SEI New ways. New answers.®

Semi-Annual Report (unaudited)

for the period ended June 30, 2011

Futures Index Fund

Class O Units, Class P Units, Class F Units

Managed by: SEI INVESTMENTS CANADA COMPANY

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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 Futures Index Fund (the "Fund"). 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 Fund are described in the notes to the financial statements.

Roy Borzellino
Vice President

August 29, 2011

Notice to Unitholders

The Auditors of the Fund have not reviewed these Financial Statements

SEI Investments Canada Company, the Manager of the Fund, appoints an independent auditor to audit the Fund's annual financial statements.

Futures Index Fund

Statement of Investment Portfolio

AS AT JUNE 30, 2011 (UNAUDITED)

	Number of Units	Average Cost $	Fair Value $
MUTUAL FUND – 0.0%			
SEI Money Market Fund, Class 'O'	58	578	578
		578	**578**

	Par Value $	Interest Rate %	Maturity Date	Average Cost $	Fair Value $
Short Term Notes – 95.5%					
Government of Canada Treasury Bill	28,000,000	0.929	2011-09-01	27,953,800	27,955,110
Total Short Term Notes				**27,953,800**	**27,955,110**
Total Investments – 95.5%				**27,954,378**	**27,955,688**
Unrealized Appreciation (Depreciation) on Futures Contracts* – 0.9%					**244,663**
Other Assets and Liabilities, Net – 3.6%					**1,065,680**
Net Assets – 100.0%					**29,266,031**

SCHEDULE OF FUTURES CONTRACTS SOLD SHORT*

	Number of Contracts	Average Cost per Contract $	Contracted Value $	Current Value $	Unrealized Appreciation (Depreciation) $
Unrealized Appreciation					
Wheat Commodity					
expiration date December 2011	(18)	USD 753.68	(654,639)	(571,098)	83,541
					83,541
Unrealized Depreciation					
Henry Hub Natural Gas Commodity					
expiration date September 2011	(16)	USD 4.34	(670,899)	(678,349)	(7,450)
Light Sweet Crude Oil Commodity					
expiration date September 2011	(7)	USD 93.80	(633,685)	(648,277)	(14,592)
Live Cattle Commodity					
expiration date August 2011	(15)	USD 109.17	(632,160)	(642,033)	(9,873)
					(31,915)
Unrealized Appreciation (Depreciation) on Futures Contracts sold short					**51,626**

Futures Index Fund

Statement of Investment Portfolio

AS AT JUNE 30, 2011 (UNAUDITED)

SCHEDULE OF LONG FUTURES CONTRACTS PURCHASED*

	Number of Contracts		Average Cost per Contract $	Contracted Value $	Current Value $	Unrealized Appreciation (Depreciation) $
Unrealized Appreciation						
Australian Dollar Currency expiration date September 2011	19	USD	104.50	1,916,158	1,948,479	32,321
British LIF LONG GILT Bond expiration date September 2011	16	GBP	119.72	2,967,945	2,978,605	10,660
Copper Commodity expiration date September 2011	7	USD	411.80	695,499	723,282	27,783
Euro Foreign Exchange Currency expiration date September 2011	11	USD	1.42	1,881,240	1,922,576	41,336
Gold 100 Troy Ounces Commodity expiration date August 2011	4	USD	1,495.58	577,352	580,141	2,789
Heating Oil Commodity expiration date September 2011	5	USD	295.22	598,317	600,230	1,913
Japanese TSE 10 Year Bond expiration date September 2011	2	JPY	140.92	3,368,051	3,370,680	2,629
Japanese Yen Currency expiration date September 2011	12	USD	122.84	1,778,293	1,799,863	21,570
New York Harbor Unleaded Gasoline Commodity expiration date September 2011	6	USD	287.94	700,273	712,445	12,172
Sugar Number 11 World Commodity expiration date October 2011	24	USD	25.31	656,589	683,309	26,720
Swiss Franc Currency expiration date September 2011	13	USD	113.65	1,782,359	1,867,360	85,001
United States 10 Year Treasury Note expiration date September 2011	26	USD	121.11	3,038,949	3,069,531	30,582
						295,476
Unrealized Depreciation						
British Pound Currency expiration date September 2011	19	USD	162.17	1,858,505	1,839,535	(18,970)
Corn Commodity expiration date December 2011	21	USD	661.32	670,154	628,787	(41,367)
German EURO-BUND expiration date September 2011	18	EUR	126.05	3,174,759	3,160,403	(14,356)
Soybean Commodity expiration date November 2011	10	USD	1,351.00	651,925	624,179	(27,746)
						(102,439)
Unrealized Appreciation (Depreciation) on Long Futures Contracts purchased						**193,037**

*$1,000,000 of Government of Canada Treasury Bills are held as collateral by counterparties with respect to the futures contracts.

Summary of Investment Portfolio

AS AT DECEMBER 31, 2010 AND JUNE 30, 2011

All portfolio categories are included in the following table.

Portfolio by Category	**Percentage of Net Assets (%)**	
	2010	**2011**
Mutual Fund	0.1	—
Short Term Notes	93.5	95.5
Unrealized Appreciation (Depreciation) on Futures Contracts	2.6	0.9
Other Assets and Liabilities, Net	3.8	3.6
	100.0	**100.0**

Futures Index Fund

Notes to Statement of Investment Portfolio

AS AT JUNE 30, 2011 AND DECEMBER 31, 2010

Currency Risk

The table below indicates the currencies to which the Fund had exposure as at June 30, 2011 and December 31, 2010, on both its trading monetary and non-monetary assets and liabilities.

	Currency risk exposed holdings*		Forward foreign exchange contracts		Net Exposure		As a % of Net Assets	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
U.S. Dollar	**1,037,234**	904,088	**—**	—	**1,037,234**	904,088	**3.54%**	3.32%
British Pound	**148,280**	263,897	**—**	—	**148,280**	263,897	**0.51%**	0.97%
Japanese Yen	**11,583**	96,859	**—**	—	**11,583**	96,859	**0.04%**	0.36%
Euro Currency Unit	**306,547**	362,709	**—**	—	**306,547**	362,709	**1.05%**	1.33%

**Amounts include monetary and non-monetary items.*

As at June 30, 2011, had the Canadian dollar strengthened or weakened by 5% (December 31, 2010 – 5%) in relation to all currencies, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately $75,182 (December 31, 2010 – $81,378). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risks as at June 30, 2011 and December 31, 2010. It includes the Fund's assets and trading liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

Bond futures and short term debt securities	2011	2010
Less than 1 year	**27,955,110**	25,486,995
1-3 years	**—**	—
3-5 years	**—**	—
> 5 years	**—**	—
Total	**27,955,110**	25,486,995

As at June 30, 2011, had the prevailing interest rates raised or lowered by 1% (December 31, 2010 – 1%), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately $880,772 (December 31, 2010 – $399,629). In practice, the results may differ from this sensitivity analysis and the difference could be material.

Credit Risk

As at June 30, 2011 and December 31, 2010, the Fund invested in short term debt securities with the following credit ratings:

Short term debt securities by credit rating	2011	2010
R-1 (H)	**95.52%**	93.57%
R-1 (M)	**0.00%**	0.00%
R-1 (L)	**0.00%**	0.00%
Unrated	**0.00%**	0.00%
Total	**95.52%**	93.57%

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

Other Price Risk

The Fund's most significant exposure to other price risk arises from its investments in global bond, currency and commodity futures. As at June 30, 2011 a 5% (December 31, 2010 – 5%), increase or decrease in derivatives prices would have increased or decreased the Fund's Net Assets by $1,198,482 (December 31, 2010 – $225,103). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Notes to Statement of Investment Portfolio

AS AT JUNE 30, 2011 AND DECEMBER 31, 2010

Fair Value Measurements

The following table summarizes the inputs used as of June 30, 2011 and December 31, 2010, in valuing the Fund's investments and derivatives carried at fair values:

2011	**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	27,955,110	—	—	27,955,110
Bonds	—	—	—	—
Investments in funds	578	—	—	578
Total Investments	$ 27,955,688	$ —	$ —	$ 27,955,688
Derivative assets	244,663	—	—	244,663
Derivative liabilities	—	—	—	—
2010				
Common shares	$ —	$ —	$ —	$ —
Preferred shares	—	—	—	—
Short term notes	25,486,995	—	—	25,486,995
Bonds	—	—	—	—
Investments in funds	574	—	—	574
Total Investments	$ 25,487,569	$ —	$ —	$ 25,487,569
Derivative assets	704,723	—	—	704,723
Derivative liabilities	—	—	—	—

During the periods ended June 30, 2011 and December 31, 2010, no investments were transferred between Level 1 and Level 2.

During the periods ended June 30, 2011 and December 31, 2010, the Fund did not hold any investments classified within Level 3.

Futures Index Fund

Statements of Net Assets

AS AT JUNE 30, 2011 (UNAUDITED) AND DECEMBER 31, 2010

(in thousands of dollars except per unit data)

	2011	2010
ASSETS		
Investments at fair value	**$ 27,956**	$ 25,488
Cash including foreign currency holdings, at fair value	**606**	734
Margin receivable on futures	**530**	305
Receivable for unit subscriptions	**6**	16
Unrealized appreciation on futures contracts	**379**	897
	29,477	27,440
LIABILITIES		
Accrued liabilities	**18**	11
Payable for unit redemptions	**59**	—
Unrealized depreciation on futures contracts	**134**	192
	211	203
NET ASSETS REPRESENTING UNITHOLDERS' EQUITY	**$ 29,266**	$ 27,237
NET ASSETS PER CLASS		
(Class D)	**$ 20**	$ 20
(Class E)	**$ 5**	$ 5
(Class F)	**$ 159**	$ 105
(Class O)	**$ 27,882**	$ 25,815
(Class P)	**$ 1,200**	$ 1,292
NET ASSETS PER UNIT (note 7)		
(Class D)	**$ 9.78**	$ 9.80
(Class E)	**$ 9.82**	$ 9.81
(Class F)	**$ 9.40**	$ 9.33
(Class O)	**$ 10.58**	$ 10.45
(Class P)	**$ 9.86**	$ 9.82
INVESTMENTS AT AVERAGE COST	**$ 27,954**	$ 25,464

Statements of Operations

FOR THE PERIODS ENDED JUNE 30 (UNAUDITED)

(in thousands of dollars except per unit data)

	2011	2010
INVESTMENT INCOME		
Interest	**$ 124**	$ 17
EXPENSES		
Custodian and administration fees	**17**	13
Legal fees	**27**	6
Management fees	**11**	14
Independent Review Committee fees	**2**	1
Securityholder reporting costs	**6**	2
	63	36
Waived expenses	**(24)**	—
	39	36
NET INVESTMENT INCOME (LOSS)	**85**	(19)
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized gain (loss) on futures and forward contracts	**753**	273
Net realized gain (loss) on foreign exchange	**(22)**	(123)
Transaction costs on purchase and sale of investments	**(5)**	(9)
Unrealized appreciation (depreciation) on investments	**(22)**	14
Unrealized appreciation (depreciation) on futures and forward contracts	**(460)**	276
NET GAIN (LOSS) ON INVESTMENTS	**244**	431
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	**$ 329**	$ 412
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
(Class D)	**$ —**	$ —
(Class E)	**$ —**	$ —
(Class F)	**$ 1**	$ 1
(Class O)	**$ 323**	$ 405
(Class P)	**$ 5**	$ 6
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT*		
(Class D)	**$ (0.02)**	$ —
(Class E)	**$ 0.01**	$ —
(Class F)	**$ 0.10**	$ 0.04
(Class O)	**$ 0.13**	$ 0.11
(Class P)	**$ 0.04**	$ 0.04

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

Futures Index Fund

Statements of Changes in Net Assets

FOR THE PERIODS ENDED JUNE 30 (UNAUDITED)

(in thousands of dollars except per unit data)

	Fund Total 2011	Fund Total 2010	Class D 2011	Class D 2010
NET ASSETS – BEGINNING OF PERIOD	$ 27,237	$ 38,230	$ 20	$ —
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	329	412	—	—
CAPITAL UNIT TRANSACTIONS				
Proceeds from issue of units	2,548	1,381	—	—
Payments on redemption of units	(848)	(8,704)	—	—
	1,700	(7,323)	—	—
CHANGES IN NET ASSETS	2,029	(6,911)	—	—
NET ASSETS, END OF PERIOD	$ 29,266	$ 31,319	$ 20	$ —

	Class E 2011	Class E 2010	Class F 2011	Class F 2010
NET ASSETS – BEGINNING OF PERIOD	$ 5	$ —	$ 105	$ 87
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	—	—	1	1
CAPITAL UNIT TRANSACTIONS				
Proceeds from issue of units	—	—	56	47
Payments on redemption of units	—	—	(3)	(31)
	—	—	53	16
CHANGES IN NET ASSETS	—	—	54	17
NET ASSETS, END OF PERIOD	$ 5	$ —	$ 159	$ 104

	Class O 2011	Class O 2010	Class P 2011	Class P 2010
NET ASSETS – BEGINNING OF PERIOD	$ 25,815	$ 36,430	$ 1,292	$ 1,713
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	323	405	5	6
CAPITAL UNIT TRANSACTIONS				
Proceeds from issue of units	2,246	1,128	246	206
Payments on redemption of units	(502)	(8,234)	(343)	(439)
	1,744	(7,106)	(97)	(233)
CHANGES IN NET ASSETS	2,067	(6,701)	(92)	(227)
NET ASSETS, END OF PERIOD	$ 27,882	$ 29,729	$ 1,200	$ 1,486

(See accompanying notes)

Notes to Financial Statements

FOR THE PERIOD ENDED JUNE 30, 2011 AND THE YEAR ENDED DECEMBER 31, 2010

1. ESTABLISHMENT OF FUND

The Futures Index Fund (the "Fund") is an open-ended investment trust under the laws of the Province of Ontario. SEI Investments Canada Company (the "Manager") is the Fund's Manager and CIBC Mellon Trust Company is the Trustee of the Fund. Class D, Class E, Class F, Class O and Class P units 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
Futures Index Fund	Mutual Fund	June 24, 1996	Nov 1, 2010	Nov 1, 2010	April 27, 2006	July 17, 1996	December 16, 2003

The statement of investment portfolio is as at June 30, 2011; the statements of net assets are as at June 30, 2011 and December 31, 2010, and the statements of operations and changes in net assets are for the six-month periods ended June 30, 2011 and 2010.

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 on 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 daily net asset value of each class.

(b) 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 their ask prices for securities sold short. Investments held with no available bid prices are valued at their closing sale prices.

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).

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) 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.

(f) 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. Distributions from underlying funds are recognized on the distribution date. 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.

(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 of each valuation date is recorded as unrealized gain/loss on futures contracts. The margins on deposit with brokers relating to futures contracts are included in margin receivable on futures on the Statements of Net Assets.

(j) The Fund's financial instruments include investments and derivatives, receivables for unit subscriptions, margin receivable on futures, accrued liabilities and payables for unit redemptions. Investments and derivatives are classified as held for trading and carried at fair value. All other financial instruments are classified as loans and receivables or financial liabilities, as applicable 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 minimum subscriptions requirements. 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 periods ended June 30, 2011 and December 31, 2010:

	Balance – beginning of the period		Units issued during the period		Units redeemed during the period		Units reinvested during the period		Balance – end of the period	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Class D	**2,049**	–	**27**	2,049	**–**	–	**–**	–	**2,076**	2,049
Class E	**509**	–	**–**	509	**–**	–	**–**	–	**509**	509
Class F	**11,217**	9,586	**5,999**	9,043	**(339)**	(7,412)	**–**	–	**16,877**	11,217
Class O	**2,470,805**	3,607,023	**212,915**	233,033	**(47,734)**	(1,369,251)	**–**	–	**2,635,986**	2,470,805
Class P	**131,683**	177,568	**25,051**	49,932	**(34,980)**	(95,817)	**–**	–	**121,754**	131,683

A unitholder of the Fund is entitled by giving written notice to the Manager to require payment of the net asset value per unit of that 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 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 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 may be applied against future taxable income. These non-capital losses will expire December 31 of the year indicated unless previously applied.

	By year of expiration
	2029
	$
Futures Index Fund	342,983

5. MANAGEMENT FEES AND EXPENSES

(a) Under the terms of the Trust Agreement governing the Fund, all expenses of the Fund, other than compensation to the Manager of the Fund relating to Class O units and Class F units where operating expenses are paid outside the Fund, are payable by the Fund. For Class O units, the Manager's compensation for management services is subject to separate agreements entered into with each holder of Class O units.

(b) Management fees are calculated daily as a percentage of the net asset value of the Class using the following percentages:

	Class D	Class E	Class P	Class F
Futures Index Fund	2.5%	2.0%	1.50%	1.25%

The management fee stated includes GST (January to June 2010) and HST (July 2010 to June 2011).

During the six-month period ended June 30, 2011, 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 Fund had no soft dollar commissions for 2011 and 2010.

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.

	June 30, 2011		December 31, 2010	
	Net asset value per unit ($)	Net assets per unit ($)	Net asset value per unit ($)	Net assets per unit ($)
Class D	**9.78**	**9.78**	9.80	9.80
Class E	**9.82**	**9.82**	9.81	9.81
Class F	**9.40**	**9.40**	9.33	9.33
Class O	**10.58**	**10.58**	10.45	10.45
Class P	**9.86**	**9.86**	9.82	9.82

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.

The Fund's overall risk management program seeks to minimize the potentially adverse effect of risk on the Fund's financial performance in a manner consistent with the Fund's investment objectives. The risk management practices include monitoring compliance to investment guidelines. The Manager manages the potential effects of these financial risks on the Fund's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund's positions and market events, and diversify investment portfolios within the constraints of the investment guidelines.

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.

The table below indicates the currencies to which the Fund had exposure as at June 30, 2011 and December 31, 2010, on both its trading monetary and non-monetary assets and liabilities.

	Currency risk exposed holdings*		Forward foreign exchange contracts		Net Exposure		As a % of Net Assets	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
U.S. Dollar	**1,037,234**	904,088	**—**	—	**1,037,234**	904,088	**3.54%**	3.32%
British Pound	**148,280**	263,897	**—**	—	**148,280**	263,897	**0.51%**	0.97%
Japanese Yen	**11,583**	96,859	**—**	—	**11,583**	96,859	**0.04%**	0.36%
Euro Currency Unit	**306,547**	362,709	**—**	—	**306,547**	362,709	**1.05%**	1.33%

**Amounts include monetary and non-monetary items.*

As at June 30, 2011, had the Canadian dollar strengthened or weakened by 5% (December 31, 2010 – 5%) in relation to all currencies, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately $75,182 (December 31, 2010 – $81,378). 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.

The table below summarizes the Fund's exposure to interest rate risks as at June 30, 2011 and December 31, 2010. It includes the Fund's assets and trading liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

Bond futures and short term debt securities	**2011**	2010
Less than 1 year	**27,955,110**	25,486,995
1-3 years	**—**	—
3-5 years	**—**	—
> 5 years	**—**	—
Total	**27,955,110**	25,486,995

As at June 30, 2011, had the prevailing interest rates raised or lowered by 1% (December 31, 2010 – 1%), with all other variables held constant, net assets would have decreased or increased, respectively, by approximately $880,772 (December 31, 2010 – $399,629). In practice, the results may differ from this sensitivity analysis and the difference could be material.

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 loss resulting from financial instruments held long is determined by the fair value of the instrument. The maximum loss resulting from financial instruments sold short is unlimited.

The Fund's most significant exposure to other price risk arises from its investments in global bond, currency and commodity futures. As at June 30, 2011 a 5% (December 31, 2010 – 5%), increase or decrease in derivatives prices would have increased or decreased the Fund's Net Assets by $1,198,482 (December 31, 2010 – $225,103). 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 the 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 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 June 30, 2011 and December 31, 2010, the Fund invested in short term debt securities with the following credit ratings:

Short term debt securities by credit rating	**2011**	2010
R-1 (H)	**95.52%**	93.57%
R-1 (M)	**0.00%**	0.00%
R-1 (L)	**0.00%**	0.00%
Unrated	**0.00%**	0.00%
Total	**95.52%**	93.57%

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 meets its obligations on time or at a reasonable price. This is concentrated in the daily cash redemptions of units. All units are issued and redeemed on demand at the then current Net Asset Value per unit at the option of the unitholder. The Fund retains sufficient cash and cash equivalent positions to maintain liquidity. In accordance with securities regulations, the Fund must maintain at least 90% of its assets in liquid investments. This also helps the Manager manage the Fund's exposure to daily cash redemptions of redeemable units. All liabilities of the Fund mature in one year or less.

9. FAIR VALUE MEASUREMENTS

The following table summarizes the inputs used as of June 30, 2011 and December 31, 2010, in valuing the Fund's investments and derivatives carried at fair values:

2011	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	27,955,110	—	—	27,955,110
Bonds	—	—	—	—
Investments in funds	578	—	—	578
Total Investments	$ 27,955,688	$ —	$ —	$ 27,955,688
Derivative assets	244,663	—	—	244,663
Derivative liabilities	—	—	—	—
2010				
Common shares	$ —	$ —	$ —	$ —
Preferred shares	—	—	—	—
Short term notes	25,486,995	—	—	25,486,995
Bonds	—	—	—	—
Investments in funds	574	—		574
Total Investments	$ 25,487,569	$ —	$ —	$ 25,487,569
Derivative assets	704,723	—	—	704,723
Derivative liabilities	—	—	—	—

During the periods ended June 30, 2011 and December 31, 2010, no investments were transferred between Level 1 and Level 2. During the periods ended June 30, 2011 and December 31, 2010, the Fund did not hold any investments classified within Level 3.

10. INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Canadian Accounting Standards Board ("CASB") previously confirmed January 1, 2011 as the date IFRS would replace Canadian GAAP for publicly accountable enterprises, which include investment funds and other reporting issuers.

On January 12, 2011, the CASB 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 & 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.

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