



EdgePoint Canadian 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 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 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*	\$ 257,612,403	\$ 157,169,636
Net unrealized gain on foreign exchange forward contracts	–	14,364
Cash and cash equivalents	12,303,920	13,799,356
Receivable for units subscribed	1,250,682	737,523
Receivable from securities sold	–	301,697
Accrued interest and dividends receivable	584,984	409,024
Other accounts receivable	1,549	20,727
	271,753,538	172,452,327
Liabilities		
Payable for securities purchased	2,722,267	2,265,571
Payable for units redeemed	216,145	36,157
Accounts payable and accrued expenses	464,663	158,558
	3,403,075	2,460,286
Net assets	\$ 268,350,463	\$ 169,992,041
Net assets, by series:		
Series A	\$ 164,084,011	\$ 105,699,402
Series B	73,280,546	45,266,299
Series F	18,301,755	9,985,409
Series I	12,029,219	8,497,942
Series O	654,932	542,989
	\$ 268,350,463	\$ 169,992,041
Number of units outstanding:		
Series A	10,612,656	6,789,247
Series B	4,770,568	2,923,527
Series F	1,174,917	640,354
Series I	744,753	528,436
Series O	57,450	47,821
Net assets per unit:		
Series A	\$ 15.46	\$ 15.57
Series B	15.36	15.48
Series F	15.58	15.59
Series I	16.15	16.08
Series O	11.40	11.35

*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	\$ 2,476,788	\$ 578,704
Interest	58,326	17,114
	2,535,114	595,818
Less foreign withholding taxes	11,228	4,755
	2,523,886	591,063
Expenses:		
Management fees (note 3)	2,029,037	266,549
Administration and transfer agent fees	196,217	74,895
Fund accounting	31,779	21,090
Filing fees	26,824	1,494
Audit	25,537	9,290
Legal fees	10,045	765
Unitholder reporting	9,873	4,430
Custody	9,237	10,590
Independent review committee fees	2,544	1,811
Goods and services tax/harmonized sales tax	114,915	19,470
Total expenses	2,456,008	410,384
Less expenses absorbed by the Manager (note 3)	896	11,761
Net expenses	2,455,112	398,623
Net investment income	68,774	192,440
Net realized and unrealized gain (loss) and transaction costs:		
Net realized gain (loss) on sale of investments	6,054,278	661,633
Net change in unrealized appreciation/(depreciation) of investments	(13,635,632)	6,290,665
Transaction costs	(244,963)	(105,632)
	(7,826,317)	6,846,666
Increase/(decrease) in net assets from operations	\$ (7,757,543)	\$ 7,039,106
Increase/(decrease) in net assets from operations, by series:		
Series A	\$ (4,769,927)	\$ 4,371,009
Series B	(2,269,991)	2,137,227
Series F	(529,715)	531,024
Series I	(182,537)	(154)
Series O	(5,373)	-
Increase/(decrease) in net assets from operations, per unit:		
Series A	\$ (0.53)	\$ 2.70
Series B	(0.56)	2.91
Series F	(0.56)	2.56
Series I	(0.28)	(0.12)
Series O	(0.10)	-

See accompanying notes to interim financial statements.

2010	Series A	Series B	Series F	Series I	Series O	Total
Net assets, January 1, 2010	\$ 105,699,402	\$ 45,266,299	\$ 9,985,409	\$ 8,497,942	\$ 542,989	\$ 169,992,041
Increase/(decrease) in net assets from operations	(4,769,927)	(2,269,991)	(529,715)	(182,537)	(5,373)	(7,757,543)
Capital transactions:						
Proceeds from issue of units	69,953,157	31,050,486	10,090,406	5,071,451	119,279	116,284,779
Reinvested distributions	–	–	–	–	–	–
Payments on redemption of units	(6,798,621)	(766,248)	(1,244,345)	(1,357,637)	(1,963)	(10,168,814)
	63,154,536	30,284,238	8,846,061	3,713,814	117,316	106,115,965
Increase in net assets	58,384,609	28,014,247	8,316,346	3,531,277	111,943	98,358,422
Net assets, June 30, 2010	\$ 164,084,011	\$ 73,280,546	\$ 18,301,755	\$ 12,029,219	\$ 654,932	\$ 268,350,463
Units issued and outstanding:						
Balance, January 1, 2010	6,789,247	2,923,527	640,354	528,436	47,821	
Units issued for cash, including reinvested distributions	4,239,291	1,893,970	610,514	293,942	9,790	
Units redeemed	(415,882)	(46,929)	(75,951)	(77,625)	(161)	
Balance, June 30, 2010	10,612,656	4,770,568	1,174,917	744,753	57,450	

2009	Series A	Series B	Series F	Series I	Series O	Total
Net assets, January 1, 2009	\$ 2,205,686	\$ 796,733	\$ 1,319,081	\$ 39,056	\$ –	\$ 4,360,556
Increase/(decrease) in net assets from operations	4,371,009	2,137,227	531,024	(154)	–	7,039,106
Capital transactions:						
Proceeds from issue of units	38,357,296	16,826,351	2,230,886	–	–	57,414,533
Payments on redemption of units	(863,037)	(97,624)	(65,863)	(36,317)	–	(1,062,841)
	37,494,259	16,728,727	2,165,023	(36,317)	–	56,351,692
Increase/(decrease) in net assets	41,865,268	18,865,954	2,696,047	(36,471)	–	63,390,798
Net assets, June 30, 2009	\$ 44,070,954	\$ 19,662,687	\$ 4,015,128	\$ 2,585	\$ –	\$ 67,751,354
Units issued and outstanding:						
Balance, January 31, 2009	211,793	76,728	126,876	3,750	–	
Units issued for cash, including reinvested distributions	3,314,030	1,479,264	192,793	–	–	
Units redeemed	(71,473)	(8,698)	(6,402)	(3,552)	–	
Balance, June 30, 2009	3,454,350	1,547,294	313,267	198	–	

See accompanying notes to interim financial statements.

Number of Shares/Units	Security	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Equities				
323,400	Research in Motion Ltd.	\$ 21,714,337	\$ 16,923,519	6.30
487,350	Tim Hortons Inc.	14,940,731	16,608,888	6.19
401,650	Thomson Reuters Corp.	13,709,081	15,302,865	5.70
281,900	Bank of Nova Scotia	12,800,495	13,824,376	5.15
511,850	Onex Corp.	11,458,866	13,052,175	4.86
175,900	Canadian Imperial Bank of Commerce	10,399,951	11,634,026	4.34
329,900	Shoppers Drug Mart Corp.	13,257,482	10,857,009	4.05
1,521,900	ATS Automation Tooling Systems Inc.	9,613,003	8,598,735	3.20
432,600	Calfrac Well Services Ltd.	7,244,799	8,357,832	3.11
162,700	Intact Financial Corp.	5,388,342	7,305,230	2.72
832,900	Newalta Inc.	6,036,938	7,162,940	2.67
132,200	Royal Bank of Canada	6,851,883	6,702,540	2.50
159,950	Astral Media Inc. 'A'	5,159,264	5,747,004	2.14
1,040,500	EXFO Inc.	4,372,875	5,722,750	2.13
218,250	Power Corp. of Canada	5,245,351	5,567,558	2.07
115,650	Atco Ltd. 'I'	4,938,715	5,493,375	2.05
236,500	Toromont Industries Ltd.	5,947,049	5,427,675	2.02
856,000	Vero Energy Inc.	4,859,994	5,230,160	1.95
1,129,300	Boralex Power Income Fund	4,588,521	5,160,901	1.92
420,700	Pason Systems Inc.	4,514,598	4,753,910	1.77
477,932	Daylight Energy Ltd.	4,598,015	4,253,595	1.59
131,900	Cogeco Inc.	3,005,393	3,939,853	1.47
219,900	International Game Technology	3,944,433	3,660,958	1.36
193,100	Corus Entertainment Inc. 'B'	3,192,462	3,609,039	1.34
415,100	Total Energy Services Inc.	2,685,236	3,324,951	1.24
164,300	International Rectifier Corp.	3,094,770	3,242,305	1.21
3,334,900	Midnight Oil Exploration Ltd.	3,650,497	3,134,806	1.17
155,950	The Progressive Corp.	2,743,946	3,095,716	1.15
115,000	Altera Corp.	2,956,886	3,024,262	1.13
161,150	Zargon Energy Trust	2,726,317	2,916,815	1.09
725,500	Aura Minerals Inc.	2,399,516	2,902,000	1.08
80,000	Willis Group Holdings PLC	2,272,656	2,549,203	0.95
321,000	AMN Healthcare Services Inc.	2,917,612	2,546,106	0.95
66,000	IGM Financial Inc.	2,605,125	2,449,920	0.91
79,000	Inverness Medical Innovations Inc.	2,781,819	2,230,001	0.83
1,945,500	Essential Energy Services Trust	2,001,944	2,198,415	0.82
137,000	Western Union Co.	2,262,162	2,166,048	0.81
401,900	Gran Tierra Energy, Inc.	1,654,371	2,130,070	0.79
1,744,100	Anderson Energy Ltd.	2,032,834	2,058,038	0.77
74,500	Hughes Communications Inc.	1,532,141	1,910,216	0.71
295,100	Gennum Corp.	1,466,530	1,906,346	0.71
249,750	Akita Drilling Ltd. 'A'	1,798,740	1,790,708	0.67
60,000	Ryanair Holdings PLC, ADR	1,717,247	1,719,757	0.64
410,000	Sprott Resource Corp.	1,403,965	1,623,600	0.61
133,400	Marsulex Inc.	1,300,519	1,514,090	0.56
2,400,000	The Westaim Corp.	1,200,000	1,416,000	0.53

Number of Shares/Units	Security	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Equities (continued)				
116,600	Dundee Corp. 'A'	611,673	1,408,528	0.52
390,600	Neo Material Technologies Inc.	674,577	1,382,724	0.52
2,013,500	Sandstorm Resources Inc.	731,490	1,308,775	0.49
65,000	Canadian Energy Services & Technology Corp., subscription receipts	1,007,500	1,007,500	0.38
40,300	FirstService Corp., 7% cumulative preferred, Series 1	743,026	1,006,389	0.38
352,300	PRT Forest Regeneration Income Fund Trust	474,528	852,566	0.32
1,151,800	Compton Petroleum Corp.	1,332,648	679,562	0.25
39,700	Canadian Energy Services & Technology Corp.	543,854	653,462	0.24
56,000	TVA Group Inc. 'B'	342,431	633,360	0.24
12,000	WellPoint Inc.	586,326	622,625	0.23
409,800	Sandstorm Resources Inc., warrants April 23, 2014	63,109	122,940	0.05
901,800	Compton Petroleum Corp., warrants September 25, 2011	81,162	67,635	0.03
57,528	Sandstorm Metals & Energy Ltd.	20,135	20,135	0.01
		244,199,870	256,512,487	95.59
Face Value (\$)	Fixed Income			
725,000	Trinidad Drilling Ltd., 7.75% convertible debentures, due July 31, 2012	562,063	735,948	0.28
23,092	TimberWest Forest Trust 9.00% debenture, due February 11, 2014	23,095	29,846	0.01
		585,158	765,794	0.29
	Derivatives (Note 10)	462,397	334,122	0.12
Adjustment for transaction costs		(464,703)	–	–
Total Investments		\$ 244,782,722	257,612,403	96.00
Other assets less liabilities			10,738,060	4.00
Net assets			\$ 268,350,463	100.00

See accompanying notes to interim financial statements.

1. The Fund

- (a) EdgePoint Canadian Portfolio (the "Fund") is an open-ended mutual fund trust created on November 10, 2008 by declaration of trust under the laws of the Province of Ontario. EdgePoint Wealth Management Inc. ("EdgePoint") is the manager ("Manager") and trustee of the Fund and EdgePoint Investment Management Inc. is the investment advisor. 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 \$2,304 (December 31, 2009 - \$2,295).
- (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 from securities sold, accrued interest and dividends receivable and other accounts receivable are designated as receivables and shown as other assets. They are recorded at amortized cost which approximates their fair value. Similarly, payable for securities purchased, payable for units redeemed, and accounts payable and accrued expenses are designated as financial liabilities and are reported at their amortized cost, which approximates their fair value.
- (f) Investment transactions and income recognition:
All income, net realized and unrealized appreciation or depreciation and transaction costs are attributable to investments and derivatives that are deemed held-for-trading. Investment transactions are accounted for on the trade-date, that is, on the day that a buy or sell order is executed. The cost of investments represents the amount paid for each security and is determined on an average cost basis, excluding transaction costs. Realized gains and losses on investment transactions are computed as proceeds of disposition less their average cost. The unrealized appreciation 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	1.80 %
Series B	2.00 %
Series F	0.80 %

(b) In addition to management fees, the Fund is responsible for the payment of all expenses relating to its operations. Operating expenses incurred by the Fund may include, but are not limited to: taxes, accounting, legal and audit fees, costs relating to the Fund's Independent Review Committee, trustee and custodial fees, portfolio transaction costs, administrative costs excluding any

salaries to the principal shareholders of the Manager, investor servicing costs, and costs of reports and prospectuses. Each series is responsible for the payment of operating expenses that can be specifically attributed to that series. Except for interest and bank charges which are paid or payable directly by the Fund, the Manager incurs such expenses on behalf of the Fund and is then reimbursed by the Fund for such expenses. Common operating expenses of the Fund are allocated amongst the series based on the average number of unitholders or the average daily net assets of each series, depending on the type of operating expenses being allocated. All operating expenses of Series I units are the responsibility of EdgePoint.

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

4. Income Taxes

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

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

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

Upon the adoption of IFRS, it is unclear whether the Fund will be permitted to continue to recognize the tax effects of distributions before the distribution is recognized. Unlike Canadian GAAP, IAS 12, Income Taxes, prohibits this treatment; however, the 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	\$ 15.52	\$ 15.46
Series B	15.42	15.36
Series F	15.63	15.58
Series I	16.21	16.15
Series O	11.44	11.40

December 31, 2009	NAV	GAAP Net Assets
Series A	\$ 15.62	\$ 15.57
Series B	15.54	15.48
Series F	15.65	15.59
Series I	16.14	16.08
Series O	11.40	11.35

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 from securities sold, receivable for units subscribed, accrued interest and dividends receivable, other accounts receivable, payable for securities purchased, payable for units redeemed, and accounts payable and accrued expenses. Investments and foreign exchange contracts are recorded at fair value based on the accounting policies described earlier. All other financial instruments are carried at cost or amortized cost, which, given their short-term nature, closely approximates their fair values.

8. 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)	Total
Equities	\$ 255,504,987	\$ 1,007,500	\$ 256,512,487
Bonds	–	765,794	765,794
Total investments	\$ 255,504,987	\$ 1,773,294	\$ 257,278,281
<i>Derivative liabilities</i>			
Options – short	\$ 334,122	\$ –	\$ 334,122

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

The investment team takes a conservative approach to risk management by applying in depth thorough research to each investment idea in order to understand the risks of the individual business and 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 \$12.83 million (approximately 4.8% of total net assets) (December 31, 2009 - \$7.82 million or 4.6% 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 Fund's investments are denominated primarily in Canadian dollars; therefore, the Fund is not subject to any significant foreign currency risk.

(iii) Interest rate risk:

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

(b) Counterparty credit risk:

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

(c) Liquidity risk:

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

The Fund's most significant potential exposure to financial liabilities is the daily cash redemptions of redeemable units. In accordance with securities regulations, the Fund must maintain at least 90.0% 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	4,585,000	\$143,296	\$ 76,828
Japan-USD Sep/115 PO	Sept 27, 2010	115.00	4,585,000	36,176	12,918
				\$179,472	\$ 89,746

Written Put Options	Expiry Date	Strike Price	Number of Shares	Average Cost	Fair Value
Japan-USD Mar/125 PO	Mar 29, 2013	125.00	9,665,000	\$ 74,197	\$ 55,856
Japan-USD Mar/125 PO	Mar 29, 2013	125.00	18,358,021	97,429	106,094
Japan-USD Mar/125 PO	Mar 29, 2013	125.00	9,575,000	74,213	55,336
Japan-USD Mar/140 PO	Mar 29, 2013	140.00	11,410,000	37,086	27,090
				\$282,925	\$244,376

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

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