

Financial Statements

Growth & Income Diversified Private Trust

June 30, 2011

Growth & Income Diversified Private Trust

Statement of Net Assets (unaudited)

	June 30, 2011	December 31, 2010
ASSETS		
Investments at fair value	\$50,077,413	\$49,745,560
Cash	—	15,313
Accrued dividend and interest receivable	100,142	147,760
Subscriptions receivable	655,562	10,236
Total assets	50,833,117	49,918,869
LIABILITIES		
Bank Overdraft	2,401	—
Accrued expenses	56,988	47,004
Payable for securities purchased	152,184	—
Redemptions payable	165,397	249,131
Total liabilities	376,970	296,135
NET ASSETS REPRESENTING UNITHOLDERS' EQUITY	\$50,456,147	\$49,622,734
UNITS OUTSTANDING (note 3)	4,463,608	3,954,814
NET ASSETS PER UNIT (note 11)	\$11.30	\$12.55
NET ASSET VALUE PER UNIT - INDUSTRY STANDARD FOR TRANSACTIONS (note 11)	\$11.32	\$12.56

(See accompanying notes)

Growth & Income Diversified Private Trust

Statement of Operations (unaudited)

Six months ended June 30

	2011	2010
INCOME		
Interest	\$325,133	\$251,547
Dividend	585,579	169,638
Revenue from securities lending	1,592	885
	912,304	422,070
EXPENSES		
Custodial fees	18,900	19,345
Operating expenses	33,060	15,368
Audit fees	14,181	11,807
Legal fees	945	2,362
Filing fees	945	1,417
Securityholder reporting costs	2,362	1,180
Investment performance monitoring fees	3,777	1,175
Goods and Services Tax	—	2,632
Harmonized Sales Tax	9,518	—
	83,688	55,286
NET INVESTMENT INCOME	828,616	366,784
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized gain on sale of investments	1,130,792	1,829,994
Net realized loss on foreign exchange forward contracts	—	(2,500)
Net realized loss on foreign exchange	(26,688)	(54,822)
Net unrealized gain on foreign exchange	67	220
Transaction costs (note 6)	(134,969)	(105,176)
Change in unrealized depreciation of investments	(5,359,180)	(3,656,796)
NET LOSS ON INVESTMENTS AND TRANSACTION COSTS	(4,389,978)	(1,989,080)
DECREASE IN NET ASSETS FROM OPERATIONS	(\$3,561,362)	(\$1,622,296)
Decrease in net assets from operations per unit (Based on the average number of units outstanding during the period)	(\$0.83)	(\$0.51)

(See accompanying notes)

Statement of Changes in Net Assets (unaudited)

Six months ended June 30

	2011	2010
NET ASSETS, BEGINNING OF PERIOD	\$49,622,734	\$36,654,142
Decrease in net assets from operations	(3,561,362)	(1,622,296)
DISTRIBUTIONS TO UNITHOLDERS		
Distribution from net investment income	(416,804)	(323,769)
Distribution from net realized gains on investments	(1,546,469)	(1,000,000)
	(1,963,273)	(1,323,769)
CAPITAL UNIT TRANSACTIONS (note 3)		
Proceeds from issuance of units	6,980,734	5,062,373
Reinvested distributions	1,963,274	1,323,769
Payments on redemptions	(2,585,960)	(1,550,101)
	6,358,048	4,836,041
Increase in net assets for the period	833,413	1,889,976
NET ASSETS, END OF PERIOD	\$50,456,147	\$38,544,118

(See accompanying notes)

Growth & Income Diversified Private Trust

Statement of Investments (unaudited)

As at June 30, 2011

	Number of Shares / Par Value \$	Average Cost \$	Fair Value \$
COMMON AND PREFERRED SHARES — 67.93%			
Canadian Equities — 51.84%			
Consumer Discretionary — 3.84%			
Canadian Tire Corp. Ltd., Class 'A'	12,600	795,560	794,430
Magna International Inc., Class 'A'	21,900	904,067	1,140,990
		1,699,627	1,935,420
Energy — 15.28%			
Advantage Oil & Gas Ltd.	61,800	442,313	472,152
Calfrac Well Services Ltd.	19,500	635,447	619,125
Canadian Natural Resources Ltd.	29,700	1,232,465	1,197,207
Crew Energy Inc.	53,900	925,064	805,266
Daylight Energy Ltd.	57,700	569,372	537,187
Petrobank Energy and Resources Ltd.	46,100	1,478,287	652,315
Suncor Energy Inc.	41,950	1,544,071	1,581,515
Talisman Energy Inc.	50,100	1,053,652	989,976
Trinidad Drilling Ltd.	47,000	401,750	393,390
Uranium One Inc.	174,200	631,269	461,630
		8,913,690	7,709,763
Financials — 9.20%			
Canadian Imperial Bank of Commerce	8,800	593,535	669,680
Home Capital Group Inc.	6,500	279,239	335,400
Manulife Financial Corp.	84,400	1,308,615	1,437,332
Sun Life Financial Inc.	35,000	1,061,242	1,013,950
Toronto-Dominion Bank (The)	14,500	923,512	1,185,810
		4,166,143	4,642,172
Industrials — 0.85%			
Transat A.T. Inc., Class 'B'	38,400	514,414	430,848
		514,414	430,848
Information Technology — 3.09%			
Enablence Technologies Inc.	850,000	322,900	68,000
Research In Motion Ltd.	37,206	1,947,156	1,034,699
Sierra Wireless Inc.	40,800	473,117	457,368
		2,743,173	1,560,067
Materials — 19.58%			
Agrium Inc.	9,600	855,823	812,256
Barrick Gold Corp.	27,600	1,301,041	1,205,292
Goldcorp Inc.	12,000	578,948	558,240
Grande Cache Coal Corp.	114,000	1,035,464	998,640
Hudbay Minerals Inc.	38,000	523,353	547,200
Kinross Gold Corp.	66,300	1,178,806	1,007,760
Lundin Mining Corp.	104,000	714,220	768,560
Osisko Mining Corp.	44,000	591,639	657,800
Quadra FNX Mining Ltd.	48,120	671,588	689,078
Teck Resources Ltd., Class 'B'	19,900	1,049,287	972,911
Uranium Participation Corp.	119,600	774,236	757,068
Yamana Gold Inc.	80,492	932,422	902,315
		10,206,827	9,877,120
		28,243,874	26,155,390
United States Equities — 15.00%			
Consumer Discretionary — 1.84%			
Ford Motor Co.	28,000	391,841	372,644
General Motors Corp.	19,000	660,737	556,892
		1,052,578	929,536
Energy — 2.10%			
Exxon Mobil Corp.	5,600	399,881	439,823
Peabody Energy Corp.	10,900	673,239	619,709
		1,073,120	1,059,532

Growth & Income Diversified Private Trust

Statement of Investments (unaudited)

As at June 30, 2011

	Number of Shares / Par Value \$	Average Cost \$	Fair Value \$
Financials — 2.99%			
Bank of America Corp.	50,000	665,338	528,392
Citigroup Inc.	12,200	528,540	489,808
Goldman Sachs Group Inc. (The)	3,800	615,327	487,762
		1,809,205	1,505,962
Information Technology — 5.39%			
Apple Inc.	2,100	580,192	679,779
Google Inc., Class 'A'	1,140	641,022	555,674
Hewlett-Packard Co.	10,800	486,824	378,879
Microsoft Corp.	21,800	602,119	545,546
Qualcomm Inc.	10,200	535,421	558,747
		2,845,578	2,718,625
Materials — 2.68%			
Cliffs Natural Resources Inc.	5,100	463,192	455,040
Freeport-McMoRan Copper & Gold Inc., Class 'B'	17,600	882,139	896,848
		1,345,331	1,351,888
Total United States Equities — 15.00%			
		8,125,812	7,565,543
International Equities — 1.09%			
iShares MSCI Emerging Markets Index Fund	12,000	541,504	550,802
		541,504	550,802
Total International Equities — 1.09%			
		541,504	550,802
TOTAL EQUITIES — 67.93%			
		36,911,190	34,271,735
BONDS — 21.53%			
Canadian Bonds — 20.07%			
Government of Canada — 3.19%			
Government of Canada, 3.25%, 2021/06/01	580,000	580,042	586,747
Government of Canada, 4.00%, 2041/06/01	120,000	133,920	129,960
Government of Canada, Real Return, 4.25%, 2021/12/01	460,000	869,431	893,211
		1,583,393	1,609,918
Provincial Government — 4.90%			
Province of British Columbia, 5.70%, 2029/06/18	160,000	192,637	190,529
Province of British Columbia, Series 'BCCD-24', 3.70%, 2020/12/18	260,000	263,900	259,554
Province of New Brunswick, 4.50%, 2020/06/02	190,000	191,941	200,434
Province of Nova Scotia, 4.40%, 2042/06/01	150,000	151,569	149,698
Province of Ontario, 4.20%, 2020/06/02	350,000	367,292	362,846
Province of Ontario, Zero Coupon, 2022/12/02	910,000	513,990	560,577
Province of Quebec, 9.38%, 2023/01/16	250,000	363,914	372,383
Province of Quebec, Series 'OS', 6.00%, 2029/10/01	310,000	345,732	375,740
		2,390,975	2,471,761
Municipal Government — 0.75%			
Municipal Finance Authority of British Columbia, 4.45%, 2020/06/01	180,000	181,434	188,552
Ville de Montréal, 5.45%, 2019/12/01	170,000	181,740	188,312
		363,174	376,864
Corporate — 11.23%			
AltaLink L.P., Callable, 5.25%, 2036/09/22	170,000	154,855	178,298
Bank of Montreal, Series 'F', Variable Rate, Callable, 6.17%, 2023/03/28	160,000	179,823	181,303
Bank of Nova Scotia, Variable Rate, Callable, 5.25%, 2017/11/01	190,000	200,024	197,958
Caisse centrale Desjardins du Quebec, Floating Rate, 1.82%, 2014/02/11	250,000	250,000	249,998
Canadian Capital Auto Receivables Asset Trust II, Class 'A2', Series '2011-1', Callable, 2.63%, 2014/08/17	170,000	170,000	172,545
Canadian Imperial Bank of Commerce, Variable Rate, Callable, 3.15%, 2020/11/02	280,000	276,838	276,858
Canadian Tire Corp. Ltd., Callable, 5.61%, 2035/09/04	130,000	120,110	122,271
Capital Desjardins Inc., Series 'G', Callable, 5.19%, 2020/05/05	190,000	192,638	199,864
Cards II Trust, Variable Rate, Class 'A', Series '2006-1', 1.29%, 2013/03/20	480,000	475,984	476,981
First Capital Realty Inc., Series 'L', Callable, 5.48%, 2019/07/30	160,000	160,149	162,741
Fortis Inc., Callable, 6.51%, 2039/07/04	150,000	161,604	176,752
Genworth MI Canada Inc., 5.68%, 2020/06/15	200,000	200,772	204,714

Growth & Income Diversified Private Trust

Statement of Investments (unaudited)

As at June 30, 2011

	Number of Shares / Par Value \$	Average Cost \$	Fair Value \$
Golden Credit Card Trust, 3.51%, 2016/05/15	150,000	150,000	152,068
Great-West Lifeco Inc., 6.00%, 2039/11/16	180,000	184,227	196,003
Great-West Lifeco Inc., Variable Rate, Callable, 7.13%, 2068/06/26	160,000	159,013	180,790
Green Timbers L.P., Sinking Fund, Callable, Restricted, 6.84%, 2037/06/30	100,000	100,000	107,703
IGM Financial Inc., 7.35%, 2019/04/08	150,000	162,573	177,961
IGM Financial Inc., Series '1997', 6.65%, 2027/12/13	190,000	188,158	209,955
Loblaws Cos. Ltd., Callable, 5.22%, 2020/06/18	100,000	100,969	103,642
National Bank of Canada, Variable Rate, Callable, 4.70%, 2020/11/02	180,000	188,762	190,113
NBC Asset Trust, Series '2', Variable Rate, Callable, 7.45%, 2020/06/30	150,000	164,174	175,791
NHA MBS Toronto-Dominion Bank (The), 2.15%, 2014/10/01	131,335	128,347	131,084
Power Corp. of Canada, Callable, 8.57%, 2039/04/22	140,000	151,550	189,631
Royal Bank of Canada, Variable Rate, Callable, 4.35%, 2020/06/15	310,000	317,514	322,244
TD Capital Trust III, Preferred, Variable Rate, Callable, 7.24%, 2018/12/31	160,000	150,536	188,426
Terasen Gas Inc., 5.90%, 2035/02/26	170,000	170,446	192,931
Toronto-Dominion Bank (The), Variable Rate, Callable, 4.78%, 2016/12/14	160,000	165,104	167,722
Wells Fargo Financial Canada Corp., 3.97%, 2014/11/03	200,000	203,984	205,903
Wells Fargo Financial Canada Corp., 4.40%, 2012/12/12	170,000	175,603	175,479
		5,403,757	5,667,729
Total Canadian Bonds — 20.07%		9,741,299	10,126,272
International Bonds — 1.46%			
Bear Stearns Cos. LLC (The), 4.35%, 2012/07/20	270,000	279,302	276,831
Goldman Sachs Group Inc. (The), 5.00%, 2018/05/03	270,000	269,573	269,475
Morgan Stanley, Series 'F', 4.85%, 2016/02/03	190,000	189,310	191,434
		738,185	737,740
TOTAL BONDS — 21.53%		10,479,484	10,864,012
Canadian Short-Term Notes — 9.79%			
Treasury Bills — 4.46%			
Province of British Columbia, Promissory Note, 1.060%, 2011/07/11	585,000	583,456	584,831
Province of British Columbia, Promissory Note, 1.010%, 2011/08/12	1,095,000	1,093,664	1,093,725
Province of Ontario, Treasury Bill, 1.060%, 2011/07/06	575,000	573,714	574,918
		2,250,834	2,253,474
Commercial Paper — 5.33%			
Canadian Imperial Bank of Commerce, Bankers' Acceptance, 1.090%, 2011/08/04	460,000	459,135	459,533
Toronto-Dominion Bank (The), Bankers' Acceptance, 1.050%, 2011/07/12	920,000	919,162	919,709
Toronto-Dominion Bank (The), Bankers' Acceptance, 1.050%, 2011/07/29	1,310,000	1,308,913	1,308,950
		2,687,210	2,688,192
TOTAL SHORT-TERM NOTES — 9.79%		4,938,044	4,941,666
TRANSACTION COSTS		(96,322)	
TOTAL INVESTMENT PORTFOLIO — 99.25%		52,232,396	50,077,413
OTHER ASSETS, NET OF LIABILITIES — 0.75%			378,734
NET ASSETS — 100.00%			50,456,147

(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	
	June 30, 2011	June 30, 2010
AAA	25.14%	28.26%
AA	25.09%	21.00%
A	44.58%	32.68%
BBB	5.19%	17.26%
Below BBB	0.00%	0.80%
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.

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 contracts.

Currency (As at June 30, 2011)	Currency Risk Exposed Holdings*	Foreign Exchange Contracts	Net Exposure	As a % of Net Assets
U.S. Dollar	\$8,116,345	—	\$8,116,345	16.09%

*Amounts include monetary items.

Currency (As at June 30, 2010)	Currency Risk Exposed Holdings*	Foreign Exchange Contracts	Net Exposure	As a % of Net Assets
U.S. Dollar	\$6,479,941	—	\$6,479,941	16.81%

*Amounts include monetary items.

As at June 30, 2011 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 \$405,817 (June 30, 2010 - \$323,997). 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	June 30, 2011	June 30, 2010
Less than 1 year	—	1,910,996
1-3 years	1,179,289	1,301,929
3-5 years	853,034	398,039
> 5 years	8,831,689	9,362,311
Total	\$10,864,012	\$12,973,275

As at June 30, 2011, 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 \$901,490 (June 30, 2010 - \$923,686).

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 June 30, 2011, a 5% change in stock prices would have changed the Trust's net assets by \$1,713,587 (June 30, 2010 - \$1,232,112) 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 June 30, 2011, due to a 5% increase or decrease in the Trust's 2011 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 \$3,105,576 (June 30, 2010 - \$2,111,447). 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:

Classification (As at June 30, 2011)	Level 1	Level 2	Level 3	Total
Equities	\$34,271,735	—	—	\$34,271,735
Short-term notes	—	\$4,941,666	—	4,941,666
Bonds	—	10,864,012	—	10,864,012
Total Financial Assets	\$34,271,735	\$15,805,678	—	\$50,077,413

Classification (As at June 30, 2010)	Level 1	Level 2	Level 3	Total
Equities	\$24,642,249	—	—	\$24,642,249
Short-term notes	—	\$1,459,834	—	1,459,834
Bonds	—	12,973,275	—	12,973,275
Total Financial Assets	\$24,642,249	\$14,433,109	—	\$39,075,358

Summary of Investment Portfolio

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

Growth & Income Diversified Private Trust

Risk Disclosures

	Percentage of Net Assets (%)	
	June 30, 2011	December 31, 2010
Canadian Equities		
Consumer Discretionary	3.84	2.08
Energy	15.28	13.15
Financials	9.20	11.16
Industrials	0.85	1.61
Information Technology	3.09	5.66
Materials	19.58	11.77
Total Canadian Equities	51.84	45.43
United States Equities		
Consumer Discretionary	1.84	0.89
Energy	2.10	2.25
Financials	4.08	3.11
Health Care	—	1.12
Industrials	—	1.14
Information Technology	5.39	5.93
Materials	2.68	2.22
Total United States Equities	16.09	16.66
TOTAL EQUITIES	67.93	62.09
BONDS		
Government of Canada	3.19	4.53
Provincial	4.90	6.94
Municipal	0.75	1.11
Corporate	11.23	14.62
Foreign Bonds	1.46	0.29
TOTAL BONDS	21.53	27.49
SHORT-TERM NOTES	9.79	10.66
TOTAL INVESTMENT PORTFOLIO	99.25	100.24
OTHER ASSETS, NET OF LIABILITIES	0.75	(0.24)
NET ASSETS	100.00	100.00

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 statement with the regulatory authorities and has notified the Ontario Securities Commission that it is relying on this exemption. The Trust has prepared its financial statement 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.

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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 period were as follows:

	June 30, 2011		December 31, 2010	
	Number of Fund units	Amount \$	Number of Fund units	Amount \$
Subscriptions	558,169	6,980,734	837,987	10,459,676
Reinvestments	161,709	1,963,274	448,180	5,546,895
Redemptions	211,084	2,585,960	288,065	3,587,191

The number of issued and outstanding units for the period ended June 30, 2011 is 4,463,608 (December 31, 2010 - 3,954,814).

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 June 30, 2011 and June 30, 2010, 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 period ended June 30, 2011 is nil.

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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 June 30, 2011, certain securities shown in the Statement of Net Assets with a market value of nil (June 30, 2010 - \$2,370,417) had been loaned as part of the securities lending program. The trustee held securities with a market value of nil (June 30, 2010 - \$2,504,291) 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 receives management fees from the Fund's unitholders, based on the net asset value of the Fund. 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 Fund 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 period ended June 30 were as follows:

June 30, 2011		December 31, 2010	
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
\$11.32	\$11.30	\$12.56	\$12.55

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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 their 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 Fund 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.