100	Exfo Electro-Optical Engineering Inc.	1,140,821	923,940	1.29
158,000	Precision Drilling Trust	1,001,604	883,220	1.23
44,800	FirstService Corp. 7% cumulative preference shares, Series 1	825,807	872,673	1.22
28,250	Astral Media Inc. 'A'	720,282	837,330	1.17
56,100	Corus Entertainment Inc. 'B'	807,211	829,719	1.16
32,800	BCE Inc.	812,180	787,200	1.10
208,200	International Royalty Corp.	546,037	784,914	1.09
106,450	Akita Drilling Ltd. 'A'	688,677	755,795	1.06
355,000	Neo Material Technologies Inc.	477,080	731,300	1.02
75,400	Pason Systems Inc.	755,597	698,204	0.98
71,000	Marsulex Inc.	606,335	689,410	0.96
38,000	Bonavista Energy Trust	561,696	683,240	0.95
27,950	Toromont Industries Ltd.	614,965	666,328	0.93
160,000	Gran Tierra Energy, Inc.	463,802	646,400	0.90
85,600	Dundee Corp. 'A'	435,183	578,656	0.81
31,200	International Game Technology	365,933	576,206	0.81
9,000	WellPoint Inc.	437,700	531,904	0.74
14,900	Boardwalk Real Estate Investment Trust	402,076	481,717	0.67
100,000	ATS Automation Tooling Systems Inc.	375,037	435,000	0.61
50,900	TVA Group Inc. 'B'	309,488	432,650	0.60
18,000	Harman International Industries Inc.	334,513	392,259	0.55
14,000	Mine Safety Appliances Co.	354,010	391,167	0.55
9,450	IGM Financial Inc.	262,700	387,734	0.54
340,400	Essential Energy Services Trust	334,848	340,400	0.48
164,300	West Energy Ltd.	337,098	340,101	0.48
42,700	AMN Healthcare Services Inc.	352,160	316,627	0.44
10,000	Moody's Corp.	232,715	306,253	0.43
15,400	Pool Corp.	280,293	296,223	0.41
540,000	Aura Minerals Inc., subscription receipts	297,000	280,800	0.39
24,100	GMP Capital Inc.	180,573	247,025	0.35
51,500	Gennum Corp.	247,292	204,970	0.29
417,000	Sandstorm Resources Inc.	134,691	187,650	0.26
159,700	PRT Forest Regeneration Income Fund Trust	213,169	185,252	0.26

Number of shares/units	Security	Average cost (\$)	Fair value (\$)	% of net assets
Equities (continued):				
49,800	Trimac Income Fund	129,570	177,288	0.25
6,366	Domtar Canada Paper Inc.	132,318	122,164	0.17
9,800	Contrans Income Fund	52,245	50,470	0.07
208,500	Sandstorm Resources Inc. warrants, April 23, 2014	32,109	43,785	0.06
95,100	Points International Ltd.	42,973	41,369	0.06
250,000	The Brick Group Income Fund warrants, May 27, 2014	28,750	40,000	0.06
40,000	Omni-Lite Industries Canada Inc.	36,336	36,000	0.05
		42,971,081	48,060,323	67.15
Face Value (\$)				
Fixed income				
2,150,000	Cogeco Cable Inc., 5.95%, June 9, 2014	2,171,410	2,165,542	3.03
1,952,000	Toromont Industries Ltd., 4.92%, October 13, 2015	1,786,764	1,805,268	2.52
1,448,000	Loblaw Companies Ltd., 7.10%, June 1, 2016	1,537,391	1,608,453	2.25
1,603,000	Molson Coors Capital Finance ULC, 5.00%, September 22, 2015	1,541,306	1,607,889	2.24
1,651,000	The Brick Group Income Fund, 12.00%, May 30, 2014	1,593,202	1,593,215	2.23
1,504,000	IGM Financial Inc., 6.75%, May 9, 2011	1,583,877	1,592,901	2.22
1,465,000	Trinidad Drilling Ltd. convertible debentures, 7.75%, July 31, 2012	1,152,687	1,318,500	1.84
675,000	Rogers Cable Inc., 7.25%, December 31, 2011	714,336	728,777	1.02
662,000	Cineplex Galaxy convertible debentures, 6.00%, December 31, 2012	630,130	665,310	0.93
593,000	Rogers Wireless Inc., 7.625%, December 15, 2011	632,028	644,953	0.90
605,000	Talisman Energy Inc., 4.44%, January 27, 2011	601,469	622,872	0.87
570,000	Shaw Communications Inc., 6.50%, June 2, 2014	578,508	608,196	0.85
551,000	Boardwalk REIT, 5.31%, January 23, 2012	531,033	519,141	0.73
450,000	Thompson Reuters Corp., 6.85%, June 1, 2011	475,784	483,570	0.68
440,000	Shaw Communications Inc., 5.70%, March 2, 2017	410,788	437,056	0.61
346,000	Shaw Communications Inc., 6.15%, May 9, 2016	339,625	357,498	0.50
300,000	Hughes Network Systems, LLC / HNS Finance Corp., 9.5%, April 15, 2014	326,620	342,573	0.48
316,000	ASM International NV, 4.25%, December 6, 2011	283,108	338,440	0.47
281,000	Thomson Reuters Corp., 5.25%, July 15, 2011	286,347	294,154	0.41
246,000	Shoppers Drug Mart Corp., 4.99%, June 3, 2013	248,580	256,098	0.36
205,000	Bell Canada Inc., 6.25%, April 12, 2012	211,430	218,225	0.30
200,000	Rogers Communication Inc., 5.80%, May 26, 2016	199,534	205,034	0.29
161,000	Shaw Communications Inc., 6.10%, November 16, 2012	161,131	169,739	0.24
125,000	Manitoba Telecom Service, 6.65%, May 11, 2016	124,938	129,078	0.18
100,000	Loblaw Companies Ltd., 4.85%, May 8, 2014	99,978	101,985	0.14
90,000	Shaw Communications Inc., 7.50%, November 20, 2013	96,075	99,833	0.14
90,000	Retirement Residential REIT, 8.25%, January 31, 2011	87,100	87,300	0.12
73,000	Kinetics Concepts Inc., 3.25%, April 15, 2015	50,286	66,486	0.09
15,000	Bonavista Energy Trust, 6.75%, June 30, 2010	14,944	15,080	0.02
11,800	TimberWest Forest Trust debenture, 9.00%, February 11, 2014	11,800	13,570	0.02
8,000	Sotheby's, 3.125% convertible debentures, June 15, 2013	5,040	7,447	0.01
		18,487,249	19,104,183	26.69

Number of shares/units	Security	Average cost (\$)	Fair value (\$)	% of net assets
Adjustment for transaction costs		(89,708)	–	–
	Total Investments	61,368,622	67,164,506	93.84
Foreign exchange forward contracts				
	Foreign exchange forward contract to buy CAD\$1,459,080 for USD\$1,200,000 with an exchange rate of 1.2159, maturing July 28, 2009	–	64,791	0.09
	Foreign exchange forward contract to buy CAD\$219,280 for USD\$200,000 with an exchange rate of 1.0964, maturing September 8, 2009	–	(13,040)	(0.02)
		–	51,751	0.07
	Other assets, less liabilities		4,358,497	6.09
	Net assets		71,574,754	100.00

See accompanying notes to interim financial statements.

1. The Fund:

- (a) EdgePoint Canadian Growth & Income 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.
- (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 statement 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 units are for large investors with minimum investments who have entered into a Series I Subscription Agreement with EdgePoint.
- (c) To establish the Fund, EdgePoint made an initial investment of \$150,000 in the Fund. EdgePoint, as the initial investor, cannot redeem its investment until an additional \$500,000 has been received from other investors in the Fund. As at June 30, 2009, EdgePoint held investments at market value in the Fund in the amount of \$2,470.
- (d) The interim financial statements of the Fund include the statement of investments and the statement of net assets at June 30, 2009 and the statement of operations, and the statement of changes in net assets for the period from January 1, 2009 to June 30, 2009 (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 90 days or less 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:

Cash is cash on deposit and is carried at cost, which approximates fair value.

(e) Other assets and liabilities:

Receivable for units subscribed, 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 gains (losses) 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 or depreciation 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, realized and unrealized capital gains (losses) are distributed amongst the different series of securities

2. Significant accounting policies (continued):

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 in 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 statement 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 sale of investments, dividend and interest income 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) 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.

(j) Increase (decrease) in net assets from operations per unit:

Increase (decrease) in net assets from operations per unit in the statements of operations represents the net increase (decrease) in the net assets from operations for the periods for each Series divided by the average units outstanding for each Series during the period.

(k) Future changes in accounting policies:

The Canadian Accounting Standards Board 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 June 30, 2009, the Manager was 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, 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 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 potentially different presentation of unitholder interests and certain other items.

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 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	1.70%
Series B	1.90%
Series F	0.70%

- (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 statement of operations. Such waivers and absorptions can be terminated at any time, but can be expected to continue until such time as the Fund is of sufficient size to reasonably absorb all management fees and expenses incurred in its operations.

3. Management fees and expenses (continued):

(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 tax 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, 2008, the Fund had capital losses of \$699 available, which may be carried forward indefinitely to reduce future net realized capital gains.

5. Brokerage commissions:

Commissions paid to brokers in connection with portfolio transactions are included in transaction costs in the statement 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, EdgePoint had no "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:

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 as at the period ended June 30, 2009 on a per unit basis is as follows:

	NAV	GAAP Net Assets
Series A	\$ 11.99	\$ 11.96
Series B	\$ 12.04	\$ 12.01
Series F	\$ 12.14	\$ 12.11
Series I	\$ 12.32	\$ 12.29

7. Financial instruments:

Essentially all of the assets and liabilities of the Fund are financial instruments. These financial instruments are comprised of investments, cash, 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 above. 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 (comprised of 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 it invests in.

(a) Risk management:

The Fund seeks to provide long-term capital appreciation and income generation by investing primarily in Canadian equity and fixed-income securities of corporations and governments. The portfolio management team invests in companies with 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 price below their assessment of each company's true value. The fixed-income approach includes an analysis of macro-

8. Financial instrument risk (continued):

economic factors affecting economic growth such as interest rates and monetary fiscal policy. It also focuses on credit analysis to uncover relative value opportunities with specific sectors as well as across different sectors of the market.

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. The team then weighs the company-specific risks versus the 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 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.

(b) 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 inherently 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 this 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 June 30, 2009, with all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately \$2.4 million (approximately 3.36% of total net assets). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(c) Foreign currency risk:

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 mainly in Canadian dollars; therefore, the financial statements are not subject to any significant foreign currency risk.

(d) Interest rate risk:

Interest rate risk arises on 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 table below summarizes the Fund's exposure to interest rate risks by remaining term to maturity:

	Debt instrument	% of net assets
Less than 1 year	\$ –	–
1 to 3 years	5,545,413	7.75
3 to 5 years	7,342,008	10.26
Greater than 5 years	6,216,762	8.68
	\$ 19,104,183	26.69

At June 30, 2009, if the prevailing interest rates had risen or declined by 0.50%, assuming a parallel shift in the yield curve, with all other variables held constant, the net assets of the Fund would have decreased or increased, respectively, by approximately \$0.09 million (approximately 0.13% of total net assets). The Fund's sensitivity to interest rate changes was estimated using the weighted average modified duration of 3.70 of the fixed income in the Fund. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(e) Counterparty credit risk:

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 greatest concentration of credit risk is in its holdings of fixed-income debt instruments. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The maximum credit risk of these investments is their carrying value at June 30, 2009. At June 30, 2009, the Fund was invested in debt securities with the following credit ratings:

8. Financial instrument risk (continued):

	% of net assets	% of debt instruments
AA	0.12	0.46
A	2.23	8.34
BBB	18.27	68.45
BB	0.47	1.77
B	0.58	2.18
NR	5.02	18.80
	26.69	100.00

The Fund also has exposure to credit risk from 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 upon delivery using approved brokers.

(f) 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 are 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 period.

