



EdgePoint Global 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 Global 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 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*	\$ 419,982,192	\$ 296,453,898
Net unrealized gain on foreign exchange forward contracts	–	152,519
Cash and cash equivalents	9,630,495	25,174,940
Receivable for securities sold	6,336,459	–
Receivable for units subscribed	2,378,768	1,844,908
Accrued interest and dividends receivable	384,896	207,146
Other accounts receivable	511	65,296
	438,713,321	323,898,707
Liabilities		
Payable for securities purchased	4,390,784	2,444,142
Payable for units redeemed	81,386	63,705
Accounts payable and accrued expenses	696,821	278,438
Net unrealized loss on foreign exchange forward contracts	1,177,748	–
	6,346,739	2,786,285
Net assets	\$ 432,366,582	\$ 321,112,422
Net assets, by series:		
Series A	\$ 253,898,122	\$ 195,193,933
Series B	88,306,794	65,597,664
Series F	43,020,634	28,418,048
Series I	46,229,109	31,161,128
Series O	911,923	741,649
	\$ 432,366,582	\$ 321,112,422
Number of units outstanding:		
Series A	19,436,608	14,009,967
Series B	6,782,800	4,717,619
Series F	3,234,488	2,015,692
Series I	3,462,487	2,213,783
Series O	95,147	73,369
Net assets per unit:		
Series A	\$ 13.06	\$ 13.93
Series B	13.02	13.90
Series F	13.30	14.10
Series I	13.35	14.08
Series O	9.58	10.11

*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	\$ 1,881,169	\$ 837,971
Interest	31,102	100,792
	1,912,271	938,763
Less foreign withholding taxes	139,329	80,922
	1,772,942	857,841
Expenses:		
Management fees (note 3)	3,115,361	690,317
Administration and transfer agent fees	322,159	193,300
Filing fees	45,085	4,267
Audit	42,923	26,526
Fund accounting	34,470	24,442
Legal fees	16,883	2,184
Unitholder reporting	15,919	9,556
Custody fees	10,904	10,512
Independent review committee fees	4,276	5,173
Bank charges	-	1,348
Interest	-	394
Goods and services tax/harmonized sales tax	176,859	48,100
	3,784,839	1,016,119
Less expenses absorbed by the Manager (note 3)	6,208	12,069
	3,778,631	1,004,050
Net investment income (loss)	(2,005,689)	(146,209)
Net realized and unrealized gain (loss) and transaction costs:		
Net realized gain on sale of investments and foreign exchange	4,090,702	1,968,423
Net change in unrealized appreciation/(depreciation) of investments	(33,527,797)	18,377,535
Transaction costs	(364,881)	(239,814)
	(29,801,976)	20,106,144
Increase/(decrease) in net assets from operations	\$ (31,807,665)	\$ 19,959,935
Increase/(decrease) in net assets from operations, by series:		
Series A	\$ (18,896,583)	\$ 12,195,014
Series B	(6,696,715)	3,953,753
Series F	(3,148,960)	3,590,068
Series I	(3,005,095)	221,100
Series O	(60,312)	-
Increase/(decrease) in net assets from operations, per unit:		
Series A	\$ (1.12)	\$ 2.68
Series B	(1.15)	3.25
Series F	(1.18)	2.41
Series I	(1.02)	3.31
Series O	(0.69)	-

See accompanying notes to interim financial statements.

2010	Series A	Series B	Series F	Series I	Series O	Total
Net assets, January 1, 2010	\$ 195,193,933	\$ 65,597,664	\$ 28,418,048	\$ 31,161,128	\$ 741,649	\$ 321,112,422
Increase/(decrease) in net assets from operations	(18,896,583)	(6,696,715)	(3,148,960)	(3,005,095)	(60,312)	(31,807,665)
Capital transactions:						
Proceeds from issue of units	86,772,004	30,485,609	21,195,071	18,626,600	237,009	157,316,293
Reinvested distributions	(356)	(912)	–	–	–	(1,268)
Payments on redemption of units	(9,170,876)	(1,078,852)	(3,443,525)	(553,524)	(6,423)	(14,253,200)
	77,600,772	29,405,845	17,751,546	18,073,076	230,586	143,061,825
Increase in net assets	58,704,189	22,709,130	14,602,586	15,067,981	170,274	111,254,160
Net assets, June 30, 2010	\$ 253,898,122	\$ 88,306,794	\$ 43,020,634	\$ 46,229,109	\$ 911,923	\$ 432,366,582
Units issued and outstanding:						
Balance, January 1, 2010	14,009,967	4,717,619	2,015,692	2,213,783	73,369	
Units issued for cash, including reinvested distributions	6,072,287	2,141,550	1,458,273	1,286,710	22,388	
Units redeemed	(645,646)	(76,369)	(239,477)	(38,006)	(610)	
Balance, June 30, 2010	19,436,608	6,782,800	3,234,488	3,462,487	95,147	
2009	Series A	Series B	Series F	Series I	Series O	Total
Net assets, January 1, 2009	\$ 15,360,036	\$ 1,980,448	\$ 11,045,228	\$ 41,233	\$ –	\$ 28,426,945
Increase in net assets from operations	12,195,014	3,953,753	3,590,068	221,100	–	19,959,935
Capital transactions:						
Proceeds from issue of units	75,826,926	23,426,057	11,764,178	6,341,169	–	117,358,330
Payments on redemption of units	(1,472,650)	(96,544)	(3,929,918)	(38,655)	–	(5,537,767)
	74,354,276	23,329,573	7,834,260	6,302,514	–	111,820,563
Increase in net assets	86,549,290	27,283,266	11,424,328	6,523,614	–	131,780,498
Net assets, June 30, 2009	\$ 101,909,326	\$ 29,263,714	\$22,469,556	\$ 6,564,847	\$ –	\$ 160,207,443
Units issued and outstanding:						
Balance, January 1, 2009	1,400,224	180,664	986,906	3,750	–	
Units issued for cash, including reinvested distributions	6,559,320	2,082,324	1,001,788	497,731	–	
Units redeemed	(121,917)	(8,249)	(306,765)	(3,840)	–	
Balance, June 30, 2009	7,837,627	2,254,739	1,681,929	497,641	–	

See accompanying notes to interim financial statements.

Number of Shares/Units	Security	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Equities				
1,095,000	Ryanair Holdings PLC	\$ 32,092,277	\$ 31,385,570	7.26
1,357,700	The Progressive Corp.	23,666,604	26,951,289	6.23
503,950	WellPoint Inc.	27,834,728	26,147,643	6.05
1,239,200	International Rectifier Corp.	23,423,095	24,454,437	5.66
705,900	Willis Group Holdings Ltd.	20,061,182	22,493,526	5.20
419,950	Research in Motion Ltd.	28,145,626	21,927,318	5.07
1,310,650	International Game Technology	23,657,763	21,820,077	5.05
1,188,000	Western Union Co.	21,263,990	18,782,957	4.34
422,300	Kinetic Concepts Inc.	14,736,669	16,349,437	3.78
699,350	Pool Corp.	13,998,941	16,255,675	3.76
596,400	Wells Fargo & Co.	17,385,317	16,164,727	3.74
537,900	Inverness Medical Innovations Inc.	19,742,271	15,183,765	3.51
475,300	Altera Corp.	12,255,793	12,499,409	2.89
456,200	Hughes Communications Inc.	9,822,671	11,697,188	2.71
827,500	Knoll Inc.	10,784,836	11,661,727	2.70
1,014,921	Interface Inc. 'A'	6,396,123	11,558,631	2.67
287,900	Thomson Reuters Corp.	10,059,098	10,968,990	2.54
278,800	JPMorgan Chase & Co.	12,395,333	10,817,454	2.50
477,800	Cisco Systems Inc.	11,204,080	10,791,843	2.50
2,868,300	Grafton Group PLC	12,857,514	10,663,075	2.47
1,293,000	AMN Healthcare Services Inc.	11,799,238	10,255,811	2.37
721,200	Team Inc.	12,784,267	9,980,128	2.31
315,200	Hamamatsu Photonics K.K.	8,705,605	9,428,671	2.18
310,700	Horiba Ltd.	9,068,151	8,901,196	2.06
324,100	Tognum AG	6,398,013	6,465,777	1.50
169,800	Harman International Industries Inc.	3,513,133	5,381,874	1.24
129,200	Gerresheimer AG	4,489,085	4,411,531	1.02
231,400	Grupo Televisa SA, ADR	4,262,047	4,269,554	0.99
758,500	EXFO Inc.	2,880,704	4,171,750	0.96
1,087,100	Advanced Analogic Technologies Inc.	4,078,804	3,677,308	0.85
2,986,200	Travelsky Technology Ltd. 'H'	2,334,756	2,594,595	0.60
69,000	Grupo Aeroportuario del Centro Norte S.A.B. de C.V.	917,199	925,571	0.21
215,800	Connaught PLC	1,280,560	393,515	0.09
		424,295,473	419,432,019	97.01
	Derivatives (Note 10)	760,095	550,173	0.13
	Adjustment for transaction costs	(745,654)	—	—
	Total Investments	\$ 424,309,914	419,982,192	97.14

See accompanying notes to interim financial statements.

Number of Shares/Units	Security	Average Cost (\$)	Fair Value (\$)	% of Net Assets
Foreign exchange forward contracts				
	Foreign exchange forward contract to buy CDN 8,425,601 for JPY 780,000,000 with an exchange rate of 0.0108, maturing July 15, 2010	–	(959,113)	(0.22)
	Foreign exchange forward contract to buy CDN 8,921,423 for JPY 780,000,000 with an exchange rate of 0.0114, maturing September 9, 2010	–	(475,043)	(0.11)
	Foreign exchange forward contract to buy Cdn. 5,006,555 for USD 4,870,000 with an exchange rate of 1.0280, maturing August 19, 2010	–	(175,005)	(0.04)
	Foreign exchange forward contract to buy Cdn. 3,949,750 for USD 3,700,000 with an exchange rate of 1.0675, maturing August 23, 2010	–	12,962	0.00
	Foreign exchange forward contract to buy USD 8,570,000 for CDN 8,700,693 with an exchange rate of 0.9850, maturing July 28, 2010	–	418,451	0.10
		–	(1,177,748)	(0.27)
	Other assets less liabilities		13,562,138	3.13
	Net assets		\$ 432,366,582	100.00

See accompanying notes to interim financial statements.

1. The Fund

- (a) EdgePoint Global 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, Series B, Series F and Series 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 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 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 \$1,943 (December 31, 2009 - \$2,050).
- (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 or last sale or close price are unavailable or securities for which market quotations are in the Manager’s option, 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 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 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:
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 recorded at amortized cost, which approximates their fair value.
- (f) Investment transactions and income recognition:
All income, net realized and unrealized appreciation or depreciation, 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 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 and foreign exchange, 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 Series 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 - nil) 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

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	\$ 13.08	\$ 13.06
Series B	13.04	13.02
Series F	13.32	13.30
Series I	13.37	13.35
Series O	9.60	9.58

December 31, 2009	NAV	GAAP Net Assets
Series A	\$ 13.95	\$ 13.93
Series B	13.92	13.90
Series F	14.12	14.10
Series I	14.10	14.08
Series O	10.12	10.11

7. Financial Instruments

Essentially all of the assets and liabilities of the Fund are financial instruments. These financial instruments comprise investments, unrealized gain or loss on foreign exchange forward contracts, cash and cash equivalents, 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	\$ 419,432,019	\$ –	\$ 419,432,019
Foreign exchange forward contracts	–	(1,177,748)	(1,177,748)
Total investments	\$ 419,432,019	\$ (1,177,748)	\$ 418,254,271
Derivative liabilities			
Options – short	\$ 550,173	\$ –	\$ 550,173

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 global 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 this is weighed 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 \$20.97 million (approximately 4.8% of total net assets) (December 31, 2009 - \$14.79 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 table below indicates the currencies (excluding the Canadian dollar) to which the Fund had exposure as at period end in Canadian dollar terms, including the underlying principal of forward exchange contracts, if any:

June 30, 2010:				
Currency	Investments \$(000's)	Cash \$(000's)	Foreign exchange contracts \$(000's)	Total \$(000's)
British pound	394	(1,959)	–	(1,565)
Euro	21,540	339	–	21,879
Hong Kong dollar	2,595	–	–	2,595
Japanese yen	18,330	–	(18,781)	(451)
U.S. dollar	361,983	(494)	1	361,490
	404,842	(2,114)	(18,780)	383,948
% of net assets	93.6%	(0.5%)	(4.3%)	88.8%

December 31, 2009:				
Currency	Investments \$(000's)	Cash \$(000's)	Foreign exchange contracts \$(000's)	Total \$(000's)
British pound	4,337	184	–	4,521
Euro	8,472	121	–	8,593
Hong Kong dollar	2,865	–	–	2,865
Japanese yen	2,558	–	–	2,558
U.S. dollar	261,580	984	(15,147)	247,417
	279,812	1,289	(15,147)	265,954
% of net assets	87.1%	0.4%	(4.7%)	82.8%

As at June 30, 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 \$3.84 million (approximately 0.9% of total net assets) (December 31, 2009 – \$2.66 million or 0.8% 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 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.

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 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	7,520,000	\$235,024	\$126,008
Japan-USD Sep/115 PO	Sept 27, 2010	115.00	7,520,000	59,334	21,188
				\$294,358	\$147,196

Written Put Options	Expiry Date	Strike Price	Number of Shares	Average Cost	Fair Value
Japan-USD Mar/125 PO	Mar 29, 2013	125.00	15,805,000	\$121,334	\$ 91,340
Japan-USD Mar/125 PO	Mar 29, 2013	125.00	30,602,856	162,414	176,860
Japan-USD Mar/125 PO	Mar 29, 2013	125.00	15,655,000	121,338	90,473
Japan-USD Mar/140 PO	Mar 29, 2013	140.00	18,660,000	60,651	44,304
				\$465,737	\$402,977

11. Comparative Figures

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

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