



WEBB ASSET MANAGEMENT

## **Annual Financial Statements**

December 31, 2009

Enhanced Growth Fund  
Enhanced Income Fund



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### MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying audited annual financial statements of the Funds (as defined in Note 1(a)) are the responsibility of Webb Asset Management Canada, Inc. (the "Manager"). They have been prepared in accordance with Canadian generally accepted accounting principles using information available and include certain amounts that are based on the Manager's best estimates and judgments.

The Manager has developed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to produce relevant, reliable and timely financial information, including the accompanying financial statements.

These financial statements have been approved by the Board of Directors of the Manager and have been audited by KPMG LLP, Chartered Accountants, Licensed Public Accountants, on behalf of securityholders. The auditors' report outlines the scope of their audit and their opinion on the financial statements.

Derek Webb  
President & CEO



## AUDITORS' REPORT

**To the Unitholders of:**

**Webb Enhanced Growth Fund  
Webb Enhanced Income Fund  
(collectively the "Funds")**

We have audited the statements of net assets of the Funds as at December 31, 2009 and 2008, the statements of operations and changes in net assets for the applicable periods then ended, and the statements of investment portfolio as at December 31, 2009. These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets of the Funds as at December 31, 2009 and 2008, the results of their operations and the changes in their net assets for the applicable periods then ended, and their investments held as at December 31, 2009 in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants  
Toronto, Canada  
March 5, 2010



**Statement of Net Assets**

As at December 31,

	2009	2008
<b>Assets</b>		
Cash and cash equivalents	\$ —	\$ 2,280,078
Investments	11,282,376	4,444,713
Accounts receivable relating to securities issued	—	300
Amounts receivable relating to portfolio assets sold	5,001,494	—
Amounts receivable relating to accrued income	23,504	9,057
	<u>16,307,374</u>	<u>6,734,148</u>
<b>Liabilities</b>		
Bank overdraft	1,171,183	—
Accrued expenses	164,902	8,607
Derivatives	18,604	—
Liabilities for securities redeemed	118,214	—
Liabilities for portfolio assets purchased	298,626	2,155,932
	<u>1,771,529</u>	<u>2,164,539</u>
<b>Total net assets and securityholders' equity</b>	<b>\$ 14,535,845</b>	<b>\$ 4,569,609</b>
Total net assets and securityholders' equity, Series A	\$ 12,061,402	\$ 4,016,068
Securities outstanding, Series A (note 4)	1,400,610	719,717
Net assets per security, Series A	<u>\$ 8.61</u>	<u>\$ 5.58</u>
Total net assets and securityholders' equity, Series F	\$ 2,472,459	\$ 552,552
Securities outstanding, Series F (note 4)	281,477	97,908
Net assets per security, Series F	<u>\$ 8.78</u>	<u>\$ 5.64</u>
Total net assets and securityholders' equity, Series I	\$ 1,984	\$ 989
Securities outstanding, Series I (note 4)	267	200
Net assets per security, Series I	<u>\$ 7.43</u>	<u>\$ 4.94</u>

(See accompanying notes to financial statements)

Approved on behalf of the Board of Directors of the Manager:

Derek Webb  
President & CEO

**Statement of Operations**

For the Year Ended December 31, 2009 and  
For the Period Ended December 31, 2008

	2009	2008
<b>Investment income</b>		
Dividend revenue	\$ 53,212	\$ 21,376
Interest revenue	36,392	99,051
Short-term trading fees	3,424	7,510
Less: foreign withholding taxes	(2,098)	(2,457)
	90,930	125,480
<b>Expenses</b>		
Management fees (note 7)	92,999	91,874
Performance fees (note 7)	–	156,363
Audit fees	33,169	–
Independent Review Committee fees	20,585	34,310
Custodial fees	8,316	8,349
Legal fees	21,826	–
Securityholder reporting costs	35,728	58
Administration fees	68,707	49,395
Dividend expense on short positions	8,536	6,949
Other expenses	21,000	37,889
	310,866	385,187
Amounts that were payable by the investment fund that were paid or absorbed by the Manager	–	(63,565)
	310,866	321,622
<b>Net investment loss for the year</b>	<b>(219,936)</b>	<b>(196,142)</b>
<b>Realized and unrealized (gain) loss on investments and transaction costs</b>		
Net realized gain (loss)	2,362,108	(3,841,696)
Change in unrealized gain (loss)	(150,207)	46,016
Transaction costs (note 2)	(50,092)	(75,048)
<b>Net gain (loss) on investments</b>	<b>2,161,809</b>	<b>(3,870,728)</b>
<b>Increase (decrease) in net assets from operations</b>	<b>\$ 1,941,873</b>	<b>\$ (4,066,870)</b>
Increase (decrease) in net assets from operations, Series A	\$ 1,727,629	\$ (3,506,719)
Increase (decrease) in net assets from operations per security, Series A	2.93	(7.18)
Increase (decrease) in net assets from operations, Series F	\$ 213,749	\$ (566,173)
Increase (decrease) in net assets from operations per security, Series F	2.96	(7.79)
Increase in net assets from operations, Series I	\$ 495	\$ 6,022
Increase in net assets from operations per security, Series I	2.47	1.88

(See accompanying notes to financial statements)

**Statement of Changes in Net Assets***For the Year Ended December 31, 2009 and**For the Period Ended December 31, 2008*

	2009	2008
<b>Net assets at the beginning of the year</b>	\$ 4,569,609	\$ –
<b>Increase (decrease) in net assets from operations</b>	1,941,873	(4,066,870)
<b>Capital transactions</b>		
Proceeds from the issuance of securities of the investment fund	264,736	9,476,607
Aggregate amounts paid on redemption of securities of the investment fund	(1,542,803)	(997,067)
Net transfer of securities from other funds	9,302,430	156,939
<b>Net assets at the end of the year</b>	<b>\$ 14,535,845</b>	<b>\$ 4,569,609</b>
<b>Net assets at the beginning of the year, Series A</b>	\$ 4,016,068	\$ –
<b>Increase (decrease) in net assets from operations, Series A</b>	1,727,629	(3,506,719)
<b>Capital transactions, Series A</b>		
Proceeds from the issuance of securities of the investment fund	199,421	8,098,221
Aggregate amounts paid on redemption of securities of the investment fund	(1,288,782)	(883,406)
Net transfer of securities from other funds	7,407,066	307,972
<b>Net assets at the end of the year, Series A</b>	<b>\$ 12,061,402</b>	<b>\$ 4,016,068</b>
<b>Net assets at the beginning of the year, Series F</b>	\$ 552,552	\$ –
<b>Increase (decrease) in net assets from operations, Series F</b>	213,749	(566,173)
<b>Capital transactions, Series F</b>		
Proceeds from the issuance of securities of the investment fund	65,315	1,232,386
Aggregate amounts paid on redemption of securities of the investment fund	(252,533)	(113,661)
Net transfer of securities from other funds	1,893,376	–
<b>Net assets at the end of the year, Series F</b>	<b>\$ 2,472,459</b>	<b>\$ 552,552</b>
<b>Net assets at the beginning of the year, Series I</b>	\$ 989	\$ –
<b>Increase in net assets from operations, Series I</b>	495	6,022
<b>Capital transactions, Series I</b>		
Proceeds from the issuance of securities of the investment fund	–	146,000
Aggregate amounts paid on redemption of securities of the investment fund	(1,488)	–
Net transfer of securities from (to) other funds	1,988	(151,033)
<b>Net assets at the end of the year, Series I</b>	<b>\$ 1,984</b>	<b>\$ 989</b>

*(See accompanying notes to financial statements)*

**Statement of Investment Portfolio**

As at December 31, 2009

Security	Shares/ Units	Average Cost	Fair Value
<b>CANADIAN EQUITIES (50.1%)</b>			
<b>Materials (40.9%)</b>			
Athabasca Potash Inc.	158,500	\$ 927,948	\$ 920,886
Barrick Gold Corporation	10,000	452,710	412,507
Centerra Gold Inc.	7,000	76,556	74,760
Corriente Resources Inc.	20,000	170,800	170,400
Endeavour Silver Corporation	48,400	189,728	185,372
FNX Mining Company Inc.	20,167	229,026	232,122
Franco-Nevada Corporation	21,700	597,662	609,336
Golden Star Resources Limited	20,000	74,740	64,800
HudBay Minerals Inc.	17,000	229,330	229,840
IAMGOLD Corporation	20,000	326,600	329,800
Kinross Gold Corporation	20,000	386,200	386,600
Mercator Minerals Limited	270,000	657,308	669,600
Norsemont Mining Inc.	90,000	196,200	181,800
Norsemont Mining Inc. Warrants April 30, 2011	45,000	15,300	16,200
Potash North Resource Corporation Warrants June 12, 2010	150,000	–	44,255
Potash One Inc.	95,100	267,675	240,603
Red Back Mining Inc.	38,000	563,920	565,440
Westshore Terminals Income Fund	42,700	597,804	608,048
		5,959,507	5,942,369
<b>Information Technology (4.5%)</b>			
Celestica Inc.	15,900	159,000	157,251
Sierra Wireless Inc.	45,041	444,188	500,445
		603,188	657,696
<b>Financials (2.9%)</b>			
AGF Management Limited 'B'	24,500	414,295	415,765
Pinetree Capital Limited Warrants April 16, 2012	10,000	1,650	1,150
		415,945	416,915
<b>Exchange Traded Funds (1.8%)</b>			
Horizons BetaPro S&P/TSX Global Gold Bull Plus ETF	22,000	339,052	268,400
		339,052	268,400
<b>TOTAL CANADIAN EQUITIES</b>		<b>7,317,692</b>	<b>7,285,380</b>
<b>U.S. EQUITIES (19.4%)</b>			
<b>Financials (7.7%)</b>			
AllianceBernstein Holding Limited Partnership	9,748	288,170	286,216
Dollar Financial Corporation	13,805	347,913	338,961
Goldman Sachs Group Inc.	2,770	495,144	489,150
		1,131,227	1,114,327



**Statement of Investment Portfolio** *(continued)**As at December 31, 2009*

Security	Shares/ Units	Average Cost	Fair Value
<b>Energy (5.5%)</b>			
Chesapeake Energy Corporation	20,000	547,188	541,769
Petrohawk Energy Corporation	10,000	258,444	251,296
		805,632	793,065
<b>Materials (3.1%)</b>			
Terra Industries Inc.	13,409	466,866	452,000
<b>Telecommunication Services (1.9%)</b>			
BT Group PLC ADR	12,382	291,861	281,583
<b>Information Technology (1.2%)</b>			
Cabot Microelectronics Corporation	5,000	166,280	172,419
<b>TOTAL U.S. EQUITIES</b>		<b>2,861,866</b>	<b>2,813,394</b>
<b>FOREIGN EQUITIES (8.1%)</b>			
<b>Materials (6.4%)</b>			
Harmony Gold Mining Company Limited	51,293	558,990	521,178
Lihir Gold Limited ADR	13,232	415,972	404,590
		974,962	925,768
<b>Information Technology (1.4%)</b>			
Perfect World Company Limited ADR	5,000	208,788	206,568
<b>Energy (0.3%)</b>			
Andean Resources Limited	20,000	48,140	48,000
<b>Health Care (0.0%)</b>			
Given Imaging Limited	179	3,061	3,266
<b>TOTAL FOREIGN EQUITIES</b>		<b>1,234,951</b>	<b>1,183,602</b>
<b>TOTAL EQUITIES</b>		<b>11,414,509</b>	<b>11,282,376</b>
<b>CANADIAN DERIVATIVES (-0.1%)</b>			
<b>Short Equity Options (-0.1%)</b>			
Research in Motion Limited Put Options at USD \$66.625, January 2010	(120)	(20,347)	(18,604)
<b>TOTAL CANADIAN DERIVATIVES</b>		<b>(20,347)</b>	<b>(18,604)</b>
<b>Transaction costs (note 2)</b>		(26,199)	–
<b>TOTAL INVESTMENT PORTFOLIO (77.5%)</b>		<b>\$ 11,367,963</b>	<b>\$ 11,263,772</b>
<b>Other assets less liabilities (22.5%)</b>			3,272,073
<b>NET ASSETS AT FAIR VALUE (100.0%)</b>			<b>\$ 14,535,845</b>

*(See accompanying notes to financial statements)*



## Supplementary Schedules

### Summary of Fair Valuation Inputs (note 2b)

The following table is a summary of the inputs used as at December 31, 2009 in valuing the Fund's investments and derivatives carried at fair values. Please see note 2b for a complete description of the three level hierarchy used for determining the fair value of investments.

Classification	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Equities	11,238,121	44,255	–	11,282,376
<b>Total Financial Assets</b>	<b>11,238,121</b>	<b>44,255</b>	–	<b>11,282,376</b>
<b>Financial Liabilities</b>				
Options	(18,604)	–	–	(18,604)
<b>Total Financial Liabilities</b>	<b>(18,604)</b>	–	–	<b>(18,604)</b>
<b>Total Financial Assets and Liabilities</b>	<b>11,219,517</b>	<b>44,255</b>	–	<b>11,263,772</b>

There have been no transfers between Level 1 and Level 2 during the year. In addition, there were no investments or transactions classified in Level 3 for the year ended December 31, 2009.

### Discussion of Financial Risk Management (note 8)

#### (a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Manager seeks to minimize potential adverse effects of these risks for the Fund's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, by diversifying the investment portfolio within the constraints of the investment objective, and periodically may use derivatives to hedge certain risk exposures. To assist in managing risks, the Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines and securities regulations.

The Fund's investment objective is to achieve long-term capital growth by investing in equity positions including common shares, preferred shares, investment trust or limited partnership units, derivatives and equity-related securities of companies traded primarily in North America. The Manager, when investing, will consider going long securities that pass the Manager's earnings-based model. The screening process identifies companies with: adequate liquidity, a positive change in the growth rate of earnings, an increase in analysts' consensus expectations for future earnings and a positive surprise in reporting earnings versus analysts' consensus expectation. The portfolio manager will consider going short securities with inadequate liquidity, negative change in growth rate of earnings, a decrease in analysts' consensus expectations for future earnings and a negative surprise in reporting earnings versus the analysts' consensus expectation. Positions are sold or covered accordingly if the company no longer meets the required investment or short selling criteria.

During the period, changes were made to the portfolio in an attempt to capitalize on the purchase of undervalued, highly liquid and broadly diversified stocks. The risks of this Fund remain as discussed in the Fund's prospectus (or most recent Annual Information Form or Simplified Prospectus as appropriate.) Significant risks that are relevant to the Fund are discussed below.

#### (b) Currency risk

The table below indicates the foreign currencies to which the Fund had significant exposure as at period end in Canadian dollar terms, including cash. Other financial assets (including dividends and interest receivables and receivables for investments sold) net of financial liabilities (including payable for investments purchased) which are denominated in foreign currencies do not expose the Fund to significant currency risk.

**Supplementary Schedules** (continued)

The table also illustrates the potential impact to the Fund's net assets as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material. The Fund does manage its currency risk through foreign currency hedging strategies.

<b>Currency In Canadian Dollar Equivalent Value</b>	<b>Financial Instruments</b>	<b>Cash</b>	<b>Total</b>	<b>Impact on Net Assets</b>
U.S. Dollar	\$ 4,563,479	\$ (4,620,511)	\$ (57,032)	\$ (570)
As % of net assets	31.4%	-31.8%	-0.4%	-%

**(c) Interest rate risk**

Other than cash positions, the Fund's assets and liabilities are non-interest bearing. As such, the Fund is not subject to risk due to fluctuations in the prevailing levels of interest rates.

**(d) Credit risk**

Credit risk on financial instruments is the risk of financial loss occurring as a result of the default of a counterparty on its obligation to the Fund. Credit risk typically arises out of exposure to debt instruments, such as bonds, debentures or derivative contracts.

As at December 31, 2009, the Fund had no significant investments in debt instruments and therefore, no related credit risk exposure.

As at December 31, 2009, the Fund did have exposure to listed derivative contracts.

<b>Derivative Contracts</b>	<b>\$</b>	<b>Percentage of Net Assets</b>
Listed Option Exposure	(18,604)	-0.1%

**(e) Liquidity risk**

Liquidity risk is the possibility that investments in a fund cannot be readily converted into cash when required. The Fund will endeavour to maintain sufficient liquidity to meet expenses and redemption of securities. However, unexpectedly heavy demand for redemptions of securities could result in the Fund having to dispose of investments at a time when it is not optimal to do so in order to meet such redemption request. The Fund invests the majority of its assets in investments that are traded in an active market that can be readily disposed of. Therefore, as at December 31, 2009, the Fund is considered relatively liquid.

**(f) Other market risk**

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital.

The impact on net assets of the Fund due to a 1% change in a broad market index, using historical correlation between the Fund's return as compared to the return of the index, as at December 31, 2009, with all other variables held constant, is included in the following table. The analysis is based on the returns of the Series A securities of the Fund. The returns of the other series of securities of the Fund are substantially similar to that of the Series A securities save for differences in expense structure.

<b>Index</b>	<b>Impact on Net Assets</b>
S&P/TSX Total Return Index	\$113,304

**Statement of Net Assets**

As at December 31,

	2009	2008
<b>Assets</b>		
Cash and cash equivalents	\$ 827,068	\$ 393,730
Investments	8,210,489	8,004,385
Unrealized gain on Equity Forward Contract (note 3)	1,416,806	–
Accounts receivable relating to securities issued	6,195	11,750
	<b>10,460,558</b>	<b>8,409,865</b>
<b>Liabilities</b>		
Accrued expenses	51,981	14,829
Accrued forward agreement fees	105,248	53,197
Unrealized loss on Equity Forward Contract (note 3)	–	8,376
Distributions payable	23,388	17,977
Liabilities for securities redeemed	–	750
	<b>180,617</b>	<b>95,129</b>
<b>Total net assets and securityholders' equity</b>	<b>\$ 10,279,941</b>	<b>\$ 8,314,736</b>
Total net assets and securityholders' equity, Series A	\$ 8,742,642	\$ 6,867,535
Securities outstanding, Series A (note 4)	1,160,598	1,121,353
Net assets per security, Series A	<b>\$ 7.53</b>	<b>\$ 6.12</b>
Total net assets and securityholders' equity, Series F	\$ 1,537,299	\$ 1,257,192
Securities outstanding, Series F (note 4)	199,244	202,833
Net assets per security, Series F	<b>\$ 7.72</b>	<b>\$ 6.20</b>
Total net assets and securityholders' equity, Series I	\$ –	\$ 190,009
Securities outstanding, Series I (note 4)	–	29,811
Net assets per security, Series I	<b>\$ –</b>	<b>\$ 6.37</b>

*(See accompanying notes to financial statements)*

Approved on behalf of the Board of Directors of the Manager:

Derek Webb  
President & CEO

**Statement of Operations**

For the Year Ended December 31, 2009 and  
For the Period Ended December 31, 2008

	2009	2008
<b>Investment income</b>		
Interest revenue	\$ 738	\$ 18,366
Short-term trading fees	343	6,084
	1,081	24,450
<b>Expenses</b>		
Management fees (note 7)	158,148	154,468
Performance fees (note 7)	–	212,365
Audit fees	49,241	–
Independent Review Committee fees	35,961	44,440
Custodial fees	4,601	1,554
Legal fees	44,670	–
Securityholder reporting costs	35,726	113
Administration fees	89,093	60,787
Other expenses	142	6,300
	417,582	480,027
Amounts that were payable by the investment fund that were paid or absorbed by the Manager	–	(101,004)
	417,582	379,023
<b>Net investment loss for the year</b>	<b>(416,501)</b>	<b>(354,573)</b>
<b>Realized and unrealized gain (loss) on investments and transaction costs</b>		
Net realized loss	(2,184,475)	(2,279,712)
Change in unrealized gain (loss)	5,165,764	(2,903,895)
Transaction costs (note 2)	(52,051)	(53,197)
<b>Net gain (loss) on investments</b>	<b>2,929,238</b>	<b>(5,236,804)</b>
<b>Increase (decrease) in net assets from operations</b>	<b>\$ 2,512,737</b>	<b>\$ (5,591,377)</b>
Increase (decrease) in net assets from operations, Series A	\$ 2,094,548	\$ (4,659,797)
Increase (decrease) in net assets from operations per security, Series A	1.98	(5.33)
Increase (decrease) in net assets from operations, Series F	\$ 366,081	\$ (840,921)
Increase (decrease) in net assets from operations per security, Series F	2.06	(5.20)
Increase (decrease) in net assets from operations, Series I	\$ 52,108	\$ (90,659)
Increase (decrease) in net assets from operations per security, Series I	1.75	(3.40)

(See accompanying notes to financial statements)

**Statement of Changes in Net Assets**

For the Year Ended December 31, 2009 and

For the Period Ended December 31, 2008

	2009	2008
<b>Net assets at the beginning of the year</b>	\$ 8,314,736	\$ –
<b>Increase (decrease) in net assets from operations</b>	2,512,737	(5,591,377)
<b>Capital transactions</b>		
Proceeds from the issuance of securities of the investment fund	2,181,525	16,974,092
Aggregate amounts paid on redemption of securities of the investment fund	(2,671,652)	(2,926,217)
Net transfer of securities from other funds	166,013	36,548
Securities issued on reinvestment of distributions	534,860	471,673
Distributions:		
Return of capital	(758,278)	(649,983)
<b>Net assets at the end of the year</b>	<b>\$ 10,279,941</b>	<b>\$ 8,314,736</b>
<b>Net assets at the beginning of the year, Series A</b>	\$ 6,867,535	\$ –
<b>Increase (decrease) in net assets from operations, Series A</b>	2,094,548	(4,659,797)
<b>Capital transactions, Series A</b>		
Proceeds from the issuance of securities of the investment fund	1,827,025	14,192,498
Aggregate amounts paid on redemption of securities of the investment fund	(1,935,306)	(2,410,956)
Net transfer of securities from (to) other funds	73,450	(114,485)
Securities issued on reinvestment of distributions	452,612	396,670
Distributions:		
Return of capital	(637,222)	(536,395)
<b>Net assets at the end of the year, Series A</b>	<b>\$ 8,742,642</b>	<b>\$ 6,867,535</b>
<b>Net assets at the beginning of the year, Series F</b>	\$ 1,257,192	\$ –
<b>Increase (decrease) in net assets from operations, Series F</b>	366,081	(840,921)
<b>Capital transactions, Series F</b>		
Proceeds from the issuance of securities of the investment fund	354,500	2,635,594
Aggregate amounts paid on redemption of securities of the investment fund	(506,154)	(515,261)
Net transfer of securities from other funds	92,563	–
Securities issued on reinvestment of distributions	79,258	75,003
Distributions:		
Return of capital	(106,141)	(97,223)
<b>Net assets at the end of the year, Series F</b>	<b>\$ 1,537,299</b>	<b>\$ 1,257,192</b>
<b>Net assets at the beginning of the year, Series I</b>	\$ 190,009	\$ –
<b>Increase (decrease) in net assets from operations, Series I</b>	52,108	(90,659)
<b>Capital transactions, Series I</b>		
Proceeds from the issuance of securities of the investment fund	–	146,000
Aggregate amounts paid on redemption of securities of the investment fund	(230,192)	–
Net transfer of securities from other funds	–	151,033
Securities issued on reinvestment of distributions	2,990	–
Distributions:		
Return of capital	(14,915)	(16,365)
<b>Net assets at the end of the year, Series I</b>	<b>\$ –</b>	<b>\$ 190,009</b>

(See accompanying notes to financial statements)



**Equity Forward Contract (13.9%)**

See supplementary schedule 2

\$ — \$ 1,416,806

**TOTAL EQUITY FORWARD CONTRACTS**

— **1,416,806**

**CANADIAN EQUITY PORTFOLIO (79.8%)**

**Information Technology (26.6%)**

CGI Group Inc. 'A'

90,118

\$ 1,032,753

\$ 1,279,676

MacDonald Dettwiler and Associates

12,011

500,018

511,428

Research In Motion Limited

13,317

1,144,080

944,974

2,676,851

2,736,078

**Materials (24.5%)**

Agnico-Eagle Mines Limited

6,191

384,461

351,587

HudBay Minerals Inc.

35,664

293,158

482,177

Ivanhoe Mines Limited

8,240

64,684

126,649

Red Back Mining Inc.

34,942

293,163

519,937

Silver Wheaton Corporation

31,900

293,161

503,701

Teck Resources Limited 'B'

14,705

410,858

539,674

1,739,485

2,523,725

**Consumer Discretionary (9.2%)**

Rona Inc.

61,175

756,492

943,930

4056Tes T14



## Supplementary Schedules

### Summary of Fair Valuation Inputs (note 2b)

The following table is a summary of the inputs used as at December 31, 2009 in valuing the Fund's investments and derivatives carried at fair values. Please see note 2b for a complete description of the three level hierarchy used for determining the fair value of investments.

Classification	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Equities	8,210,489	–	–	8,210,489
Equity Forward Contracts	–	1,416,806	–	1,416,806
<b>Total Financial Assets</b>	<b>8,210,489</b>	<b>1,416,806</b>	–	<b>9,627,295</b>
<b>Total Financial Liabilities</b>	–	–	–	–
<b>Total Financial Assets and Liabilities</b>	<b>8,210,489</b>	<b>1,416,806</b>	–	<b>9,627,295</b>

There have been no transfers between Level 1 and Level 2 during the year. In addition, there were no investments or transactions classified in Level 3 for the year ended December 31, 2009.

### Discussion of Financial Risk Management (note 8)

#### (a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Manager seeks to minimize potential adverse effects of these risks for the Fund's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, by diversifying the investment portfolio within the constraints of the investment objective, and periodically may use derivatives to hedge certain risk exposures. To assist in managing risks, the Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines and securities regulations.

The Fund's investment objective is to provide investors, through the Underlying Portfolio, with a stable stream of tax-efficient monthly distributions, consisting of returns of capital gains, and to provide for modest capital growth by investing in dividend-paying common and preferred shares, bonds, debentures, income trusts, equity-related securities and convertible securities issued by issuers anywhere in the world. The portfolio manager, when investing, will consider financial instruments that pass a proprietary value, income or earnings-based investment process for both long and short positions.

During the period, changes were made to the Underlying Portfolio in an attempt to reduce risk and volatility by investing in undervalued, highly liquid and broadly diversified income trusts and stocks. Call options were sold against several of the stock positions to generate income and mitigate downside risk in lieu of some upside potential. The risks of this Fund remain as discussed in the Fund's prospectus (or most recent Annual Information Form or Simplified Prospectus as appropriate.) Significant risks that are relevant to the Fund are discussed below.

The Fund's risk exposures are derived primarily from the Underlying Portfolio by way of the Forward Agreement. Unless otherwise noted, the risk disclosures included below are those related to the Underlying Portfolio.

#### (b) Currency risk

Currency risk is the risk that financial instruments, which are denominated in currencies other than the Fund's reporting currency, the Canadian dollar, will fluctuate due to changes in exchange rates.

The table below indicates the foreign currencies to which the Fund (through the Underlying Portfolio) had significant exposure as at period end in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. Other financial assets (including dividends and interest receivables and receivables for investments sold) net of financial liabilities (including payable for investments purchased) which are denominated in foreign currencies do not expose the Fund to significant currency risk.



**Supplementary Schedules** (continued)

The table also illustrates the potential impact to the Fund's net assets as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material. The Fund does manage its currency risk through foreign currency hedging strategies.

Currency In Canadian Dollar Equivalent Value	Financial Instruments	Cash	Total	Impact on Net Assets
U.S. Dollar	\$ 3,007,827	\$ (1,505,179)	\$ 1,502,648	\$ 15,026
As % of net assets	29.3%	-14.7%	14.6%	0.1%

**(c) Interest rate risk**

Other than cash positions, the Fund's assets and liabilities are non-interest bearing. As such, the Fund is not subject to risk due to fluctuations in the prevailing levels of interest rates.

**(d) Credit risk**

Credit risk on financial instruments is the risk of financial loss occurring as a result of the default of a counterparty on its obligation to the Fund. Credit risk typically arises out of exposure to debt instruments, such as bonds or debentures.

As at December 31, 2009, the Fund had no significant investments in debt instruments and therefore no related credit risk exposure.

As at December 31, 2009, the Fund did have exposure to over-the-counter derivative contracts.

Derivative	Rating	\$	Percentage of Net Assets
Forward Agreement*	Aa2	1,416,806	13.8%
<b>Total</b>		<b>1,416,806</b>	<b>13.8%</b>

\*The counterparty is National Bank Financial. Credit ratings are obtained by Moody's. This is a credit risk exposure of the Fund directly.

**(e) Liquidity risk**

Liquidity risk is the possibility that investments in a fund cannot be readily converted into cash when required. The Fund will endeavour to maintain sufficient liquidity to meet expenses and redemption of securities. However, unexpectedly heavy demand for redemptions of securities could result in the Fund having to dispose of investments at a time when it is not optimal to do so in order to meet such redemption request. The Fund invests the majority of its assets in investments that are traded in an active market that can be readily disposed of. Therefore, as at December 31, 2009, the Fund is considered relatively liquid.

The Fund has the ability to unwind the Forward Contracts at any time, upon notice to the counterparty, National Bank Financial.

**(f) Other market risk**

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital.

The impact on net assets of the Fund due to a 1% change in a broad market index, using historical correlation between the Fund's return as compared to the return of the index, as at December 31, 2009, with all other variables held constant, is included in the following table. The analysis is based on the returns of the Series A securities of the Fund. The returns of the other series of securities of the Fund are substantially similar to that of the Series A securities save for differences in expense structure.

Index	Impact on Net Assets
S&P/TSX Total Return Index	\$80,205

**Supplementary Schedule 1** (Underlying Portfolio)

As at December 31, 2009

<b>Security</b>	<b>Fair Value</b>
<b>CANADIAN EQUITIES (48.1%)</b>	
<b>Materials (14.0%)</b>	
Agnico-Eagle Mines Limited	\$ 282,774
Chemtrade Logistics Income Fund	170,190
Franco-Nevada Corporation	280,800
Norsemont Mining Inc.	303,000
Norsemont Mining Inc. Warrants April 30, 2011	27,000
Westshore Terminals Income Fund	284,800
	<hr/> 1,348,564
<b>Industrials (11.4%)</b>	
AG Growth International Inc.	327,120
IBI Income Fund	315,630
Northland Power Income Fund	160,380
Superior Plus Corporation	292,200
	<hr/> 1,095,330
<b>Energy (11.3%)</b>	
Inter Pipeline Fund 'A'	312,409
Provident Energy Trust	528,750
Vermilion Energy Trust	249,480
	<hr/> 1,090,639
<b>Financials (9.3%)</b>	
AGF Management Limited 'B'	376,734
Crombie Real Estate Investment Trust	252,720
H&R Real Estate Investment Trust	269,500
	<hr/> 898,954
<b>Utilities (2.1%)</b>	
Innergex Power Income Fund	200,460
	<hr/>
<b>TOTAL CANADIAN EQUITIES</b>	<b>4,633,947</b>
	<hr/>
<b>U.S. EQUITIES (28.8%)</b>	
<b>Financials (12.8%)</b>	
Citigroup Inc. Preferred Series AA	116,270
Goldman Sachs Group Inc.	490,032
Morgan Stanley	619,704
	<hr/> 1,226,006
<b>Energy (11.2%)</b>	
DCP Midstream Partners Limited Partnership	250,402
Regency Energy Partners Limited Partnership	438,695
TransMontaigne Partners Limited Partnership	389,008
	<hr/> 1,078,105
<b>Materials (4.2%)</b>	
Joy Global Inc.	404,834
	<hr/>

**Supplementary Schedule 1** (Underlying Portfolio) (continued)  
As at December 31, 2009

<b>Security</b>	<b>Fair Value</b>
<b>Utilities (0.6%)</b>	
Ferrellgas Partners Limited Partnership	55,857
<b>TOTAL U.S. EQUITIES</b>	<b>2,764,802</b>
<b>FOREIGN EQUITIES (1.0%)</b>	
<b>Industrials (1.0%)</b>	
DryShips Inc.	92,666
<b>TOTAL FOREIGN EQUITIES</b>	<b>92,666</b>
<b>CANADIAN DERIVATIVES (-0.5%)</b>	
<b>Equity Options (-0.5%)</b>	
Barrick Gold Corporation Put Options at USD \$40.00 January 2010	(16,970)
Research in Motion Limited Put Options at USD \$66.625 January 2010	(26,355)
	(43,325)
<b>TOTAL CANADIAN DERIVATIVES</b>	<b>(43,325)</b>
<b>U.S. DERIVATIVES (-0.4%)</b>	
<b>Equity Options (-0.4%)</b>	
Goldman Sachs Group Inc. Call Options at USD \$165.00 January 2010	(20,112)
Joy Global Inc. Call Options at USD \$55.00 January 2010	(5,499)
Morgan Stanley Call Options at USD \$30.00 January 2010	(12,570)
	(38,181)
<b>TOTAL U.S. DERIVATIVES</b>	<b>(38,181)</b>
<b>FOREIGN DERIVATIVES (-0.5%)</b>	
<b>Equity Options (-0.5%)</b>	
DryShips Inc. Put Options at USD \$6.00 January 2010	(32,054)
Harmony Gold Mining Company Limited Put Options at USD \$10.00 January 2010	(18,855)
	(50,909)
<b>TOTAL FOREIGN DERIVATIVES</b>	<b>(50,909)</b>
<b>TOTAL LONG POSITION</b>	<b>7,491,415</b>
<b>TOTAL SHORT POSITION</b>	<b>(132,415)</b>
<b>TOTAL INVESTMENT PORTFOLIO (76.5%)</b>	<b>\$ 7,359,000</b>
<b>Cash and cash equivalents (23.4%)</b>	2,256,200
<b>Other assets less liabilities (0.1%)</b>	12,095
<b>NET ASSETS AT FAIR VALUE (100.0%)</b>	<b>\$ 9,627,295</b>

(See accompanying notes to financial statements)

**Supplementary Schedule 2** (*Underlying Portfolio*)*As at December 31, 2009*

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Underlying Portfolio, net assets at fair value	\$ 9,627,295
Less: Canadian Equity Portfolio, net assets at fair value	8,210,489
<b>Equity Forward Contract</b>	<b><u>\$ 1,416,806</u></b>

*(See accompanying notes to financial statements)*



## Notes to Financial Statements

*For the Year Ended December 31, 2009 and  
For the Period Ended December 31, 2008*

### 1. ORGANIZATION

#### (a) Inception dates

The Webb Funds are comprised of two open-ended unit trusts (the “Funds”).

##### Series A inception dates are:

<b>Fund</b>	<b>Date of Inception</b>
Webb Enhanced Growth Fund	January 11, 2008
Webb Enhanced Income Fund	January 11, 2008

##### Series F inception dates are:

<b>Fund</b>	<b>Date of Inception</b>
Webb Enhanced Growth Fund	January 11, 2008
Webb Enhanced Income Fund	January 11, 2008

##### Series I inception dates are:

<b>Fund</b>	<b>Date of Inception</b>
Webb Enhanced Growth Fund	January 11, 2008
Webb Enhanced Income Fund	January 11, 2008

#### (b) Legal structure and status

Webb Enhanced Growth Fund and Webb Enhanced Income Fund (each a “Fund” and collectively, the “Funds”) are unincorporated open-ended mutual fund trusts created under the laws of Ontario by a Declaration of Trust dated January 11, 2008. The Declaration of Trust permits the Funds to have one or more series of units and to issue an unlimited number of units of each series. The Funds offer Series A units, Series F units and Series I units.

Webb Asset Management Canada, Inc. is the manager (the “Manager” or “Webb”) and trustee of the Funds.

The Manager announced that effective October 19, 2009, JovInvestment Management Inc. (“JovInvestment”), a member of the Jovian Capital Corporation group of companies, has been appointed as the portfolio advisor and administrator of the Funds, roles previously performed by the Manager. As portfolio advisor, JovInvestment will be responsible for coordinating portfolio management and advisory services to the Funds.

Webb Asset Management, Inc. (“Webb USA”) was reappointed by JovInvestment as the Funds’ portfolio sub-advisor. As portfolio sub-advisor, Webb USA provides portfolio management services in respect of the Funds and is supervised by JovInvestment. The Manager and Webb USA are affiliates.

As administrator, JovInvestment is responsible for providing marketing and administrative services to the Manager and the Funds, including accounting facilities and clerical staff.

#### (c) Financial reporting dates

The statements of investment portfolio are as at December 31, 2009, and the statements of net assets are as at December 31, 2009 and December 31, 2008. The statements of operations and changes in net assets are for the year ended December 31, 2009 and for the period from the date of inception to December 31, 2008.



## Notes to Financial Statements *(continued)*

*For the Year Ended December 31, 2009 and*

*For the Period Ended December 31, 2008*

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). The following is a summary of significant accounting policies followed by the Funds in the preparation of these financial statements.

#### (b) Adoption of new accounting standards

On January 1, 2009, the Funds adopted the Canadian Institute of Chartered Accountants (“CICA”) Emerging Issues Committee Abstract 173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (“EIC-173”). EIC-173 clarifies how a Fund’s own credit risk and counterparty risk should be taken into account in determining the fair value of financial instruments. The adoption of EIC-173 did not have a significant impact on the valuation of the Funds’ financial instruments or their net assets.

On January 1, 2009, the Funds also adopted amendments to CICA Handbook Section 3862 “Financial Instruments – Disclosures” and CICA Handbook Section 3863 “Financial Instruments – Presentation” which require the Funds to present a classification of fair value measurements of each Fund’s investments based on a three level fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The hierarchy of fair valuation inputs is summarized as follows:

- Level 1: securities that are valued based on quoted prices in active markets.
- Level 2: securities that are valued based on inputs other than quoted prices that are observable, either directly as prices or indirectly as derived from prices.
- Level 3: securities that are valued with no observable market data.

Change in valuation methods may result in transfers into or out of an investment’s assigned level. The new reporting standards do not impact the net asset value of the Funds or the net asset value per unit used to process capital unit transactions.

The summary of fair value hierarchy is provided in the Supplementary Schedules following the statement of investment portfolio to the financial statements for each Fund.

#### (c) Net Asset Value vs Net Assets Reconciliation

Effective September 8, 2008, amendments to National Instrument 81-106 (“NI 81-106”) came into force to address the implications of CICA Handbook Section 3855 “Financial Instruments – Recognition and Measurement” (“Section 3855”). The amendments permit investment funds to have two different net asset values: (i) one for financial statements, which is prepared in accordance with Canadian GAAP including Section 3855 (and referred to as “net assets”, previously disclosed as “GAAP Net Assets”); and (ii) another for all other purposes, including unit pricing for investor transactions (referred to as “net asset value”, previously referred to as “Pricing NAV”). These amendments to NI 81-106 do not impact the financial position of the Funds nor cause a significant change to the Funds’ valuation practices.

For financial statement reporting purposes, the Fund is required to disclose the differences between net assets per unit and net asset value per unit, including any differences in valuation principles or practices for the purposes of calculating net asset value versus those required under Canadian GAAP.



**Notes to Financial Statements** *(continued)*

*For the Year Ended December 31, 2009 and*

*For the Period Ended December 31, 2008*

For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) and ask prices (for investments sold short) to be used in the fair valuation of investments, rather than the use of closing sale prices currently used for the purpose of determining net asset value. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques, rather than the use of valuation techniques by virtue of general practice in the investment funds industry. The difference between net assets and net asset value for each Series of units of the Funds is as follows:

	As at December 31, 2009			As at December 31, 2008		
	Per Security			Per Security		
	Net Asset Value (\$)	Section 3855 Adjustment (\$)	Net Assets (\$)	Net Asset Value (\$)	Section 3855 Adjustment (\$)	Net Assets (\$)
<b>Webb Enhanced Growth Fund</b>						
Series A	8.64	(0.03)	8.61	5.65	(0.07)	5.58
Series F	8.82	(0.04)	8.78	5.72	(0.08)	5.64
Series I	7.46	(0.03)	7.43	5.00	(0.06)	4.94
<b>Webb Enhanced Income Fund</b>						
Series A	7.56	(0.03)	7.53	6.15	(0.03)	6.12
Series F	7.74	(0.02)	7.72	6.22	(0.02)	6.20
Series I	—	—	—	6.40	(0.03)	6.37

**(d) Valuation of financial instruments**

(i) Securities listed upon a recognized public stock exchange are valued at their bid prices on the financial statement date. Securities with no available bid prices are valued at their closing sale prices.

(ii) Any investment for which a market quotation is not readily available shall be valued at cost, in the absence of any subsequent financing, or shall be valued at its fair value as determined by the Fund Manager.

(iii) Investments which are restricted as to transferability are valued at the fair value of the unrestricted investment as provided in paragraphs (i) and (ii) above, less a discount as prescribed by the Manager of the Funds. The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting valuation may differ from values that would have been used had a ready market existed for investments.

(iv) Short-term investments are valued at amortized cost, which approximates fair value.

(v) Trust units and investments in limited partnerships are recorded at the closing bid price reported by the principal securities exchange on which the issue is traded on the financial statement date.

(vi) The Funds (as prescribed by the prospectus) may make short sales whereby a security that it does not own is sold in anticipation of a decline in the market value of the security. Securities which are sold short are valued at their asking prices on the financial statement date. Securities with no available asking prices are valued at their closing price reported by the principal securities exchange on the financial statement date. To enter a short sale, the Funds may need to borrow the security for delivery to the buyer. While the transaction is open, the Funds will also incur a liability for any paid dividends or interest which is due to the lender of the security.



## Notes to Financial Statements *(continued)*

*For the Year Ended December 31, 2009 and*

*For the Period Ended December 31, 2008*

(vii) The fair values of other financial assets and liabilities approximate their carrying values due to the short-term nature of these instruments.

### **(e) Transaction costs**

In accordance with Section 3855, portfolio transaction costs are expensed and are included in “Transaction costs” in the statements of operations. 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, brokers and dealers, and levies by regulatory agencies and securities exchanges. The statements of investment portfolio includes only those transaction costs incurred on the acquisition of portfolio investments. The transaction costs of the Underlying Portfolio are included in the statement of operations of Webb Enhanced Income Fund.

### **(f) Investment transactions and income**

Investment transactions are accounted for as of the trade date. Realized gains and losses from investment transactions are calculated on an average cost basis. The difference between market value and average cost, as recorded in the financial statements, is included in the statement of operations as part of change in unrealized gain (loss) on investments.

Interest income is accrued daily and dividend income is recognized on the ex-dividend date.

### **(g) Foreign currency translation**

Investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing on the financial statement date. Investment transactions, income and expenses are translated into Canadian dollars at the exchange rates prevailing on the respective dates of such transactions. Foreign exchange gains and losses on the sale of investments and foreign currencies are included in the statement of operations as part of net realized gain (loss). Unrealized foreign exchange gain and loss on investments held are included in the statement of operations as part of change in unrealized gain (loss) on investments.

### **(h) Net assets per security**

Net assets per security by series is computed by dividing the net assets of the Fund at the valuation date attributable to each series of securities (after the deduction of all expenses attributable to the Fund as a whole, and the deduction of any expenses attributable to each series individually) by the total number of securities of each series of the Fund outstanding.

### **(i) Increase (decrease) in net assets from operations per security**

The increase (decrease) in net assets from operations per security by series in the statements of operations represents the change in net assets from operations attributable to each series divided by the average number of securities of that series outstanding during the period.

Income, expenses other than management fees, and realized and unrealized gain (loss) are distributed amongst the different series of securities in proportion to the amount of equity invested in them. For management fees and performance fees, refer to note 7.

### **(j) Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the period. Actual results could differ from those estimates.





## **Notes to Financial Statements** *(continued)*

*For the Year Ended December 31, 2009 and*

*For the Period Ended December 31, 2008*

### **3. FORWARD AGREEMENT AND CANADIAN EQUITY PORTFOLIO**

The Enhanced Income Fund may enter into forward agreement(s) for the purpose of pursuing its investment objective or as a substitute for investing directly in securities.

A forward agreement is a form of a contract with a counterparty (a “Counterparty”) to buy or sell an asset at a later time. To obtain exposure to an underlying portfolio of securities (the “Underlying Portfolio”), the Fund will enter into one or more forward agreements under which the Counterparty will agree to purchase all or part of a basket of Canadian common equities (the “Canadian Equity Portfolio”) at a purchase price determined by reference to the value of the Underlying Portfolio.

The Enhanced Income Fund has entered into a forward agreement (the “Equity Forward Contract”) with National Bank of Canada as the Counterparty, in respect of 100% of the Canadian Equity Portfolio. The Underlying Portfolio may be 100% comprised of securities of non-Canadian issuers. The Fund will partially settle the Equity Forward Contract from time to time in order to fund monthly distributions as well as redemptions of its units and payment of expenses of the Fund. Additional information about the Equity Forward Contract and the Underlying Portfolio are contained in the Fund’s annual information form.

The returns of the Canadian Equity Portfolio are delivered to the Counterparty through the Equity Forward Contract in exchange for the returns of the Underlying Portfolio. As such, the Enhanced Income Fund and its securityholders are exposed to the performance of the Underlying Portfolio rather than the Canadian Equity Portfolio. The holdings of the Underlying Portfolio can be found in the Supplementary Schedule 1 of these financial statements.

Securityholders’ exposure is to the Underlying Portfolio only. Securityholders have no exposure to the Canadian Equity Portfolio.

### **4. SECURITYHOLDERS’ EQUITY**

Securities of the Funds, which are redeemable at the option of the holder in accordance with the provisions of the Declaration of Trust, do not have any nominal or par value and the number of securities that may be issued is unlimited. Securities of the Funds are issued or redeemed on a daily basis at the net asset value per security that is determined as at 4:00 p.m. (Eastern Time) each business day.



**Notes to Financial Statements** (continued)

For the Year Ended December 31, 2009 and

For the Period Ended December 31, 2008

**Summary of purchases/reinvestments and redemptions of securities for the year ended December 31, 2009 and the period ended December 31, 2008.**

<b>Funds</b>	<b>Year</b>	<b>Beginning of period</b>	<b>Purchases/Reinvestments during period</b>	<b>Redemptions during period</b>	<b>End of period</b>	<b>Average number of securities</b>
Webb Enhanced Growth Fund - Series A	2008	–	840,985	(121,268)	719,717	488,200
	2009	719,717	895,715	(214,822)	1,400,610	589,784
Webb Enhanced Growth Fund - Series F	2008	–	115,162	(17,254)	97,908	72,700
	2009	97,908	234,064	(50,495)	281,477	72,283
Webb Enhanced Growth Fund - Series I	2008	–	14,600	(14,400)	200	3,210
	2009	200	267	(200)	267	201
Webb Enhanced Income Fund - Series A	2008	–	1,497,528	(376,175)	1,121,353	873,930
	2009	1,121,353	321,593	(282,348)	1,160,598	1,058,542
Webb Enhanced Income Fund - Series F	2008	–	277,458	(74,625)	202,833	161,808
	2009	202,833	70,996	(74,585)	199,244	177,898
Webb Enhanced Income Fund - Series I	2008	–	29,811	–	29,811	26,638
	2009	29,811	383	(30,194)	–	29,841

A short-term trading fee of up to 2% may be charged if the securityholder redeems Series A, Series F or Series I of the applicable Funds within 90 days of purchase.

**5. INCOME TAX STATUS**

Generally, the Funds qualify as mutual fund trusts under the Income Tax Act (Canada). All or substantially all of the net income for tax purposes and net taxable capital gains realized in any year are distributed to security holders such that no income tax is payable by the Funds.

**TAX LOSS CARRY FORWARDS**

The following Funds have accumulated net realized capital losses/non-capital losses available for utilization against net realized gains or net income for tax purposes in future years as follows. Capital losses have no expiry. Non-capital losses can be carried forward for up to 20 years.

<b>Fund</b>	<b>Total Capital Losses (\$)</b>	<b>Non-Capital Losses by Expiry Date (\$)</b>	
		<b>2028</b>	<b>2029</b>
Webb Enhanced Growth Fund	998,088	199,466	–
Webb Enhanced Income Fund	2,260,800	397,574	338,259



**Notes to Financial Statements** *(continued)*

*For the Year Ended December 31, 2009 and*

*For the Period Ended December 31, 2008*

**6. BROKERAGE COMMISSIONS**

In allocating brokerage business, consideration may be given by the portfolio managers of the Funds to dealers to furnish research, statistical, and other services to portfolio managers through soft dollar arrangements (the amount ascertained to have been paid for goods and services other than order execution). Total brokerage commissions paid to dealers in connection with investment portfolio transactions and amounts of soft dollar commission (if applicable) for the years ended December 31, 2009 and the period ended December 31, 2008, are as follows:

<b>Funds</b>	<b>Brokerage Commissions</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Webb Enhanced Growth Fund	50,092	75,048
Webb Enhanced Income Fund	—	—

**7. RELATED PARTY TRANSACTIONS**

**Management fees**

The Funds bear all of the costs and expenses relating to the operation of the business and affairs of the Funds (other than the costs and expenses associated with the Manager providing investment management services to the Funds and the costs and expenses associated with advertising, marketing, sponsoring and promoting the sale of units of the Funds, all of which are borne by the Manager) including legal, audit, registrar and transfer agency fees and taxes.

In consideration for management services and investment advice provided to the Funds, the Manager is entitled to a management fee. The management fee is applied on a daily basis to the net asset value of the Funds. The management fees charged are as follows:

<b>Funds</b>	<b>Management Fee</b>
Webb Enhanced Growth Fund – Series A	2.00%
Webb Enhanced Growth Fund – Series F	1.00%
Webb Enhanced Income Fund – Series A	2.00%
Webb Enhanced Income Fund – Series F	1.00%

Of the total management fees of Webb Enhanced Income Fund, 10 basis points (0.1%) is charged to the Underlying Portfolio.

The management fee with respect to Series I securities, where applicable, is separately negotiated with the Manager of the Funds.

In addition, the Webb Enhanced Growth Fund and Webb Enhanced Income Fund pay Webb performance fees equal to 20% of the amount by which the subject Fund outperforms its benchmark (the “Benchmark”). The Benchmark for the Webb Enhanced Growth Fund is a combination of the S&P/TSX Composite Total Return



**Notes to Financial Statements** *(continued)*

*For the Year Ended December 31, 2009 and*

*For the Period Ended December 31, 2008*

Index (60% weighting), the Russell 3000® Total Return Index (20% weighting) and the MSCI EAFE Gross Total Return Index (20% weighting).

The Benchmark for the Webb Enhanced Income Fund is a combination of the S&P/TSX Preferred Share Total Return Index (40% weighting), the MSCI World High Dividend Yield USD Gross Total Return Index (40% weighting) and the Bloomberg/EFFAS Canadian Government Bond Index (20% weighting).

Performance fees will be calculated and accrued daily (and payable by the Funds quarterly) such that, to the extent possible, the security price each day will reflect any performance fees payable as at the end of such day.

The Manager, at its discretion, may waive and/or absorb a portion of the operating expenses otherwise payable by the Funds. These waivers may be terminated at any time by the Manager and at the Manager's discretion, may be continued indefinitely.

**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

An analysis of each Fund's risks and how they are managed is included in the Discussion of Financial Risk Management Schedule subsequent to the statement of investment portfolio for each of the Funds.

**9. COMPARATIVE FINANCIAL STATEMENTS**

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2009 annual financial statements.



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