



ANNUAL REPORT

EXCEL
EMERGING EUROPE FUND
For the years ended September 30, 2011 and 2010

Important information about the Fund is contained in the Simplified Prospectus. Read the prospectus carefully before investing. Past performance is no assurance or indicator of future returns. Fund unit values and investment returns will fluctuate.

Dear Excel Investor,


Emerging markets consumption has eclipsed that of the United States and Excel Funds is well positioned to help you capitalize on the unprecedented growth within these markets.

While there is some uncertainty in today's economic climate, emerging markets continue to thrive and are expected to account for 75% of global growth this year alone. These markets have escaped much of the financial turmoil that continues to affect developed markets around the world. With healthy underlying economic fundamentals and compelling valuations, emerging markets have a very attractive investment outlook. In contrast to the developed world, these markets have policy flexibility, low sovereign debt levels and strong banks. Structurally, emerging markets are poised to rebound best from the global slowdown and lead the way for the rest of the world.

Excel remains committed to helping Canadian investors grow with emerging markets through our highly ranked fund family. With a total of 12 mutual funds, Excel now offers the largest emerging markets focused fund line up in Canada. Our strategy continues to focus on active portfolio management by best in class, on-the-ground portfolio managers. This approach has proven effective once again, as the Excel Emerging Markets, Excel EM High Income and Excel EM Capital Income Funds have all outperformed relative to the competitors in their inaugural year.

With the recent launch of the Excel Blue Chip Emerging Markets Fund, Excel is adding to the wide range of investment options we offer and looking to help investors maximize their portfolio returns. The Excel Blue Chip Emerging Markets Fund is the first of its kind and offers Canadian investors the opportunity to benefit from emerging market growth with developed market leaders. This new global Fund invests in G7 and BRIC blue chip companies with high organic growth due to emerging market exposure. It uses geographic diversification and currency hedging to minimize risk and preserve capital while maintaining the ability to profit from emerging market outperformance over the longer term. While the global economy expands and contracts over time, we will continue to work hard on your behalf to bring you the best opportunities in emerging markets. As we enter the most exciting period of our history, I want to thank all investors for choosing Excel Funds for your emerging market investments.

Best Regards,



Bhim D. Asdhir
President and Chief Executive Officer

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This Annual Management Report of Fund performance contains financial highlights and should be read in conjunction with the complete audited annual financial statements of the investment fund. Unitholders may contact us by calling 1-888-813-9813, by writing to us at Excel Funds, 2000 Argentia Road, Plaza 4, Suite 280, Mississauga, ON, L5N 1W1, or by visiting our website at www.excelfunds.com to request a copy of the investment fund's interim or annual financial statements, proxy voting policies and procedures, proxy voting disclosure record, quarterly portfolio disclosure and annual activity report prepared by the Independent Review Committee.

Management Report of Fund Performance

This Annual Management Report of Fund Performance presents management's view of the significant factors and developments during the past year that have affected the Excel Emerging Europe Fund's (the "Fund") performance and outlook. In this report, "Excel" or "Manager" refers to Excel Funds Management Inc, the manager of the Fund.

Investment Objective and Strategies

The investment objective of the Fund is to seek long-term capital appreciation by investing primarily in equity securities of companies located in, or otherwise benefiting from the emerging markets of Europe. Such markets could include, but are not limited to, Russia, Ukraine (as well as other member countries of the Commonwealth of Independent States), Poland, Turkey, Austria, Hungary, Romania, Slovakia, Czech Republic, Croatia and Estonia. The Fund may also from time to time invest in debt securities of such companies. While the Fund intends to maintain a diversified portfolio of holdings across a number of different European emerging markets, the Fund may from time to time be concentrated in a small or select number of geographic regions depending upon available investment opportunities and prevailing market conditions.

The Fund may invest up to 10% of its assets in securities of other mutual funds (including Funds managed by Excel) to facilitate the investment objectives of the Fund rather than investing directly in individual securities. The Fund may also use derivatives like options, futures and forward contracts for hedging purposes, to gain exposure to individual securities and markets (instead of buying the securities directly) and/or to generate income.

Investment Risks

The risks of investing in the Fund remain as discussed in the prospectus, and are not expected to have significantly changed as a result of operations during the year. The general risks of investing in the Fund are liquidity risk, currency risk and other market risk. The Fund is suitable for investors who have a medium-to-long term investment horizon and are seeking long-term capital appreciation through exposure to a diversified portfolio of equity securities of companies situated in, or exposed to the economies and markets of certain emerging European countries. Since the Fund also invests in small to mid-cap companies, there is performance risk associated with being underweight with large capitalized companies. There are additional risks associated with politics and the currencies of the emerging economies. The investor should be willing to accept high investment risk and be exposed to fluctuations in certain foreign currencies relative to the Canadian dollar.

Results of Operations

During the year ended September 30, 2011, the Fund's Series A, F and I units declined by 23.8%, 23.0% and 22.5% respectively. This compares to a return of negative 17.6% for the Morgan Stanley Capital International ("MSCI") Emerging Europe 10-40 total return index (net of dividends) and negative 16.8% for the MSCI EM total return index for the same period. The Fund's performance is shown after the deduction of fees and expenses paid.

The Net Assets of the Fund decreased from \$17.3 million as at September 30, 2010 to \$12.7 million as at September 30, 2011. The decrease in Net Assets arose primarily as a result of realized and unrealized losses recorded on the portfolio of \$4.2 million and investor net redemptions of \$0.4 million.

The Fund was positioned under the assumption of weaker global growth becoming evident over the course of the year. This led to a reduction of exposure to cyclical stocks and the increase in the weighting of domestically-driven Turkish stocks.

The Turkish stock market held up relatively well recently. The economy in Turkey is growing fast, supported by strong domestic growth that is best expressed in the country's annualized real Gross Domestic Product growth number of 8.1%. Furthermore, a victory of Prime Minister Erdogan's Ak Party in the elections cemented their position as a single party government but, importantly, also secured checks and balances in parliament, as the Ak Party fell short of securing a 2/3 majority that would have allowed it to change the constitution without votes from the opposition. The Fund's exposure to the Turkish stock market increased from 11.4% as at September 30, 2010 to 23.2% as at September 30, 2011.

Results of Operations (Cont'd)

In the commodity space, exposure to the oil and gas sector was kept unchanged as energy stocks increased dividend payouts and continued to offer attractive growth optionality given Russia's vast hydrocarbon reserve base. Materials and mining stocks were reflecting a very optimistic market environment at the start of the period and the Fund was underweight, with the pendulum now swinging to the other extreme even though base metals and bulk commodity prices are bound to fall, valuations have become very attractive again. The Fund participated in selected initial public offerings such as Phosagroao OAO, a Russian phosphate fertilizer producer, and Jastrzebska Spolka Weglowa SA, the biggest European coking coal producer.

Recent Developments

The emerging European region is relatively strong in terms of debt sustainability, growth potential, foreign direct investment and market valuation. While it is clear that risk aversion dictates short term market direction, Baring Asset Management LLC (the "Portfolio Manager") believes that the solid economic and corporate performance in the region will eventually demonstrate to investors that the 600 million inhabitants of emerging European countries are an integral part of the emerging market growth story and not really tangled in the Eurozone debt malaise. A slowdown in global growth will affect economies globally, however emerging Europe is in a good position in its ability to stimulate growth via domestic investment and consumption. Emerging European markets currently reflect a superior growth environment, a healthy banking sector with no drastic exposure to western European banks or government paper and the current valuations in the markets appear very attractive.

To get exposure to the consumer, the Fund invests in banking stocks as they offer growth with valuations that are attractive. Investment in retailers remains limited to individual cases, as this sector's ambitious growth targets create room for negative surprise.

It should be noted that volatility can occur as a result of adverse market sentiment on issues such as credit shortages (a problem faced globally) political events in the region (elections), and/or a global event impacting the broader equity markets. As these factors have materialized, there has been a correction in the short term which has impacted the Fund and other equity markets. However, the Fund is well placed to take advantage of superior economic growth at attractive valuations.

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

The Fund is required to mandatorily adopt IFRS for its fiscal year beginning October 1, 2013, and will issue its initial financial statements in accordance with IFRS, including comparative information, for the interim period ending March 31, 2014. The Manager is in the process of developing an IFRS changeover plan, which addresses key elements of the conversion to IFRS and will identify the key differences between IFRS and Canadian generally accepted accounting principles ("Canadian GAAP") that are expected to affect the Fund. Elements of the plan include evaluating the impacts of the changeover on all investment activities, accounting policies, internal controls over financial reporting and disclosure controls and procedures. Based on the Manager's initial evaluations of the differences between Canadian GAAP and IFRS, the adoption of IFRS is not expected to have a significant impact on the calculation of Net Asset Value per unit. IFRS is expected to affect the overall presentation of financial statements and result in additional disclosure in the accompanying notes. Based on initial assessment, the Fund's units would be classified as a liability under International Accounting Standard 32, "Financial Instruments Presentation".

The Manager continues to monitor changes to IFRS proposed by the International Accounting Standards Board and relevant amendments by the Canadian Accounting Standards Board, and the initial assessment and IFRS changeover plan will change if new standards are issued or interpretations of existing standards are revised.

Past Performance

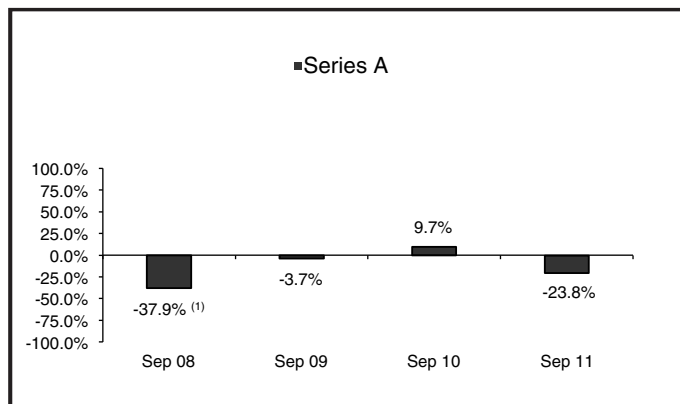
Sales commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemptions, distributions, optional charges or income taxes payable by any investor that would have reduced returns. It should be noted that mutual funds are not guaranteed as their value changes frequently and past performance may not be repeated. The Fund's performance numbers assume that all distributions are reinvested in additional units of the Fund. If you hold this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional units. The amount of the reinvested taxable distributions is added to the adjusted cost base of the units that you own. This would decrease your capital gains or increase your capital loss when you later redeem from the Fund, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

The past performance of the Fund is set out in the following charts. All returns are calculated in Canadian Dollars, and unit values are expressed in Canadian Dollars.

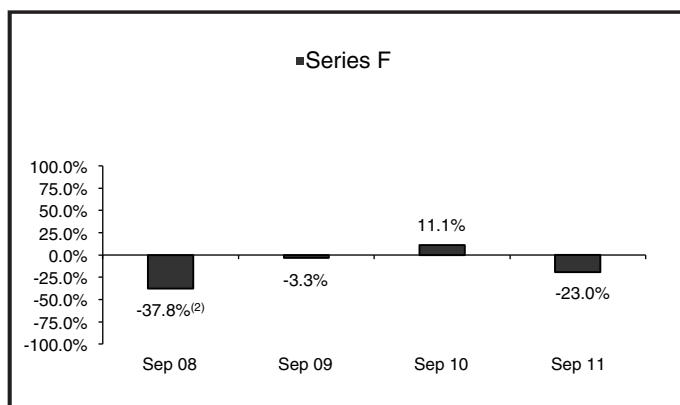
Year-by-Year Returns

The following bar charts show the performance of each series of the Fund for the year ended September 30, 2011 and for each of the previous periods ended September 30. The charts show in percentage terms how an investment made on October 1 or inception would have increased or decreased by the end of the relevant period.

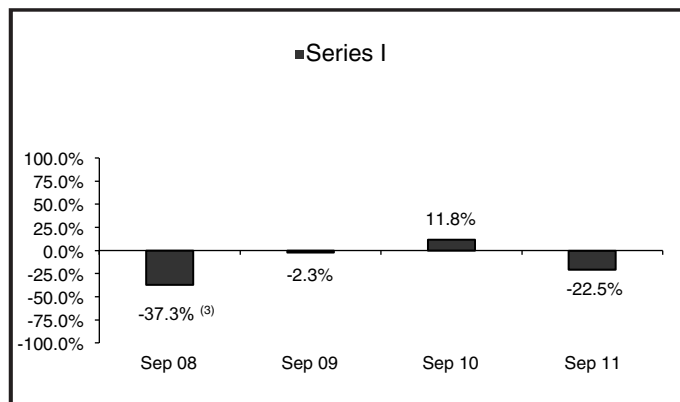
Past performance of the Fund is not necessarily an indication of how it will perform in the future.



(1) Return from December 5, 2007 to September 30, 2008



(2) Return from December 6, 2007 to September 30, 2008



(3) Return from December 6, 2007 to September 30, 2008

Annual Compound Returns

The following table shows the Fund's annual compound total return for Series A, F & I units of the Fund for the year ended September 30, 2011. The annual compound total return is also compared to MSCI EM 10/40 Index and the MSCI EM total return index. All returns are calculated in Canadian dollars on a total return basis, meaning that all distributions are reinvested. The differences between the returns for each series, is a result of management fees charged and direct series expenses.

Percentage Return:	1 Year	3 Year	Since Inception ⁽¹⁾
Series A	-23.82	-6.96	-16.60
MSCI EM 10/40 ⁽²⁾	-17.61	-2.63	-13.33
MSCI EM ⁽³⁾	-16.80	-4.66	-14.98
Series F	-22.99	-6.13	-15.97
MSCI EM 10/40 ⁽²⁾	-17.61	-2.63	-13.33
MSCI EM ⁽³⁾	-16.80	-4.66	-14.96
Series I	-22.53	-5.39	-15.27
MSCI EM 10/40 ⁽²⁾	-17.61	-2.63	-13.33
MSCI EM ⁽³⁾	-16.80	-4.66	-14.96

(1) The inception date of the Excel Emerging Europe Fund Series A is December 5, 2007, and Series F and Series I is December 6, 2007.

(2) The MSCI 10/40 Equity Indices are derived from MSCI Standard, Value/Growth and Small Cap Equity Indices.

(3) The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

Summary of Investment Portfolio

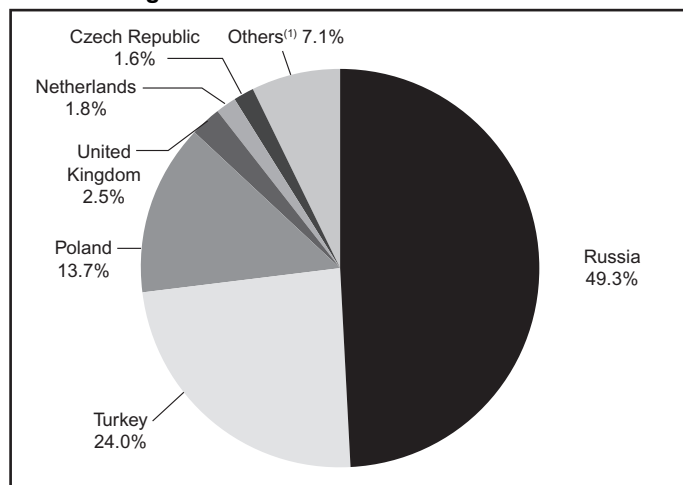
As at September 30, 2011

Portfolio Allocation*

Asset Class	% of Net Asset Value
Financial Services	42.9%
Oil & Gas	27.6%
Metals & Mining	10.3%
Consumer Products	7.6%
Shipping & Transportation	2.4%
Other Net Assets	1.9%
Chemicals	1.9%
Utilities & Energy	1.3%
Automotive	1.2%
Telecommunications	1.0%
Real Estate & Property Management	0.8%
Pharmaceuticals & Healthcare	0.6%
Infrastructure & Development	0.5%
Total	100.0%

*The portfolio allocation percentages are based on Net Asset Value and accordingly differ slightly from those in the Statement of Investment Portfolio in the financial statements which are based on Canadian GAAP.

Portfolio Region Allocation*



¹⁾ Others include regions which individually represent less than 1.5% of Net Asset Value of the Fund.

* The portfolio region allocations are based on Net Asset Value.

Top 25 Holdings*

Issuer	% of Net Asset Value
Sberbank of Russia	8.4%
LUKOIL Spon ADR	8.3%
OAQ Gazprom Spon ADR	7.2%
Turkiye Garanti Bankasi A.S.	6.5%
Powszechna Kasa Oszczednosci Bank Polski SA	4.8%
Rosneft Oil Company GDR Reg S	4.6%
Turkiye Is Bankasi 'C' (Isbank)	4.4%
Turkiye Halk Bankasi A.S.	4.3%
VTB Bank OJSC GDR Reg S	4.0%
NovaTek OAO GDR Reg S	3.3%
Eurocash SA	2.6%
Koc Holding A.S.	2.4%
Tupras-Turkiye Petrol Rafinerileri A.S.	2.1%
Mechel ADR	2.0%
Powszechny Zaklad Ubezpieczen SA	1.9%
Cash & Cash Equivalents	1.9%
X5 Retail Group N.V. GDR Reg S	1.8%
Komercni Banka A.S.	1.6%
Novolipetsk Steel (NLMK) - GDR Reg S	1.5%
Uralkali GDR Reg S	1.4%
Globaltrans Investment PLC Reg S	1.4%
Eurasian Natural Resources Corporation	1.4%
Jastrzebska Spolka Weglowa SA	1.2%
Ferrexpo PLC	1.2%
Kazakhmys PLC	1.1%

* The top 25 holdings percentages are based on Net Asset Value, and accordingly differ slightly from those in the Statement of Investment Portfolio in the financial statements which are based on Canadian GAAP.

The investments and percentages may have changed by the time you purchase units of this fund. The top 25 holdings are made available quarterly. The "Quarterly Portfolio Disclosure" is posted on the Excel Funds website- www.excelfunds.com.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the indicated periods. "Net Assets" are calculated in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, "Financial Instruments – Recognition and Measurement" ("Section 3855") and are used for financial reporting purposes. "Net Asset Value" is calculated in accordance with section 14.2 of National Instrument 81-106, "Investment Fund Continuous Disclosure" ("NI 81-106") and is used for transactional pricing purposes. Section 3855 requires the use of valuation techniques for certain types of investments that may differ from those prescribed by NI 81-106. Ratios and Supplemental Data are derived from the Fund's Net Asset Value.

The Fund's Net Assets Per Unit (\$) ⁽⁴⁾

Series A	Sep-11	Sep-10	Sept-09	Sep-08
Net Assets, beginning of year	6.50	5.95	6.20	10.00 ⁽²⁾
Increase (decrease) from operations:				
Total revenue	0.16	0.09	0.12	0.19
Total expenses	(0.21)	(0.19)	(0.15)	(0.15)
Realized gains (losses) for the year	(0.40)	0.07	(2.55)	(0.39)
Unrealized gains (losses) for the year	(0.91)	0.57	2.11	(4.26)
Total increase (decrease) from operations ⁽¹⁾	(1.36)	0.54	(0.47)	(4.61)
Distributions: ⁽⁵⁾				
From income	-	(0.03)	-	-
Total distributions	-	(0.03)	-	-
Net Assets, end of year	4.90	6.50	5.95	6.20

Series F	Sep-11	Sep-10	Sep-09	Sep-08
Net Assets, beginning of year	6.62	5.99	6.22	10.00 ⁽³⁾
Increase (decrease) from operations:				
Total revenue	0.14	0.09	0.12	0.21
Total expenses	(0.17)	(0.12)	(0.13)	(0.13)
Realized gains (losses) for the year	(0.35)	0.08	(2.69)	(0.41)
Unrealized gains (losses) for the year	(0.04)	0.59	2.04	(4.80)
Total increase (decrease) from operations ⁽¹⁾	(0.42)	0.64	(0.66)	(5.13)
Distributions: ⁽⁵⁾				
From income	-	(0.03)	-	-
Total distributions	-	(0.03)	-	-
Net Assets, end of year	5.04	6.62	5.99	6.22

Series I	Sep-11	Sep-10	Sep-09	Sep-08
Net Assets, beginning of year	6.79	6.11	6.27	10.00 ⁽³⁾
Increase (decrease) from operations:				
Total revenue	0.18	0.10	0.12	0.15
Total expenses	(0.10)	(0.07)	(0.07)	(0.06)
Realized gains (losses) for the year	(0.49)	0.07	(2.66)	(0.36)
Unrealized gains (losses) for the year	(1.58)	0.55	2.45	(3.12)
Total increase (decrease) from operations ⁽¹⁾	(1.99)	0.65	(0.16)	(3.39)
Distributions: ⁽⁵⁾				
From income	-	(0.03)	-	-
Total distributions	-	(0.03)	-	-
Net Assets, end of year	5.21	6.79	6.11	6.27

(1) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.

(2) Inception date for Series "A" units is December 5, 2007 with a \$10.00 issue price.

(3) Inception date for Series "F" and "I" units is December 6, 2007 with a \$10.00 issue price.

(4) This table is not intended to be a reconciliation of opening and closing Net Assets per unit.

(5) Distributions were paid in cash/received in additional units of the Fund, or both.

Ratios and Supplemental Data

Series A	Sep-11	Sep-10	Sep-09	Sep-08
Net Asset Value (\$) (000's) ⁽¹⁾	5,615	9,735	10,652	10,889
Net Asset Value per unit ⁽¹⁾	4.98	6.53	5.98	6.21
Number of units outstanding (000's) ⁽¹⁾	1,128	1,490	1,789	1,754
Management expense ratio (%) ⁽²⁾	2.98	2.92	3.15	1.82
Management expense ratio before waivers or absorptions (%) ⁽²⁾	4.09	4.03	4.84	3.98
Portfolio turnover rate (%) ⁽³⁾	63.36	35.46	51.6	24.2
Trading expense ratio (%) ⁽⁴⁾	0.22	0.12	0.17	0.25

Series F	Sep-11	Sep-10	Sep-09	Sep-08
Net Asset Value (\$) (000's) ⁽¹⁾	191	861	1,319	1,348
Net Asset Value per unit ⁽¹⁾	5.13	6.66	6.02	6.22
Number of units outstanding (000's) ⁽¹⁾	37	129	219	217
Management expense ratio (%) ⁽²⁾	2.24	1.76	2.71	1.60
Management expense ratio before waivers or absorptions (%) ⁽²⁾	3.35	3.00	3.81	3.14
Portfolio turnover rate (%) ⁽³⁾	63.36	35.46	51.6	24.2
Trading expense ratio (%) ⁽⁴⁾	0.22	0.12	0.17	0.25

Series I	Sep-11	Sep-10	Sep-09	Sep-08
Net Asset Value (\$) (000's) ⁽¹⁾	7,090	6,824	3,988	4,080
Net Asset Value per unit ⁽¹⁾	5.29	6.83	6.13	6.27
Number of units outstanding (000's) ⁽¹⁾	1,340	999	650	650
Management expense ratio (%) ⁽²⁾	1.18	1.00	1.47	0.54
Management expense ratio before waivers or absorptions (%) ⁽²⁾	2.28	1.58	2.16	1.57
Portfolio turnover rate (%) ⁽³⁾	63.36	35.46	51.6	24.2
Trading expense ratio (%) ⁽⁴⁾	0.22	0.12	0.17	0.25

(1) This information is provided at September 30, 2011.

(2) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period. In the period a series is established or reinstated, the management expense ratio is annualized from the date of inception or reinstatement.

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

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.

Management Fees

Excel was entitled to receive \$317,021 (2010: \$346,689) in management fees but the Fund paid Excel (after fees absorbed) management fees of \$121,511 (2010: \$179,687). The management fee for each series is calculated as a percentage of its Net Asset Value, as of the close of business on each business day. The Fund's management fees were used to pay the Portfolio Manager for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sale of the investment portfolio and providing other services. Excel also used the management fees to fund commission payments and other dealer compensation (collectively "distribution-related costs") to registered dealers and brokers for units of the Fund bought and held by investors.

During the year ended September 30, 2011, Excel received administration fees of \$17,676 (2010: \$11,857) relating to the operation of the Fund.

For the year ended September 30, 2011, 59.6% (2010: 56.3%) of the total management fee revenues received by Excel from all Excel Mutual Funds was used to fund distribution-related costs paid to registered dealers, brokers and sub-advisors for units of the Fund bought and held by investors.

Other Related Party Transactions

Excel has created an Independent Review Committee ("IRC") to review and provide impartial judgment on, among other things, conflict of interest matters. The IRC reviews potential conflicts of interest referred to it by Excel and makes recommendations on whether a course of action achieves a fair and reasonable result for the Excel Funds. In addition, the IRC regularly reviews Excel's policies and procedures relating to conflicts of interest. The IRC prepares, at least annually, a report of its activities for investors, which is available at www.excelfunds.com and www.sedar.com.

Other Related Party Transactions (Cont'd)

During the year ended September 30, 2011, the Excel India Fund, a fund also managed by Excel, purchased Nil (2010: 2,080) Series I units of the Fund and did not redeem (2010: Nil) any Series I units of the Fund. As at September 30, 2011, the Excel India Fund held 502,080 (2010: 502,080) Series I units of the Fund.

During the year ended September 30, 2011, the Excel China Fund, a fund also managed by Excel, purchased Nil (2010: 626) Series I units of the Fund and did not redeem (2010: Nil) any Series I units of the Fund. As at September 30, 2011, the Excel China Fund held 151,058 (2010: 151,058) Series I units of the Fund.

During the year ended September 30, 2011, the Excel BRIC Fund, a fund also managed by Excel, purchased 292,084 (2010: 406,015) Series I units of the Fund and did not redeem (2010: 59,799) any Series I units of the Fund. As at September 30, 2011, the Excel BRIC Fund held 638,300 (2010: 346,216) Series I units of the Fund.

For the Period November 2, 2010 (date of inception of the Fund) to September 30, 2011, the Excel Emerging Market Fund, a fund also managed by Excel, purchased 48,841 Series I units of the fund and did not redeem any Series I units of the Fund. As at September 30, 2011, the Excel Emerging Markets fund held 48,841 Series I units of the Fund.

As at September 30, 2011, Excel held 15,062 (2010: 15,062) Series A units of the Fund.

Fund Formation and Series Information

Date of Formation: December 5, 2007

The Fund may issue an unlimited number of units of each series. The numbers of units of each series that have been issued and are outstanding are disclosed in the *Financial Highlights*.

Series Offered by Excel Funds Management Inc. (2000 Argentia Road, Plaza 4, Suite 280, Mississauga, Ontario, L5N 1W1; 1-888-813-9813; www.excelfunds.com)

Series A

Units of Series A are offered for sale on a continuous basis and can be purchased by submitting a purchase order to your dealer or financial advisor. You may choose from three purchase options when purchasing Series A units of the Fund, namely the Initial Sales Charge Option, Deferred Sales Charge Option or Volume Sales Charge Option. The minimum initial investment in the Fund for the Initial Sales Charge or the Deferred Sales Charge option is \$250. The minimum initial investment in the Fund for the Volume Sales Charge is \$250.

Inception Date:	Dec 5, 2007
Management Fees:	2.50%
Sales Charges:	Up to 5.00%
Redemption Charges	Up to 5.75%
Redemption Charges	
Under Low Load Option:	Up to 2.50%

Series F

Series F units are offered to investors enrolled in a dealer sponsored fee-for-service and who are subject to an asset based fee rather than commissions on each transaction. Series F units are only available through dealers or financial planners who offer certain "wrap" or "fee-for-service" programs that have been approved by Excel. Your dealer or financial advisor must enter into an agreement with Excel before selling Series F units. The minimum initial investment for the F Series is \$250.

Inception Date:	Dec 6, 2007
Management Fees:	1.50%
Sales Charges:	(1)
Redemption Charges	n/a
Redemption Charges	
Under Low Load Option:	n/a

Series I

Series I units are designed for institutional investors and are sold pursuant to applicable prospectus exemption.

Inception Date:	Dec 6, 2007
Management Fees:	(2)
Sales Charges:	n/a
Redemption Charges	n/a
Redemption Charges	
Under Low Load Option:	n/a

(1) There is no sales charges payable on Series F units, but Series F investors will generally be required to pay their dealer an advisory or asset based fee in addition to the Series F management fee payable by the fund.

(2) The management fee on Series I is negotiable between the Institution and Excel Funds Management Inc.

A Note on Forward-Looking Statements

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and international, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

We stress that the above-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.

Management's Responsibility for Financial Reporting



November 17, 2011

The accompanying financial statements have been prepared by the management of the Funds and approved by the Board of Directors of Excel Funds Management Inc. Management is responsible for the information and representations contained in these financial statements and other sections of this report.

Excel Funds Management Inc. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Funds are described in note 2 to the financial statements.

Deloitte & Touche LLP are the external auditors of the Funds. They are appointed by the unitholders. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out on the following page.

A handwritten signature in black ink, appearing to read 'Bhim Asdhir', written in a cursive style.

Bhim D. Asdhir
President & Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Glenn W. Cooper', written in a cursive style.

Glenn W. Cooper
Chief Financial Officer

Independent Auditor's Report

To the Unitholders of the Excel Emerging Europe Fund

We have audited the accompanying financial statements of the Excel Emerging Europe Fund, which comprise the statement of investment portfolio as at September 30, 2011, the statements of net assets as at September 30, 2011 and 2010, and the statements of investment operations, changes in net assets and net realized (losses) gains on investments for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Excel Emerging Europe Fund as at September 30, 2011 and 2010, and the results of its operations and its changes in net assets for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants
November 17, 2011

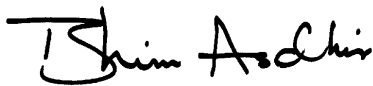
Statements of Net Assets

As at September 30, 2011 and 2010

	2011	2010
Assets		
Investments, at fair value (*)	\$ 12,448,271	\$ 17,099,311
Cash	248,325	203,208
Due from brokers - equities	46,054	177,034
Interest and dividends receivable	42,606	64,452
Receivable for units issued	4,447	8,322
	12,789,703	17,552,327
Liabilities		
Accrued expenses	63,820	64,175
Payable for units redeemed	34,926	157,104
	98,746	221,279
Net Assets Represented by Unitholders' Equity	\$ 12,690,957	\$ 17,331,048
Net Assets		
Series A	\$ 5,525,939	\$ 9,685,322
Series F	187,998	856,605
Series I	6,977,020	6,789,121
	\$ 12,690,957	\$ 17,331,048
Units Issued and Outstanding (Note 4)		
Series A	1,128,040	1,489,733
Series F	37,265	129,349
Series I	1,340,280	999,354
Net Assets Per Unit		
Series A	\$ 4.90	\$ 6.50
Series F	\$ 5.04	\$ 6.62
Series I	\$ 5.21	\$ 6.79
* Investments, at Average Cost	\$ 16,660,627	\$ 18,202,726

The accompanying notes to financial statements are an integral part of these financial statements.

Approved by the Fund Manager



Bhim D. Asdhir, Director



Glenn W. Cooper, Director

Statements of Investment Operations

For the years ended September 30, 2011 and 2010

	2011	2010
Investment Income		
Dividends	\$ 496,900	\$ 275,154
Interest	3,613	17,693
Withholding taxes	(70,204)	(34,111)
	430,309	258,736
Expenses (Note 5)		
Management fees	317,021	346,689
Administration costs	187,836	152,918
Transaction costs	39,216	21,691
Custodial fees	28,493	25,914
Legal fees	18,869	17,168
Audit fees	13,492	14,994
Securityholder reporting costs	2,163	3,060
Independent Review Committee	580	712
Trustee fees	459	514
	608,129	583,660
Net Investment Loss Before Absorbed Expenses	(177,820)	(324,924)
Expenses Absorbed by Manager (Note 5a)	195,510	167,002
Net Investment Gain (Loss)	17,690	(157,922)
Realized and Unrealized Gains (Losses) on Investments		
Net realized (losses) gains on investments	(1,024,572)	284,169
Loss on foreign exchange	(118,682)	(79,795)
Net change in unrealized (depreciation) appreciation in value of investments	(3,108,941)	1,562,101
Net (Losses) Gains on Investments	(4,252,195)	1,766,475
(Decrease) Increase in Net Assets from Operations	\$ (4,234,505)	\$ 1,608,553
(Decrease) Increase In Net Assets from Operations		
Series A	\$ (1,835,551)	\$ 936,800
Series F	(26,853)	119,798
Series I	(2,372,101)	551,955
	\$ (4,234,505)	\$ 1,608,553
(Decrease) Increase in Net Assets from Operations Per Unit		
Series A	\$ (1.36)	\$ 0.54
Series F	(0.42)	0.64
Series I	(1.99)	0.65

The accompanying notes to financial statements are an integral part of these financial statements.

Statements of Changes in Net Assets

For years ended September 30, 2011 and 2010

	Series A		Series F	
	2011	2010	2011	2010
Net Assets,				
Beginning of the Year	\$ 9,685,322	\$ 10,650,357	\$ 856,605	\$ 1,313,592
(Decrease) Increase in Net Assets from Operations	(1,835,551)	936,800	(26,853)	119,798
Capital Transactions				
Proceeds from issuance of units	1,974,466	3,731,722	46,670	139,194
Amounts paid on redemption of units	(4,298,298)	(5,633,252)	(688,424)	(715,932)
Distribution reinvestment	-	50,238	-	5,473
Distribution paid to unitholders	-	(50,543)	-	(5,520)
Net Capital Transactions	(2,323,832)	(1,901,835)	(641,754)	(576,785)
Net Assets, End of the Year	\$ 5,525,939	\$ 9,685,322	\$ 187,998	\$ 856,605

	Series I		Total	
	2011	2010	2011	2010
Net Assets,				
Beginning of the Year	\$ 6,789,121	\$ 3,971,174	\$ 17,331,048	\$ 15,935,123
(Decrease) Increase in Net Assets from Operations	(2,372,101)	551,955	(4,234,505)	1,608,553
Capital Transactions				
Proceeds from issuance of units	2,560,000	2,665,992	4,581,136	6,536,908
Amounts paid on redemption of units	-	(400,000)	(4,986,722)	(6,749,184)
Distribution reinvestment	-	19,330	-	75,041
Distribution paid to unitholders	-	(19,330)	-	(75,393)
Net Capital Transactions	2,560,000	2,265,992	(405,586)	(212,628)
Net Assets, End of the Year	\$ 6,977,020	\$ 6,789,121	\$ 12,690,957	\$ 17,331,048

Statements of Net Realized (Losses) Gains on Investments

For years ended September 30, 2011 and 2010

	2011	2010
Proceeds from Sale of Investments	\$ 13,308,307	\$ 5,981,640
Investments at Average Cost, Beginning of the Year	18,202,726	17,857,468
Cost of Investments Purchased	12,790,780	6,042,729
	30,993,506	23,900,197
Investments at Average Cost, End of the Year	16,660,627	18,202,726
Cost of Investments Sold	14,332,879	5,697,471
Net Realized (Losses) Gains on Investments	\$ (1,024,572)	\$ 284,169

The accompanying notes to financial statements are an integral part of these financial statements.

Statement of Investment Portfolio

As at September 30, 2011

Description	Number of Shares	Country	Average Cost \$	Fair Value \$
Equities (98.1%)				
Automotive Services (1.2%)				
Dogus Otomotiv Servis ve Ticaret A.S. (Dogus Otomotiv)	53,020	Turkey	175,488	125,276
Tofas Turk Otomobil Fabrikasi AS	9,000	Turkey	34,302	33,359
			209,790	158,635
Chemical Products (1.9%)				
Phosagro OAO GDR Reg S	4,398	Russia	59,522	54,837
Uralkali GDR Reg S	5,150	Russia	220,765	186,110
			280,287	240,947
Consumer Products (7.7%)				
Banvit Bandirma Vitaminli Yem Sanayii Ticaret A.S.	33,000	Turkey	130,090	67,441
BIM Birlesik Magazalar A.S.	4,694	Turkey	150,806	134,695
Eurocash SA	44,130	Poland	365,537	330,944
Gruppa Kompaniy Rusagro GDR Reg S	6,676	Russia	97,542	55,960
O'Key Group LLC SA GDR Reg S	13,533	Russia	147,184	90,537
Pinar Sut Mamulleri Sanayii A.S.	7,653	Turkey	52,216	61,275
X5 Retail Group N.V. GDR Reg S	8,005	Netherlands	266,072	232,331
			1,209,447	973,183
Financial Services (42.4%)				
Bank Pekao SA	3,117	Poland	140,996	131,671
Getin Holdings SA	554	Poland	2,239	1,274
Koc Holding A.S.	78,543	Turkey	392,437	303,440
Komerčni Banka A.S.	1,029	Czech Republic	214,486	198,433
Nomos-Bank GDR Reg S W/I	9,393	Russia	159,441	94,580
Nova Kreditna Banka Maribor	6,009	Slovenia	67,027	30,232
OTP Bank Nyrt. PLC	8,821	Hungary	197,156	136,706
Powszechna Kasa Oszczednosci Bank Polski SA	59,359	Poland	974,452	617,201
Powszechny Zaklad Ubezpieczen SA	2,521	Poland	328,644	251,278
Sberbank of Russia	473,497	Russia	1,332,788	967,435
Tekfen Holding A.S.	10,082	Turkey	43,390	32,176
Turkiye Garanti Bankasi A.S.	205,812	Turkey	773,376	832,001
Turkiye Halk Bankasi A.S.	73,303	Turkey	391,706	547,922
Turkiye Is Bankasi 'C' (Isbank)	209,029	Turkey	663,105	561,777
VTB Bank OJSC GDR Reg S	119,463	Russia	748,923	517,456
Warsaw Stock Exchange	7,557	Poland	130,759	101,627
Yapi ve Kredi Bankasi A.S.	22,804	Turkey	44,416	52,477
			6,605,341	5,377,686
Infrastructure & Development (0.5%)				
Enka Insaat ve Sanayi A.S.	25,000	Turkey	89,328	60,190
Metals & Mining (10.3%)				
Eurasian Natural Resources Corporation	18,664	United Kingdom	308,133	175,175
Ferrexpo PLC	34,773	Ukraine	195,309	150,658
Jastrzebska Spolka Weglowa SA	5,984	Poland	272,506	160,947
Kazakhmys PLC	11,430	United Kingdom	127,973	148,080
KGHM Polska Miedz SA	2,103	Poland	111,784	86,840
Mechel ADR	24,276	Russia	584,882	258,937
Novolipetsk Steel (NLMK) - GDR Reg S	9,072	Russia	247,411	194,481
Polymetal GDR	1,400	Russia	27,511	22,517
Raspadskaya	37,500	Russia	264,980	110,018
			2,140,489	1,307,653

The accompanying notes to financial statements are an integral part of this financial statement.

Statement of Investment Portfolio (Cont'd)

As at September 30, 2011

Description	Number of Shares	Country	Average Cost \$	Fair Value \$
Oil & Gas (28.0%)				
Eurasia Drilling Company Limited GDR Reg S	6,563	Cayman Islands	171,136	122,472
KazMunaiGas Exploration Production GDR Reg S	6,562	Kazakhstan	148,312	100,726
LUKOIL Spon ADR	20,188	Russia	1,395,898	1,074,551
NovaTek OAO GDR Reg S	3,482	Russia	467,506	423,575
OAO Gazprom Spon ADR	92,027	Russia	1,623,825	932,420
PBG SA	2,000	Poland	163,072	35,440
Rosneft Oil Company GDR Reg S	96,750	Russia	854,684	595,057
Tupras-Turkiye Petrol Rafinerileri A.S.	12,412	Turkey	263,131	267,559
			5,087,564	3,551,800
Pharmaceuticals & Healthcare (0.7%)				
Pharmstandard GDR Reg S	4,167	Russia	110,134	82,956
Real Estate & Property Management (0.8%)				
LSR Group O.J.S.C. - GDR Reg S	27,000	Russia	234,533	104,107
Shipping & Transportation (2.4%)				
Global Ports Investments PLC Reg S	7,778	Cyprus	115,040	126,238
Globaltrans Investment PLC Reg S	12,818	Russia	172,557	184,668
			287,597	310,906
Telecommunications (1.1%)				
Mobile Telesystems SP ADR	10,475	Russia	226,046	134,889
Utilities & Energy (1.1%)				
E.ON Russia JSC	1,000,000	Russia	90,385	62,867
Federal Hydrogenerating Company	972,355	Russia	47,367	31,074
PGE Polaska Grupa Energetyczna SA	8,413	Poland	71,928	51,378
			209,680	145,319
Total Equities			16,690,236	12,448,271
Transaction Costs			(29,609)	
Total Investments (98.1%)			\$ 16,660,627	\$ 12,448,271
Other Net Assets (1.9%)				\$ 242,686
Total Net Assets (100.0%)			\$	\$ 12,690,957

The accompanying notes to financial statements are an integral part of this financial statement.

1. Formation and Structure of the Fund

Excel Emerging Europe Fund (the “Fund”) is an open-end unit trust created under the laws the Province of Ontario pursuant to the Declaration of Trust dated December 23, 2004 (amended October 22, 2007). The Fund began operations on December 5, 2007.

Excel Funds Management Inc. (“Excel”) is the manager, trustee and promoter of the Fund.

Excel has retained Baring Asset Management LLC. (“Baring”) to act as portfolio manager of the Fund.

The investment objective of the Fund is to seek long-term capital appreciation by investing primarily in equity securities of companies located in or otherwise benefiting from the emerging markets of Europe. The Fund may also from time to time invest in debt securities of such companies. Such markets could include, but are not limited to markets in Russia, Ukraine (as well as other member countries of the Commonwealth of Independent States), Poland, Turkey, Austria, Hungary, Romania, Slovakia, Czech Republic, Croatia and Estonia.

While the Fund intends to maintain a diversified portfolio of holdings across a number of different European emerging markets, the Fund may from time to time be concentrated in a small or select number of geographic regions depending upon available investment opportunities and prevailing market conditions.

The Fund may invest up to 10% of its assets in securities of other mutual funds (including funds managed by Excel) to facilitate the investment objectives of the Fund rather than investing directly in individual securities. The Fund may also use derivatives like options, futures and forward contracts for hedging purposes, to gain exposure to individual securities and markets (instead of buying the securities directly) and/or to generate income.

The Fund may issue an unlimited number of units of each series. The number of units issued and units redeemed is disclosed in Note 4.

- Series A units are available to retail investors who initially invest a minimum of \$250.
- Series F units are available to any investor investing and maintaining, in aggregate, a minimum of \$250 in one or more Excel funds, who are enrolled in a dealer sponsored “fee-for-service” or “wrap” program and who are subject to an asset-based fee (rather than paying commissions on transactions) payable to their dealer for the dealer’s on-going financial planning and advice.
- Series I units are available to institutional investors and are sold pursuant to applicable prospectus exemption.

Series	Inception Date	Sales Charges	Redemption Charges	Redemption Charges Under Low-Load Option
Series A	December 5, 2007	Up to 5.00%	Up to 5.75%	Up to 2.50%
Series F	December 6, 2007	(i)	n/a	n/a
Series I	December 6, 2007	n/a	n/a	n/a

⁽ⁱ⁾ There are no sales charges payable on Series F units, but Series F investors will generally be required to pay their dealer an advisory or asset-based fee in addition to the Series F management fee payable by the Fund.

2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The most significant estimates relate to the valuation of investments. Due to the uncertainty inherent in making estimates, actual results could differ from these estimates.

2. Summary of Significant Accounting Policies (Cont'd)

The following is a summary of the significant accounting policies followed by the Fund:

a) Valuation of Investments

Stocks are valued at fair values, which are determined by the closing bid price on the recognized stock exchange on which the stock is listed or principally traded. Unlisted or non-exchange traded investments, or investments for which a closing bid price or last sale or close price are unavailable or securities for which market quotations are, in Excel's opinion, inaccurate, unreliable, or not reflective of all available material information, are valued at their fair value as determined by Excel using appropriate and accepted industry valuation techniques including valuation models. The fair value of an investment determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the fair value of a security may be determined using valuation techniques that are not supported by observable market data. Investments in underlying third party mutual funds are valued at the Net Asset Value of those funds as these values reflect actual and regularly occurring market transactions on an arm's length basis. Short-term investments are recorded at cost plus accrued interest which approximates fair value.

b) Increase (Decrease) in Net Assets from Operations Per Unit

Increase (Decrease) in Net Assets from Operations Per Unit in the Statements of Investment Operations represents the total results from investment operations for the fiscal year divided by the weighted average number of units outstanding during the year for each series.

c) Transaction Costs

Transaction costs including brokerage commissions and security transaction taxes incurred by the Fund are expensed in the Statements of Investment Operations in the period incurred.

d) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on the year-end date. Purchases and sales of investments, and investment income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions.

e) Financial Instruments

The carrying values of financial instruments which include cash, receivables, payables and accruals approximate fair value due to their short maturities.

f) Investment Transactions and Income

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the sale of investments and change in unrealized appreciation (depreciation) of investments are determined on an average cost basis. Interest income is recognized on an accrual basis and dividends are recognized at the ex-dividend date.

g) Credit Risk and Fair Value of Financial Instruments

The Fund's own credit risk and the credit risk of the counterparty are taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. Management has reviewed its policies concerning valuation of assets and liabilities and determined that the fair values ascribed to the financial assets and financial liabilities in the Fund's financial statements incorporate appropriate levels of credit risk.

h) Future Accounting Changes

International Financial Reporting Standards ("IFRS")

The Fund is required to mandatorily adopt IFRS for its fiscal year beginning October 1, 2013, and will issue its initial financial statements in accordance with IFRS, including comparative information, for the interim period ending March 31, 2014

3. Fair Value Disclosure

The tables below summarize the fair value of the Fund's financial instruments as at September 30, 2011 and 2010 using the following fair value hierarchy:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable and where there is little, if any, market activity. Inputs into the determination of fair value require significant management judgment or estimation.

As at September 30, 2011

Description	Level 1	Level 2	Level 3	Total
Equities	\$12,244,312	\$ 203,959	\$ -	\$12,448,271

As at September 30, 2010

Description	Level 1	Level 2	Level 3	Total
Equities	\$17,099,311	\$ -	\$ -	\$17,099,311

4. Unitholders' Equity

Each unitholder in the Fund acquires units that represent an undivided interest in the Net Assets of the Fund. All units of the same class have equal rights and privileges. Each unit is entitled to one vote at any meeting of unitholders and to equal participation in any distributions made by the Fund. Fractional units are proportionately entitled to these rights. All units are fully paid when issued and are not transferable. Units are redeemable at the option of the unitholder. The number of units, which may be issued, is unlimited. The units of the Fund are issued and redeemed at the Net Asset Value per unit, which is determined daily.

The Net Asset Value for each series of units of the Fund is calculated based on the fair market value of that series' proportionate share of the assets of the Fund, less any liabilities of the Fund allocated to that series of units, divided by the total number of units of that series held by Fund investors. The following are units issued, redeemed and average units outstanding for the years ended September 30:

	2011			2010		
	Units Issued	Units Redeemed	Average Units Outstanding	Units Issued	Units Redeemed	Average Units Outstanding
Series A	289,606	651,299	1,353,876	594,166	893,124	1,728,827
Series F	7,091	99,175	64,231	22,145	111,990	186,354
Series I	340,926	-	1,190,268	408,721	59,799	851,779

During the year ended September 30, 2011, the Excel India Fund, a fund also managed by Excel, purchased Nil (2010: 2,080) Series I units and did not redeem (2010: Nil) any Series I units of the Fund. As at September 30, 2011, the Excel India Fund held 502,080 (2010: 502,080) Series I units of the Fund.

During the year ended September 30, 2011, the Excel China Fund, a fund also managed by Excel, purchased Nil (2010: 626) Series I units and did not redeem (2010: Nil) any Series I units of the Fund. As at September 30, 2011, the Excel China Fund held 151,058 (2010: 151,058) Series I units of the Fund.

During the year ended September 30, 2011, the Excel BRIC Fund, a fund also managed by Excel, purchased 292,084 (2010: 406,015) Series I units of the Fund and did not redeem (2010: 59,799) any Series I units of the Fund. As at September 30, 2011, the Excel BRIC Fund held 638,300 (2010: 346,216) Series I units of the Fund.

The Excel Emerging Markets Fund, a fund also managed by Excel was inception on November 2, 2010. For the period November 2, 2010 to September 30, 2011, the Excel Emerging Markets Fund purchased 48,841 Series I units of the Fund and did not redeem any Series I units of the Fund. As at September 30, 2011, the Excel Emerging Markets Fund held 48,841 Series I units of the Fund.

As at September 30, 2011, Excel held 15,062 (2010: 15,062) Series A units of the Fund.

5. Management Fees and Operating Expenses

a) Management Fees

Excel as manager of the Fund, is responsible for the day-to-day management of the Fund activities including managing the overall business and operations of the Fund, retaining portfolio managers and determining policies relating to the distribution of units. For its services Excel is paid a management fee calculated on each series of units as a percentage of the Net Asset Value of the series, as of the close of business on each business day as disclosed below:

	Management Fees	Actual Management Fees
Series A	2.50%	Nil - Aug 31/11 to Sep 30/11 1.30% - Apr 4/11 to Aug 30/11 Nil - Mar 17/11 to Apr 3/11 1.30% - Oct 12/10 to Mar 16/11 2.50% - Sep 22/10 to Oct 11/10 Nil - Jul 29/10 to Sep 21/10 2.00% - Jan 28/10 to Jul 28/10 1.25% - Oct 1/09 to Jan 27/10
Series F	1.50%	Nil - Sep 7/11 to Sep 30/11 0.30% - Apr 4/11 to Sep 6/11 Nil - Mar 17/11 to Apr 3/11 0.30% - Oct 12/10 to Mar 16/11 Nil - Jul 29/10 to Oct 11/10 0.50% - Jan 28/10 to Jul 28/10 0.25% - Oct 1/09 to Jan 27/10
Series I	(i)	

(i) The management fee on Series I is negotiable between the Institution and Excel.

During the year ended September 30, 2011 Excel absorbed management fees of \$195,510 (2010: \$167,002) Excel may discontinue absorbing these expenses at any time without notice.

As at September 30, 2011 the management fee payable was Nil (2010: \$5,836).

b) Operating Expenses

The Fund pays its own operating expenses and all applicable taxes. These expenses include the brokerage commissions and fees on portfolio transactions, interest expense, taxes (if any), custodial fees, audit and legal fees, insurance, registrar's fees, distribution costs, the cost of reporting to unitholders (including proxy solicitation material), the cost of qualifying and maintaining the qualification for sale of units of the Fund and all other expenses incurred in the ordinary course of operation of the Fund.

During the year ended September 30, 2011, Excel received administration fees of \$17,676 (2010: \$11,857) relating to the operation of the Fund.

6. Brokerage Commissions and Soft Dollars

Brokerage commissions paid on portfolio transactions for the years ended September 30, 2011 and 2010 were as follows:

<u>2011</u>	<u>2010</u>
\$36,828	\$21,157

All business with brokers is transacted on normal commercial terms. During the years ended September 30, 2011 and 2010, through soft commission arrangements with brokers, Baring received services used to support investment decision making. Baring did not make direct payment for these services but transacted business with the brokers on behalf of the Fund and commission was paid on these transactions. The total soft dollar credits generated for the years ended September 30 are as follows:

<u>2011</u>	<u>2010</u>
\$12,891	\$6,076

6. Brokerage Commissions and Soft Dollars (Cont'd)

The goods and services utilized for the Fund included research and data services used for analysis. Types of research included macro-economic data covering countries and sectors, company research reports, subscriptions of specialist publications, introductions to company management and access to analysts.

7. Income Taxes and Distributions

The Fund qualifies as a "unit trust" under the Income Tax Act (Canada) and, is not taxed on that portion of the taxable income, which is paid or allocated to unitholders. The tax year-end of the Fund is December 15. Income from foreign sources may be subject to foreign withholding tax. Income earned from the units and capital gains realized when units are redeemed or exchanged, may be subject to tax.

It is the policy of the Fund to distribute to unitholders on or before their taxation year end, sufficient net income (including net realized capital gains) of the Fund, this will result in the Fund paying no tax under Part I of the Income Tax Act (Canada). The Fund may make additional distributions from time to time throughout the year at Excel's discretion including distributions on account of reduced management fee arrangements with certain investors such as institutional investors.

The Fund has accumulated net realized capital losses and non-capital losses as at the end of its previous taxation year. These losses are available for utilization against net realized gains or net income for tax purposes in the future years. Capital losses may be carried forward indefinitely to reduce realized gains. Non-capital losses generated for the years beginning 2006 or later may be carried forward up to 20 taxation years. As at September 30, 2011 the amount of capital and non-capital losses are as follows:

Capital	Non-Capital
\$6,388,083	\$150,606
Non-Capital Losses expire in the taxation year ending December 15:	
2030	
\$150,606	

8. Net Assets and Net Asset Value

The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, "Financial Instruments – Recognition and Measurement" prescribes the valuation techniques for calculating net assets for financial reporting purposes ("Net Assets"). National Instrument 81-106, "Investment Fund Continuous Disclosure" prescribes the valuation techniques for calculating net asset value for transactional pricing purposes ("Net Asset Value"). Net Assets are calculated based on the fair value of investments using the last bid price and the Net Asset Value of investment funds is calculated based on the fair value of investments using the close or last trade price.

The following are the Net Assets and Net Asset Values per unit:

	Series A		Series F		Series I	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Net Assets per unit	\$4.90	\$6.50	\$5.04	\$6.62	\$5.21	\$6.79
Net Asset Value per unit	\$4.98	\$6.53	\$5.13	\$6.66	\$5.29	\$6.83

The Net Assets per unit and Net Asset Value per unit differ due to the use of different valuation techniques.

9. Financial Instruments and Risk Management

The Fund's activities expose it to a variety of financial risks. Excel seeks to minimize the potential adverse effects of these risks on the Fund's performance by employing professional and experienced portfolio advisors, by daily monitoring of the Fund's positions and market events and by diversifying the investment portfolio with the constraints of the investment objectives of the Fund. The portfolio advisor will maintain a mix of equities and cash that represents its view of the most optimal combination of these investments based on economic outlook, market conditions and the relative value of these investments. The Fund did not engage in any derivative transactions during the years ended September 30, 2011 and 2010.

9. Financial Instruments and Risk Management (Cont'd)

Liquidity Risk

Liquidity is a measure of how quickly an investment can be sold for cash at a fair market price. The Fund is exposed to daily cash redemptions of redeemable units. Therefore, the Fund invests the majority of its resources in investments that are traded in an active market and can be readily disposed. In addition, the Fund retains sufficient cash and cash equivalents positions to maintain liquidity.

Currency Risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's functional currency. The Fund is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. If the Canadian dollar declines in value against the foreign currency, the value of an investment expressed in Canadian currency will increase. If the Canadian dollar increases in value against the foreign currency, the value of an investment expressed in Canadian currency will decrease.

The Fund is exposed to currency risk through the following financial instruments:

Currency exposure as at September 30, 2011

Currency	Cash (\$)	Equities (\$)	Total(\$)	% of Total Net Assets
US Dollars	114,554	6,760,796	6,875,350	54.18
Turkish Lira	-	3,079,589	3,079,589	24.27
Polish Zloty	3	1,798,832	1,798,835	14.17
British Pound	-	473,914	473,914	3.73
Czech Republic Koruna	-	198,433	198,433	1.56
Hungarian Forint	-	136,706	136,706	1.08
Euro	13	-	13	-
Swedish Krona	-	-	-	-

Currency exposure as at September 30, 2010

Currency	Cash (\$)	Equities (\$)	Total(\$)	% of Total Net Assets
US Dollars	136,187	10,219,782	10,355,969	59.75
Turkish Lira	(3,420)	3,265,006	3,261,646	18.82
Polish Zloty	2	1,285,427	1,285,429	7.42
British Pound	88,321	703,575	791,896	4.57
Czech Republic Koruna	-	561,472	561,472	3.24
Hungarian Forint	-	834,368	834,368	4.81
Euro	13	-	13	-
Swedish Krona	-	229,620	229,620	1.32

Based on the currency exposures at September 30, 2011, a 1% change in the Canadian dollar in relation to all the currencies would result in an approximately \$126,000 (2010: \$171,000) change in Net Assets of the Fund as at September 30, 2011, with all other factors held constant. In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

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 Manager moderates this through a careful selection of securities and other financial instruments within the parameters of the investment strategy.

9. Financial Instruments and Risk Management (Cont'd)

Other Market Risk (Cont'd)

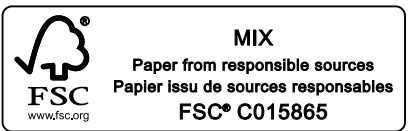
The impact on Net Assets of the Fund due to a 1 % change in the benchmark, using historical correlation between the Fund's return as compared to the return of the Fund's benchmark, as at September 30, 2011, with all other variables held constant, is included in the following table. Regression analysis has been utilized to estimate the historical correlation. The analysis uses 36 data points in 2011 (2010: 34 data points) based on the monthly net returns of the Series A units of the Fund.

Benchmark	Impact on Net Assets	
	September 30, 2011	September 30, 2010
Morgan Stanley Capital International Emerging Europe 10-40 Index	+ or - \$129,000	+ or - \$177,000

Since historical correlation may not be representative of future correlation, actual results could differ from this sensitivity analysis and the differences could be material.

Capital Management:

CICA Handbook Section 1535, "Capital Disclosures", specifies the disclosure of (i) an entity's objectives, policies and processes for management of capital; (ii) quantitative data and qualitative information about what the entity regards as capital; and (iii) whether the entity has complied with any capital requirements. The Fund's objectives, policies and procedures for managing capital are described in Note 1, information about unitholders' equity is described in Note 4, and during the years ended September 30, 2011 and 2010, the Fund did not have any externally imposed capital requirements.



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