

Financial Statements

**Growth & Income Diversified Private Trust**

December 31, 2010

## INDEPENDENT AUDITORS' REPORT

To the Unitholders of  
*Growth & Income Diversified Private Trust*

We have audited the accompanying financial statements of **Growth & Income 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.

Toronto, Canada  
March 25, 2011

*Ernst & Young LLP*

Chartered Accountants  
Licensed Public Accountants

## Growth & Income Diversified Private Trust

### Statement of Net Assets

As at December 31

	2010	2009
<b>ASSETS</b>		
Investments at fair value	\$49,745,560	\$36,593,487
Cash	15,313	46,044
Accrued dividend and interest receivable	147,760	123,415
Subscriptions receivable	10,236	6,126
<b>Total assets</b>	<b>49,918,869</b>	<b>36,769,072</b>
<b>LIABILITIES</b>		
Accrued expenses	47,004	57,309
Redemptions payable	249,131	57,621
<b>Total liabilities</b>	<b>296,135</b>	<b>114,930</b>
<b>NET ASSETS REPRESENTING UNITHOLDERS' EQUITY</b>	<b>\$49,622,734</b>	<b>\$36,654,142</b>
<b>UNITS OUTSTANDING</b> (note 3)	<b>3,954,814</b>	<b>2,956,712</b>
<b>NET ASSETS PER UNIT</b> (note 11)	<b>\$12.55</b>	<b>\$12.40</b>
<b>NET ASSET VALUE PER UNIT - INDUSTRY STANDARD FOR TRANSACTIONS</b> (note 11)	<b>\$12.56</b>	<b>\$12.42</b>

(See accompanying notes)

On behalf of the Manager,  
Integra Capital Financial Corporation:



Gary Cook  
Director



Peter Volpe  
Director

## Growth & Income Diversified Private Trust

### Statement of Operations

Year ended December 31

	2010	2009
<b>INCOME</b>		
Interest	\$559,535	\$394,745
Dividend	358,245	302,872
Revenue from securities lending	2,249	740
	<b>920,029</b>	<b>698,357</b>
<b>EXPENSES</b>		
Custodial fees	44,650	40,445
Operating expenses	46,576	20,249
Audit fees	23,809	22,635
Legal fees	3,803	83
Filing fees	2,378	2,858
Securityholder reporting costs	3,581	6,898
Investment performance monitoring fees	1,174	6,444
Goods and Services Tax	2,632	4,981
Harmonized Sales Tax	9,406	—
	<b>138,009</b>	<b>104,593</b>
<b>NET INVESTMENT INCOME</b>	<b>782,020</b>	<b>593,764</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>		
Net realized gain on sale of investments	5,383,739	4,041,478
Net realized loss on foreign exchange	(80,595)	(27,977)
Net unrealized gain (loss) on foreign exchange	(56)	1,116
Transaction costs (note 6)	(242,206)	(156,502)
Change in unrealized appreciation of investments	253,205	2,821,857
	<b>5,314,087</b>	<b>6,679,972</b>
<b>NET GAIN ON INVESTMENTS AND TRANSACTION COSTS</b>	<b>5,314,087</b>	<b>6,679,972</b>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$6,096,107</b>	<b>\$7,273,736</b>
<b>Increase in net assets from operations per unit</b> (Based on the average number of units outstanding during the year)	<b>\$1.81</b>	<b>\$3.21</b>

(See accompanying notes)

### Statement of Changes in Net Assets

Year ended December 31

	2010	2009
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>\$36,654,142</b>	<b>\$18,183,663</b>
Increase in net assets from operations	6,096,107	7,273,736
<b>DISTRIBUTIONS TO UNITHOLDERS</b>		
Distribution from net investment income	(740,132)	(588,993)
Distribution from net realized gains on investments	(4,806,763)	(998,697)
	<b>(5,546,895)</b>	<b>(1,587,690)</b>
<b>CAPITAL UNIT TRANSACTIONS</b> (note 3)		
Proceeds from issuance of units	10,459,676	13,517,845
Reinvested distributions	5,546,895	1,587,690
Payments on redemptions	(3,587,191)	(2,321,102)
	<b>12,419,380</b>	<b>12,784,433</b>
Increase in net assets for the year	<b>12,968,592</b>	<b>18,470,479</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$49,622,734</b>	<b>\$36,654,142</b>

(See accompanying notes)

## Growth & Income Diversified Private Trust

### Statement of Investments

As at December 31, 2010

	Number of Shares / Par Value \$	Average Cost \$	Fair Value \$
<b>COMMON AND PREFERRED SHARES — 62.09%</b>			
<b>Canadian Equities — 45.43%</b>			
<b>Consumer Discretionary — 2.08%</b>			
Canadian Tire Corp. Ltd., Class 'A'	7,100	445,474	484,078
Magna International Inc., Class 'A'	10,600	385,755	548,656
		<b>831,229</b>	<b>1,032,734</b>
<b>Energy — 13.15%</b>			
Advantage Oil & Gas Ltd.	61,800	442,313	417,768
Athabasca Oil Sands Corp.	45,660	478,045	684,900
Canadian Natural Resources Ltd.	12,900	460,504	571,083
Daylight Energy Ltd.	49,200	476,234	506,760
EnCana Corp.	29,600	945,202	859,584
Galleon Energy Inc., Class 'A'	59,800	342,431	245,180
Petrobank Energy & Resources Ltd.	19,500	488,121	492,375
Petrominerales Ltd.	11,993	394,235	397,671
Suncor Energy Inc.	36,450	1,238,682	1,391,661
Talisman Energy Inc.	43,400	876,936	959,574
		<b>6,142,703</b>	<b>6,526,556</b>
<b>Financials — 11.16%</b>			
Canadian Imperial Bank of Commerce	10,800	672,353	844,884
Home Capital Group Inc.	8,000	343,679	414,240
Manulife Financial Corp.	58,000	866,733	991,800
National Bank of Canada	9,000	528,041	615,420
Royal Bank of Canada	14,000	748,765	730,800
Sun Life Financial Inc.	30,000	891,813	900,600
Toronto-Dominion Bank (The)	14,000	807,791	1,037,400
		<b>4,859,175</b>	<b>5,535,144</b>
<b>Industrials — 1.61%</b>			
Aecon Group Inc.	37,170	391,652	379,877
Transat A.T. Inc., Class 'B'	22,400	254,974	420,672
		<b>646,626</b>	<b>800,549</b>
<b>Information Technology — 5.66%</b>			
Enableness Technologies Inc.	400,000	232,000	216,000
Miranda Technologies Inc.	83,900	411,987	458,094
Open Text Corp.	6,512	272,579	297,012
Research In Motion Ltd.	24,206	1,378,071	1,403,464
Sierra Wireless Inc.	29,300	333,041	435,105
		<b>2,627,678</b>	<b>2,809,675</b>
<b>Materials — 11.77%</b>			
Agrium Inc.	6,630	552,015	606,645
Barrick Gold Corp.	18,600	866,183	986,358
Kinross Gold Corp.	48,300	891,859	911,421
Lundin Mining Corp.	52,000	358,910	376,480
Quadra FNX Mining Ltd.	40,000	587,671	669,200
Sino-Forest Corp., Class 'A'	14,000	309,796	325,780
Thompson Creek Metals Co. Inc.	48,500	638,552	708,100
Uranium Participation Corp.	56,715	378,718	449,183
Yamana Gold Inc.	63,492	728,681	808,888
		<b>5,312,385</b>	<b>5,842,055</b>
<b>Total Canadian Equities — 45.43%</b>			
		<b>20,419,796</b>	<b>22,546,713</b>
<b>United States Equities — 16.66%</b>			
<b>Consumer Staples — 0.89%</b>			
General Motors Corp.	12,000	414,206	439,273
		<b>414,206</b>	<b>439,273</b>
<b>Energy — 2.25%</b>			
ExxonMobil Corp.	7,600	542,695	552,485
Peabody Energy Corp.	8,900	529,394	565,718
		<b>1,072,089</b>	<b>1,118,203</b>

## Growth & Income Diversified Private Trust

### Statement of Investments

As at December 31, 2010

	Number of Shares / Par Value \$	Average Cost \$	Fair Value \$
<b>Financials — 3.11%</b>			
Bank of America Corp.	50,000	665,338	662,765
Citigroup Inc.	102,000	440,806	479,396
JPMorgan Chase & Co.	9,500	371,726	400,431
		<b>1,477,870</b>	<b>1,542,592</b>
<b>Health Care — 1.12%</b>			
Pfizer Inc.	32,000	540,208	556,762
		<b>540,208</b>	<b>556,762</b>
<b>Industrials — 1.14%</b>			
General Electric Co.	31,000	488,344	563,390
		<b>488,344</b>	<b>563,390</b>
<b>Information Technology — 5.93%</b>			
Apple Inc.	1,600	412,680	512,692
Cisco Systems Inc.	21,000	465,775	421,924
Hewlett-Packard Co.	10,800	486,824	451,364
IBM Corp.	3,000	375,648	437,484
Intel Corp.	22,000	460,118	459,941
Microsoft Corp.	23,800	677,864	659,803
		<b>2,878,909</b>	<b>2,943,208</b>
<b>Materials — 2.22%</b>			
Cliffs Natural Resources Inc.	7,850	551,790	608,490
Freeport-McMoRan Copper & Gold Inc., Class 'B'	4,150	417,763	495,374
		<b>969,553</b>	<b>1,103,864</b>
<b>Total United States Equities — 16.66%</b>			
		<b>7,841,179</b>	<b>8,267,292</b>
<b>TOTAL EQUITIES — 62.09%</b>			
		<b>28,260,975</b>	<b>30,814,005</b>
<b>BONDS — 27.49%</b>			
<b>Canadian Bonds — 27.20%</b>			
<b>Government of Canada — 4.53%</b>			
Canada Housing Trust No. 1, 4.05%, 2011/03/15	900,000	915,381	905,226
Government of Canada, 3.25%, 2021/06/01	1,340,000	1,341,122	1,343,138
		<b>2,256,503</b>	<b>2,248,364</b>
<b>Provincial Government — 6.94%</b>			
Financement-Québec, 5.25%, 2034/06/01	190,000	191,725	209,160
McGill University Health Centre, Callable, 5.36%, 2043/12/31	110,000	110,807	115,104
Province of British Columbia, 4.65%, 2018/12/18	280,000	290,683	303,299
Province of New Brunswick, 4.50%, 2020/06/02	380,000	383,882	399,715
Province of Ontario, 4.20%, 2020/06/02	350,000	367,292	360,899
Province of Ontario, 6.50%, 2029/03/08	320,000	386,423	410,195
Province of Ontario, Zero Coupon, 2019/12/02	260,000	159,696	182,623
Province of Ontario, Zero Coupon, 2022/12/02	1,050,000	578,516	623,794
Province of Quebec, 9.38%, 2023/01/16	350,000	508,513	523,463
Province of Quebec, Series 'OS', 6.00%, 2029/10/01	260,000	286,152	315,000
		<b>3,263,689</b>	<b>3,443,252</b>
<b>Municipal Government — 1.11%</b>			
Municipal Finance Authority of British Columbia, 4.45%, 2020/06/01	350,000	352,788	364,735
Ville de Montréal, 5.45%, 2019/12/01	170,000	181,740	187,313
		<b>534,528</b>	<b>552,048</b>
<b>Corporate — 14.62%</b>			
AltaLink L.P., Callable, 5.25%, 2036/09/22	170,000	154,855	177,700
Bank of Montreal, Series 'F', Variable Rate, Callable, 2023/03/28	120,000	134,943	135,455
Bank of Nova Scotia, Variable Rate, Callable, 2017/11/01	190,000	200,024	199,766
Bank of Nova Scotia, Variable Rate, Callable, 2019/04/15	220,000	228,868	233,173
Canadian Imperial Bank of Commerce, Variable Rate, Callable, 2020/11/02	130,000	129,838	127,252
Canadian Tire Corp. Ltd., Callable, 5.61%, 2035/09/04	210,000	194,024	198,798
Capital Desjardins Inc., Series 'G', Callable, 5.19%, 2020/05/05	190,000	192,638	200,309
Cards II Trust, Series '2010-1', Floating Rate, 1.83%, 2012/05/15	140,000	140,000	139,576

## Growth & Income Diversified Private Trust

### Statement of Investments

As at December 31, 2010

	Number of Shares / Par Value \$	Average Cost \$	Fair Value \$
CU Inc., Callable, 5.58%, 2038/05/26	140,000	117,178	153,640
Enbridge Gas Distribution Inc., Callable, 4.95%, 2050/11/22	90,000	89,813	91,126
Enbridge Inc., Callable, 4.53%, 2020/03/09	200,000	200,722	202,667
Enbridge Pipelines Inc., Callable, 5.35%, 2039/11/10	140,000	140,091	149,007
First Capital Realty Inc., Series 'H', Callable, 5.85%, 2017/01/31	130,000	130,302	136,911
First National Financial Income Fund, Series '1', Callable, 5.07%, 2015/05/07	140,000	140,425	141,946
Fortis Inc., Callable, 6.51%, 2039/07/04	150,000	160,590	176,617
GE Capital Canada Funding Co., Series 'A', 5.53%, 2017/08/17	250,000	249,197	268,606
Genesis Trust, Class 'A', Series '2006-2', 4.25%, 2011/09/15	170,000	172,775	172,975
Genworth MI Canada Inc., 5.68%, 2020/06/15	200,000	200,772	201,866
Great-West Lifeco Inc., 6.00%, 2039/11/16	220,000	225,167	237,364
Great-West Lifeco Inc., Variable Rate, Callable, 2068/06/26	130,000	125,095	145,452
Green Timbers L.P., Sinking Fund, Callable, Restricted, 6.84%, 2037/06/30	100,000	100,000	107,385
IGM Financial Inc., 7.35%, 2019/04/08	150,000	162,573	176,890
IGM Financial Inc., Series '1997', 6.65%, 2027/12/13	190,000	188,158	208,629
Intact Financial Corp., Callable, 5.41%, 2019/09/03	190,000	193,039	199,969
Loblaw Cos. Ltd., Callable, 5.22%, 2020/06/18	190,000	191,576	196,495
Master Credit Card Trust, Class 'A', Series '2006-2', 4.44%, 2011/11/21	160,000	165,534	163,770
Molson Coors Capital Finance, Callable, 5.00%, 2015/09/22	220,000	211,765	232,517
NBC Asset Trust, Series '2', Variable Rate, Callable, 2020/06/30	310,000	339,292	364,798
NHA MBS Toronto-Dominion Bank (The), 2.15%, 2014/10/01	140,941	137,734	139,787
Power Corp. of Canada, Callable, 8.57%, 2039/04/22	140,000	151,550	186,601
Rogers Communications Inc., Callable, 5.38%, 2019/11/04	180,000	184,845	188,289
Royal Bank of Canada, Variable Rate, Callable, 2020/06/15	140,000	141,511	144,716
SNC-Lavalin Group Inc., Callable, 6.19%, 2019/07/03	100,000	113,087	110,721
TD Capital Trust III, Preferred, Variable Rate, Callable, 2018/12/31	160,000	150,536	187,576
TELUS Corp., Series 'CG', Callable, 5.05%, 2019/12/04	190,000	190,617	193,583
Terasen Gas Inc., 5.90%, 2035/02/26	150,000	148,076	170,248
Thomson Reuters Corp., Callable, 4.35%, 2020/09/30	200,000	201,061	200,422
Wells Fargo Financial Canada Corp., 5.20%, 2012/09/13	170,000	178,095	177,554
Wells Fargo Financial Canada Corp., 3.97%, 2014/11/03	200,000	203,984	204,639
Westcoast Energy Inc., 5.60%, 2019/01/16	190,000	185,637	209,382
		<b>6,865,987</b>	<b>7,254,177</b>
<b>Total Canadian Bonds — 27.20%</b>		<b>12,920,707</b>	<b>13,497,841</b>
<b>International Bonds — 0.29%</b>			
Bear Stearns Cos. LLC (The), 4.35%, 2012/07/20	140,000	145,600	144,215
		<b>145,600</b>	<b>144,215</b>
<b>TOTAL BONDS — 27.49%</b>		<b>13,066,307</b>	<b>13,642,056</b>
<b>Canadian Short-Term Notes — 10.66%</b>			
Bank of Nova Scotia, Bankers' Acceptance, 1.150%, 2011/03/09	1,980,000	1,974,892	1,975,826
Caisse Centrale Desjardins, Bearer Deposit Note, 1.110%, 2011/01/20	660,000	658,337	659,619
Government of Canada, Treasury Bill, 0.910%, 2011/02/03	100,000	99,915	99,917
National Bank of Canada, Bankers' Acceptance, 1.050%, 2011/01/18	870,000	869,173	869,574
Province of Quebec, Treasury Bill, 0.960%, 2011/01/21	675,000	673,508	674,649
Toronto-Dominion Bank (The), Bankers' Acceptance, 1.000%, 2011/01/04	1,010,000	1,008,176	1,009,914
		<b>5,284,001</b>	<b>5,289,499</b>
<b>TOTAL SHORT-TERM NOTES — 10.66%</b>		<b>5,284,001</b>	<b>5,289,499</b>
<b>TRANSACTION COSTS</b>		<b>(71,796)</b>	
<b>TOTAL INVESTMENT PORTFOLIO — 100.24%</b>		<b>46,539,487</b>	<b>49,745,560</b>
<b>OTHER ASSETS, NET OF LIABILITIES — (0.24)%</b>			<b>(122,826)</b>
<b>NET ASSETS — 100.00%</b>			<b>49,622,734</b>

(See accompanying notes)

## Growth & Income Diversified Private Trust

### Risk Disclosures

#### Financial Instruments Risk

Investment activities of the Growth & Income 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 investment objective of the Trust is to generate both capital appreciation (growth) and income, while maintaining a relatively low level of risk. To achieve its objectives, the Trust invests in both equities and fixed income instruments.

J. Zechner Associates, the "Sub-Advisor" of the Trust, develops asset mix forecasts which focus on global markets which are demanding closer scrutiny as they become more interdependent. That focus cascades down to the North American economies and more specifically to Canada. The firm examines government fiscal and monetary policies, foreign exchange, capital flows, investor psychology and projected asset class returns over a 12-18 month period and then determines the optimal asset mix.

For equities, the investment approach is a top-down active investment style, premised on the view that the Canadian stock market is cyclical rather than a growth market. This style is characterized by overweighting industry groups that are expected to outperform at various stages of the market cycle. The top-down analysis is complemented by bottom-up stock picking within each industry group.

The fixed income portfolio management employs a multi-strategy approach. Distinguishing features of the fixed income process include rigorous credit analysis and a willingness to under-weight any sector that has become over-valued.

The Trust may enter into securities lending transactions. Securities lending transactions will be used in conjunction with the Trust's other investment strategies in a manner considered most appropriate by Integra Capital Financial Corporation (the "Manager") to achieve the Trust's investment objectives and to enhance the Trust's returns.

To assist with managing risk, 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.

#### 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 the 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.

Debt Securities by Credit Rating	As a % of Total Bonds	
	December 31, 2010	December 31, 2009
AAA	23.67%	25.31%
AA	28.03%	20.28%
A	32.36%	38.60%
BBB	14.90%	14.44%
Below BBB	—	1.37%
Unrated (U)	1.04%	—
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

#### 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.

## Growth & Income Diversified Private Trust

### 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	\$8,267,292	\$ —	\$8,267,292	16.66%

\*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	\$4,712,905	\$ —	\$4,712,905	12.86%

\*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 \$413,365 (December 31, 2009 - \$235,645). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

#### 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
<b>Less than 1 year</b>	1,241,971	—
<b>1-3 years</b>	461,345	529,481
<b>3-5 years</b>	718,889	468,574
<b>&gt; 5 years</b>	11,219,851	8,517,112
<b>Total</b>	<b>\$13,642,056</b>	<b>\$9,515,167</b>

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 \$1,098,877 (December 31, 2009 - \$858,471).

#### 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.

## Growth & Income Diversified Private Trust

### Risk Disclosures

#### 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-Advisor moderates 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 \$1,540,700 (December 31, 2009 - \$1,157,723) 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 2010 benchmark (40% S&P/TSX, 10% S&P 500, 5% MSCI EAFE GD, 40% DEX Universe, 5% Government of Canada Treasury Bills Indices), with all other variables held constant, would have been \$2,793,264.

The impact on net assets of the Trust as at December 31, 2009, due to a 5% increase or decrease in the Trust's 2009 benchmark (29.75% S&P/TSX, 15.5% Russell 1000, 15.5% MSCI EAFE, 35% DEX Universe, 4.25% Government of Canada Treasury Bills Indices), with all other variables held constant would have been \$2,001,316.

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.

#### 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:

<b>Classification</b> (As at December 31, 2010)	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equities	\$30,814,005	\$ —	\$ —	\$30,814,005
Short-term notes	—	5,289,499	—	5,289,499
Bonds	—	13,642,056	—	13,642,056
<b>Total Financial Assets</b>	<b>\$30,814,005</b>	<b>\$18,931,555</b>	<b>\$ —</b>	<b>\$49,745,560</b>

<b>Classification</b> (As at December 31, 2009)	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equities	\$23,154,469	\$ —	\$ —	\$23,154,469
Short-term notes	—	3,923,851	—	3,923,851
Bonds	—	9,515,167	—	9,515,167
<b>Total Financial Assets</b>	<b>\$23,154,469</b>	<b>\$13,439,018</b>	<b>\$ —</b>	<b>\$36,593,487</b>

## Growth & Income Diversified Private Trust

### Risk Disclosures

#### Summary of Investment Portfolio

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

	Percentage of Net Assets (%)	
	December 31, 2010	December 31, 2009
<b>Canadian Equities</b>		
Consumer Discretionary	2.08	—
Energy	13.15	17.05
Financials	11.16	12.34
Health Care	—	1.53
Industrials	1.61	1.36
Information Technology	5.66	4.57
Materials	11.77	12.54
Telecommunication Services	—	0.93
<b>Total Canadian Equities</b>	<b>45.43</b>	<b>50.32</b>
<b>United States Equities</b>		
Consumer Discretionary	—	0.55
Consumer Staples	0.89	—
Energy	2.25	0.87
Financials	3.11	2.82
Health Care	1.12	0.89
Industrials	1.14	2.68
Information Technology	5.93	2.25
Materials	2.22	—
Telecommunication Services	—	0.56
<b>Total United States Equities</b>	<b>16.66</b>	<b>10.62</b>
<b>International Equities</b>	<b>—</b>	<b>2.23</b>
<b>TOTAL EQUITIES</b>	<b>62.09</b>	<b>63.17</b>
<b>BONDS</b>		
Government of Canada	4.53	4.25
Municipal	1.11	0.69
Provincial	6.94	5.09
Corporate	14.62	15.74
Foreign Bonds	0.29	0.19
<b>TOTAL BONDS</b>	<b>27.49</b>	<b>25.96</b>
<b>SHORT-TERM NOTES</b>	<b>10.66</b>	<b>10.70</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>	<b>100.24</b>	<b>99.83</b>
<b>OTHER ASSETS, NET OF LIABILITIES</b>	<b>(0.24)</b>	<b>0.17</b>
<b>NET ASSETS</b>	<b>100.00</b>	<b>100.00</b>

## Growth & Income Diversified Private Trust

### Notes to Financial Statements

#### 1. Establishment of the Trust

The Growth & Income 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 July 2, 1998 and commenced operations on September 18, 1998.

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.

## Growth & Income Diversified Private Trust

### 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	837,987	10,459,676	1,152,803	13,517,845
Reinvestments	448,180	5,546,895	129,236	1,587,690
Redemptions	288,065	3,587,191	215,631	2,321,102

The number of issued and outstanding units for the year ended December 31, 2010 is 3,954,814 (December 31, 2009 - 2,956,712).

### 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 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 and December 31, 2009, the Trust had nil 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.

## Growth & Income Diversified Private Trust

### 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 \$2,564,686 (December 31, 2009 - \$646,742) had been loaned as part of the securities lending program. The Trustee, on behalf of the Trust, held securities with a market value of \$2,695,420 (December 31, 2009 - \$681,545) 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
\$12.56	\$12.55	\$12.42	\$12.40

## Growth & Income Diversified Private Trust

### 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.