



Annual Report

for the period ended December 31, 2010

International Synthetic Fund

Class O Units, Class I Units, Class P Units, Class F Units, Class R Units, Class D Units, Class E Units

Managed by: SEI INVESTMENTS CANADA COMPANY

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by SEI Investments Canada Company (the "Manager"), in its capacity as Manager of the SEI Investments Group of Funds (collectively the "Funds"). The Manager is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been produced in accordance with accounting principles generally accepted in Canada and include certain amounts based on estimates and judgments. The significant accounting policies which the Manager believes are appropriate for the Funds are described in the notes to the financial statements.

PricewaterhouseCoopers LLP are the external auditor of the Funds. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is included on the following page.



Roy Borzellino
Vice President

March 28, 2011

March 28, 2011

Independent Auditor's Report

To the Unitholders of International Synthetic Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of investment portfolio as at December 31, 2010, the statements of net assets as at December 31, 2010 and 2009 and the statements of operations and changes in net assets for the years then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an 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 auditor's 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 auditor considers 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 in our audits 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 financial position of the Fund as at December 31, 2010 and 2009, and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

PricewaterhouseCoopers LLP

International Synthetic Fund

Statements of Net Assets

AS AT DECEMBER 31

(in thousands of dollars except per unit data)

	2010	2009
ASSETS		
Investments at fair value	\$ —	\$ 12,852
Cash including foreign currency holdings, at fair value	21	130
Margin receivable on futures	—	161
Receivable for portfolio securities sold	—	—
Unrealized appreciation on futures contracts	—	258
	<u>21</u>	<u>13,401</u>
LIABILITIES		
Accrued liabilities	3	—
Payable for unit redemptions	11	—
Distributions payable to unitholders	7	—
Unrealized depreciation on futures contracts	—	1
	<u>21</u>	<u>1</u>
NET ASSETS REPRESENTING UNITHOLDERS' EQUITY	<u>\$ —</u>	<u>\$ 13,400</u>
NET ASSETS PER CLASS		
(Class D)	\$ —	\$ —
(Class E)	\$ —	\$ —
(Class F)	\$ —	\$ 111
(Class O)	\$ —	\$ 13,282
(Class P)	\$ —	\$ 7
NET ASSETS PER UNIT (note 7)		
(Class D)	\$ —	\$ —
(Class E)	\$ —	\$ —
(Class F)	\$ —	\$ 9.18
(Class O)	\$ —	\$ 9.25
(Class P)	\$ —	\$ 8.31
INVESTMENTS AT AVERAGE COST	<u>\$ —</u>	<u>\$ 12,852</u>

Statements of Operations

FOR THE YEARS ENDED DECEMBER 31

(in thousands of dollars except per unit data)

	2010	2009
INVESTMENT INCOME		
Interest	\$ 47	\$ 152
EXPENSES		
Custodian and administration fees	13	12
Legal fees	43	15
Audit fees	1	—
Management fees	1	3
Independent Review Committee fees	2	1
Security holder reporting costs	9	10
	<u>69</u>	<u>41</u>
Waived expenses	(38)	(10)
	<u>31</u>	<u>31</u>
NET INVESTMENT INCOME (LOSS)	<u>16</u>	<u>121</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized gain (loss) on futures and forward contracts	33	870
Net realized gain (loss) on foreign exchange	15	(91)
Transaction costs on purchase and sale of investments	(11)	(23)
Unrealized appreciation (depreciation) on investments	—	(48)
Unrealized appreciation (depreciation) on futures and forward contracts	(257)	(835)
NET GAIN (LOSS) ON INVESTMENTS	<u>(220)</u>	<u>(127)</u>
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	<u>\$ (204)</u>	<u>\$ (6)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
(Class D)	\$ —	\$ —
(Class E)	\$ —	\$ —
(Class F)	\$ (2)	\$ 40
(Class O)	\$ (202)	\$ (49)
(Class P)	\$ —	\$ 3
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT*		
(Class D)	\$ 0.21	\$ —
(Class E)	\$ 0.21	\$ —
(Class F)	\$ (0.54)	\$ 1.15
(Class O)	\$ (0.18)	\$ (0.02)
(Class P)	\$ 0.05	\$ 1.11

* Based on the weighted average number of units outstanding during the period.

International Synthetic Fund

Statements of Changes in Net Assets

FOR THE YEARS ENDED DECEMBER 31

(in thousands of dollars except per unit data)

	Fund Total		Class D	
	2010	2009	2010	2009
NET ASSETS – BEGINNING OF PERIOD	\$ 13,400	\$ 54,547	\$ —	\$ —
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	(204)	(6)	—	—
DISTRIBUTIONS TO UNITHOLDERS				
Out of net investment income	(7)	—	—	—
	(7)	—	—	—
CAPITAL UNIT TRANSACTIONS				
Proceeds from issue of units	788	3,707	5	—
Payments on redemption of units	(13,977)	(44,848)	(5)	—
	(13,189)	(41,141)	—	—
CHANGES IN NET ASSETS	(13,400)	(41,147)	—	—
NET ASSETS, END OF PERIOD	\$ —	\$ 13,400	\$ —	\$ —
	Class E		Class F	
	2010	2009	2010	2009
NET ASSETS – BEGINNING OF PERIOD	\$ —	\$ —	\$ 111	\$ 356
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	—	—	(2)	40
CAPITAL UNIT TRANSACTIONS				
Proceeds from issue of units	5	—	208	—
Payments on redemption of units	(5)	—	(317)	(285)
	—	—	(109)	(285)
CHANGES IN NET ASSETS	—	—	(111)	(245)
NET ASSETS, END OF PERIOD	\$ —	\$ —	\$ —	\$ 111
	Class O		Class P	
	2010	2009	2010	2009
NET ASSETS – BEGINNING OF PERIOD	\$ 13,282	\$ 54,173	\$ 7	\$ 18
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	(202)	(49)	—	3
DISTRIBUTIONS TO UNITHOLDERS				
Out of net investment income	—	—	(7)	—
	—	—	(7)	—
CAPITAL UNIT TRANSACTIONS				
Proceeds from issue of units	563	3,707	7	—
Payments on redemption of units	(13,643)	(44,549)	(7)	(14)
	(13,080)	(40,842)	—	(14)
CHANGES IN NET ASSETS	(13,282)	(40,891)	—	(11)
NET ASSETS, END OF PERIOD	\$ —	\$ 13,282	\$ —	\$ 7

Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2010

1. ESTABLISHMENT OF FUND

The International Synthetic Fund (the “Fund”) is an open-ended investment trust constituted under the laws of the Province of Ontario by Declaration of Trust. SEI Investments Canada Company is the Fund’s Manager (“Manager”) and CIBC Mellon Trust Company is the Trustee of the Fund. Class D, Class E, Class F, Class O, and Class P units, as applicable, commenced as follows:

Fund	Status of Fund	Date of Declaration of Trust	Date Class D Commenced	Date Class E Commenced	Date Class F Commenced	Date Class O Commenced	Date Class P Commenced
International Synthetic Fund	Quasi Mutual Fund	Jun 21, 1996	Nov 1, 2010	Nov 1, 2010	Oct 3, 2006	Jul 17, 1996	Apr 29, 2003

The statement of investment portfolio is at December 31, 2010, the statements of net assets are as at December 31, 2010 and 2009, and the statements of operations and changes in net assets are for the years then ended.

In November 2010, the Fund began the process of voluntarily winding up its operations. In anticipation of the termination of the Fund, in December 2010, the Fund liquidated all investments held by the Fund. The Fund settled all outstanding liabilities and made a final distribution on January 26th, 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”), which require the use of estimates and assumptions by management that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from those estimates.

The following is a summary of the significant accounting policies followed by the Fund:

- (a) Units of each class are issued and redeemed at their net asset value per unit, which is determined at the close of each business day. The net asset value per unit for each class is determined by dividing the total net asset value of each class by the total number of units outstanding of that class. Management fees directly attributable to a class are charged to that class. Fund operating expenses, income, and realized and unrealized capital gains and losses are allocated proportionately to each class based upon the relative net asset value of each class.
- (b) Investments held include equities, listed warrants, short term notes, treasury bills, bonds, asset backed securities, other debt instruments and mutual funds units. Investments held that are traded in an active market through recognized public stock exchanges, over the counter markets, or through recognized investment dealers, are valued at their bid prices for securities held long and at their ask prices for securities held short. Investments held with no available bid or ask prices are valued at their closing sale prices. Investments in mutual funds are valued on the valuation date at the price calculated by the manager of such underlying fund in accordance with the constating documents of the underlying fund.

Investments held that are not traded in an active market are valued based on the results of valuation techniques using observable market inputs, if available, on such basis and in such manner established by the Manager. The fair value of certain securities may be estimated using valuation techniques based on assumptions that are not supported by observable market inputs.

The Fund utilizes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund’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);
 - inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).
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Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2010

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

- (c) The fair value of foreign investments and other assets and liabilities are translated into Canadian dollars at the exchange rate prevailing on the valuation date. Purchases and sales of foreign securities and the related income are translated into Canadian dollars at the exchange rate prevailing on the respective dates of such transactions.
 - (d) 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.
 - (e) Income and expenses are recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Distributions from investment trusts are recorded as income, capital gains, or a return of capital, based on the nature of these distributions. Actual allocations could vary from this information. Distributions that are treated as a return of capital for income tax purposes reduce the average cost of the underlying investment. Security transactions are recorded on the trade date for financial reporting purposes. The unrealized appreciation (depreciation) in the value of a security represents the difference between its fair value and its average cost. A realized gain (loss) is recognized when a security is sold. The realized gain (loss) is the difference between the proceeds received and the average cost of the security.
 - (f) 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 Statements of Operations.
 - (g) Increase (decrease) in Net Assets from Operations Per Unit of a class in the Statements of Operations represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.
 - (h) For each mutual fund unit sold, the Fund receives an amount equal to the net asset value per unit on the date of sale, which is included in unitholders' equity. Units are redeemable at the option of the unitholders at their net asset value on the redemption date. For each unit redeemed, the number of issued and outstanding units is reduced and the equity in the Fund is reduced by the related net asset value as of the date of redemption.
 - (i) Futures contracts entered into by the Fund are financial agreements to purchase or sell a financial instrument at a contracted price on a specific date. However, the Fund does not intend to purchase or sell the financial instruments on settlement date; rather, it intends to close out each futures contract before settlement date by entering into equal, but offsetting, futures contracts. Futures are valued at the gain or loss that would arise as a result of closing the position at the valuation date. Any gain or loss at the close of business on each valuation date is recorded as unrealized gain/loss on investments. The margins on deposit with brokers relating to futures contracts are included in margin receivable or margin payable on the Statements of Net Assets.
 - (j) Forward currency contracts entered into by the Fund are financial agreements to buy or sell a specific amount of an underlying currency for an agreed upon price at a future date. The fair value of these contracts is the gain or loss that would be recognized if the position was closed out on the valuation date, and is recorded as an unrealized gain (loss). The Fund intends to close out a forward contract position by establishing an offsetting position in the contract and will settle and recognize the gain or loss on the delivery date. Delivery of the underlying currency in respect of a forward contract can result when initial and offsetting positions in forward contracts are taken with two different brokers.
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Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2010

- (k) The Fund's financial instruments include accrued liabilities, distributions payable to unitholders and payable for unit redemptions. All financial instruments are classified as financial liabilities and carried at amortized cost.

3. UNITHOLDERS' EQUITY

The capital of the Fund is represented by issued redeemable units with no par value. Unitholders are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's net asset value per unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscription and redemption of units other than the minimum subscriptions for initial and subsequent investment. Capital movements are shown on the Statements of Changes in Net Assets. In accordance with its investment strategies and risk management policies, the Fund endeavours to invest its subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions. The following table summarizes the changes in the number of units for the years ended December 31, 2010 and 2009:

	Balance – beginning of the period		Units issued during the period		Units redeemed during the period		Balance – end of the period	
	2010	2009	2010	2009	2010	2009	2010	2009
INTERNATIONAL SYNTHETIC FUND								
Class D	–	–	614	–	(614)	–	–	–
Class E	–	–	614	–	(614)	–	–	–
Class F	12,075	46,279	24,151	–	(36,226)	(34,204)	–	12,075
Class O	1,435,695	7,048,384	61,407	444,849	(1,497,102)	(6,057,538)	–	1,435,695
Class P	823	2,546	823	–	823	(1,723)	823	823

A unitholder of a fund is entitled by giving written notice to the Manager to require payment of the net asset value per unit of the fund for all or any of the units of such unitholder. Such notice must be received no later than 4:00 p.m., EST, on any valuation day upon which the units are to be redeemed. The notice must be irrevocable and the signature thereon must be guaranteed by a Canadian chartered bank, a trust company or an investment dealer acceptable to the Manager.

4. INCOME TAXES

The Fund qualifies or intends to qualify as a mutual fund trust under the provisions of the Income Tax Act (Canada) (the "Act"). The Fund is not subject to tax on its net income, including net realized capital gains for the year, which is paid or payable to its unitholders as at the end of the year. However, such part of the Fund's net income and net realized capital gains that is not so paid or payable will be taxable to the Fund. Income tax on net realized capital gains not paid or payable will be generally recoverable by virtue of the refunding provisions contained in the Act and provincial income tax legislation, as redemptions occur. The Fund is required by the Trust Agreement governing the Fund to pay all net taxable income and sufficient net realized capital gains so that the Fund will not be subject to income taxes. Accordingly, no provision for income tax has been made in these financial statements.

There are no capital loss carry-forwards available in the Fund.

There are non-capital loss carry-forwards as at December 31, 2010 which will expire upon termination of the Fund.

5. MANAGEMENT FEES AND EXPENSES

- (a) Under the terms of the Trust Agreement governing the Fund, all expenses of the Fund other than any compensation to the Manager of the Fund relating to Class O, are payable by the Fund except for Class F where operating expenses are paid outside the Fund.

Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2010

- (b) For Class O units, compensation paid to the Manager for management of the Fund is payable directly by investors outside the Fund. The Fund Manager's compensation for management services is subject to separate agreements with unitholders and varies based upon such factors as the particular Fund and the amount invested. For all other Classes, management fees are calculated based on the daily net asset value of the Class and the following percentages:

	Class D	Class E	Class F	Class P
International Synthetic Fund	2.50%	2.00%	0.90%	1.50%

The management fee stated includes GST (January to June 2010) and HST (July to December 2010).

During the years ended December 31, 2010 and 2009, the Manager voluntarily waived or absorbed certain expenses otherwise payable by the Fund. The Manager may, at its discretion terminate the waiver or absorption at any time. The amount waived, if any, is shown in the Statements of Operations.

6. SOFT DOLLAR COMMISSIONS

The brokerage commissions paid on securities transactions may include "soft dollar" amounts, such as the value of research and other services provided by the broker. Although SEI uses best efforts to determine the soft dollar portion of commissions paid on portfolio transactions of the Fund, the soft dollar portion, in some instances, is not ascertainable. The Fund had no soft dollar commissions for 2010 and 2009.

7. COMPARISON OF NET ASSETS PER UNIT AND NET ASSET VALUE PER UNIT

National Instrument 81-106 ("NI 81-106"), Investment Fund Continuous Disclosure, requires investment funds to value their investments using fair value measures as defined in NI 81-106. The method by which the net assets are calculated for financial reporting purposes may be different from the method for which the net asset value for subscriptions or redemptions is calculated. A comparison between the net asset value per unit calculated for subscriptions and redemptions ("net asset value") and the net assets per unit calculated for financial reporting ("net assets") is required to be disclosed in the financial statements.

	December 31, 2010		December 31, 2009	
	Net asset value per unit (\$)	Net assets per unit (\$)	Net asset value per unit (\$)	Net assets per unit (\$)
INTERNATIONAL SYNTHETIC FUND				
Class D	—	—	—	—
Class E	—	—	—	—
Class F	—	—	9.18	9.18
Class O	—	—	9.25	9.25
Class P	—	—	8.31	8.31

8. FINANCIAL RISKS

The Fund is exposed to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, other price risk, and currency risk), in the normal course of business. The value of investments held within the Fund will fluctuate on a daily basis as a result of changes in interest rates, economic conditions, market, and company specific news. The level of risk depends on the Fund's investment objectives and the type of securities it invests in.

As at December 31, 2010, the Fund's overall risk management program has changed, given that the Fund began voluntarily winding up its operations in November 2010. See the below disclosures for details.

Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2010

Currency Risk

Currency risk is the risk that the value of investments will fluctuate due to changes in foreign exchange rates. This risk arises when financial instruments (including cash and cash equivalents) are denominated in a currency other than Canadian dollars, which represents the Fund's functional currency. As at December 31, 2010, the Fund had no exposure to currency risk.

The table below indicates the currencies to which the Fund had significant exposure as at December 31, 2009, on both its trading monetary and non-monetary assets and liabilities as well as the underlying principal amount of forward currency contracts.

	Currency risk exposed holdings*		Forward foreign exchange contracts		Total Exposure		As a % of Net Assets	
	2010	2009	2010	2009	2010	2009	2010	2009
Swedish Krona	—	3,604	—	—	—	3,604	—	0.03%
Singapore Dollar	—	9,400	—	—	—	9,400	—	0.07%
Hong Kong Dollar	—	8,005	—	—	—	8,005	—	0.06%
Danish Krone	—	42	—	—	—	42	—	0.00%
Australian Dollar	—	40,822	—	—	—	40,822	—	0.30%
Japanese Yen	—	179,485	—	—	—	179,485	—	1.34%
Swiss Franc	—	51,831	—	—	—	51,831	—	0.39%
Euro Currency Unit	—	233,627	—	—	—	233,627	—	1.74%
British Pound	—	110,325	—	—	—	110,325	—	0.82%

*Amounts include monetary and non-monetary items.

As at December 31, 2009 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 \$31,857. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest bearing financial instruments. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at December 31, 2010, the Fund had no significant exposure to interest rate risk.

The table below summarizes the Fund's exposure to interest rate risks as at December 31, 2009. It includes the Fund's assets at fair values, categorized by the maturity dates. The Fund's exposure to interest rate risks is through its holdings in short term debt securities.

Short term debt securities	2009
Less than 1 year	12,851,986
1-3 years	—
3-5 years	—
> 5 years	—
Total	12,851,986

As at December 31, 2009, the Fund's sensitivity to interest rate changes was not estimated to be significant, given that the short term debt securities mature in less than one year.

Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2010

Other Price Risk

Other price risk is the risk that the fair value or future cash flows 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 and individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. The maximum risk resulting from financial instruments held long is determined by the fair value of the instrument. The maximum risk resulting from financial instruments sold short is unlimited. As at December 31, 2010, the Fund had no significant exposure to other price risk.

As at December 31, 2009 a 10% increase or decrease in equity prices on the global stock exchanges would have increased or decreased the Fund's Net Assets by \$1,205,833. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The main concentration of credit risk would be where a fund invests in debt instruments and derivatives. The fair value includes consideration of the credit worthiness of the issuer and therefore represents the maximum credit exposure of the Fund.

All transactions executed by the Fund in listed securities are settled for upon delivery using approved brokers. The risk of default is minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. As at December 31, 2010, the Fund had no significant exposure to credit risk.

As at December 31, 2009, the Fund invested in debt securities with the following credit ratings:

Short term debt securities by credit rating	2009
R-1 (H)	81.80%
R-1 (M)	11.20%
R-1 (L)	0.00%
Unrated	2.99%
Total	95.99%

Credit ratings are obtained from Bloomberg general rates which are a blend of Standard & Poor's, Moody's and/or Dominion Bond Rating Services.

Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. This is concentrated in the daily cash redemptions of units. As at December 31, 2010, the Fund does not anticipate any issues with the final redemption as the Fund has retained sufficient cash and cash equivalent positions to meet its obligations.

Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2010

9. FAIR VALUE MEASUREMENTS

As at December 31, 2010, the Fund held no investments or derivatives.

The following table summarizes the inputs used as at December 31, 2009, in valuing the Fund's investments and derivatives carried at fair values:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Common shares	\$ —	\$ —	\$ —	\$ —
Preferred shares	—	—	—	—
Short term notes	12,851,986	—	—	12,851,986
Bonds	—	—	—	—
Investments in funds	—	—	—	—
Total Investments	\$ 12,851,986	\$ —	\$ —	\$ 12,851,986
Derivative assets	—	—	—	—
Derivative liabilities	256,720	—	—	256,720

During the year ended December 31, 2009, no investments were transferred between Level 1 and Level 2.

10. SUBSEQUENT EVENTS

On January 26, 2011, the Fund declared and paid a final terminal distribution to unitholders in the amount of \$8.35 per unit and \$6,871 in aggregate. The Fund was terminated on January 26, 2011.

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