



WEBB ASSET MANAGEMENT

## **Interim Financial Statements**

June 30, 2010

Enhanced Growth Fund  
Enhanced Income Fund



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### MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim 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.

Derek Webb  
President & CEO

### NOTICE TO UNITHOLDERS

#### **The Auditors of the Funds have not reviewed these Financial Statements.**

Webb Asset Management Canada, Inc., the Manager of the Funds, appoints an independent auditor to audit the Funds' annual financial statements.

The Funds' independent auditors have not performed a review of these interim financial statements in accordance with Canadian generally accepted auditing standards.

**Statement of Net Assets**

As at June 30, 2010 (unaudited) and December 31, 2009

	2010	2009
<b>Assets</b>		
Cash and cash equivalents	\$ 1,067,013	\$ –
Investments	10,321,076	11,282,376
Accounts receivable relating to securities issued	–	–
Amounts receivable relating to portfolio assets sold	1,260,090	5,001,494
Amounts receivable relating to accrued income	2,421	23,504
Prepaid expenses	41,414	–
	<u>12,692,014</u>	<u>16,307,374</u>
<b>Liabilities</b>		
Accrued expenses	84,296	164,902
Derivatives	–	18,604
Liabilities for securities redeemed	1,553,039	118,214
Liabilities for portfolio assets purchased	2,378,621	298,626
Bank overdraft	–	1,171,183
	<u>4,015,956</u>	<u>1,771,529</u>
<b>Total net assets and securityholders' equity</b>	<b>\$ 8,676,058</b>	<b>\$ 14,535,845</b>
Total net assets and securityholders' equity, Series A	\$ 7,128,332	\$ 12,061,402
Securities outstanding, Series A (note 4)	956,189	1,400,610
Net assets per security, Series A	<u>\$ 7.45</u>	<u>\$ 8.61</u>
Total net assets and securityholders' equity, Series F	\$ 1,547,726	\$ 2,472,459
Securities outstanding, Series F (note 4)	202,509	281,477
Net assets per security, Series F	<u>\$ 7.64</u>	<u>\$ 8.78</u>
Total net assets and securityholders' equity, Series I	\$ –	\$ 1,984
Securities outstanding, Series I (note 4)	–	267
Net assets per security, Series I	<u>\$ –</u>	<u>\$ 7.43</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** *(unaudited)**For the Periods Ended June 30,*

	<b>2010</b>	<b>2009</b>
<b>Investment Income</b>		
Dividend revenue	\$ 29,496	\$ 20,331
Interest revenue	660	30,943
Short-term trading fees	419	3,424
Less: foreign withholding taxes	(3,622)	(1,421)
	<u>26,953</u>	<u>53,277</u>
<b>Expenses</b>		
Management fees (note 7)	120,627	42,464
Audit fees	13,387	5,921
Independent Review Committee fees	9,981	5,526
Custodial fees	12,392	5,783
Legal fees	9,015	3,947
Securityholder reporting costs	5,780	4,862
Administration fees	35,631	24,965
Dividend expense on short positions	–	8,536
Other expenses	30,581	9,834
	<u>237,394</u>	<u>111,838</u>
<b>Net investment loss for the period</b>	<b>(210,441)</b>	<b>(58,561)</b>
<b>Realized and unrealized gain (loss) on investments and transaction costs</b>		
Net realized gain (loss)	(460,347)	1,097,233
Change in unrealized loss	(633,419)	(40,103)
Change in unrealized foreign exchange loss	(103,626)	–
Net realized foreign exchange loss	(64,467)	(24,912)
Transaction costs (note 2)	(61,573)	(22,966)
<b>Net gain (loss) on investments</b>	<b>(1,323,432)</b>	<b>1,009,252</b>
<b>Increase (decrease) in net assets from operations</b>	<b>\$ (1,533,873)</b>	<b>\$ 950,691</b>
Increase (decrease) in net assets from operations, Series A	\$ (1,320,017)	\$ 847,546
Increase (decrease) in net assets from operations per security, Series A	<u>(1.06)</u>	<u>1.35</u>
Increase (decrease) in net assets from operations, Series F	\$ (213,834)	\$ 102,886
Increase (decrease) in net assets from operations per security, Series F	<u>(0.97)</u>	<u>1.29</u>
Increase (decrease) in net assets from operations, Series I	\$ (22)	\$ 259
Increase (decrease) in net assets from operations per security, Series I	<u>(0.08)</u>	<u>1.30</u>

*(See accompanying notes to financial statements)*

**Statement of Changes in Net Assets** *(unaudited)**For the Periods Ended June 30,*

	2010	2009
<b>Net assets at the beginning of the period</b>	\$ 14,535,845	\$ 4,569,609
<b>Increase (decrease) in net assets from operations</b>	(1,533,873)	950,691
<b>Capital transactions</b>		
Proceeds from the issuance of securities of the investment fund	144,578	7,651
Aggregate amounts paid on redemption of securities of the investment fund	(3,473,031)	(1,100,615)
Net transfer of securities to other funds	(997,461)	(50,353)
<b>Net assets at the end of the period</b>	<b>\$ 8,676,058</b>	<b>\$ 4,376,983</b>
<b>Net assets at the beginning of the period, Series A</b>	\$ 12,061,402	\$ 4,016,068
<b>Increase (decrease) in net assets from operations, Series A</b>	(1,320,017)	847,546
<b>Capital transactions, Series A</b>		
Proceeds from the issuance of securities of the investment fund	144,578	7,336
Aggregate amounts paid on redemption of securities of the investment fund	(3,047,087)	(939,986)
Net transfer of securities to other funds	(710,544)	(50,353)
<b>Net assets at the end of the period, Series A</b>	<b>\$ 7,128,332</b>	<b>\$ 3,880,611</b>
<b>Net assets at the beginning of the period, Series F</b>	\$ 2,472,459	\$ 552,552
<b>Increase (decrease) in net assets from operations, Series F</b>	(213,834)	102,886
<b>Capital transactions, Series F</b>		
Proceeds from the issuance of securities of the investment fund	–	315
Aggregate amounts paid on redemption of securities of the investment fund	(423,982)	(160,629)
Net transfer of securities to other funds	(286,917)	–
<b>Net assets at the end of the period, Series F</b>	<b>\$ 1,547,726</b>	<b>\$ 495,124</b>
<b>Net assets at the beginning of the period, Series I</b>	\$ 1,984	\$ 989
<b>Increase (decrease) in net assets from operations, Series I</b>	(22)	259
<b>Capital transactions, Series I</b>		
Aggregate amounts paid on redemption of securities of the investment fund	(1,962)	–
<b>Net assets at the end of the period, Series I</b>	<b>\$ –</b>	<b>\$ 1,248</b>

*(See accompanying notes to financial statements)*

**Statement of Investment Portfolio (unaudited)**

As at June 30, 2010

Security	Shares/ Units	Average Cost	Fair Value
<b>U.S. EQUITIES (65.3%)</b>			
<b>Industrials (23.6%)</b>			
Caterpillar Inc.	5,400	\$ 382,662	\$ 343,978
Dover Corp.	8,000	372,966	354,495
EnPro Industries Inc.	6,788	215,491	202,662
Kadant Inc.	17,000	339,391	313,725
Quanex Building Products Corp.	20,000	401,268	366,755
Sun Hydraulics Corp.	5,466	158,342	136,003
Watts Water Technologies Inc., Class 'A'	11,000	362,946	333,781
		2,233,066	2,051,399
<b>Consumer Discretionary (18.7%)</b>			
DineEquity Inc.	10,000	337,172	295,589
DIRECTV, Class 'A'	10,000	383,997	359,649
Ford Motor Co.	25,000	351,147	266,741
Fossil Inc.	9,000	350,402	331,225
Whirlpool Corp.	4,000	413,232	372,567
		1,835,950	1,625,771
<b>Information Technology (13.0%)</b>			
Diodes Inc.	15,958	334,619	268,600
FARO Technologies Inc.	8,792	226,790	174,374
Hittite Microwave Corp.	6,897	330,388	327,271
Itron Inc.	5,400	387,754	353,771
		1,279,551	1,124,016
<b>Financials (4.4%)</b>			
Columbia Banking Systems Inc.	13,000	278,120	251,489
Och-Ziff Capital Management Group	9,562	130,796	127,681
		408,916	379,170
<b>Materials (3.8%)</b>			
Arch Chemicals Inc.	10,203	351,496	332,647
<b>Energy (1.8%)</b>			
Crosstex Energy Inc.	22,740	194,561	154,597
		194,561	154,597
<b>TOTAL U.S. EQUITIES</b>		<b>6,303,540</b>	<b>5,667,600</b>
<b>CANADIAN EQUITIES (43.0%)</b>			
<b>Materials (35.8%)</b>			
Barrick Gold Corp.	9,000	430,186	433,265
Centerra Gold Inc.	40,000	479,576	468,800
Elgin Mining Inc.	33,333	42,700	46,000

**Statement of Investment Portfolio** (unaudited) (continued)

As at June 30, 2010

Security	Shares/ Units	Average Cost	Fair Value
Endeavour Silver Corp.	80,000	304,320	290,400
Equinox Minerals Ltd.	100,000	387,820	370,000
Goldcorp Inc.	9,000	415,607	418,088
Guyana Goldfields Inc.	40,000	292,708	276,800
Norsemont Mining Inc., Warrants, 2011/04/30	45,000	15,300	16,762
Potash One Inc.	875	1,400	1,916
Red Back Mining Inc.	15,000	402,405	403,500
Silver Standard Resources Inc.	20,000	423,430	377,800
		3,195,452	3,103,331
<b>Consumer Discretionary (4.7%)</b>			
Magna International Inc., Class 'A'	5,800	373,357	405,198
<b>Energy (2.5%)</b>			
Baytex Energy Trust	6,850	235,035	217,410
<b>Financials (0.0%)</b>			
Pinetree Capital Ltd., Warrants, 2012/04/16	10,000	1,650	600
<b>TOTAL CANADIAN EQUITIES</b>		<b>3,805,494</b>	<b>3,726,539</b>
<b>FOREIGN EQUITIES (10.7%)</b>			
<b>Materials (8.5%)</b>			
AngloGold Ashanti Ltd., ADR	8,500	385,601	388,821
Lihir Gold Ltd., ADR	9,000	345,470	343,157
		731,071	731,978
<b>Information Technology (2.2%)</b>			
Xyratex Ltd.	13,000	248,495	194,959
<b>TOTAL FOREIGN EQUITIES</b>		<b>979,566</b>	<b>926,937</b>
<b>Transaction costs (note 2)</b>		(29,914)	–
<b>TOTAL INVESTMENT PORTFOLIO (119.0%)</b>		<b>\$ 11,058,686</b>	<b>\$ 10,321,076</b>
<b>Cash and cash equivalents (12.3%)</b>			1,067,013
<b>Other assets less liabilities (-31.3%)</b>			(2,712,031)
<b>NET ASSETS AT FAIR VALUE (100.0%)</b>			<b>\$ 8,676,058</b>

(See accompanying notes to financial statements)

**Supplementary Schedules** *(unaudited)***Summary of Fair Valuation Inputs** *(note 2b)*

The following table is a summary of the inputs used as at June 30, 2010 and 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	June 30, 2010			December 31, 2009		
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
<b>Financial Assets</b>						
Equities	10,303,714	17,362	–	11,238,121	44,255	–
<b>Total Financial Assets</b>	<b>10,303,714</b>	<b>17,362</b>	<b>–</b>	<b>11,238,121</b>	<b>44,255</b>	<b>–</b>
<b>Financial Liabilities</b>						
Options	–	–	–	(18,604)	–	–
<b>Total Financial Liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(18,604)</b>	<b>–</b>	<b>–</b>
<b>Total Financial Assets and Liabilities</b>	<b>10,303,714</b>	<b>17,362</b>	<b>–</b>	<b>11,219,517</b>	<b>44,255</b>	<b>–</b>

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the period. In addition, there were no investments or transactions classified in Level 3 for the period ended June 30, 2010 or 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.

**Supplementary Schedules** (unaudited) (continued)**(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.

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	\$8,068,498	(\$6,214,264)	\$1,854,234	\$18,542
As % of net assets	93.0%	-71.6%	21.4%	0.2%

**(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 June 30, 2010, the Fund had no significant investments in debt instruments and therefore, no related credit risk exposure.

As at June 30, 2010, the Fund did not have an exposure to listed derivative contracts.

**(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 June 30, 2010, 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 June 30, 2010, 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	\$67,607

**Statement of Net Assets**

As at June 30, 2010 (unaudited) and December 31, 2009

	2010	2009
<b>Assets</b>		
Cash and cash equivalents	\$ 1,199	\$ 827,068
Investments	8,973,773	8,210,489
Accounts receivable relating to securities issued	7,557	6,195
Unrealized gain on Equity Forward Contract (note 3)	2,131,481	1,416,806
Prepaid expenses	12,500	–
	<b>11,126,510</b>	<b>10,460,558</b>
<b>Liabilities</b>		
Accrued expenses	76,126	51,981
Liabilities for securities redeemed	47,039	–
Accrued forward agreement fees	134,351	105,248
Distributions payable	–	23,388
	<b>257,516</b>	<b>180,617</b>
<b>Total net assets and securityholders' equity</b>	<b>\$ 10,868,994</b>	<b>\$ 10,279,941</b>
Total net assets and securityholders' equity, Series A	\$ 8,950,831	\$ 8,742,642
Securities outstanding, Series A (note 4)	1,207,465	1,160,598
Net assets per security, Series A	<u>\$ 7.41</u>	<u>\$ 7.53</u>
Total net assets and securityholders' equity, Series F	\$ 1,912,336	\$ 1,537,299
Securities outstanding, Series F (note 4)	250,229	199,244
Net assets per security, Series F	<u>\$ 7.64</u>	<u>\$ 7.72</u>
Total net assets and securityholders' equity, Series I	\$ 5,827	\$ –
Securities outstanding, Series I (note 4)	808	–
Net assets per security, Series I	<u>\$ 7.21</u>	<u>\$ –</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** *(unaudited)**For the Periods Ended June 30,*

	<b>2010</b>	<b>2009</b>
<b>Investment income</b>		
Interest revenue	–	737
Short-term trading fees	648	12
	<b>648</b>	<b>749</b>
<b>Expenses</b>		
Management fees (note 7)	103,656	73,331
Audit fees	13,405	5,921
Independent Review Committee fees	17,854	11,842
Custodial fees	5,853	2,374
Legal fees	18,658	8,290
Securityholder reporting costs	7,803	4,862
Administration fees	39,134	29,934
Other expenses	494	66
	<b>206,857</b>	<b>136,620</b>
<b>Net investment loss for the period</b>	<b>(206,209)</b>	<b>(135,871)</b>
<b>Realized and unrealized gain (loss) on investments and transaction costs</b>		
Net realized gain (loss)	321,377	(2,323,652)
Change in unrealized gain	156,495	3,796,097
Net realized foreign exchange loss	–	(36)
Transaction costs (note 2)	(29,103)	(24,543)
<b>Net gain on investments</b>	<b>448,769</b>	<b>1,447,866</b>
<b>Increase in net assets from operations</b>	<b>\$ 242,560</b>	<b>\$ 1,311,995</b>
Increase in net assets from operations, Series A	\$ 192,194	\$ 1,082,961
Increase in net assets from operations per security, Series A	0.16	1.02
Increase in net assets from operations, Series F	\$ 50,499	\$ 194,772
Increase in net assets from operations per security, Series F	0.20	1.06
Increase (decrease) in net assets from operations, Series I	\$ (133)	\$ 34,262
Increase (decrease) in net assets from operations per security, Series I	(0.17)	1.15

*(See accompanying notes to financial statements)*

**Statement of Changes in Net Assets** (unaudited)

For the Periods Ended June 30,

	2010	2009
<b>Net assets at the beginning of the period</b>	\$ 10,279,941	\$ 8,314,736
<b>Increase in net assets from operations</b>	242,560	1,311,995
<b>Capital transactions</b>		
Proceeds from the issuance of securities of the investment fund	1,653,988	26,540
Aggregate amounts paid on redemption of securities of the investment fund	(2,092,637)	(1,180,447)
Net transfer of securities from other funds	997,147	–
Securities issued on reinvestment of distributions	231,105	288,437
Distributions:		
Return of capital	(443,110)	(376,687)
<b>Net assets at the end of the period</b>	<b>\$ 10,868,994</b>	<b>\$ 8,384,574</b>
<b>Net assets at the beginning of the period, Series A</b>	\$ 8,742,642	\$ 6,867,535
<b>Increase in net assets from operations, Series A</b>	192,194	1,082,961
<b>Capital transactions, Series A</b>		
Proceeds from the issuance of securities of the investment fund	1,257,327	26,540
Aggregate amounts paid on redemption of securities of the investment fund	(1,801,150)	(881,216)
Net transfer of securities from other funds	727,203	–
Securities issued on reinvestment of distributions	199,088	242,438
Distributions:		
Return of capital	(366,473)	(313,914)
<b>Net assets at the end of the period, Series A</b>	<b>\$ 8,950,831</b>	<b>\$ 7,024,344</b>
<b>Net assets at the beginning of the period, Series F</b>	\$ 1,537,299	\$ 1,257,192
<b>Increase in net assets from operations, Series F</b>	50,499	194,772
<b>Capital transactions, Series F</b>		
Proceeds from the issuance of securities of the investment fund	390,661	–
Aggregate amounts paid on redemption of securities of the investment fund	(291,487)	(299,231)
Net transfer of securities from other funds	269,944	–
Securities issued on reinvestment of distributions	31,858	44,508
Distributions:		
Return of capital	(76,438)	(53,830)
<b>Net assets at the end of the period, Series F</b>	<b>\$ 1,912,336</b>	<b>\$ 1,143,411</b>
<b>Net assets at the beginning of the period, Series I</b>	\$ –	\$ 190,009
<b>Increase (decrease) in net assets from operations, Series I</b>	(22)	259
<b>Capital transactions, Series I</b>		
Proceeds from the issuance of securities of the investment fund	6,000	–
Securities issued on reinvestment of distributions	159	1,491
Distributions:		
Return of capital	(199)	(8,943)
<b>Net assets at the end of the period, Series I</b>	<b>\$ 5,827</b>	<b>\$ 216,819</b>

(See accompanying notes to financial statements)

**Statement of Investment Portfolio (unaudited)**

As at June 30, 2010

Security	Shares	Average Cost	Fair Value
<b>Equity Forward Contract (19.6%)</b>			
See supplementary schedule 2		\$ –	\$ 2,131,481
<b>TOTAL EQUITY FORWARD CONTRACTS</b>		<b>–</b>	<b>2,131,481</b>
<b>CANADIAN EQUITY PORTFOLIO (82.6%)</b>			
<b>Information Technology (29.1%)</b>			
CGI Group Inc., Class 'A'	90,118	1,032,753	1,427,470
MacDonald, Dettwiler and Associates Ltd.	12,011	500,018	525,241
Open Text Corp.	12,812	570,646	512,480
Research In Motion Ltd.	13,317	1,144,080	696,879
		<u>3,247,497</u>	<u>3,162,070</u>
<b>Materials (17.0%)</b>			
Hudbay Minerals Inc.	35,664	293,159	398,366
Ivanhoe Mines Ltd.	8,240	64,684	113,630
Red Back Mining Inc.	7,366	79,546	198,145
Silver Wheaton Corp.	31,900	293,161	680,427
Sino-Forest Corp., Class 'A'	29,806	489,116	450,965
		<u>1,219,666</u>	<u>1,841,533</u>
<b>Industrials (13.2%)</b>			
FirstService Corp.	24,639	570,639	544,276
Stantec Inc.	2,234	60,386	52,655
WestJet Airlines Ltd.	70,912	856,638	841,016
		<u>1,487,663</u>	<u>1,437,947</u>
<b>Consumer Discretionary (8.9%)</b>			
RONA Inc.	61,175	756,492	960,448
<b>Energy (7.3%)</b>			
Advantage Oil & Gas Ltd.	56,657	399,998	349,007
Celtic Exploration Ltd.	40,888	293,167	445,679
		<u>693,165</u>	<u>794,686</u>
<b>Consumer Staples (4.2%)</b>			
Viterra Inc.	64,828	924,994	458,982
<b>Health Care (2.9%)</b>			
MDS Inc.	35,503	300,000	318,107
<b>TOTAL CANADIAN EQUITY PORTFOLIO (note 3)</b>		<b><u>8,629,477</u></b>	<b><u>8,973,773</u></b>
<b>TOTAL INVESTMENT PORTFOLIO (102.2%)</b>		<b>\$ 8,629,477</b>	<b>\$ 11,105,254</b>
<b>Cash and cash equivalents (0.0%)</b>			1,199
<b>Other assets less liabilities (-2.2%)</b>			(237,459)
<b>NET ASSETS AT FAIR VALUE (100.0%)</b>			<b><u>\$ 10,868,994</u></b>

(See accompanying notes to financial statements)

**Supplementary Schedules** *(unaudited)***Summary of Fair Valuation Inputs** *(note 2b)*

The following table is a summary of the inputs used as at June 30, 2010 and 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	June 30, 2010			December 31, 2009		
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
<b>Financial Assets</b>						
Equities	8,973,773	–	–	8,210,489	–	–
Equity Forward Contracts	–	2,131,481	–	–	1,416,806	–
<b>Total Financial Assets</b>	<b>8,973,773</b>	<b>2,131,481</b>	<b>–</b>	<b>8,210,489</b>	<b>1,416,806</b>	<b>–</b>
<b>Total Financial Liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Financial Assets and Liabilities</b>	<b>8,973,773</b>	<b>2,131,481</b>	<b>–</b>	<b>8,210,489</b>	<b>1,416,806</b>	<b>–</b>

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the period. In addition, there were no investments or transactions classified in Level 3 for the period ended June 30, 2010 or 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.

**Supplementary Schedules** (unaudited) (continued)**(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.

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	\$2,096,832	\$140,422	\$2,201,254	\$22,013
As % of net assets	19.3%	1.0%	20.3%	0.2%

**(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 June 30, 2010, the Fund had no significant investments in debt instruments and therefore no related credit risk exposure.

As at June 30, 2010, the Fund did have exposure to over-the-counter derivative contracts.

<b>Derivative</b>	<b>\$</b>	<b>Rating</b>	<b>Percentage of Net Assets</b>
Forward Agreement*	2,131,481	Aa2	19.6%
<b>Total</b>	<b>2,131,481</b>		<b>19.6%</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 June 30, 2010, the Fund is considered relatively liquid.

**Supplementary Schedules** *(unaudited) (continued)*

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 June 30, 2010, 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	\$85,220

**Supplementary Schedule 1** (*Underlying Portfolio*) (*unaudited*)  
As at June 30, 2010

<b>Security</b>	<b>Fair Value</b>
<b>CANADIAN EQUITIES (62.6%)</b>	
<b>Energy (23.4%)</b>	
Canadian Oil Sands Trust	\$ 458,830
Fort Chicago Energy Partners L.P.	418,000
Paramount Energy Trust	217,580
Pembina Pipeline Income Fund	357,200
Pengrowth Energy Trust	222,817
Provident Energy Trust	673,400
Vermilion Energy Trust	258,181
	<hr/>
	2,606,008
<b>Industrials (13.8%)</b>	
AG Growth International Inc.	252,000
Bird Construction Income Fund	3,072
Genivar Income Fund	285,600
IBI Income Fund	260,253
Superior Plus Corp.	383,400
Westshore Terminals Income Fund	346,200
	<hr/>
	1,530,525
<b>Materials (11.0%)</b>	
Canfor Pulp Income Fund	358,750
Chemtrade Logistics Income Fund	312,700
Goldcorp Inc.	185,817
Labrador Iron Ore Royalty Income Fund	337,330
Norsemont Mining Inc., Warrants, 2011/04/30	27,938
	<hr/>
	1,222,535
<b>Consumer Staples (5.6%)</b>	
Boston Pizza Royalties Income Fund	243,432
Keg Royalties Income Fund (The)	166,935
North West Co. Fund (The)	212,232
	<hr/>
	622,599
<b>Telecommunication Services (3.5%)</b>	
Bell Aliant Regional Communications Income Fund	63,550
Manitoba Telecom Services Inc.	322,920
	<hr/>
	386,470
<b>Financials (2.9%)</b>	
AGF Management Ltd., Class 'B'	317,682
Crombie REIT	4,512
	<hr/>
	322,194
<b>Utilities (2.4%)</b>	
Northland Power Income Fund	264,989
	<hr/>
<b>TOTAL CANADIAN EQUITIES</b>	<b>6,955,320</b>

**Supplementary Schedule 1** (*Underlying Portfolio*) (*unaudited*) (*continued*)  
As at June 30, 2010

Security	Fair Value
<b>U.S. EQUITIES (11.0%)</b>	
<b>Utilities (3.6%)</b>	
Pepco Holdings Inc.	398,616
<b>Consumer Discretionary (3.6%)</b>	
World Wrestling Entertainment Inc., Class 'A'	396,070
<b>Industrials (2.7%)</b>	
Bucyrus International Inc., Class 'A'	301,889
<b>Financials (1.1%)</b>	
Citigroup Inc., 8.13%, Preferred, Series 'AA', Perpetual	123,709
<b>TOTAL U.S. EQUITIES</b>	<b>1,220,284</b>
<b>FOREIGN EQUITIES (8.2%)</b>	
<b>Materials (8.2%)</b>	
AngloGold Ashanti Ltd., ADR	914,873
<b>TOTAL FOREIGN EQUITIES</b>	<b>914,873</b>
<b>CANADIAN DERIVATIVES (-0.6%)</b>	
<b>Equity Options (-0.6%)</b>	
Eldorado Gold Corp. Put July 2010, \$19.00 USD	(31,182)
Yamana Gold Inc. Put July 2010, \$11.00 USD	(32,836)
	(64,018)
<b>TOTAL CANADIAN DERIVATIVES</b>	<b>(64,018)</b>
<b>U.S. DERIVATIVES (-1.1%)</b>	
<b>Equity Options (-1.1%)</b>	
Baker Hughes Inc. Put July 2010, \$42.00 USD	(20,655)
Gannett Co. Inc. Put July 2010, \$15.00 USD	(49,636)
Whirlpool Corp. Put July 2010, \$100.00 USD	(54,303)
	(124,594)
<b>TOTAL U.S. DERIVATIVES</b>	<b>(124,594)</b>
<b>FOREIGN DERIVATIVES (-0.3%)</b>	
<b>Equity Options (-0.3%)</b>	

**Supplementary Schedule 1** (*Underlying Portfolio*) (*unaudited*) (*continued*)*As at June 30, 2010*

<b>Security</b>	<b>Fair Value</b>
AngloGold Ashanti Ltd., ADR Call July 2010, \$45.00 USD	(11,667)
Baidu Inc., ADR Put July 2010, \$70.00 USD	(23,863)
	<u>(35,530)</u>
<b>TOTAL FOREIGN DERIVATIVES</b>	<b><u>(35,530)</u></b>
<b>TOTAL LONG POSITION</b>	<b><u>9,090,477</u></b>
<b>TOTAL SHORT POSITION</b>	<b><u>(224,142)</u></b>
<b>TOTAL INVESTMENT PORTFOLIO (79.8%)</b>	<b><u>\$ 8,866,335</u></b>
Cash and cash equivalents (20.7%)	2,294,774
Other assets less liabilities (-0.5%)	(55,855)
<b>NET ASSETS AT FAIR VALUE (100.0%)</b>	<b><u>\$ 11,105,254</u></b>

*(See accompanying notes to financial statements)*



**Supplementary Schedule 2** (*Underlying Portfolio*) (*unaudited*)

*As at June 30, 2010*

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Underlying portfolio, net assets at fair value	\$ 11,105,254
Less: Canadian Equity Portfolio, net assets at fair value	8,973,773
<b>Equity Forward Contract</b>	<b><u>\$ 2,131,481</u></b>

*(See accompanying notes to financial statements)*



## Notes to Financial Statements *(unaudited)*

June 30, 2010

### 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 June 30, 2010, and the statements of net assets are as at June 30, 2010, and December 31, 2009. The statements of operations and changes in net assets are for the periods ended June 30, 2010 and 2009.



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

June 30, 2010

### 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.

Changes 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

National Instrument 81-106 (“NI 81-106”) permits investment funds to have two different net asset values: (i) one for financial statements, which is prepared in accordance with Canadian GAAP including CICA Handbook Section 3855 “Financial Instruments – Recognition and Measurement” (“Section 3855”) (and referred to as “net assets”); and (ii) another for all other purposes, including unit pricing for investor transactions (referred to as “net asset value”).

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.

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



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

June 30, 2010

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 June 30, 2010			As at December 31, 2009		
	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	7.46	(0.01)	7.45	8.64	(0.03)	8.61
Series F	7.65	(0.01)	7.64	8.82	(0.04)	8.78
Series I	–	–	–	7.46	(0.03)	7.43
<b>Webb Enhanced Income Fund</b>						
Series A	7.45	(0.04)	7.41	7.56	(0.03)	7.53
Series F	7.68	(0.04)	7.64	7.74	(0.02)	7.72
Series I	7.25	(0.04)	7.21	–	–	–

**(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.

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



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

June 30, 2010

**(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** *(unaudited) (continued)*

*June 30, 2010*

**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** (unaudited) (continued)

June 30, 2010

**Summary of purchases/reinvestments and redemptions of securities for the periods ended June 30, 2010 and 2009.**

<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	2009	719,717	1,313	(165,256)	555,774	625,737
	2010	1,400,610	18,723	(463,144)	956,189	1,249,501
Webb Enhanced Growth Fund - Series F	2009	97,908	54	(28,134)	69,828	79,928
	2010	281,477	–	(78,968)	202,509	219,643
Webb Enhanced Growth Fund - Series I	2009	200	–	–	200	200
	2010	267	–	(267)	–	267
Webb Enhanced Income Fund - Series A	2009	1,121,353	41,465	(138,633)	1,024,185	1,056,623
	2010	1,160,598	280,044	(233,177)	1,207,465	1,223,521
Webb Enhanced Income Fund - Series F	2009	202,833	6,757	(45,824)	163,766	184,195
	2010	199,244	87,214	(36,229)	250,229	253,442
Webb Enhanced Income Fund - Series I	2009	29,811	205	–	30,016	29,821
	2010	–	808	–	808	799

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** (unaudited) (continued)

June 30, 2010

**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 periods ended June 30, 2010 and 2009 are as follows:

Funds	Brokerage Commissions	
	2010	2009
	\$	\$
Webb Enhanced Growth Fund	61,573	22,966
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:

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



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

*June 30, 2010*

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. SUBSEQUENT EVENTS**

Effective July 1, 2010, the provinces of Ontario and British Columbia have implemented their previously announced plan to harmonize their existing provincial sales tax with the federal goods and services tax ("GST"). The Funds are subject to the new harmonized tax and are required to pay the harmonized sales tax on expenses such as management fees and other operating expenses, rather than the previously imposed 5% GST. This will result in an increase in costs borne by the Funds.

**10. COMPARATIVE FINANCIAL STATEMENTS**

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2010 interim financial statements.



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