



EdgePoint Global Growth & Income Portfolio

Financial Statements

Years ended December 31, 2010 and 2009

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by the Manager, EdgePoint Wealth Management Inc., on behalf of EdgePoint Global Growth & Income 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 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.



Patrick Farmer
Chief Executive Officer and Director
March 11, 2011



Norman Tang
Director of Finance, as Chief Financial Officer
March 11, 2011

Independent Auditors' Report

To the Unitholders of EdgePoint Global Growth & Income Portfolio

We have audited the accompanying financial statements of EdgePoint Global Growth & Income Portfolio, which comprise the statements of net assets as at December 31, 2010 and 2009, the statement of investment portfolio as at December 31, 2010, and the statements of operations and changes in net assets for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of EdgePoint Global Growth & Income Portfolio as at December 31, 2010 and 2009, its investments held as at December 31, 2010 and the results of its operations and changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.



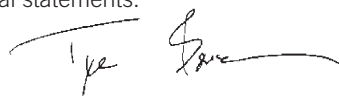
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
March 11, 2011


	2010	2009
Assets		
Investments at fair value*	\$ 207,207,768	\$ 113,164,488
Net unrealized gain on foreign exchange forward contract	363,665	148,672
Cash and cash equivalents	20,285,771	9,793,406
Receivable for units subscribed	301,649	465,903
Accrued interest and dividends receivable	655,809	260,707
Other accounts receivable	41,108	27,235
	228,855,770	123,860,411
Liabilities		
Payable for securities purchased	49,961	1,628,956
Payable for units redeemed	25,422	19,580
Accounts payable and accrued expenses	215,941	116,984
	291,324	1,765,520
Net assets	\$ 228,564,446	\$ 122,094,891
Net assets, by series:		
Series A	\$ 111,321,074	\$ 77,377,020
Series B	60,599,141	37,004,528
Series F	12,196,516	6,327,921
Series I	1,045,270	871,552
Series O	1,360,677	513,870
Series A(N)	30,846,842	-
Series B(N)	8,797,329	-
Series F(N)	2,397,597	-
Net assets	\$ 228,564,446	\$ 122,094,891
Number of units outstanding:		
Series A	8,034,733	5,911,342
Series B	4,395,506	2,834,624
Series F	880,148	484,543
Series I	74,635	65,340
Series O	123,272	50,092
Series A(N)	2,224,043	-
Series B(N)	637,437	-
Series F(N)	171,043	-
Net assets per unit:		
Series A	\$ 13.85	\$ 13.09
Series B	13.79	13.05
Series F	13.86	13.06
Series I	14.01	13.34
Series O	11.04	10.26
Series A(N)	13.87	-
Series B(N)	13.80	-
Series F(N)	14.02	-

*Cost of investments is reflected in the Statement of Investments.

See accompanying notes to financial statements.

ON BEHALF OF THE BOARD:


Tye Bousada, Director


Geoff MacDonald, Director

	2010	2009
Income:		
Dividends	\$ 2,142,538	\$ 645,320
Interest	2,876,223	897,955
	5,018,761	1,543,275
<u>Less foreign withholding taxes</u>	<u>279,257</u>	<u>34,105</u>
	4,739,504	1,509,170
Expenses:		
Management fees (note 3)	2,985,234	1,017,089
Administration and transfer agent fees	289,878	173,639
Fund accounting	71,475	46,236
Audit	33,416	15,661
Filing fees	26,977	13,621
Legal fees	16,038	9,047
Custody	15,544	14,340
Unitholder reporting	13,448	11,876
Independent Review Committee fees	4,508	5,377
Goods and Services Tax/Harmonized Sales Tax	281,628	64,665
	3,738,146	1,371,551
<u>Less expenses absorbed by the Manager (note 3)</u>	<u>2,469</u>	<u>5,087</u>
	3,735,677	1,366,464
Net investment income	1,003,827	142,706
Net realized and unrealized gain and transaction costs:		
Net realized gain on sale of investments and foreign exchange	6,883,040	3,561,255
Net change in unrealized appreciation of investments	9,146,380	10,160,993
Transaction costs	(164,595)	(169,245)
	15,864,825	13,553,003
Increase in net assets from operations	\$ 16,868,652	\$ 13,695,709
Increase in net assets from operations by series:		
Series A	\$ 7,253,505	\$ 8,642,379
Series B	4,154,160	4,282,201
Series F	890,748	748,195
Series I	103,038	18,350
Series O	127,466	4,584
Series A(N)	3,230,347	-
Series B(N)	873,829	-
Series F(N)	235,559	-
Increase in net assets from operations per unit:		
Series A	\$ 0.96	\$ 2.82
Series B	1.09	2.98
Series F	1.22	2.95
Series I	1.64	0.92
Series O	1.11	0.24
Series A(N)	1.74	-
Series B(N)	1.71	-
Series F(N)	1.78	-

See accompanying notes to financial statements.

EDGEPOINT Global Growth & Income Portfolio
*Statements of Changes in Net Assets
Years ended December 31, 2010 and 2009*

	Series A		Series B		Series F	
	2010	2009	2010	2009	2010	2009
Net assets, beginning of year	\$ 77,377,020	\$ 4,961,387	\$37,004,528	\$ 1,042,893	\$ 6,327,921	\$ 475,259
Increase in net assets from operations	7,253,505	8,642,379	4,154,160	4,282,201	890,748	748,195
Capital transactions:						
Proceeds from issue of units	60,404,578	67,042,361	27,417,322	31,977,161	7,822,395	5,315,289
Reinvested distributions	3,240,869	1,811,493	1,751,417	888,185	413,899	223,595
Payments on redemption of units	(33,648,233)	(3,247,906)	(7,934,756)	(280,488)	(2,817,156)	(200,382)
	29,997,214	65,605,948	21,233,983	32,584,858	5,419,138	5,338,502
Distributions to unitholders:						
Investment income	(339,875)	–	(66,058)	–	(138,493)	–
Capital gains	(2,966,790)	(1,832,694)	(1,727,472)	(905,424)	(302,798)	(234,035)
	(3,306,665)	(1,832,694)	(1,793,530)	(905,424)	(441,291)	(234,035)
Increase in net assets	33,944,054	72,415,633	23,594,613	35,961,635	5,868,595	5,852,662
Net assets, end of year	\$111,321,074	\$ 77,377,020	\$60,599,141	\$37,004,528	\$ 12,196,516	\$ 6,327,921

Units issued and outstanding:						
Balance, beginning of year	5,911,342	479,030	2,834,624	100,655	484,543	45,811
Units issued for cash, including reinvested distributions	4,739,659	5,691,634	2,202,573	2,757,130	613,797	454,753
Units redeemed	(2,616,268)	(259,322)	(641,691)	(23,161)	(218,192)	(16,021)
Balance, end of year	8,034,733	5,911,342	4,395,506	2,834,624	880,148	484,543

	Series I		Series O		Series A(N)	
	2010	2009	2010	2009	2010	2009
Net assets, beginning of year	\$ 871,552	\$ 38,970	\$ 513,870	\$ –	\$ –	\$ –
Increase in net assets from operations	103,038	18,350	127,466	4,584	3,230,347	–
Capital transactions:						
Proceeds from issue of units	516,787	853,136	1,277,958	509,287	28,674,499	–
Reinvested distributions	41,807	23,713	39,477	4,980	846,462	–
Payments on redemption of units	(428,465)	(38,904)	(558,617)	–	(1,041,805)	–
	130,129	837,945	758,818	514,267	28,479,156	–
Distributions to unitholders:						
Investment income	(21,221)	–	(28,405)	–	(54,169)	–
Capital gains	(38,228)	(23,713)	(11,072)	(4,981)	(808,492)	–
	(59,449)	(23,713)	(39,477)	(4,981)	(862,661)	–
Increase in net assets	173,718	832,582	846,807	513,870	30,846,842	–
Net assets, end of year	\$ 1,045,270	\$ 871,552	\$ 1,360,677	\$ 513,870	\$ 30,846,842	\$ –

Units issued and outstanding:						
Balance, beginning of year	65,340	3,750	50,092	–	–	–
Units issued for cash, including reinvested distributions	41,027	65,401	124,961	50,092	2,301,438	–
Units redeemed	(31,732)	(3,811)	(51,781)	–	(77,395)	–
Balance, end of year	74,635	65,340	123,272	50,092	2,224,043	–

EDGEPOINT Global Growth & Income Portfolio
*Statements of Changes in Net Assets
Years ended December 31, 2010 and 2009*

	Series B(N)		Series F(N)		Total	
	2010	2009	2010	2009	2010	2009
Net assets, beginning of year	\$ -	\$ -	\$ -	\$ -	\$122,094,891	\$ 6,518,509
Increase in net assets from operations	873,829	-	235,559	-	16,868,652	13,695,709
Capital transactions:						
Proceeds from issue of units	8,033,372	-	2,188,238	-	136,335,149	105,697,234
Reinvested distributions	247,089	-	48,402	-	6,629,422	2,951,966
Payments on redemption of units	(106,391)	-	(26,059)	-	(46,561,482)	(3,767,680)
	8,174,070	-	2,210,581	-	96,403,089	104,881,520
Distributions to unitholders:						
Investment income	(6,672)	-	(13,960)	-	(668,853)	-
Capital gains	(243,898)	-	(34,583)	-	(6,133,333)	(3,000,847)
	(250,570)	-	(48,543)	-	(6,802,186)	(3,000,847)
Increase in net assets	8,797,329	-	2,397,597	-	106,469,555	115,576,382
Net assets, end of year	\$ 8,797,329	\$ -	\$ 2,397,597	\$ -	\$228,564,446	\$122,094,891
Units issued and outstanding:						
Balance, beginning of year	-	-	-	-	-	-
Units issued for cash, including reinvested distributions	645,173	-	172,930	-	-	-
Units redeemed	(7,736)	-	(1,887)	-	-	-
Balance, end of year	637,437	-	171,043	-	-	-

See accompanying notes to financial statements.

Number of shares/units	Security	Average cost	Fair value	% of net assets
Equities				
329,200	International Rectifier Corp.	\$ 6,232,550	\$ 9,713,538	4.25
303,800	Wells Fargo & Co.	8,459,676	9,356,707	4.09
145,300	WellPoint Inc.	7,787,786	8,213,463	3.59
238,300	Willis Group Holdings Ltd.	6,982,230	8,204,089	3.59
439,400	Western Union Co.	7,756,389	8,111,960	3.55
386,600	The Progressive Corp.	6,874,404	7,636,837	3.34
130,300	Research in Motion Ltd.	8,428,497	7,530,062	3.29
416,200	International Game Technology	7,404,627	7,319,539	3.20
190,300	Altera Corp.	5,363,106	6,733,186	2.95
215,800	Ryanair Holdings PLC, ADR	6,307,096	6,599,205	2.89
150,300	Kinetic Concepts Inc.	5,262,998	6,257,768	2.74
160,700	Alere Inc.	5,722,955	5,847,238	2.56
242,700	Team Inc.	4,153,267	5,839,007	2.55
224,850	Pool Corp.	4,499,141	5,038,493	2.20
117,500	JPMorgan Chase & Co.	5,070,549	4,954,045	2.17
290,800	Knoll Inc.	3,717,085	4,827,972	2.11
235,700	Cisco Systems Inc.	5,429,530	4,735,651	2.07
116,400	Hughes Communications Inc.	2,315,772	4,679,699	2.05
1,004,200	Grafton Group PLC	4,371,015	4,611,157	2.02
123,800	Nalco Holding Co.	3,261,575	3,931,057	1.72
84,400	Gerresheimer AG	3,020,391	3,640,692	1.59
569,900	AMN Healthcare Services Inc.	4,522,087	3,478,731	1.52
131,900	Tognum AG	2,967,521	3,448,917	1.51
88,500	Hamamatsu Photonics K.K.	2,426,141	3,218,282	1.41
111,600	Horiba Ltd.	3,269,874	3,149,017	1.38
55,650	Harman International Industries Inc.	1,317,692	2,561,533	1.12
184,900	WPP PLC	2,237,780	2,263,374	0.99
305,800	EXFO Inc.	1,181,816	2,140,600	0.94
88,600	Colony Financial Inc.	1,831,323	1,757,237	0.77
404,300	Advanced Analogic Technologies Inc.	1,482,469	1,611,766	0.71
52,100	Takata Corp.	1,482,553	1,533,302	0.67
553,500	Travelsky Technology Ltd. 'H'	403,606	574,126	0.25
250,000	The Brick Group Income Fund warrants, May 27, 2014	28,750	447,500	0.20
264,000	Mega Brands Inc. warrants, March 30, 2015	34,320	68,640	0.03
		141,606,571	160,034,390	70.02
Face value (\$)				
Fixed income				
5,045,000	Shaw Communications Inc., 7.500%, November 20, 2013	5,666,633	5,681,982	2.49
4,670,000	Hughes Network Systems, LLC/HNS Finance Corp., 9.500%, April 15, 2014	5,072,839	4,793,589	2.10
3,475,000	Cogeco Cable Inc., 5.95%, June 9, 2014	3,619,634	3,745,911	1.64
2,965,000	Molson Coors Capital Finance ULC, 5.00%, September 22, 2015	2,999,530	3,140,469	1.37
2,600,000	Corus Entertainment Inc., 7.25%, February 10, 2017	2,649,500	2,743,754	1.20
2,400,000	Videotron Ltee., 9.125%, April 15, 2018	2,720,984	2,681,783	1.17
2,425,000	Interpublic Group Cos, 6.250%, November 15, 2014	2,655,661	2,591,636	1.13
2,345,000	Alere Inc., 9.000%, May 15, 2016	2,487,086	2,401,231	1.05
2,136,400	The Brick Group Income Fund, 12.000%, May 30, 2014	2,071,398	2,350,040	1.03
2,041,000	Bear Stearns Cos LLC, 5.450%, November 12, 2014	2,155,521	2,174,849	0.95
1,906,500	Newalta Inc., 7.000%, November 30, 2012	1,934,558	1,965,602	0.86
1,421,000	Toromont Industries Ltd., 4.920%, October 13, 2015	1,300,627	1,473,136	0.64
1,375,000	Videotron Ltee., 6.875%, January 15, 2014	1,435,247	1,387,631	0.61
1,150,000	Interpublic Group Cos, 10.000%, July 15, 2017	1,384,892	1,333,347	0.58
1,250,000	DundeeWealth Inc., 5.100%, September 25, 2014	1,249,950	1,286,950	0.56
1,200,000	Talisman Energy Inc., 4.440%, January 27, 2011	1,233,480	1,201,908	0.53
1,101,000	Bellatrix Exploration Ltd. convertible debentures, 4.750%, April 30, 2015	1,095,151	1,134,140	0.50

Number of shares/units	Security	Average cost	Fair value	% of net assets
Equities (continued)				
950,000	Kinetic Concepts Inc., 3.250%, April 15, 2015	\$ 941,276	\$ 992,642	0.43
550,000	Shaw Communications Inc., 6.500%, June 2, 2014	565,895	604,753	0.26
530,000	Daylight Energy Ltd., 6.250%, December 31, 2014	530,000	563,125	0.25
500,000	Videotron Ltee, 6.375%, December 15, 2015	528,303	513,148	0.22
400,000	BMW Canada Inc., 3.220%, March 28, 2013	399,956	406,436	0.18
375,000	Livingston International, 10.125%, November 9, 2015	375,000	394,440	0.17
375,000	Boardwalk REIT, 5.310%, January 23, 2012	362,438	382,579	0.17
330,000	Mega Brands Inc., 10.000%, March 31, 2015	295,680	346,500	0.15
205,000	Loblaw Companies Ltd., 4.850%, May 8, 2014	211,068	216,669	0.10
55,000	Bell Canada, 6.250%, April 12, 2012	56,705	57,669	0.03
28,758	TimberWest Forest Trust debenture, 9.000%, February 11, 2014	28,762	38,895	0.02
24,400	Firstservice Corp., 6.500%, December 31, 2014	26,052	30,291	0.01
		46,053,826	46,635,105	20.40
	Derivatives (note 10)	764,129	538,273	0.24
	Adjustment for transaction costs	(244,819)	–	–
	Total Investments	\$ 188,179,707	207,207,768	90.66
Foreign exchange forward contracts				
	Foreign exchange forward contract to buy Cdn \$2,423,124 for JPY 197,000,000, with an exchange rate of 0.0123, maturing January 12, 2011	–	2,191	0.00
	Foreign exchange forward contract to buy Cdn \$5,142,199 for JPY 424,000,000, with an exchange rate of 0.0121, maturing March 7, 2011	–	(76,817)	(0.03)
	Foreign exchange forward contract to buy Cdn \$7,776,320 for U.S. \$7,600,000, with an exchange rate of 1.0232, maturing January 28, 2011	–	193,775	0.08
	Foreign exchange forward contract to buy Cdn \$2,427,936 for U.S. \$2,400,000, with an exchange rate of 1.0116, maturing February 18, 2011	–	32,476	0.01
	Foreign exchange forward contract to buy Cdn \$7,833,906 for U.S. \$7,650,000, with an exchange rate of 1.0240, maturing February 23, 2010	–	197,463	0.09
	Foreign exchange forward contract to buy Cdn \$4,717,040 for U.S. \$4,635,000, with an exchange rate of 1.0177, maturing March 24, 2011	–	86,964	0.04
	Foreign exchange forward contract to buy U.S. \$2,800,000 for Cdn \$2,871,960, with an exchange rate of 0.9749, maturing February 23, 2011	–	(72,387)	(0.03)
		–	363,665	0.16
	Other assets, less liabilities		20,993,013	9.18
	Net assets		\$ 228,564,446	100.00

See accompanying notes to financial statements.

1. The Fund:

- (a) EdgePoint Global 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 Group Inc. (formerly EdgePoint Investment Management Inc.) is the investment advisor. The Fund commenced operations on November 17, 2008 with four series of units: Series A, Series B, Series F and Series I. On September 1, 2009, the Fund began offering Series O units. On August 3, 2010, the Fund began offering Series A(N) units, Series B(N) units, and Series F(N) 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 A(N), Series B(N), and Series F(N) units have the same requirements except that they are available only to investors residing in provinces that have not harmonized their provincial sales taxes with the federal Goods and Services Tax. Series I and Series 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 Series O, Series A(N), Series B(N), and Series F(N) units of the Fund, EdgePoint made an initial investment. As at December 31, 2010, EdgePoint held units of the Fund with an aggregate market value of \$8,903 (2009 – \$2,076).
- (d) The financial statements include the Statement of Investments at December 31, 2010, the Statements of Net Assets at December 31, 2010 and 2009, the Statements of Operations and the Statements of Changes in Net Assets for the years ended December 31, 2010 and 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 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 price 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 values, 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 the net realized gain on the sale of investments and foreign exchange.

(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:

All trade receivables and other accounts receivable are designated as receivables. They are recorded at amortized cost, which approximates their fair value. Similarly, all trade payables and accrued expenses are designated as financial liabilities and are recorded at amortized cost, which approximates their fair value.

(f) Investment transactions and income recognition:

All income, net realized and unrealized appreciation and foreign exchange, 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

2. Significant accounting policies: (continued)

unrealized appreciation of investments represents the difference between their average cost and fair value at the year-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 are distributed among 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 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 statements of operations based on the 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 the sale of investments and foreign exchange, 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 in net assets from operations per unit:

Increase in net assets from operations per unit in the Statements of Operations represents the net increase in net assets from operations for the year for each series divided by the average units outstanding for each series during the year.

(k) Future changes in accounting policies:

On January 12, 2011, the Canadian Accounting Standards Board published amendments to the Canadian Institute of Chartered Accountants' ("CICA") Handbook that will provide a two-year deferral of the transition to

International Financial Reporting Standards ("IFRS") for investment companies. For fiscal years beginning on or after January 1, 2013, investment companies, including the Fund, will be required to implement IFRS for interim and annual financial statements. Until this date, the Fund will continue to apply the accounting standards in Part V of the CICA Handbook.

Based on the Manager's current evaluation of the differences between GAAP and IFRS, the Manager does not expect that net assets attributable to unitholders or the 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 Fund's multi-class structure, it is unlikely that the units will meet the criteria as it is currently written. As such, 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 Series O units are negotiated and paid directly by the investor, not by the Fund. These fees will not exceed Series A management fees of the Fund.

Series A	1.70%
Series B	1.90%
Series F	0.70%
Series A(N)	1.70%
Series B(N)	1.90%
Series F(N)	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

3. Management fees and expenses: (continued)

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 are 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 among 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 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; however, 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, 2010, the Fund had capital losses of nil (2009: nil).

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 to the Fund 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 that may or may not be used by EdgePoint in its investment decision-making process. As at December 31, 2010, EdgePoint has commission-sharing or "soft dollar" arrangements with certain brokers in which third party services were paid for by brokers. These services represent less than 1% of total brokerage commissions paid by the Fund. 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 the 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:

2010	NAV	GAAP Net Assets
Series A	\$ 13.87	\$ 13.85
Series B	13.80	13.79
Series F	13.88	13.86
Series I	14.02	14.01
Series O	11.05	11.04
Series A(N)	13.89	13.87
Series B(N)	13.82	13.80
Series F(N)	14.04	14.02
2009	NAV	GAAP Net Assets
Series A	\$ 13.11	\$ 13.09
Series B	13.08	13.05
Series F	13.08	13.06
Series I	13.36	13.34
Series O	10.28	10.26
Series A(N)	—	—
Series B(N)	—	—
Series F(N)	—	—

7. Financial instruments:

Essentially all of the assets and liabilities of the Fund are financial instruments. These financial instruments comprise investments, unrealized gains on foreign exchange forward contracts, cash and cash equivalents, trade receivables, other accounts receivable, trade payables 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. Fair value measurements:

The Fund’s hierarchy used for disclosing the fair value of the Fund’s investments based on the inputs used is summarized below:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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., as derived from prices); and
- 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 at December 31, 2010 in valuing the Fund’s investments and derivatives at fair values:

2010	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total
Equities	\$ 160,034,392	\$ –	\$ 160,034,392
Bonds	–	46,635,103	46,635,103
Options - long	538,273	–	538,273
Foreign exchange forward contracts	–	363,665	363,665
Total investments	\$ 160,572,665	\$ 46,998,768	\$ 207,571,433

2009	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total
Equities	\$ 88,414,038	\$ –	\$ 88,414,038
Bonds	–	24,750,450	24,750,450
Short-term notes	–	8,798,391	8,798,391
Foreign exchange forward contracts	–	148,672	148,672
Total investments	\$ 88,414,038	\$ 33,697,513	\$ 122,111,551

During the year ended December 31, 2010, there were no investments that were transferred between levels and the Fund held no Level 3 financial instruments.

9. 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 a combination of long-term capital appreciation and income generation by investing primarily in global equity and fixed-income securities. The portfolio management team invests in companies that it believes have strong competitive positions, long-term growth prospects, and that are run by strong management teams. The team acquires ownership stakes in these companies at prices below their assessment of each company’s true value. The fixed-income approach includes an analysis of macro-economic factors affecting economic growth, as well as credit analysis to uncover relative value opportunities both within and 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, and weighs this 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 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

9. Financial instrument risk: (continued)

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 5.0% as at December 31, 2010, with all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately \$8.00 million (approximately 3.5% of total net assets) (2009: \$4.42 million or 3.6% 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 table below indicates the currencies (excluding the Canadian dollar) to which the Fund had exposure as at year end in Canadian dollar terms, including the underlying principal of forward exchange contracts, if any:

2010				
Currency	Investments (\$000's)	Cash (\$000's)	Foreign exchange contracts (\$000's)	Total (\$000's)
British pound	2,263	-	-	2,263
Euro	11,701	-	-	11,701
Hong Kong dollar	574	-	-	574
Japanese yen	7,901	-	(7,640)	261
U.S. dollar	152,202	18,244	(19,445)	151,001
	174,641	18,244	(27,085)	165,800
% of net assets	76.4%	8.0%	(11.9%)	72.5%

2009				
Currency	Investments (\$000's)	Cash (\$000's)	Foreign exchange contracts (\$000's)	Total (\$000's)
British pound	1,242	-	-	1,242
Euro	2,504	-	-	2,504
Hong Kong dollar	454	-	-	454
Japanese yen	944	-	-	944
U.S. dollar	85,712	140	(15,441)	70,411
	90,856	140	(15,441)	75,555
% of net assets	74.4%	0.1%	(12.6%)	61.9%

As at December 31, 2010, if the Canadian dollar had strengthened or weakened by 1.0% in relation to all foreign currencies, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by approximately

\$1.66 million (approximately 0.7% of total net assets) (2009: \$0.76 million or 0.6% of total net assets). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(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 table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity:

2010	Debt instrument	% of net assets
Less than 1 year	\$ 1,201,908	0.52
1 – 3 years	8,494,268	3.72
3 – 5 years	27,778,814	12.15
Greater than 5 years	9,160,115	4.01
	\$46,635,105	20.40

2009	Debt instrument	% of net assets
Less than 1 year	\$ 15,150	0.01
1 – 3 years	4,444,536	3.64
3 – 5 years	11,917,395	9.77
Greater than 5 years	8,373,369	6.86
	\$24,750,450	20.28

At December 31, 2010, if the prevailing interest rates had risen or declined by 0.5%, 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 \$0.80 million (approximately 0.3% of total net assets) (2009: \$0.46 million or 0.3% of total net assets). The Fund's sensitivity to interest rate changes was established using the weighted average modified duration of 3.41 (2009: 3.74) years (based on the fixed income holdings in the Fund). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(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.

9. Financial instrument risk: (continued)

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 creditworthiness of the debt issuer. The maximum credit risk of these investments is their carrying value at December 31, 2010.

At December 31, 2010, the Fund was invested in debt securities with the following credit ratings:

	% of net assets	% of debt instruments
AA	0.95	4.66
A	0.18	0.87
BBB	11.01	53.94
BB	1.72	8.42
B	3.58	17.56
NR	2.96	14.55
	20.40	100.00

At December 31, 2009, the Fund was invested in debt securities with the following credit ratings:

	% of net assets	% of debt instruments
A	0.19	0.89
BBB	9.39	46.29
BB	0.38	1.89
B	6.06	29.91
NR	4.26	21.02
	20.28	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 for upon delivery using approved brokers.

The Fund may enter into foreign exchange contracts to buy and sell currencies for the purpose of settling foreign securities transactions. These are short-term

spot settlements carried out with counterparties with a credit rating of at least "A". The exposure to credit risk on these contracts is considered minimal as there are few contracts outstanding at any one time and the transactions are settled and paid for upon delivery.

(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 that arise 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 90.0% 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 5.0% of its net assets for the purposes of funding redemptions. No such borrowings occurred during the year.

10. Schedule of derivatives:

Put options Japan-USD	Expiry date	Strike price	Number of shares	Average cost \$	Fair value \$
Sept/100 PO	9/27/11	100.00	2,852,000	89,134	7,015
Sept/115 PO	9/27/11	115.00	2,852,000	22,503	1,582
Mar/125 PO	3/29/13	125.00	11,538,727	62,070	40,780
Mar/125 PO	3/29/13	125.00	6,000,000	46,061	21,205
Mar/125 PO	3/29/13	125.00	5,940,000	46,039	20,994
Mar/140 PO	3/29/13	140.00	7,100,000	23,077	11,301
Jul/100 PO	7/18/13	100.00	5,815,000	187,771	125,084
Aug/115 PO	8/21/13	115.00	17,766,991	143,737	159,233
Aug/115 PO	8/21/13	115.00	16,857,154	143,737	151,079
				\$764,129	\$538,273

11. Comparative figures:

Certain 2009 comparative figures have been reclassified to conform to the financial statement presentation adopted in 2010.

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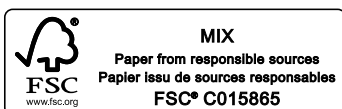
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