



Lincluden Balanced Fund

Semi-Annual Management Report of Fund Performance For the six months ended June 30, 2011

Dear Investor,

This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual (unaudited) financial statements of the Fund. An *annual* management report of fund performance for the period ended December 31, 2010 and the Fund's annual audited financial statements for the same period are accessible on our website (www.lincluden.com) or through SEDAR at www.sedar.com.

You may receive a copy of the annual or semi-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 six months ended June 30, 2011 relative to that in 2010 and consistent with the risk discussion in the Fund's simplified prospectus dated April 29, 2011.

Results of Operations

Surprisingly, in the face of the re-emergence of sovereign debt concerns in Europe, political turmoil in the Middle East and the devastating earthquake and tsunami in Japan, most equity markets opened the year with solid returns. At the same time evidence of improved economic conditions in both Canada and the U.S. led to higher interest rates. While volatility of interest rate movements through the first quarter was significant, by the end of the quarter returns had come in flat. By the second quarter investor sentiment had changed notably with a revaluation of global growth prospects in the face of languishing job growth and a washed out housing market in the U.S. The resource oriented Canadian market was particularly hard hit. The environment though was very positive for bonds, with the magnitude of the yield decline catching investors by surprise.

Net/net for the first half the Fund eked out a small positive return (before investment management fees), ending slightly ahead of the benchmark portfolio. An underweight to Canadian equities relative to foreign equities was a boost to relative returns as foreign equity markets posted solid results for the half, although a strong Canadian dollar reduced the impact to Canadians. A strategy of hedging the currency exposure above the benchmark weight benefitted the portfolio return.

Strategies within the bond portfolio had a positive impact on relative results with yield curve positioning and credit exposure adding value.

The Canadian equity portfolio performed in line with the market for the half. An underweight to the heavily weighted Materials sector was a positive. Solid results and an overweight to Financials also moved relative results higher. The Telecommunication Services sector offered double digit returns; a double weight to the sector boosted returns. From a security perspective, a strong order book for Bombardier produced a sharp rally in the stock price; a notable overweight benefitted the portfolio. Fourth quarter Ensign Energy Services immediately contributed positively. Bouncing back from a weak first quarter performance, Intact Financial posted the best performance in the second quarter, ranking it as the third most positive contributor for the half. Gold stocks were weak for the half; positions in Barrick Gold and Yamana Gold negatively impacted results. It was the exposure to Research in Motion however that weighed most heavily on results. The stock price fell precipitously with investors losing confidence in management in the face of declining market share, a weaker than expected earnings report and a gap in new product introductions.

Foreign equity results lagged the benchmark MSCI-World index, reflecting primarily three stocks in the Consumer Discretionary sector: Nintendo Co., Mothercare plc and Panasonic Corp. The strongest part of global equity markets was Health Care. A notable overweight to the sector plus a superior contribution from security selection boosted results. Pfizer Inc, Sanofi S.A. and Zimmer Holdings led the way.

The Fund size decreased during the six months from \$45.6 million to \$44.5 million. Operations increased net assets by \$0.5 million and subscriptions for new units were \$3.1 million. \$3.9 million of units were redeemed.

Recent Developments

The portfolio has been structured with a neutral equity target, with equity markets not deemed to be significantly over valued from a long term perspective and the returns in the bond and cash markets still relatively low. Offering broader industry diversification opportunities and better valuations from companies outside Canada the portfolio continues to have a slight tilt to foreign markets.

With some widening of spreads between corporate bonds and government bonds in the latter part of the half with yield declines in the corporate sector not keeping up with the broad declines in the government market, the portfolio continues to maintain an overweight position in the corporate bond sector, with a bias toward higher quality issuers. The duration posture is more conservative than the benchmark reflecting a view that rates are bottoming and a shorter duration is prudent in order to preserve capital.

Recent weakness in the Energy sector provided an opportunity to add to Talisman Energy. While Financials finished the half on a strong note, Great West Life had lagged and we added to the position. Based on our view that the current depressed stock price represents excellent value giving consideration to positive expectations for certain catalysts that would lead to an improved valuation for the stock over the next 12 to 18 months, we added to Research in Motion. A reevaluation of prospects for CML Healthcare led to the elimination of the position.

In the foreign portfolio, while Consumer Staples companies were generally decent performers, Food retailer Carrefour S.A.'s progress in turning around its core European operations weighed on the stock price. We added to the position. Coca-Cola was sold having reached its target price. Investors punished Staples Inc. and Wal-Mart Stores, both leaders in their market segments, for recent poorer than anticipated fundamentals. We added both stocks to the portfolio at very attractive valuation levels expecting the companies to turnaround their operations.

We continue to find value in the Energy sector, remaining committed to recent laggards Devon Energy and Petrobras Petroleo Brasileiro. Information Technology companies offered lackluster results for the half. We added to Microsoft on weakness, taking profits in Accenture which has benefitted from a growing trend toward outsourcing of corporate information technology projects.

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 six-month period ended June 30, 2011 and for the past 5 financial years ended December 31. This information is derived from the Fund's unaudited interim financial statement and the audited annual financial statements.

Series A (Series A units established July 20, 2007)						
	Interim (June 2011)	2010	2009	2008	2007	
Net Assets, beginning of period	\$12.57	\$11.92	\$10.57	\$12.35	\$13.66	
Increase (decrease) from operations:						
Total revenue	\$0.21	\$0.39	\$0.39	\$0.47	\$0.19	
Total expenses	-\$0.14	-\$0.25	-\$0.22	-\$0.23	-\$0.12	
Realized gains (losses) for the period	\$0.17	\$0.26	-\$0.42	-\$0.22	\$0.41	
Unrealized gains (losses) for the period	-\$0.23	\$0.41	\$1.66	-\$1.82	-\$0.86	
Total increase (decrease) from operations ¹	\$0.01	\$0.81	\$1.41	-\$1.80	-\$0.38	
Distributions:						
From income (excluding dividends)	\$0.03	\$0.00	\$0.08	\$0.26	\$0.51	
From dividends	\$0.04	\$0.14	\$0.09	\$0.11	\$0.10	
From capital gains	\$0.00	\$0.00	\$0.00	\$0.00	\$0.58	
Return of capital	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Total distributions ^{2,3}	\$0.07	\$0.14	\$0.17	\$0.37	\$1.19	
Net asset value, end of period	\$12.52	\$12.57	\$11.92	\$10.57	\$12.35	

Series O						
	Interim (June 2011)	2010	2009	2008	2007	2006
Net Assets, beginning of period	\$13.05	\$12.37	\$10.98	\$12.66	\$13.63	\$12.72
Increase (decrease) from operations:						
Total revenue	\$0.22	\$0.41	\$0.41	\$0.47	\$0.45	\$0.41
Total expenses	-\$0.01	-\$0.02	-\$0.02	-\$0.02	-\$0.02	-\$0.02
Realized gains (losses) for the period	\$0.18	\$0.26	-\$0.44	-\$0.23	\$0.42	\$0.92
Unrealized gains (losses) for the period	-\$0.24	\$0.42	\$1.84	-\$1.42	-\$1.10	\$0.32
Total increase (decrease) from operations ¹	\$0.15	\$1.07	\$1.79	-\$1.20	-\$0.25	\$1.63
Distributions:	Interim (June 2011)	2010	2009	2008	2007	2006
From income (excluding dividends)	\$0.08	\$0.19	\$0.30	\$0.36	\$0.35	\$0.33
From dividends	\$0.13	\$0.19	\$0.11	\$0.08	\$0.06	\$0.08
From capital gains	\$0.00	\$0.00	\$0.00	\$0.00	\$0.35	\$0.29
Return of capital	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total distributions ^{2,3}	\$0.21	\$0.38	\$0.41	\$0.44	\$0.76	\$0.70
Net asset value, end of period	\$12.98	\$13.05	\$12.37	\$10.98	\$12.66	\$13.63

¹Net 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.

²Distributions were reinvested in additional units of the Fund.

³The 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." Net income is distributed on a monthly basis and net capital gains during the month of December.

Ratios and Supplemental Data – Series A (Series A units established July 20, 2007)

	Interim (June 2011)	2010	2009	2008	2007	
Net asset value (000s)	\$3,166	\$3,173	\$2,570	\$2,438	\$1,251	
Number of units outstanding	252,541	252,018	214,905	229,775	101,218	
Management expense ratio (%) ¹	2.23%	2.07%	1.99%	2.01%	1.98%	
Management expense ratio before absorptions (%) ¹	2.63%	2.35%	2.35%	2.51%	2.69%	
Portfolio turnover rate (%) ²	37.37%	42.89%	62.32%	50.70%	58.78%	
Trading expense ratio (%) ³	0.04%	0.04%	0.08%	0.06%	0.05%	

Ratios and Supplemental Data – Series O

	Interim (June 2011)	2010	2009	2008	2007	2006
Net asset value (000s)	\$41,404	\$42,484	\$40,028	\$37,961	\$51,558	\$47,504
Number of units outstanding	3,184,733	3,251,091	3,225,227	3,443,116	4,068,864	3,479,774
Management expense ratio (%) ¹	2.14%	2.07%	1.99%	2.01%	1.99%	1.99%
Management expense ratio before absorptions (%) ¹	2.39%	2.35%	2.36%	2.50%	2.31%	2.12%
Portfolio turnover rate (%) ²	37.37%	42.89%	62.32%	50.70%	58.78%	61.38%
Trading expense ratio (%) ³	0.04%	0.04%	0.08%	0.06%	0.05%	0.09%

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.

PAST PERFORMANCE

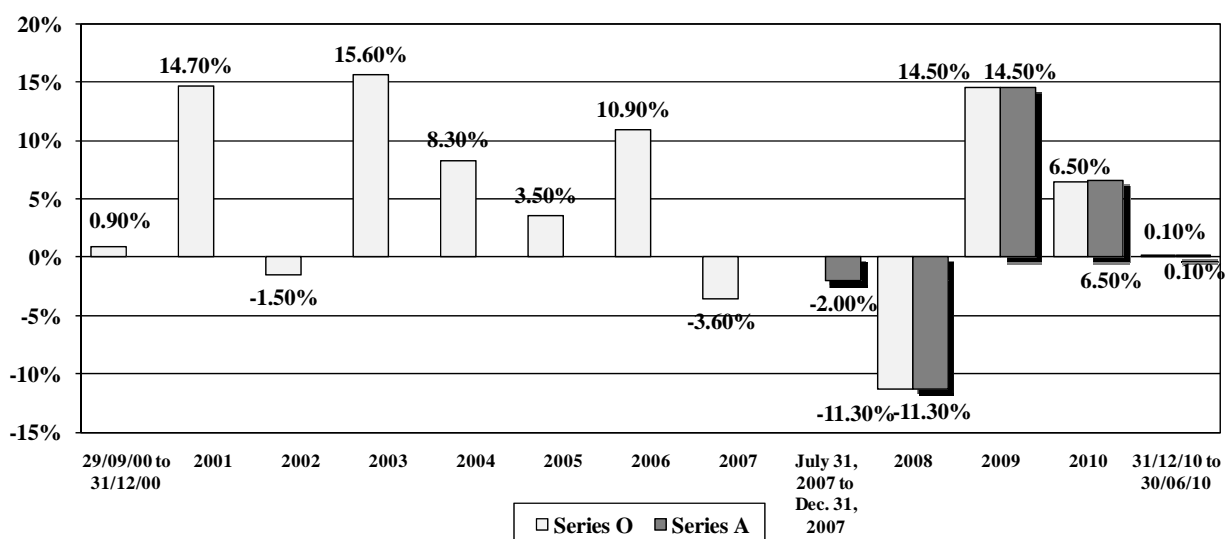
The performance information shown below assumes that all distributions made by the Fund were reinvested in additional units of the Fund. It does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. The returns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

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 performance for each of the periods 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 held on the last day of the prior period would have grown or decreased by the last day of each period.



SUMMARY OF INVESTMENT PORTFOLIO as at June 30, 2011

Sector Mix	% of Fund's Net Asset Value ¹	
Cash & Short Term	2.6%	
Fixed Income	36.9%	
Canadian	36.9%	
Federal		13.5%
Provincial		7.6%
Corporate		15.8%
Equities	58.7%	
Canadian	27.7%	
Energy		5.9%
Materials		2.8%
Industrials		3.0%
Consumer Discretionary		1.1%
Consumer Staples		0.9%
Health Care		0.5%
Financials		10.2%
Information Technology		0.9%
Telecommunication Services		2.9%
U.S.	15.7%	
Energy U.S.		1.8%
Materials U.S.		0.4%
Industrials U.S.		1.4%
Consumer Discretionary U.S.		0.8%
Consumer Staples U.S.		1.9%
Health Care U.S.		3.1%
Financials U.S.		2.1%
Information Technology U.S.		3.1%
Telecommunications Services U.S.		0.7%
Utilities U.S.		0.4%
International	15.3%	
Brazil		0.5%
France		2.9%
Germany		1.1%
Hong Kong		0.4%
Ireland		0.5%
Japan		2.5%
Netherlands		0.9%
South Korea		0.7%
Switzerland		1.1%
United Kingdom		4.7%
Other Net Assets	1.8%	
	<u>100.0%</u>	

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 Issues as at June 30, 2011	% of Fund's Net Asset Value
Canada Housing Trust No. 1, Variable Rate, 1.340%, 15/09/16	9.9%
Government of Canada, 2.000%, 01/06/16	3.1%
Government of Canada Treasury Bill, 0.900%, 07/07/11	2.6%
Province of Ontario, 4.400%, 08/03/16	2.4%
Province of Ontario, 4.500%, 01/12/18	2.2%
Province of Ontario, 4.200%, 02/06/20	2.1%
Royal Bank of Canada	2.0%
Manulife Financial Corp.	1.7%
Toronto-Dominion Bank (The)	1.4%
Suncor Energy Inc.	1.3%
Barrick Gold Corp.	1.3%
Intact Financial Corp.	1.2%
Rogers Communications Inc., Class B	1.1%
EnCana Corp.	1.1%
Shaw Communications Inc.	1.1%
BCE Inc.	1.1%
Bank of Nova Scotia	1.1%
Talisman Energy Inc.	1.0%
Great-West Lifeco Inc.	1.0%
Manulife Financial Corp., Callable, 5.505%, 26/06/18	1.0%
Canadian Natural Resources Ltd.	1.0%
Brookfield Properties	1.0%
Sun Life Financial Inc.	0.9%
Pfizer Inc.	0.9%
Shoppers Drug Mart Corp.	0.9%

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.