Lincluden Balanced Fund

Annual Management Report of Fund Performance
For the year ended December 31, 2010

Dear Investor,

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. You may receive a copy of the annual financial statements, at your request, and at no cost, by calling 905-825-9000 (1-800-532-7071), by writing to us at Lincluden Management Limited, 1275 North Service Road West, Suite 607, Oakville, Ontario, L6M 3G4 or by visiting our website at www.lincluden.com or SEDAR at www.sedar.com.

You may request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure by contacting us using one of the methods offered above.

Lincluden Management Limited
Manager of the Lincluden Balanced Fund

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The objective of the Lincluden Balanced Fund is to create long-term wealth for the Fund's investors using value-based, risk managed disciplines. Success at achieving the Fund's objective requires disciplined asset allocation and security selection approaches.

The development of tactical asset mix policy is an approach that has balanced inputs. It reflects a marrying of top down with bottom up inputs. We consider the valuation of equity markets relative to a risk free rate; which for purposes of the valuation represents long term Government of Canada bond yields. We give consideration to inflation and corporate profitability and the valuation of the bond market itself in this process.

Equally important in final asset allocation policy, and particularly so in the allocation of equities between Canadian equities and foreign equities, is the opportunity set of attractively priced equities that we're identifying on a global basis.

Our portfolio managers screen a broad universe of Canadian, U.S. and international stocks in our ongoing search for undervalued securities. Investment decisions are based on a thorough financial assessment of corporations and their management teams to identify securities that are trading at a substantial discount to our appraisal of their fair value.

Our fixed income portfolios are structured to achieve the most efficient combination of duration, credit, yield curve and foreign exposure from a long-term, risk-reward perspective.

In searching for the best value opportunities in fixed income markets, we consider both domestic and foreign securities. When we find better value opportunities in foreign markets, our preference is to eliminate foreign exchange risk through the use of hedging.

Risk

The overall level of risk of an investment in the Fund remained unchanged throughout the year ended December 31, 2010 and remains consistent with the discussion in the Fund's simplified prospectus.

Results of Operations

Strong absolute Fund results continued through 2010. An 8.6% return (before management fees) was earned on the heels of a 16.6% 2009 return (before management fees). Canadian equities were the driving force behind the Fund's return, with foreign equity returns affected by a stronger Canadian dollar. While bonds couldn't match the hefty returns from equities, they did return more than their beginning of year yields, with interest rates declining during the year.

Positive 2009 investor sentiment continued into the first quarter of 2010 with investors focused on signs of an improving U.S. economy, with the job picture showing modest improvement. By the second quarter attention had turned to mixed signals from U.S. economic data and ongoing debt concerns in Europe. Markets took a breather. Reflecting a flight to quality bond yields declined dramatically although increased concern over the pace of economic growth saw corporate bond spreads come under some pressure. Reacting to the tenuous U.S. recovery, in August Fed Reserve Chairman Bernanke suggested a second round of quantitative easing may be required. Bond yields fell and a strong rally in equities ensued. In the fourth quarter, with the terms of the monetary stimulus announced, the program was met with mixed reviews. With a tilt toward a negative reception and also mildly improving economic data, bond yields increased dramatically. Equity market investors were enthused with the environment and drove market levels notably higher.

The Fund underperformed its long term policy benchmark in 2010. A general preference for foreign equities over Canadian equities detracted from relative results as the S&P/TSX was a top performing developed economy market. With global economic growth viewed more positively, given Canada's resource based economy Canada became an attractive place to invest. At the same time from a sector perspective the Materials sector led the rally. Our underweight to the sector and a shortfall from security selection decisions in the sector had the most significant negative relative impact on Canadian equity results. Given the firm's stock picking orientation it's most relevant to talk about impacts at the security level. Shoppers Drug Mart and CML Healthcare were negative contributors from a performance attribution perspective. Security selection within Telecommunication Services (and an overweight to the sector) was a very positive contributor, led by BCE, Telus & Rogers Communications. Barrick Gold and Intact Financial were the two largest positive contributors, with Inmet Mining and Brookfield Properties offering the strongest absolute results. The weakest absolute performers were Research in Motion and Encana Corp. In the foreign equity portfolio Wolseley Ltd., Honeywell International and Nintendo were the top three positive relative contributors.

Fixed income returns lagged the benchmark DEX-Universe only slightly. While an overweight to corporates was a plus for the year, a slightly less aggressive duration strategy during the summer when yields declined significantly and yield curve positioning, at times, negatively impacted relative results.

The Fund size increased during the year to $45.6 million from $42.5 million at the beginning of the year. Operations increased net assets by approximately $3.7 million; net subscriptions, including reinvested distributions, had an impact of approximately $0.7 million.

Recent Developments

With central banks maintaining rates at historically low levels the outlook is for moderate global economic growth. The continuation of tax cuts in the U.S. combined with the execution of the Fed's quantitative easing program through the first half of 2011 is positive relative to a slowdown in job growth and a depressed housing market. A stronger U.S. economy bodes well for Canada, although the enthusiasm is tempered by a strong Canadian dollar. The biggest risk to global growth in 2011 is concern over European sovereign debt. Austerity measures are not being well received. The ability of countries like Greece, Ireland, Portugal and Spain to refinance large debt loads in 2011 will go a long way to determining the stability of Europe this year. At the same time, the economies of emerging markets have decoupled from advanced economies. The BRIC (Brazil, Russia, India and China) nations are experiencing robust growth. In summary, we continue to believe that the recovery will be slow in developed economies and that macro events could be very negative for markets.

With a somewhat unstable global market environment we remain neutral in respect to the Fund's equity exposure. Markets are not unreasonably valued and the bond and cash markets don't offer particularly attractive opportunities.

The increase in bond yields at the end of the year provided an impetus to shorten portfolio duration with an objective of protecting the portfolio from a reversal to an upward trend. With the rate increase more significant in the U.S. Treasury market than in Canadas we took the opportunity to add Treasuries to the portfolio, hedging the currency exposure. We're able to earn a higher yield and expect to benefit from a positive price revaluation as the spread subsequently narrows to more normal levels.

Given the usual uncertainty in respect to the global economy and its impact on investor sentiment it's imperative to stay focused on the valuation of individual equity securities. While in certain broad sectors – oils, materials and financials for instance – stocks within the sectors generally demonstrate some positive correlation of returns there still is value added in ascertaining whether individual securities in those sectors are cheap or expensive. Outside of those sectors individual security valuations play an even more important role in the long term return from the stock. The Canadian equity portfolio is underweight energy and materials, with an overweight to financials. The five largest portfolio positions are Royal Bank, Manulife Financial, Suncor Energy, Barrick Gold and Toronto-Dominion Bank. The five largest positions in the foreign equity portfolio, reflecting their valuation characteristics, are Oracle, Pfizer, Exxon Mobil, Honeywell International and Zimmer Holdings.

Related Party Transactions

Lincluden Management Limited ("Lincluden") is the Trustee, Portfolio Advisor and Manager of the Fund, receiving a fee for the services the firm provides as Portfolio Advisor. Lincluden pays commissions to investment dealers who transact in buy and sell activity in the Fund's investments at a rate that is reflective of the general service provided to Lincluden by the dealer. The quality of service is generally measured related to the execution capabilities of the dealer but may also reflect the quality of investment research made available by the dealer. Lincluden provides, or arranges for the provision of, all general management and administrative services required by the Fund in its day to day operations. Canadian Imperial Bank of Commerce continues in the role of the Fund's custodian. CIBC Mellon Global Securities Services Company is the registrar. Ernst & Young, LLP audits the financial statements of the Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Lincluden Balanced Fund and are intended to help you understand the Fund's financial performance for the past 5 years. This information is derived from the Fund's audited annual financial statements.

Net Assets per Unit– Series A (Series A units established July 20, 2007)					
	2010	2009	2008	2007	
Net Assets, beginning of period[1]	$11.92	$10.57	$12.35	$13.66	
Increase (decrease) from operations:					
Total revenue	$0.39	$0.39	$0.47	$0.19	
Total expenses	-$0.25	-$0.22	$(0.23)	$(0.12)	
Realized gains (losses) for the period	$0.26	-$0.42	$(0.22)	$0.41	
Unrealized gains (losses) for the period	$0.41	$1.66	$(1.82)	$(0.86)	
Total increase (decrease) from operations[2]	$0.81	$1.41	$(1.80)	$(0.38)	
Distributions:					
From income (excluding dividends)	$0.00	$0.08	$0.26	$0.51	
From dividends	$0.14	$0.09	$0.11	$0.10	
From capital gains	$0.00	$0.00	$0.00	$0.58	
Return of capital	$0.00	$0.00	$0.00	$0.00	
Total annual distributions[3,4]	$0.14	$0.17	$0.37	$1.19	
Net assets, end of period	$12.57	$11.92	$10.57	$12.35	

Net Assets per Unit – Series O					
	2010	2009	2008	2007	2006
Net assets, beginning of year[1]	$12.37	$10.98	$12.66	$13.63	$12.72
Increase (decrease) from operations:					
Total revenue	$0.41	$0.41	$0.47	$0.45	$0.41
Total expenses	-$0.02	-$0.02	-$0.02	-$0.02	-$0.02
Realized gains (losses) for the period	$0.26	-$0.44	-$0.23	$0.42	$0.92
Unrealized gains (losses) for the period	$0.42	$1.84	-$1.42	-$1.10	$0.32
Total increase (decrease) from operations[2]	$1.07	$1.79	-$1.20	-$0.25	$1.63
Distributions:					
From income (excluding dividends)	$0.19	$0.30	$0.36	$0.35	$0.33
From dividends	$0.19	$0.11	$0.08	$0.06	$0.08
From capital gains	$0.00	$0.00	$0.00	$0.35	$0.29
Return of capital	$0.00	$0.00	$0.00	$0.00	$0.00
Total annual distributions[3,4]	$0.38	$0.41	$0.44	$0.76	$0.70
Net assets, at December 31 of year shown	$13.05	$12.37	$10.98	$12.66	$13.63

[1]This information is derived from the Fund's financial statements. The net assets per unit presented in the financial statements may differ from the net asset value calculated for pricing purposes. An explanation of these differences can be found in the notes to the financial statements.
[2]Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted number of units outstanding over the financial period.
[3]Distributions were reinvested in additional units of the Fund.
[4]The Fund's prospectus provides that, "Each calendar year, the Fund distributes net income and net realized capital gains to Unitholders of the Fund to the extent necessary to ensure the Fund does not pay ordinary income tax. Distributions of income may be made periodically throughout the year on a schedule to be determined by the Manager. Distributions of capital gains are normally made in December of each year. At a minimum, the Fund will effect a distribution on the last business day of the year. Distributions from the Fund will be automatically reinvested in Units of the Fund." Currently net income is distributed on a quarterly basis and net capital gains during the month of December.

Ratios and Supplemental Data – Series A (Series A units established July 20, 2007)					
	2010	2009	2008	2007	
Total net asset value ($) (000s)	$3,173	$2,570	$2,438	$1,251	
Number of units outstanding	252,018	214,905	229,775	101,218	
Management expense ratio (%)[1]	2.07%	1.99%	2.01%	1.98%	
Management expense ratio before absorptions (%)[1]	2.35%	2.35%	2.51%	2.69%	
Portfolio turnover rate (%)[2]	42.89%	62.32%	50.70%	58.78%	
Trading expense ratio (%)[3]	0.04%	0.08%	0.06%	0.05%	
Net asset value per unit	$12.59	$11.96	$10.61	$12.36	

Ratios and Supplemental Data – Series O					
	2010	2009	2008	2007	2006
Total net asset value ($) (000s)	$42,484	$40,028	$37,961	$51,558	$47,504
Number of units outstanding	3,251,091	3,225,227	3,443,117	4,068,864	3,479,774
Management expense ratio (%)[1]	2.07%	1.99%	2.01%	1.99%	1.99%
Management expense ratio before absorptions (%)[1]	2.35%	2.36%	2.50%	2.31%	2.12%
Portfolio turnover rate (%)[2]	42.89%	62.32%	50.70%	58.78%	61.38%
Trading expense ratio (%)[3]	0.04%	0.08%	0.06%	0.05%	0.09%
Net asset value per unit	$13.07	$12.41	$11.03	$12.67	$13.63

[1] Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. It assumes the maximum management fee allowed for in the Fund's Simplified Prospectus.

[2] The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

[3] The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Management Fees & Dealer Compensation

Series O

The Fund pays no management fees to Lincluden. For management services provided by Lincluden, in its role of portfolio advisor to the Fund, the Fund's Series O investors will pay a management fee directly to Lincluden.

The maximum annual management fee before GST/HST (expressed as a percentage of assets under management by Lincluden) payable to Lincluden is 1.75%. A lower fee may apply to larger account balances.

The management fee payable is calculated and accrued on the last valuation date of each month, based on the value of the investor's units on that date, and is payable on the last valuation date in each month. Payment of the investment management fee is generally effected by redemption of units held by the investor in the Fund in the amount of the applicable management fee.

Series A

Lincluden is entitled to an annual management fee from the series A units of the Fund of 1.75%. A lower fee of 1.25% may apply to larger account balances in the form of a management fee rebate. The management fee for the series A units of the Fund is based on the average daily net asset value of the series A units of the Fund and is payable monthly, in arrears.

To assist with distribution, administration and other client services , Lincluden pays dealers a trailer fee out of the management fees received. The trailer fee is a percentage of the total NAV per unit of all Class A and Class O units held by each dealer's clients. For the year ended December 31, 2010, approximately 30.5% of the management fees paid to us were used to fund commissions to dealers.

PAST PERFORMANCE

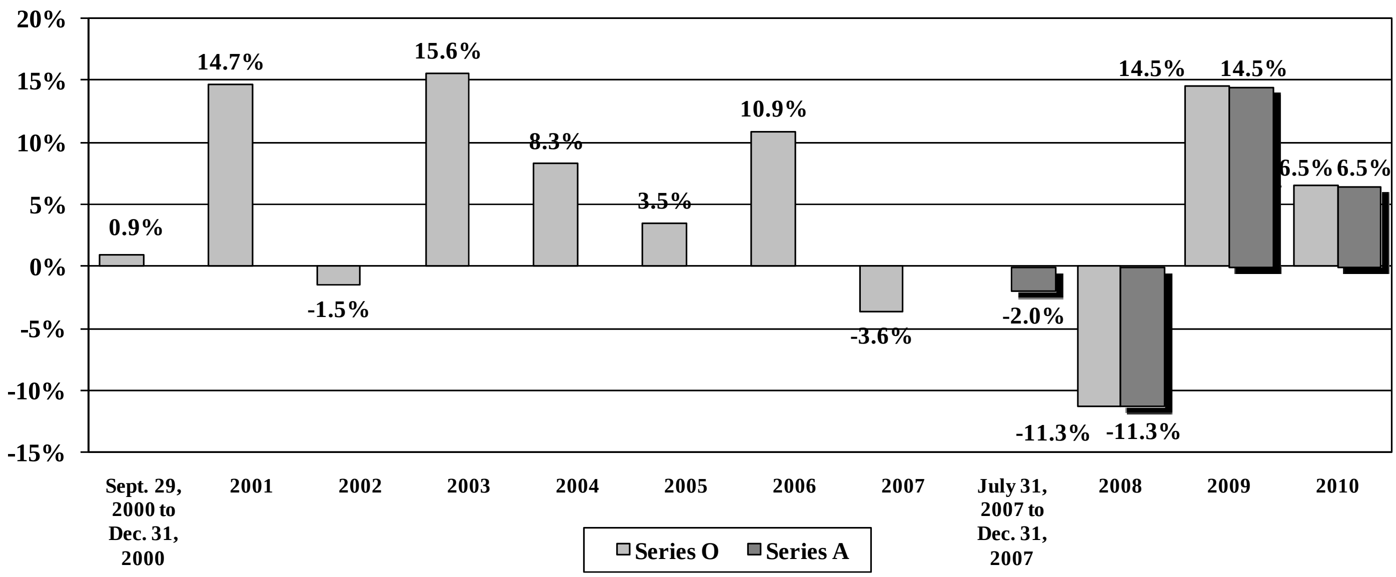
The performance information shown below assumes that all distributions made by the Fund were reinvested in additional units of the Fund. It does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. The returns are presented net of the maximum management fee that may be charged to an investor.

The return on mutual funds is not guaranteed. How the Fund performed in the past does not necessarily indicate how it will perform in the future.

Although the start-up date of the Fund was March 3, 2000, the Fund did not start trading in securities until September 29, 2000.

Year-by-Year Returns

The following bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment in the Fund made on the first day of each financial year would have grown or decreased by the last day of each financial year.



Annual Compound Returns

The following table compares the historical annual compound total return of the Fund (net of the maximum management fee that is provided for under the Fund's Prospectus; 1.75%) with a broad-based benchmark index which has been reflective of the Fund's primary investment universe. This benchmark index, through June 30, 2006, was comprised of 35% S&P/TSX Composite Index (measures the total return of those Canadian incorporated companies that have generally been listed on the Toronto Stock Exchange for at least 12 full months and which satisfy certain liquidity criteria), 25% Standard & Poor's 500 Composite Index (measures the return of 500 of the largest companies by market capitalization listed on U.S. stock exchanges), and 40% DEX Universe Bond Index (measures the total return of Government of Canada, Provincial, Municipal and corporate issues that mature in more than one year). Effective July 1, 2006, the Morgan Stanley Capital International World Index replaced the Standard & Poor's 500 Composite Index in the benchmark. Effective January 1, 2009 the benchmark index was revised to 30% S&P/TSX Composite Index, 30% Standard & Poor's 500 Composite Index and 40% DEX Universe Bond Index.

The returns on the broad-based benchmark do not assume the payment of any fees, including commissions.

	Since Inception(1)	5 years	3 Years	1 Year
Lincluden Balanced Fund Series O/Series A (if relevant)	5.4%/1.7%	2.9%	2.6%/2.6%	6.5%/6.5%
Broad-Based Benchmark Series O/Series A	3.6%/2.1%	4.2%	2.1%	10.2%

(1) Although the start-up date of the Fund was March 3, 2000, the Fund did not start trading in securities until September 29, 2000. Inception date for performance purposes for Series O units was therefore September 29, 2000. Inception date for performance purposes for Series A units was July 31, 2007.

SUMMARY OF INVESTMENT PORTFOLIO

Sector Mix	% of Fund's Net Asset Value[1]		
Fixed Income	36.8%		
Canadian		34.2%	
Federal			11.1%
Provincial			7.8%
Corporate			15.3%
United States		2.6%	
Federal			2.1%
Corporate			0.5%
Equities	60.0%		
Canadian		28.1%	
Capital Goods			1.4%
Consumer Discretionary			1.4%
Consumer Staples			0.9%
Energy			6.8%
Financials			9.4%
Health Care			0.6%
Info Tech			1.2%
Materials			3.1%
Telecom. Services			2.6%
Transportation			0.7%
United States		16.1%	
Consumer Discretionary			1.2%
Consumer Staples			1.4%
Energy			2.0%
Financials			1.9%
Health Care			2.7%
Industrials			2.0%
Info Tech			3.4%
Materials			0.4%
Telecom. Services			0.7%
Utilities			0.4%
International		15.8%	
Brazil			0.6%
Finland			0.5%
France			2.5%
Germany			1.1%
Hong Kong			0.4%
Ireland			0.6%
Japan			3.5%
Netherlands			0.9%
South Korea			0.8%
Switzerland			1.0%
United Kingdom			3.9%
Unrealized Gain on Foreign Exchange Forward Contracts	0.1%		
Other Net Assets	3.1%		
	100.0%		

[1] This refers to transactional Net Asset Value; therefore weightings presented in the Statement of Investments will differ from the ones disclosed above.

Top 25 Positions	% of Fund's Net Asset Value
Canada Housing Trust No. 1, Series '23', 4.10%, 15/12/18	3.3%
Canada Housing Trust No. 1, 1.67%, 15/09/14	3.2%
United States Treasury Bond, 4.25%, 15/11/40	2.1%
Province of Quebec, 4.500%, 01/12/18	2.1%
Suncor Energy Inc.	1.6%
Canada Housing Trust No. 1, 4.550%, 15/12/12	1.6%
Royal Bank of Canada	1.6%
Canada Housing Trust No. 1, 3.950%, 15/12/11	1.5%
Manulife Financial Corp.	1.5%
Barrick Gold Corp.	1.5%
Toronto-Dominion Bank (The)	1.3%
Research in Motion Ltd.	1.2%
Canada Housing Trust No. 1, Series '25', Variable Rate, 1.80%, 15/03/14	1.2%
Encana Corp.	1.1%
Province of Ontario, 4.70%, 02/06/37	1.1%
Canadian Natural Resources Ltd.	1.1%
Intact Financial Corp.	1.1%
Bank of Nova Scotia	1.1%
Province of Ontario, 4.20%, 02/06/20	1.1%
Rogers Communications Inc., Class 'B'	1.1%
Province of Ontario, Series 'KJ', 7.600%, 02/06/27	1.0%
BCE Inc.	1.0%
Province of New Brunswick, 4.55%, 26/03/37	1.0%
Sun Life Financial Inc.	1.0%
Talisman Energy Inc.	1.0%

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates on the Fund's holdings may be obtained free of charge by calling us at 905-825-9000 (1-800-532-7071), or by writing us at Lincluden Management Limited, 1275 North Service Road West, Suite 607, Oakville, Ontario, L6M 3G4, or by visiting our website at www.lincluden.com or SEDAR at www.sedar.com.