Financial Statements

Diversified Private Trust

December 31, 2010

INDEPENDENT AUDITORS' REPORT

To the Unitholders of
Diversified Private Trust

We have audited the accompanying financial statements of **Diversified Private Trust** (the "Fund"), which comprise the statement of net assets as at December 31, 2010, and the statements of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the net assets of the Fund as at December 31, 2010, and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 25, 2011

Diversified Private Trust

Statement of Net Assets

As at December 31

	2010	2009
ASSETS		
Investments at fair value	**$110,222,528**	$109,983,350
Cash	**20,247**	41,883
Accrued dividend and interest receivable	**126,552**	241,530
Receivable for securities sold	**203,063**	238,320
Subscriptions receivable	—	2,764
Total assets	**110,572,390**	110,507,847
LIABILITIES		
Accrued expenses	**40,980**	64,992
Payable for securities purchased	—	1,381
Redemptions payable	**406,124**	476,640
Total liabilities	**447,104**	543,013
NET ASSETS REPRESENTING UNITHOLDERS' EQUITY	**$110,125,286**	$109,964,834
UNITS OUTSTANDING (note 3)	**8,480,005**	8,936,417
NET ASSETS PER UNIT (note 11)	**$12.99**	$12.31
NET ASSET VALUE PER UNIT - INDUSTRY STANDARD FOR TRANSACTIONS (note 11)	**$12.99**	$12.31

(See accompanying notes)

On behalf of the Manager,
Integra Capital Financial Corporation:

Gary Cook
Director

Peter Volpe
Director

Diversified Private Trust

Statement of Operations

Year ended December 31	2010	2009
INCOME		
Interest	**$1,607,331**	$2,015,128
Dividend	**1,333,759**	1,431,114
Revenue from securities lending	**3,326**	4,691
	2,944,416	3,450,933
EXPENSES		
Custodial fees	**51,244**	50,106
Operating expenses	**163,888**	171,376
Audit fees	**23,809**	24,514
Filing fees	**2,858**	2,858
Legal fees	**2,607**	—
Investment performance monitoring fees	**7,143**	9,523
Securityholder reporting costs	**7,635**	8,924
Goods and Services Tax	**6,341**	13,365
Harmonized Sales Tax	**17,019**	—
	282,544	280,666
NET INVESTMENT INCOME	**2,661,872**	3,170,267
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized gain on sale of investments	**2,624,508**	55,345
Net realized loss on foreign exchange forward contracts	**(898)**	—
Net realized gain on foreign exchange	**768**	279
Net unrealized loss on foreign exchange	**(8)**	(41)
Transaction costs (note 6)	**(26,953)**	(11,444)
Change in unrealized appreciation of investments	**3,755,318**	15,992,283
NET GAIN ON INVESTMENTS AND TRANSACTION COSTS	**6,352,735**	16,036,422
INCREASE IN NET ASSETS FROM OPERATIONS	**$9,014,607**	$19,206,689
Increase in net assets from operations per unit (Based on the average number of units outstanding during the year)	**$1.02**	$2.06

(See accompanying notes)

Statement of Changes in Net Assets

Year ended December 31	2010	2009
NET ASSETS, BEGINNING OF YEAR	**$109,964,834**	$100,470,109
Increase in net assets from operations	**9,014,607**	19,206,689
DISTRIBUTIONS TO UNITHOLDERS		
Distribution from net investment income	**(2,679,031)**	(3,163,467)
Distribution from net realized gains on investments	**(438,110)**	—
	(3,117,141)	(3,163,467)
CAPITAL UNIT TRANSACTIONS (note 3)		
Proceeds from issuance of units	**3,499,209**	2,206,136
Reinvested distributions	**3,117,141**	3,163,467
Payments on redemptions	**(12,353,364)**	(11,918,100)
	(5,737,014)	(6,548,497)
Increase in net assets for the year	**160,452**	9,494,725
NET ASSETS, END OF YEAR	**$110,125,286**	$109,964,834

(See accompanying notes)

Diversified Private Trust

Statement of Investments
As at December 31, 2010

	Number of Shares / Par Value $	Average Cost $	Fair Value $
COMMON AND PREFERRED SHARES — 17.30%			
Canadian Equities — 17.30%			
Consumer Discretionary — 0.50%			
Canadian Tire Corp. Ltd., Class 'A'	8,090	444,880	551,576
		444,880	**551,576**
Energy — 5.18%			
Advantage Oil & Gas Ltd.	25,000	171,138	169,000
Calfrac Well Services Ltd.	4,600	103,911	157,366
Canadian Natural Resources Ltd.	32,220	416,424	1,426,379
Daylight Energy Ltd.	25,000	258,250	257,500
EnCana Corp.	17,487	236,345	507,822
Petrobank Energy & Resources Ltd.	19,950	295,203	503,738
Petrominerales Ltd.	12,269	238,424	406,848
Suncor Energy Inc.	29,990	914,173	1,145,018
Talisman Energy Inc.	51,350	523,179	1,135,348
		3,157,047	**5,709,019**
Financials — 5.58%			
Bank of Montreal	17,955	681,977	1,031,335
Bank of Nova Scotia	22,925	579,996	1,307,413
Canadian Imperial Bank of Commerce	13,840	659,738	1,082,703
Manulife Financial Corp.	35,810	786,188	612,351
National Bank of Canada	6,600	275,723	451,308
Royal Bank of Canada	26,030	1,306,435	1,358,766
Sun Life Financial Inc.	10,000	305,916	300,200
		4,595,973	**6,144,076**
Industrials — 0.82%			
Aecon Group Inc.	20,000	201,197	204,400
Canadian Pacific Railway Ltd.	6,360	211,531	410,983
Transat A.T. Inc., Class 'B'	15,000	295,854	281,700
		708,582	**897,083**
Information Technology — 0.74%			
Miranda Technologies Inc.	2,000	10,700	10,920
Research In Motion Ltd.	10,052	654,302	582,815
Sierra Wireless Inc.	15,000	204,424	222,750
		869,426	**816,485**
Materials — 3.96%			
Agrium Inc.	8,050	440,153	736,575
Barrick Gold Corp.	10,000	519,500	530,300
Kinross Gold Corp.	15,000	278,530	283,050
Lundin Mining Corp.	24,000	169,939	173,760
Sino-Forest Corp., Class 'A'	18,100	148,845	421,187
Teck Resources Ltd., Class 'B'	23,343	407,417	1,438,396
Thompson Creek Metals Co. Inc.	20,000	273,048	292,000
Uranium Participation Corp.	30,000	241,500	237,600
Yamana Gold Inc.	20,000	250,600	254,800
		2,729,532	**4,367,668**
Telecommunication Services — 0.52%			
Rogers Communications Inc., Class 'B'	16,490	671,891	569,070
		671,891	**569,070**
TOTAL EQUITIES — 17.30%		**13,177,331**	**19,054,977**

Diversified Private Trust

Statement of Investments

As at December 31, 2010

	Number of Shares / Par Value $	Average Cost $	Fair Value $
BONDS — 15.08%			
Canadian Bonds — 15.08%			
Government of Canada — 11.29%			
Canada Housing Trust No. 1, Series '16', 4.00%, 2012/06/15	3,275,000	3,406,164	3,384,760
Canada Housing Trust No. 1, Series '19', 3.60%, 2013/06/15	3,950,000	4,095,359	4,103,965
Government of Canada, 1.50%, 2012/12/01	4,000,000	3,987,200	3,987,133
Government of Canada, 8.00%, 2023/06/01	650,000	862,670	957,237
		12,351,393	**12,433,095**
Provincial — 3.79%			
Province of Ontario, 4.20%, 2018/03/08	2,075,000	2,032,255	2,181,976
Province of Ontario, 6.50%, 2029/03/08	1,550,000	1,817,375	1,986,883
		3,849,630	**4,168,859**
TOTAL BONDS — 15.08%		**16,201,023**	**16,601,954**
OTHER FUNDS — 60.70%			
Gryphon EAFE Fund	864,805	8,990,438	11,551,983
Lincluden Private Trust	4,898,306	53,405,160	55,293,545
TOTAL OTHER FUNDS — 60.70%		**62,395,598**	**66,845,528**
SHORT-TERM NOTES — 7.01%			
Treasury Bills — 3.10%			
Government of Canada, Treasury Bill, 0.77%, 2011/02/03	2,420,000	2,417,133	2,417,952
Government of Canada, Treasury Bill, 0.96%, 2011/03/31	1,000,000	996,287	997,631
		3,413,420	**3,415,583**
Commercial Paper — 3.91%			
Bank of Nova Scotia, Bankers' Acceptance, 1.13%, 2011/03/09	2,150,000	2,144,948	2,145,545
Firstbank, Bankers' Acceptance, 1.05%, 2011/01/18	2,160,000	2,158,380	2,158,941
		4,303,328	**4,304,486**
TOTAL SHORT-TERM NOTES — 7.01%		**7,716,748**	**7,720,069**
TRANSACTION COSTS		**(208,769)**	
TOTAL INVESTMENT PORTFOLIO — 100.09%		**99,281,931**	**110,222,528**
OTHER ASSETS, NET OF LIABILITIES — (0.09)%			**(97,242)**
NET ASSETS — 100.00%			**110,125,286**

(See accompanying notes)

Diversified Private Trust

Summary of the Investments of the Indirect Holdings

	% of Net Assets	
	2010	2009
Gryphon EAFE Fund		
Belgium	1.46	1.72
China	3.59	2.83
Denmark	—	1.45
France	14.90	15.45
Germany	13.56	15.80
Hong Kong	7.68	7.49
Italy	1.10	1.10
Japan	23.12	23.10
Netherlands	9.79	8.86
Singapore	1.26	0.32
South Korea	1.54	1.81
Spain	3.49	3.30
Sweden	3.35	2.63
Switzerland	6.57	5.95
United Kingdom	4.37	3.51
	95.78	**95.32**
Cash and Cash Equivalents	2.70	3.09
Other Assets, Net of Liabilities	1.52	1.59
Total	**100.00**	**100.00**
Lincluden Private Trust		
Canadian Equities		
By Industrial Sector		
Consumer Discretionary	1.62	2.46
Consumer Staples	1.10	1.01
Energy	8.07	9.88
Financials	11.23	11.33
Health Care	0.69	0.82
Industrials	2.43	2.23
Information Technology	1.43	0.54
Materials	3.60	1.18
Telecommunication Services	3.08	3.09
	33.25	**32.54**
United States Equities		
By Industrial Sector		
Consumer Discretionary	0.85	0.93
Consumer Staples	1.00	0.97
Energy	1.51	1.26
Financials	1.40	1.12
Health Care	2.03	1.99
Industrials	1.52	1.41
Information Technology	2.49	2.80
Materials	0.33	0.36
Telecommunication Services	0.55	0.55
Utilities	0.27	0.49
	11.95	**11.88**

	% of Net Assets	
	2010	2009
International Equities		
Brazil	0.46	—
Finland	0.35	0.27
France	1.84	1.71
Germany	0.80	1.30
Hong Kong	0.34	—
Ireland	0.42	—
Japan	2.48	2.58
Netherlands	0.66	0.86
South Korea	0.60	0.38
Switzerland	0.73	1.09
United Kingdom	2.91	2.84
	11.59	**11.03**
By Region Splits		
Canada	33.25	32.54
United States	11.95	11.88
International Equities	11.59	11.03
	56.79	**55.45**
Bonds	37.27	39.31
Cash and Cash Equivalents	5.34	4.18
Other Assets, Net of Liabilities	0.60	1.06
Total	**100.00**	**100.00**

Risk Disclosures

Financial Instruments Risk

Investment activities of Diversified Private Trust (the "Trust") expose it to some financial risks. The Trust's overall risk management program seeks to minimize the potentially adverse effect of risk on the Trust's financial performance in a manner consistent with the Trust's investment objectives and long-term investment time horizon.

Risk Management

The Trust's actively managed balanced portfolio has an objective to provide long-term capital preservation and income, while preserving capital in declining market environments. The Trust utilizes three separate and independent investment teams, (the "Sub-Advisors") a "value" sub-advisor and a "top-down growth" sub-advisor, for North American stocks and bonds, as well as a third sub-advisor for international stocks, in order to provide greater diversification and to reduce investment risk. The asset mix, or ratio of stocks to bonds, is determined independently by the teams based on their outlook for the economy, interest rates and equity markets. The long-term policy asset mix target is 55% equities, 40% fixed income and and 5% in cash and short-term investments.

The Trust achieves a portion of this asset mix by investing in an underlying fund and underlying trust.

The underlying funds may enter into securities lending transactions. Securities lending transactions will be used in conjunction with the underlying funds' other investment strategies in a manner considered most appropriate by the managers of the underlying funds to achieve the underlying funds' investment objectives and to enhance the underlying funds' returns.

To assist with managing risk, Integra Capital Financial Corporation (the "Manager") also maintains a governance structure that oversees the Trust's investment activities and monitors compliance with the Trust's stated investment strategy and securities regulations.

As the Fund invests in an underlying fund and an underlying trust, it has various risk exposures attributable to these investments. The types of risks outlined below reflect the risks of the underlying funds.

Credit Risk

Credit risk on financial instruments is the risk of a loss occurring as a result of the default of an issuer on its obligation to a Trust. Credit risk is managed by dealing with issuers that are believed to be creditworthy and by regular monitoring of credit exposures. Additionally, credit risk is reduced by diversification of issuer, industry and geography.

The table below summarizes the Trust's exposure to the credit ratings of debt securities.

	As a % of Total Bonds	
Debt Securities by Credit Rating	**December 31, 2010**	**December 31, 2009**
AAA	52.94%	58.64%
AA	26.12%	24.28%
A	14.12%	12.41%
BBB	6.81%	4.49%
Below BBB	—	0.18%
Total	**100.00%**	**100.00%**

Counterparty Credit Risk

Counterparty credit risk primarily emanates from the use of over-the-counter derivatives. This risk is minimized by selecting counterparties who have a minimum A credit rating. Ongoing monitoring of credit events/rating developments occurs to ensure the sustainable credit quality of the counterparty. Various factors are considered in the assessment process including fundamental components of the counterparty's profile (such as capital adequacy, asset quality, profitability and liquidity) and credit ratings assigned to the counterparty.

Risk Disclosures

Currency Risk

Changes in the value of the Canadian dollar compared to foreign currencies will affect the value, in Canadian dollars, of any foreign securities held in the Trust. From time to time, the Trust may manage currency risk through foreign currency hedging strategies.

The tables below indicate the currencies to which the Trust had exposure on its trading monetary assets and liabilities as well as the underlying principal amount of foreign exchange forward contracts.

Currency (As at December 31, 2010)	**Currency Risk Exposed Holdings***	**Foreign Exchange Forward Contracts**	**Net Exposure**	**As a % of Net Assets**
U.S. Dollar	$11,942,412	($1,163,021)	$10,779,391	9.79%
Euro	5,724,853	—	5,724,853	5.20%
Japanese Yen	3,703,201	—	3,703,201	3.36%
British Pound	1,362,479	—	1,362,479	1.24%
Hong Kong Dollar	1,299,987	—	1,299,987	1.18%
Swiss Franc	757,121	—	757,121	0.69%
Swedish Krona	385,926	—	385,926	0.35%
South Korean Won	178,062	—	178,062	0.16%
Singapore Dollar	144,874	—	144,874	0.13%
Australian Dollar	1	—	1	—
Danish Krone	1	—	1	—
Thai Baht	1	—	1	—

*Amounts include monetary items.

Currency (As at December 31, 2009)	**Currency Risk Exposed Holdings***	**Foreign Exchange Forward Contracts**	**Net Exposure**	**As a % of Net Assets**
U.S. Dollar	$10,848,893	$ —	$10,848,893	9.87%
Euro	5,675,532	—	5,675,532	5.16%
Japanese Yen	3,066,917	—	3,066,917	2.79%
British Pound	1,377,365	—	1,377,365	1.25%
Hong Kong Dollar	1,099,830	—	1,099,830	1.00%
Swiss Franc	633,593	—	633,593	0.58%
Swedish Krona	280,612	—	280,612	0.26%
South Korean Won	192,984	—	192,984	0.18%
Danish Krone	154,956	—	154,956	0.14%
Singapore Dollar	33,860	—	33,860	0.03%
Australian Dollar	1	—	1	—
Thai Baht	1	—	1	—

*Amounts include monetary items.

As at December 31, 2010, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately $1,216,795 (December 31, 2009 - $1,168,227). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Risk Disclosures

Interest Rate Risk

Changes in market interest rates expose fixed income securities, such as bonds, to interest rate risk. Trusts that hold income investments are exposed to this risk since changes in prevailing market interest rates will affect the value of fixed income securities.

The table below summarizes the Trust's exposure to interest rate risks. It includes the Trust's assets and trading liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates. The interest rate risk associated with short-term notes is minimal and therefore not included in the table below.

Bonds	December 31, 2010	December 31, 2009
Less than 1 year	$634,206	$5,428,668
1-3 years	14,027,697	13,302,336
3-5 years	5,181,484	2,605,080
> 5 years	17,343,791	20,337,752
Total	**$37,187,178**	**$41,673,836**

As at December 31, 2010, had the prevailing interest rates raised or lowered by 1%, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately $2,008,500 (December 31, 2009 - $2,336,443).

Liquidity Risk

Unitholders may redeem their units on each valuation date. Therefore, the Trust is invested in securities that are traded in active markets and can be readily disposed. The Trust retains sufficient cash and cash equivalent positions to maintain liquidity.

Other Market Risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Sub-Advisors moderate this risk through a careful selection of investment strategies and selection of securities and other financial instruments within the parameters of the investment strategy developed by the Manager of the Trust.

As at December 31, 2010, a 5% change in stock prices would have changed the Trust's net assets by $3,074,211 (December 31, 2009 - $3,154,514) with all other factors held constant. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

The impact on net assets of the Trust as at December 31, 2010, due to a 5% increase or decrease in the Trust's benchmark (35% S&P/TSX, 10% MSCI World GD, 10% MSCI EAFE GD, 40% DEX Universe, 5% Government of Canada Treasury Bills Indices), with all other variables held constant, would have been $5,437,436 (December 31, 2009 - $5,294,807). This calculation is based on the beta of the Trust over the past 36 months. In practice, the actual results may differ from the sensitivity analysis indicated above and the difference could be material.

Risk Disclosures

Fair Value Measurements

The Trust adopted the amendments to CICA Section 3862, "Financial Instruments – Disclosures", on January 1, 2009. CICA Section 3862 establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Trust's investments. The hierarchy of inputs is summarized below:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

The tables below summarize the inputs used in valuing the Trust's financial assets carried at fair values:

Classification (As at December 31, 2010)	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	$19,054,977	$ —	$ —	$19,054,977
Short-term notes	—	7,720,069	—	7,720,069
Bonds	—	16,601,954	—	16,601,954
Investments in funds	66,845,528	—	—	66,845,528
Total Financial Assets	**$85,900,505**	**$24,322,023**	**$ —**	**$110,222,528**

Classification (As at December 31, 2009)	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	$22,256,168	$ —	$ —	$22,256,168
Short-term notes	—	1,674,690	—	1,674,690
Bonds	—	19,920,924	—	19,920,924
Investments in funds	66,131,568	—	—	66,131,568
Total Financial Assets	**$88,387,736**	**$21,595,614**	**$ —**	**$109,983,350**

Risk Disclosures

Summary of Investment Portfolio

The Trust's summary of investment portfolio appears in the following table:

	Percentage of Net Assets (%)	
	December 31, 2010	December 31, 2009
COMMON AND PREFERRED SHARES		
Canadian Equities		
Consumer Discretionary	0.50	2.20
Consumer Staples	—	0.57
Energy	5.18	6.47
Financials	5.58	5.87
Industrials	0.82	0.59
Information Technology	0.74	0.97
Materials	3.96	3.06
Telecommunication Services	0.52	0.51
TOTAL CANADIAN EQUITIES	17.30	20.24
BONDS		
Government of Canada	11.29	13.93
Provincial Government	3.79	4.18
TOTAL BONDS	15.08	18.11
OTHER FUNDS	60.70	60.14
SHORT-TERM NOTES	7.01	1.52
TOTAL INVESTMENT PORTFOLIO	**100.09**	**100.01**
OTHER ASSETS, NET OF LIABILITIES	**(0.09)**	**(0.01)**
NET ASSETS	**100.00**	**100.00**

Notes to Financial Statements

1. Establishment of the Trust

The Diversified Private Trust (the "Trust") was created under the laws of the Province of Ontario by a Declaration of Trust. The Trust was established on June 18, 1993 and commenced operations on this date.

The Trust is not a reporting issuer and is exempt, pursuant to National Instrument 81-106, from the requirement to file its financial statements with the regulatory authorities and has notified the Ontario Securities Commission that it is relying on this exemption. The Trust has prepared its financial statements in accordance with National Instrument 81-106.

2. Summary of Significant Accounting Policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), include estimates and assumptions made by management that affect the reported amounts of assets, liabilities, income, and expenses during the reporting periods Actual results may differ from such estimates.

On January 1, 2008, the Trust adopted CICA Section 3862, “Financial Instruments-Disclosures” of the CICA Handbook (“Section 3862”) and Section 3863, “Financial Instruments - Presentation” (“Section 3863”). These sections establish standards for comprehensive disclosure and presentation requirements for financial instruments. The standards include new requirements to quantify certain risk exposures and to provide sensitivity analysis for certain risks. The disclosure requirements of Sections 3862 and 3863 are contained after the Trust's Statement of Investments.

[a] Investments are recorded at their fair value in Canadian currency with the difference between this amount and the average cost being shown as unrealized appreciation (depreciation) of investments, net of unrealized gains (losses) resulting from foreign currency translations.

[b] The fair values of foreign investments and other foreign denominated assets and liabilities are translated into Canadian dollars at exchange rates prevailing on the reporting date.

[c] Purchases and sales of foreign securities and income and expenses are translated into Canadian dollars at the exchange rates prevailing on the dates of the transactions.

[d] The gain or loss on sale of investments, net of realized gains (losses) resulting from foreign currency translations, is calculated with reference to the average cost of the related investments, excluding transaction costs.

[e] Income and expenses are recorded on an accrual basis. Foreign income and expenses are translated into Canadian dollars at the rates of exchange applicable on the valuation date. Security transactions are recorded on the trade date and related transaction costs are charged to income. Dividends are accrued as of the ex-dividend date. Stock dividends are recorded in income based on the fair value of the security.

[f] Short-term notes are recorded at fair value. The fair value of short-term notes approximates the accrued interest added to the average cost.

[g] For each Trust unit sold, the Trust receives an amount equal to the net asset value per unit at the date of sale, which amount is included in unitholders' equity. Trust units are redeemable at the option of unitholders at their net asset value on the redemption date. For each Trust unit redeemed, unitholders' equity is reduced by the net asset value of the Trust unit at the date of redemption.

[h] The fair value of a forward contract is the gain or loss that would be realized if, on the valuation date, the positions were closed out. The forward contract is valued using an interpolation of the forward exchange rate based on the length of the forward contract. It is reflected in the Statement of Operations as change in unrealized appreciation (depreciation) on foreign exchange forward contracts. When the forward contracts are closed out, any gains or losses realized are included in net realized gain or loss on foreign exchange forward contracts.

Notes to Financial Statements

[i] Commissions and other transaction costs are incremental costs that are directly attributable to the acquisition, issue, or disposal of an investment, which include fees and commissions paid to agents, advisors, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Commissions and transaction costs are included as expenses in the Statement of Operations.

[j] The cost of investments represents the amount paid for each security and is determined on an average cost basis excluding commissions and other transaction costs.

3. Unitholders' Equity

Unit transactions during the year were as follows:

	December 31, 2010		December 31, 2009	
	Number of Trust units	**Amount $**	Number of Trust units	Amount $
Subscriptions	**285,136**	**3,499,209**	193,987	2,206,136
Reinvestments	**246,386**	**3,117,141**	267,658	3,163,467
Redemptions	**987,934**	**12,353,364**	1,024,791	11,918,100

The number of issued and outstanding units for the year ended December 31, 2010 is 8,480,005 (December 31, 2009 - 8,936,417).

4. Foreign Exchange Forward Contracts

The Trust utilizes foreign exchange forward contract hedging in the management of currency risk associated with its investment in foreign securities. The objective is to protect the Trust from the possibility of capital losses on foreign currency denominated investments due to increases in the value of the Canadian dollar. However, credit and market risks associated with foreign exchange forward contracts potentially expose the Trust to losses.

In order to minimize the possibility of losses arising from credit risk, the Trust deals only with large financial institutions with a minimum A credit rating.

Currency risks relate to the possibility that foreign exchange forward contracts change in value due to fluctuations in currency prices. The foreign exchange forward contracts are marked-to-market daily and the resulting unrealized gains or losses are recognized in the Statement of Net Assets.

The result of employing foreign exchange forward contracts is that the foreign exchange gains and losses in the securities portfolio move substantially in opposite directions from the gains and losses in the hedging portfolio.

As at December 31, 2010 and December 31, 2009, the Trust held no foreign exchange forward contracts.

5. Income Taxes

The Trust qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and has a taxation year-end of December 15. The Trust is subject to tax on its income, including net realized capital gains, for the calendar year which is not paid or payable to the unitholders as at the end of the calendar year. Income taxes on net realized gains not paid or payable by the mutual fund trusts are generally recovered by virtue of refunding provisions contained in the Income Tax Act (Canada) and provincial income tax acts, as redemptions occur. Sufficient distributions of income and of net realized capital gains are made to unitholders of record for the Trust, so that no provision for income taxes is required in the financial statements.

Capital losses incurred by the Trust cannot be allocated to unitholders but may be carried forward indefinitely to apply against realized capital gains. As at December 31, 2010 the Trust had nil (December 31, 2009 - $635,064) in net capital loss carryforwards.

6. Brokerage Commissions

Brokerage commissions on portfolio transactions may also include research services provided to the investment manager ("soft dollar commissions"). The value of the research services paid to certain brokers for the years ended December 31, 2010 and December 31, 2009 is nil.

Notes to Financial Statements

7. Securities Lending

The Trust lends portfolio securities from time to time in order to earn additional income. The Trust has entered into a securities lending program with its custodian, CIBC Mellon Global Securities Services. The aggregate market value of all securities cannot exceed 50% of the net assets of the Trust. The Trust receives collateral in the form of debt obligations of the Government of Canada and any other Sovereign States and Canadian provincial government, against the loaned securities. The Trust maintains a minimum collateral requirement of 102% for North American equities and 105% for Non-North American equities of the market value of the loaned securities during the period of the loan. At December 31, 2010, certain securities shown in the Statement of Net Assets with a market value of $1,158,495 (December 31, 2009 - $2,608,963 had been loaned as part of the securities lending program. The Trustee, on behalf of the Trust, held securities with a market value of $1,217,549 (December 31, 2009 - $2,749,360) as collateral for such loans. Under the terms of the program, the Trust may instruct that securities be returned within three days.

8. Capital Management

CICA Section 1535, "Capital Disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. The adoption of this standard results in additional disclosures relating to the redeemable units of the Trust but does not affect the Trust's results or financial position. The capital of the Trust is represented by issued redeemable units with no par value. The units of the Trust are entitled to distributions, if any, and any redemptions are based on the Trust's net asset value per unit. The Trust has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The relevant movements are shown on the Statement of Changes in Net Assets. The Trust endeavours to invest its subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

9. Management Fees

The Trustee has appointed Integra Capital Financial Corporation (the "Manager") as manager to administer and regulate the day-to-day operations of the Trust. In return for the services provided, the Manager's parent company, Integra Capital Management Corporation, receives management fees from the Trust's unitholders, based on the net asset value of the Trust. These management fees are paid either by a redemption of units or the unitholder, if an institution, may be invoiced and payment will be delivered to the Manager.

10. Trustee and Other Fees

The Trust is responsible for its operating expenses relating to the carrying on of its business, including custodial services, legal, Independent Review Committee fees (if applicable), audit fees, transfer agency services relating to the issue and redemption of units, and the cost of financial and other reports in compliance with all applicable laws, regulations and policies. Such expenses are calculated and accrued daily based on the average net asset value. The Manager pays for such expenses on behalf of the Trust, except for certain expenses such as interest and taxes, and is then reimbursed by the Trust.

11. Comparison of Net Asset Value Per Unit - Industry Standard for Transactions to Net Assets Per Unit

NI 81-106, issued by the Canadian Securities Administrators ["CSA"] requires investment funds to value their investments using fair value measures as defined in NI 81-106. NI 81-106 requires that fair value prices be based on bid prices, whereas subscriptions and redemptions from the Trust are based on closing prices. Consequently, the method by which the net asset value is calculated for subscription and redemption purposes will be different from the net assets calculated for financial reporting purposes. In accordance with NI 81-106, a comparison of net assets, calculated in accordance with CICA Section 3855 of an investment fund, and net asset value, calculated in accordance with the Manager's fair value policies and procedures for unit pricing, for the year ended December 31 were as follows:

December 31, 2010		December 31, 2009	
Net Asset Value per Unit - Industry Standard for Transactions	Net Assets per Unit	Net Asset Value per Unit - Industry Standard for Transactions	Net Assets per Unit
$12.99	**$12.99**	$12.31	$12.31

Notes to Financial Statements

12. Transition to International Financial Reporting Standards

International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises, which include investment funds and other reporting issuers. Under the general transition rules for publicly accountable enterprises the Fund would adopt IFRS for its fiscal period beginning January 1, 2011.

On January 12, 2011, the Canadian Accounting Standards Board amended the requirement to prepare financial statements in accordance with IFRS as issued by the International Accounting Standards Board, permitting investment companies, which include investment funds, to defer adoption of IFRS to fiscal years beginning on or after January 1, 2013. The Trust has elected to defer adoption of IFRS to January 1, 2013.

In preparing to meet the requirements, the Manager has taken the following steps in managing the transition to IFRS:

- Established a working group to identify key differences between Canadian GAAP and IFRS and to coordinate the implementation of the transition plan,

- Identified areas where changes in disclosure will be required under IFRS standards,

- Evaluated current information technology and reporting systems for readiness in IFRS implementation,

- Assessed the likely impacts on business activity and operational areas such as internal controls, staffing and training requirements.

The major changes identified for IFRS financial statements include the addition of a Statement of Cash Flows and the classification of unitholders' equity (puttable instruments) as a liability within the Statement of Net Assets, unless certain conditions are met.

Based on the current evaluation of the differences between Canadian GAAP and IFRS, the adoption of IFRS is expected to have no impact on the calculation of net assets or net asset value. IFRS is expected to affect the overall presentation of financial statements and result in additional disclosure in the accompanying notes. However, the Manager's assessment may change if new standards are issued or if the interpretations of current standards are revised.

13. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation for the year ended December 31, 2010.