



EdgePoint Canadian Growth & Income Portfolio

Semi-Annual Financial Statements

Period from January 1, 2010 to June 30, 2010

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 senior management of the Manager. 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, 2010



Norman Tang
Director of Finance, as Chief Financial Officer
August 24, 2010

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.

	2010 (unaudited)	2009 (audited)
Assets		
Investments, at fair value*	\$ 272,747,886	\$ 157,269,499
Net unrealized gain on foreign exchange forward contracts	–	89,232
Cash and cash equivalents	12,887,168	20,116,579
Receivable for securities sold	–	274,312
Receivable for units subscribed	1,682,445	838,322
Accrued interest and dividends receivable	1,307,885	567,959
Other accounts receivable	–	9,856
	288,625,384	179,165,759
Liabilities		
Payable for securities purchased	3,249,802	2,189,052
Payable for units redeemed	93,559	5,461
Accounts payable and accrued expenses	481,673	166,343
Net unrealized loss on foreign exchange forward contracts	670,165	–
	4,495,199	2,360,856
Net assets	\$ 284,130,185	\$ 176,804,903
Net assets, by series:		
Series A	\$ 197,722,038	\$ 122,550,357
Series B	76,212,596	49,169,473
Series F	8,487,628	4,210,766
Series I	1,482,748	872,081
Series O	225,175	2,226
	\$ 284,130,185	\$ 176,804,903
Number of units outstanding:		
Series A	14,048,951	8,738,147
Series B	5,406,698	3,499,477
Series F	595,835	297,079
Series I	101,754	60,182
Series O	20,328	203
Net assets per unit:		
Series A	\$ 14.07	\$ 14.02
Series B	14.10	14.05
Series F	14.24	14.17
Series I	14.57	14.49
Series O	11.08	10.96

*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

	2010	2009
Income:		
Dividends	\$ 1,885,395	\$ 459,557
Interest	2,036,800	245,851
	3,922,195	705,408
Less foreign withholding taxes	16,910	4,772
	3,905,285	700,636
Expenses:		
Management fees (note 3)	2,061,982	274,243
Administration and transfer agent fees	196,009	76,541
Fund accounting	31,958	21,186
Filing fees	27,162	1,574
Audit	25,859	9,787
Custody	10,403	11,830
Legal fees	10,171	806
Unitholder reporting	9,782	4,311
Independent review committee fees	2,576	1,909
Bank charges	—	9
Goods and services tax/harmonized sales tax	116,659	20,031
	2,492,561	422,227
Less expenses absorbed by the Manager	28	—
	2,492,533	422,227
Net investment income	1,412,752	278,409
Net realized and unrealized gain (loss) and transaction costs:		
Net realized gain on sale of investments	6,194,194	588,286
Net change in unrealized appreciation (depreciation) of investments	(11,126,334)	5,736,385
Transaction costs	(183,858)	(81,723)
	(5,115,998)	6,242,948
Increase/(decrease) in net assets from operations	\$ (3,703,246)	\$ 6,521,357
Increase/(decrease) in net assets from operations, by series:		
Series A	\$ (2,614,683)	\$ 4,303,078
Series B	(947,035)	2,063,854
Series F	(115,800)	154,461
Series I	(11,353)	(36)
Series O	(14,375)	—
Increase/(decrease) in net assets from operations, per unit:		
Series A	\$ (0.23)	\$ 2.24
Series B	(0.21)	2.39
Series F	(0.25)	2.21
Series I	(0.13)	(0.03)
Series O	(1.49)	—

See accompanying notes to interim financial statements.

2010	Series A	Series B	Series F	Series I	Series O	Total
Net assets, January 1, 2010	\$ 122,550,357	\$ 49,169,473	\$ 4,210,766	\$ 872,081	\$ 2,226	\$ 176,804,903
Increase/(decrease) in net assets from operations	(2,614,683)	(947,035)	(115,800)	(11,353)	(14,375)	(3,703,246)
Capital transactions:						
Proceeds from issue of units	83,887,842	28,694,450	5,044,105	627,465	238,324	118,492,186
Reinvested distributions	349,657	69,701	49,813	12,004	1,011	482,186
Payments on redemption of units	(6,096,885)	(702,070)	(649,697)	(2,443)	(1,000)	(7,452,095)
	78,140,614	28,062,081	4,444,221	637,026	238,335	111,522,277
Distributions to unitholders:	(354,250)	(71,923)	(51,559)	(15,006)	(1,011)	(493,749)
Increase in net assets	75,171,681	27,043,123	4,276,862	610,667	222,949	107,325,282
Net assets, June 30, 2010	\$ 197,722,038	\$ 76,212,596	\$ 8,487,628	\$ 1,482,748	\$ 225,175	\$ 284,130,185
Units issued and outstanding:						
Balance, January 1, 2010	8,738,147	3,499,477	297,079	60,182	203	
Units issued for cash, including reinvested distributions	5,726,201	1,954,758	341,842	41,731	20,211	
Units redeemed	(415,397)	(47,537)	(43,086)	(159)	(86)	
Balance, June 30, 2010	14,048,951	5,406,698	595,835	101,754	20,328	
2009	Series A	Series B	Series F	Series I	Series O	Total
Net assets, January 1, 2009	\$ 2,461,321	\$ 331,208	\$ 84,092	\$ 38,207	\$ –	\$ 2,914,828
Increase/(decrease) 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)
	41,293,080	19,500,609	1,380,581	(35,701)	–	62,138,569
Increase/(decrease) in net assets	45,596,158	21,564,463	1,535,042	(35,737)	–	68,659,926
Net assets, June 30, 2009	\$ 48,057,479	\$ 21,895,671	\$ 1,619,134	\$ 2,470	\$ –	\$ 71,574,754
Units issued and outstanding:						
Balance, January 1, 2009	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, June 30, 2009	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				
345,850	Tim Hortons Inc.	10,592,861	11,786,566	4.15
223,800	Research in Motion Ltd.	15,003,259	11,710,736	4.12
277,400	Thomson Reuters Corp.	9,481,121	10,568,940	3.72
205,700	Bank of Nova Scotia	9,268,544	10,087,528	3.55
372,650	Onex Corp.	8,267,119	9,502,575	3.34
244,700	Shoppers Drug Mart Corp.	9,796,500	8,053,077	2.83
113,400	Canadian Imperial Bank of Commerce	6,570,995	7,500,276	2.64
1,162,300	ATS Automation Tooling Systems Inc.	7,258,629	6,566,995	2.31
132,000	Intact Financial Corp.	4,373,610	5,926,800	2.09
293,600	Calfrac Well Services Ltd.	4,582,257	5,672,352	2.00
106,700	Royal Bank of Canada	5,452,626	5,409,690	1.90
517,200	Newalta Corp.	3,531,303	4,447,920	1.57
118,250	Astral Media Inc. 'A'	3,787,891	4,248,723	1.50
89,200	Atco Ltd. 'I'	3,700,201	4,237,000	1.49
157,050	Power Corp. of Canada	3,799,668	4,006,346	1.41
695,000	EXFO Inc.	2,822,944	3,822,500	1.35
221,000	International Game Technology	4,002,737	3,679,271	1.29
159,750	Toromont Industries Ltd.	4,033,249	3,666,263	1.29
324,100	Pason Systems Inc.	3,431,908	3,662,330	1.29
591,000	Vero Energy Inc.	3,241,965	3,611,010	1.27
763,000	Boralex Power Income Fund	3,059,224	3,486,910	1.23
130,000	Altera Corp.	3,329,990	3,418,731	1.20
163,750	The Progressive Corp.	2,848,617	3,250,551	1.14
130,010	FirstService Corp. 7% cumulative preference shares, Series 1	2,562,431	3,246,666	1.14
154,200	International Rectifier Corp.	2,927,814	3,042,991	1.07
96,600	Cogeco Inc.	2,182,778	2,885,442	1.02
312,601	Daylight Energy Ltd.	2,959,688	2,782,149	0.98
2,839,900	Midnight Oil Exploration Ltd.	3,112,169	2,669,506	0.94
131,100	Corus Entertainment Inc. 'B'	2,136,778	2,450,259	0.86
301,800	Total Energy Services Inc.	1,924,087	2,417,418	0.85
75,000	Willis Group Holdings PLC	2,135,000	2,389,877	0.84
299,400	AMN Healthcare Services Inc.	2,714,054	2,374,779	0.84
150,000	Western Union Co.	2,474,038	2,371,586	0.83
80,000	Ryanair Holdings PLC, ADR	2,192,566	2,293,010	0.81
72,000	Inverness Medical Innovations Inc.	2,706,473	2,032,406	0.72
500,500	Aura Minerals Inc.	1,632,968	2,002,000	0.70
108,350	Zargon Energy Trust	1,788,128	1,961,135	0.69
65,900	Hughes Communications Inc.	1,332,863	1,689,708	0.59
1,397,200	Essential Energy Services Trust	1,439,045	1,578,836	0.56
42,450	IGM Financial Inc.	1,644,909	1,575,744	0.55
1,268,400	Anderson Energy Ltd.	1,478,387	1,496,712	0.53
258,500	Gran Tierra Energy Inc.	986,951	1,370,050	0.48
178,400	Akita Drilling Ltd. 'A'	1,233,340	1,279,487	0.45
105,600	Dundee Corp. 'A'	572,057	1,275,648	0.45

Number of Shares/Units	Security	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Equities (continued)				
190,500	Gennum Corp.	902,461	1,230,630	0.43
2,000,000	The Westaim Corp.	1,000,000	1,180,000	0.42
96,000	Marsulex Inc.	903,857	1,089,600	0.38
270,000	Sprott Resource Corp.	880,385	1,069,200	0.38
282,500	Neo Material Technologies Inc.	513,040	1,000,050	0.35
19,000	WellPoint Inc.	941,833	985,822	0.35
53,900	Colony Financial Inc.	1,152,758	965,929	0.34
1,273,000	Sandstorm Resources Inc.	473,105	827,450	0.29
314,900	PRT Forest Regeneration Income Fund Trust	426,879	762,058	0.27
33,200	Canadian Energy Services & Technology Corp.	454,809	546,472	0.19
35,000	Canadian Energy Services & Technology Corp. subscription receipts	542,500	542,500	0.19
46,800	TVA Group Inc. 'B'	286,543	529,308	0.19
868,200	Compton Petroleum Corp.	1,009,152	512,238	0.18
250,000	The Brick Group Income Fund warrants, May 27, 2014	28,750	292,500	0.10
205,200	Sandstorm Resources Inc. warrants, April 23, 2014	31,601	61,560	0.02
768,200	Compton Petroleum Corp., warrants, September 25, 2011	69,138	57,615	0.02
336,000	Mega Brands Inc. warrants, March 30, 2015	43,680	47,040	0.02
36,371	Sandstorm Metals & Energy Ltd.	12,730	12,730	0.00
		184,046,963	195,221,201	68.70
Face Value (\$)	Fixed Income			
5,775,000	Hughes Network Systems, LLC / HNS Finance Corp., 9.5%, April 15, 2014	6,218,976	6,154,426	2.17
5,850,000	Calfrac Holdings LP, 7.75%, February 15, 2015	5,982,100	5,985,276	2.11
4,875,000	Rogers Cable Inc., 7.25%, December 15, 2011	5,267,722	5,228,535	1.84
4,603,000	Molson Coors Capital Finance ULC, 5.00%, September 22, 2015	4,728,606	4,841,896	1.70
4,075,000	Cogeco Cable Inc., 5.95%, June 9, 2014	4,236,839	4,388,857	1.54
3,600,000	Videotron Ltee., 9.125%, April 15, 2018	4,081,476	4,168,112	1.47
4,300,000	Bellatrix Exploration Ltd. convertible debentures, 4.75%, April 30, 2015	4,300,000	4,085,000	1.44
3,630,000	Inverness Medical Innovations Inc., 9.00%, May 15, 2016	3,850,333	3,868,500	1.36
3,200,000	Bear Stearns Cos LLC, 5.45%, November 12, 2014	3,379,552	3,434,304	1.21
2,668,600	The Brick Group Income Fund, 12.00%, May 30, 2014	2,590,351	2,855,936	1.01
2,400,000	Corus Entertainment Inc., 7.25%, February 10, 2017	2,418,000	2,497,584	0.88
2,405,000	Talisman Energy Inc., 4.44%, January 27, 2011	2,451,689	2,444,779	0.86
2,357,500	Newalta Inc., 7.00%, November 30, 2012	2,382,755	2,440,013	0.86
2,125,000	Videotron Ltee., 6.875%, January 15, 2014	2,218,391	2,276,245	0.80
2,000,000	Loblaw Companies Ltd., 5.40%, November 20, 2013	2,174,000	2,154,660	0.76
1,952,000	Toromont Industries Ltd., 4.92%, October 13, 2015	1,786,764	2,023,970	0.71

Number of Shares/Units	Security	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Face Value (\$)	Fixed Income (continued)			
1,750,000	DundeeWealth Inc., 5.10%, September 25, 2014	1,749,930	1,788,413	0.63
1,566,000	Shaw Communications Inc., 6.15%, May 9, 2016	1,646,245	1,706,235	0.60
1,448,000	Loblaw Companies Ltd., 7.10%, June 1, 2016	1,537,391	1,683,648	0.59
1,504,000	IGM Financial Inc., 6.75%, May 9, 2011	1,583,877	1,565,604	0.55
1,346,000	Shoppers Drug Mart Corp., 4.99%, June 3, 2013	1,424,755	1,426,249	0.50
1,322,000	American Express Canada, 4.30%, November 12, 2010	1,351,382	1,334,308	0.47
975,000	Interface Inc., 11.375%, November 1, 2013	1,166,460	1,137,279	0.40
989,000	Sotheby's, 3.125% convertible debentures, June 15, 2013	1,005,469	1,015,827	0.36
921,000	Boardwalk REIT, 5.31%, January 23, 2012	901,662	952,010	0.34
670,000	Daylight Energy Ltd., 6.25%, December 31, 2014	670,000	700,150	0.25
590,000	Daylight Energy Ltd., convertible debentures, 10.00%, December 31, 2013, Series C	673,438	658,794	0.23
593,000	Rogers Wireless Inc., 7.625%, December 15, 2011	632,028	639,147	0.22
570,000	Shaw Communications Inc., 6.50%, June 2, 2014	578,508	626,584	0.22
600,000	BMW Canada Inc., 3.22%, March 28, 2013	599,934	605,364	0.21
440,000	Shaw Communications Inc., 5.70%, March 2, 2017	410,788	466,629	0.16
420,000	Mega Brands Inc., 10.00%, January 28, 2015	376,320	423,780	0.15
281,000	Thomson Reuters Corp., 5.25%, July 15, 2011	286,347	290,678	0.10
280,700	Intact Financial Corp., 5.41%, September 3, 2019	280,571	290,662	0.10
260,000	Loblaw Companies Ltd., 4.85%, May 8, 2014	269,258	274,277	0.10
205,000	Bell Canada Inc., 6.25%, April 12, 2012	211,430	218,579	0.08
200,000	Rogers Communication Inc., 5.80%, May 26, 2016	199,534	216,910	0.08
161,000	Shaw Communications Inc., 6.10%, November 16, 2012	161,131	172,370	0.06
90,000	Shaw Communications Inc., 7.50%, November 20, 2013	96,075	101,591	0.04
35,600	Firstservice Corp., 6.50%, December 31, 2014	38,009	38,883	0.01
12,616	TimberWest Forest Trust convertible debenture, 9.00%, February 11, 2014	12,617	16,306	0.01
		75,930,713	77,198,370	27.18
	Derivatives (Note 10)	455,551	328,315	0.12
	Adjustment for transaction costs	(349,454)	—	—
	Total Investments	260,083,773	272,747,886	96.00
	Foreign exchange forward contracts			
	Foreign exchange forward contract to buy CDN 7,004,535 for USD 6,900,000 with an exchange rate of 1.0152, maturing July 6, 2010	—	(335,132)	(0.12)
	Foreign exchange forward contract to buy CDN 3,781,806 for USD 3,725,000 with an exchange rate of 1.0153, maturing July 28, 2010	—	(181,054)	(0.06)

Number of Shares/Units	Security	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Foreign exchange forward contracts (continued)				
	Foreign exchange forward contract to buy CDN 3,104,681 for USD 3,020,000 with an exchange rate of 1.0208, maturing August 19, 2010	–	(108,525)	(0.04)
	Foreign exchange forward contract to buy CDN 7,210,963 for USD 6,755,000 with an exchange rate of 1.0675, maturing August 23, 2010	–	23,665	0.01
	Foreign exchange forward contract to buy CDN 11,651,115 for USD 11,100,000 with an exchange rate of 1.0497, maturing September 30, 2010	–	(162,890)	(0.06)
	Foreign exchange forward contract to buy USD 6,900,000 for CDN 7,247,415 with an exchange rate of 0.9521, maturing July 6, 2010	–	93,771	0.03
		–	(670,165)	(0.24)
	Other assets less liabilities		12,052,464	4.24
	Net assets		\$ 284,130,185	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. The Fund commenced operations on November 17, 2008 with four series of units: Series A, B, F, and I. On September 1, 2009, the Fund began offering Series O units.
- (b) The authorized capital of the Fund consists of an unlimited number of units and series without par value. The number of units of each series outstanding is disclosed in the statements of net assets. Series A and Series B units are available to retail investors. Series F units are available to all investors who participate in fee-based programs through an investment dealer and whose investment dealer has signed an agreement with EdgePoint. Series I and O units are for investors who meet minimum investment thresholds and have entered into a Series I Subscription Agreement or a Series O Subscription Agreement, respectively, with EdgePoint.
- (c) To establish the Series O units of the Fund, EdgePoint made an initial investment. As at June 30, 2010, EdgePoint held Series O units of the Fund with a market value of \$2,266 (December 31, 2009 - \$2,234).
- (d) The financial statements include the statement of investments at June 30, 2010 and the statements of net assets at June 30, 2010 and December 31, 2009 and the statement of operations and the statements of changes in net assets for the period ended June 30, 2010 and 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, in the Manager's opinion, inaccurate, unreliable or not reflective of all available material information, are valued at their estimated fair value as determined by the Manager using available sources of information and commonly accepted industry valuation techniques including valuation models. Short-term investments, including short-term debt instruments maturing within less than 90 days from the date of acquisition, are deemed to be held-for-trading and are, therefore, stated at fair value, using amortized cost, which approximates fair value.
- (c) Valuation of foreign exchange contracts:
The Fund may enter into foreign exchange contracts for hedging purposes or to establish an exposure to a particular currency. Foreign exchange contracts are valued based on the difference between the contract forward rate and the forward bid rate (for currency held) or the forward ask rate (for currency sold short), on the valuation date. Upon closing of a contract, the gain or loss is included in net realized gain (loss) on sale of investments.
- (d) Cash and cash equivalents:
Cash and cash equivalents are cash on deposit and short-term notes with maturities less than 90 days and are carried at cost, which approximates their fair value.
- (e) Other assets and liabilities:
Receivable for units subscribed, receivable for securities sold, accrued interest and dividends receivable, and other accounts receivable are designated as receivables and shown as other assets. They are recorded at amortized cost which approximates their fair value. Similarly, payable for securities purchased, payable for units redeemed, and accounts payable and accrued expenses are designated as financial liabilities and are reported at their amortized cost, which approximates their fair value.
- (f) Investment transactions and income recognition:
All income, net realized and unrealized appreciation or depreciation and transaction costs are attributable to investments and derivatives that are deemed held-for-trading. Investment transactions are accounted for on the trade-date; that is, on the day that a buy or sell order is executed. The cost of investments represents the

amount paid for each security and is determined on an average cost basis excluding transaction costs. Realized gains and losses on investment transactions are computed as proceeds of disposition less their average cost. The unrealized appreciation 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 and realized and unrealized capital gains (losses) are distributed amongst the different series of securities in proportion to the amount of equity invested in them. For management fees and expenses, refer to note 3.

(g) Transaction costs:

Transactions costs, such as brokerage commissions incurred 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 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 rates 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 or depreciation 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 statement of operations represents the net increase or decrease in the net assets from operations for the period 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 has confirmed the plan to adopt the International Financial Reporting Standards ("IFRS") in 2011. All publicly accountable enterprises will be required to implement IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the Manager does not expect that net assets attributable to unitholders or net asset value per unit will be impacted by the changeover to IFRS. Currently, the Manager expects that the impact of IFRS on the Fund's financial statements will result in additional disclosures and a potentially different presentation of unitholder interests and certain other items.

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

3. Management Fees and Expenses

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

Series A	1.70%
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 statements of operations, if any. Such waivers and absorptions can be terminated at any time.
- (d) From time to time, EdgePoint may reduce the effective management fee payable by some unitholders, by reducing the management fee it charges to the Fund and directing the Fund to make management fee distributions to these unitholders in amounts equal to the management fee reduction. Management fee distributions are automatically reinvested in additional units of the Fund and are accounted for as distributions for financial statement reporting purposes.

4. Income Taxes

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

Temporary differences between the carrying value of assets and liabilities for accounting and income tax purposes give rise to future income tax assets and liabilities. The most significant temporary difference is that between the reported fair value of the Fund's investment portfolio and its adjusted cost base for income tax purposes. Since the Fund's distribution policy is to distribute all net realized capital gains, future tax liabilities with respect

to unrealized capital gains and future tax assets with respect to unrealized capital losses will not be realized by the Fund and, are therefore, not recorded by the Fund. Unused realized capital losses represent future tax assets to the Fund but due to the uncertainty that they will be realized by offsetting future capital gains, no net tax benefit is recorded by the Fund.

As at the most recent taxation year end of December 15, 2009, the Fund had capital losses of nil (2008 - \$699) available, which may be carried forward indefinitely to reduce future net realized capital gains.

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

5. Brokerage Commissions

Commissions paid to brokers in connection with portfolio transactions are disclosed in the statements of operations of the Fund. Brokerage business is allocated to brokers based on an assessment as to which broker can deliver the Fund with the best results. Subject to these criteria, EdgePoint may allocate business to brokers that provide or pay for, in addition to transaction execution, investment research, statistical or other similar services which may or may not be used by EdgePoint in its investment decision-making process. As at June 30, 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 0.5% 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 ("NAV")

Net assets reported in these financial statements are accounted for using GAAP ("GAAP Net Assets") and use the closing bid price for the fair value of investments traded in an active market. The net asset value ("NAV")

for purposes of unitholders' purchases, switches and redemptions is calculated in accordance with the valuation rules as set out in the Fund's simplified prospectus and annual information form and uses last trade price to value investments traded in an active market. The Canadian Securities Administrators require reconciliation between NAV and GAAP Net Assets.

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

June 30, 2010	NAV	GAAP Net Assets
Series A	\$ 14.11	\$ 14.07
Series B	14.13	14.10
Series F	14.28	14.24
Series I	14.61	14.57
Series O	11.11	11.08
December 31, 2009	NAV	GAAP Net Assets
Series A	\$ 14.07	\$ 14.02
Series B	14.09	14.05
Series F	14.22	14.17
Series I	14.54	14.49
Series O	11.00	10.96

7. Financial Instruments

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

8. 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., 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 June 30, 2010 in valuing the Fund's investments and derivatives at fair values:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equities	\$194,678,701	\$ 542,500	\$ –	\$ 195,221,201
Bonds	–	77,198,370	–	77,198,370
Foreign exchange forward contracts	–	(670,165)	–	(670,165)
Total investments	\$194,678,701	\$77,070,705	\$ –	\$ 271,749,406
Derivative liabilities				
Options – short	\$ 328,315	\$ –	\$ –	\$ 328,315

During the period ended June 30, 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 Canadian equity and fixed-income securities. The portfolio management team invests in companies that they believe have strong competitive positions, long-term growth prospects, and 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 each of their respective industries is a more effective approach to diversification than focusing on traditional sector allocations. The team takes a common-sense approach to risk by assessing how much money can be lost and the probability of losing it. While this approach may seem overly simplistic, it provides vital clarity about the true investment risks.

The Manager employs a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines, and securities regulations. Monthly reviews by the Chief Compliance Officer and Chief Investment Officer are performed to ensure that pre-trade and post-trade compliance rules are followed. The Governance and Oversight Committee conducts reviews on a quarterly basis to monitor activity within the portfolio to ensure compliance with applicable rules.

(a) Market risk:

(i) Market price risk:

Market price risk arises primarily from uncertainties about future market prices of the instruments held. Market price fluctuations may be caused by factors specific to an individual investment, or factors affecting all securities traded in a market or industry sector. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. The most significant exposure to market price risk for the Fund arises from its investment in equity securities. If equity prices on the respective stock exchanges for these securities had increased or decreased by 5.0% as at June 30, 2010, with all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately \$9.76 million (approximately 3.4% of total net assets) (December 31, 2009 - \$6.27 million or 3.5% of total net assets). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Foreign currency risk:

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

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

(iii) Interest rate risk:

Interest rate risk arises from interest-bearing financial instruments where the values of those instruments fluctuate due to changes in levels of market interest rates. The majority of the Fund's financial assets are equity shares, which are not interest-bearing. The table below summarizes the Fund's exposure to interest rate risks by remaining term to maturity:

June 30, 2010	Debt instrument	% of net assets	% of debt instruments
Less than 1 year	\$ 5,344,691	1.88	6.92
1 – 3 years	11,972,944	4.21	15.51
3 – 5 years	38,116,587	13.43	49.37
Greater than 5 years	21,764,148	7.66	28.20
Total	\$ 77,198,370	27.18	100.00

December 31, 2009	Debt instrument	% of net assets	% of debt instruments
Less than 1 year	\$ 15,150	0.00	0.04
1 – 3 years	8,505,571	4.81	26.68
3 – 5 years	13,307,089	7.53	41.74
Greater than 5 years	10,055,926	5.69	31.54
Total	\$ 31,883,736	18.03	100.00

At June 30, 2010, 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 \$1.40 million (approximately 0.49% of total net assets) (December 31, 2009 – \$0.56 million or 0.32% of total net assets). The Fund's sensitivity to interest rate changes was estimated using the weighted average modified duration of 3.62 years (December 31, 2009 – 3.53) based on the fixed income holdings in the Fund. In practice, 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.

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 June 30, 2010. At June 30, 2010, the Fund was invested in debt securities with the following credit ratings:

June 30, 2010	% of net assets	% of debt instruments
A	2.65	9.74
BBB	14.43	53.14
BB	0.41	1.47
B	5.99	22.05
NR	3.70	13.60
	27.18	100.00

December 31, 2009	% of net assets	% of debt instruments
A	1.06	5.89
BBB	8.99	49.84
B	4.11	22.82
NR	3.87	21.45
	18.03	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.

(c) Liquidity risk:

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

The Fund's most significant potential exposure to financial liabilities is the daily cash redemptions of redeemable units. In accordance with securities regulations, the Fund must maintain at least 90.0% 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 borrowing occurred during the period.

10. Schedule of Derivatives

Put Options	Expiry Date	Strike Price	Number of Shares	Average Cost	Fair Value
Japan-USD Sep/100 PO	Sept 27, 2010	100.00	4,503,000	\$140,733	\$75,454
Japan-USD Sep/115 PO	Sept 27, 2010	115.00	4,503,000	35,529	12,687
				\$176,262	\$88,141

Written Put Options	Expiry Date	Strike Price	Number of Shares	Average Cost	Fair Value
Japan-USD Mar/125 PO	Mar 29, 2013	125.00	9,490,000	\$72,854	\$54,845
Japan-USD Mar/125 PO	Mar 29, 2013	125.00	18,071,857	97,213	104,441
Japan-USD Mar/125 PO	Mar 29, 2013	125.00	9,395,000	72,818	54,296
Japan-USD Mar/140 PO	Mar 29, 2013	140.00	11,200,000	36,404	26,592
				\$279,289	\$240,174

11. Comparative Figures

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

EdgePoint Wealth Management Inc.

1000 Yonge Street, Suite 200

Toronto, ON M4W 2K2

Website: www.edgepointwealth.com

Email: info@edgepointwealth.com

Tel: 416-963-9353 or Toll Free 1-866-757-7207

At EdgePoint Wealth Management Inc. we believe that we need to be a responsible corporate citizen and take care of the world we live in. The printer we use to produce these documents was recognized as one of the most Environmentally Progressive Printers in Canada by PrintAction in 2007, is ISO Environment 14001 Certified, and Forest Stewardship Council (FSC) Certified by the Rainforest Alliance. FSC is an international certification and labelling system for wood and paper products which come from responsibly managed and verified recycled sources.



Printed by Informco in an ISO 14001 Environment.

