



# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

EXCEL  
**CHINA 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

*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](http://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 China 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 growth of capital by investing in equity securities of companies located in China, Hong Kong, Taiwan and other Far East countries.

The Fund will invest the majority of its assets in equity securities of superior companies in China, Hong Kong and Taiwan, and other Far East countries. The Fund may also invest in other companies outside this region that are engaged in economic development and opportunities in China. The Fund invests in a diversified portfolio of well-researched equity securities listed in China, Hong Kong, other parts of Asia and surrounding areas. The Fund strongly emphasizes companies with good value, sustainable growth prospects and visionary corporate management. The Fund may also invest in Canadian equity securities which focus on companies doing business in the China region, debt securities of Canadian issuers, derivatives (futures, options and forward contracts) and cash or cash equivalents.

The Fund may invest in American or global depository receipts, Eurobonds, Euro convertible bonds or other securities issued by China issuers in the international capital markets, debt securities of foreign issuers, cash and cash equivalents. Under adverse market, economic or political conditions or for other considerations, the Fund may invest its assets in cash or short-term fixed income securities for defensive purposes.

## **Investment Risks**

The risks of investing remain as discussed in the prospectus. The Fund is suitable for investors who want exposure to equity and debt securities of companies located in China, Hong Kong and other Far Eastern markets, and who are investing for the medium to long term and can tolerate higher risk. 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 emerging economies. The Fund's financial instruments may consist of cash, investments and certain derivative contracts. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include emerging markets risk, equity risk, currency risk and foreign investment risk.

## **Results of Operations**

For the year ended September 30, 2011, the Fund's Series A, F and I units declined by 27.1%, 26.2% and 25.2% respectively. This compares to a decline of 23.3% for the Morgan Stanley Capital International ("MSCI") China index (net dividends reinvested) for the same period. The Fund's return is after the deduction of fees and expenses paid by the Fund.

The Fund marginally underperformed the benchmark during the year ended September 30, 2011. Top contributors to performance included overweight positions in Lenovo Group Limited, SINA Corporation, China Resources Cement Holdings Limited and Brilliance China Automotive Holdings Limited. The Fund's underweight position in the large financials Agricultural Bank of China Limited "H" and China Life Insurance Company Limited "H" also added value. Detractors to relative performance included the overweight in China Taiping Insurance Holdings Company Limited and the underweight in China Mobile Limited, PetroChina Company Limited "H" and Sinopec Shanghai Petrochemical Company Limited "H".

The Net Assets of the Fund decreased from \$160.7 million as at September 30, 2010 to \$100.0 million as at September 30, 2011 primarily due to net realized and unrealized losses of \$36.6 million recorded on the investment portfolio and investor net redemptions of \$21.8 million.

## Recent Developments

The Chinese economy continues to experience dynamic growth and 2011 has seen China surpass Japan to become the world's second largest economy. China is also on track to replace the United States as the largest producer of manufactured goods.

Despite the positive long-term outlook, recent months have been a challenging time for risk assets such as equities as investors have become concerned over the health of the global economy, highlighted by the ongoing sovereign debt crisis in Europe and the Standard & Poor's downgrade of the United States ("US") government debt. Chinese equities have also been impacted by concerns relating to inflation, the Chinese authorities having actively raised interest rates in a bid to manage liquidity and temper growth in Asia's largest economy.

In terms of portfolio changes, the Fund added to insurance companies during the fourth quarter of 2010 as the Fund can benefit from a cycle of rising interest rates. Further the Fund has built positions in some healthcare and consumer companies. These types of companies are favorable because of their strong earnings momentum and promising growth outlook in the long term. While exposure to small-mid caps stocks was reduced as liquidity declined in the market from the beginning of 2011, the Fund earned profits from certain internet stocks as valuations became stretched, and the Fund selectively added some technology stocks in anticipation of market share gain. Towards the end of the third quarter in 2011, the Fund bought banks as valuations became attractive. Exposure to the energy sector was increased by selectively adding companies benefiting from rising commodity prices and solid production volume growth. Furthermore, the Fund bought some airline equities as oil prices dropped.

China is, relative to other economies, advanced in its cycle of rate rises and inflationary pressures are expected to moderate towards the end of 2011. While policy risk remains a factor in China, it also presents opportunities for long-term investors as valuations are attractive both in absolute terms and, relative to other markets.

The Fund continues to favour secular growth themes, particularly in the consumer and industrials sectors, and the key holdings in the portfolio are those which are likely to be less affected by rising inflationary pressures and policy measures. In this regard, strong capital spending growth is expected to be seen. Machinery and textiles are likely to be the first to benefit from net spending as they seek to improve productivity levels.

The economic prospects for China remain stronger than currently priced into the market, as share price valuations remain at the lower end of the historical range. The Fund's focus is on high conviction companies which can deliver sustainable earnings growth in the coming years. The Fund will selectively add to positions in these companies with valuation pull back.

## 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.

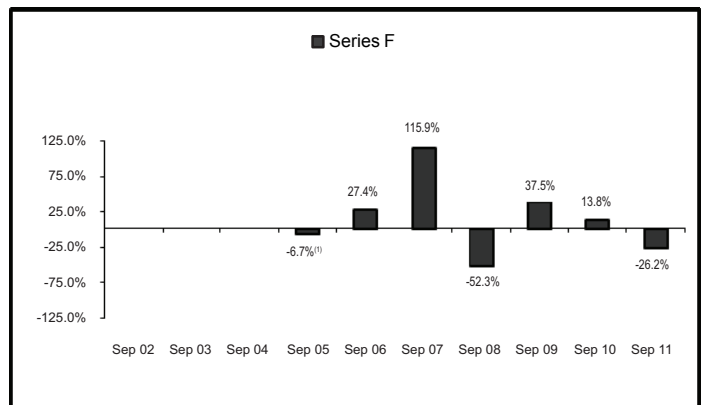
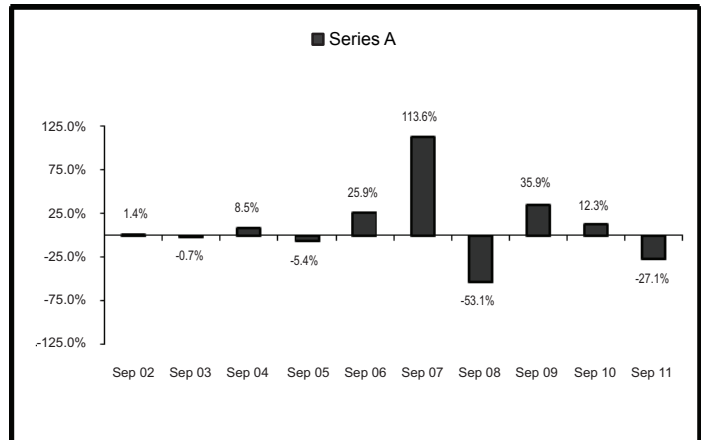
**Past Performance**

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.

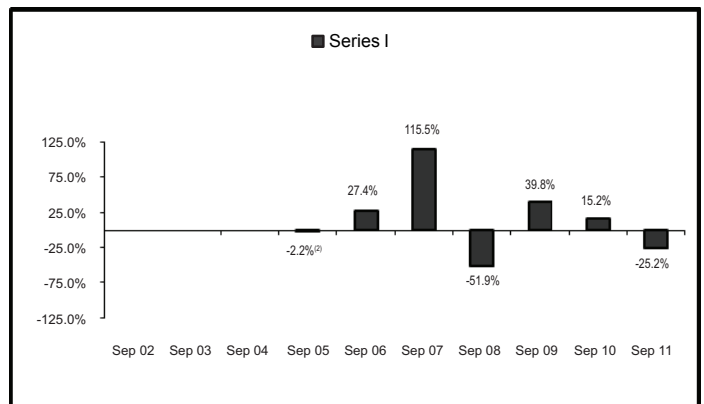
The past performance of the Fund is set out in the following charts. All returns are calculated in Canadian Dollars, and unit values are expressed in Canadian Dollars.

**Year-by-Year Returns**

The following bar charts show the performance of each series of units of the Fund for each of the previous years ended September 30. The charts show in percentage terms how an investment made on October 1 or on inception would have increased or decreased by September 30 of the fiscal year. The past performance of the Fund is not necessarily an indication of how it will perform in the future.



(1) Return from February 25, 2005 to September 30, 2005.



(2) Return from December 23, 2004 to September 30, 2005.

## Annual Compound Returns

The following table shows the Fund's annual compound total return for Series A, F and I units of the Fund for the years ended September 30, 2011. The annual compound total return is also compared to the MSCI China index calculated on the same compound basis. 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.

<b>Percentage Return:</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>10</b>	<b>Since</b>
	<b>Yr</b>	<b>Yr</b>	<b>Yr</b>	<b>Yr</b>	<b>Inception</b>
<b>Series A</b>	-27.14	3.59	2.17	3.77	-7.42 <sup>(1)</sup>
MSCI China <sup>(4)</sup>	-23.33	3.89	5.80	10.83	3.42 <sup>(1)</sup>
<b>Series F</b>	-26.19	4.90	3.54	N/A	5.39 <sup>(2)</sup>
MSCI China	-23.33	3.89	5.80	10.83	9.86 <sup>(2)</sup>
<b>Series I</b>	-25.19	6.40	4.55	N/A	6.74 <sup>(3)</sup>
MSCI China	-23.33	3.89	5.80	10.83	10.08 <sup>(3)</sup>

<sup>(1)</sup> The Fund's performance (since inception as of January 28, 2000, as reflected in the charts above) relates to a period of time when the Fund was known as the Excel Innovation Fund. The investment objective of Excel China Fund was changed on December 14, 2001. The return of the Excel China Fund Series A from December 14, 2001 to September 30, 2011 is -7.39%.

<sup>(2)</sup> The inception date of the Excel China Fund Series F is February 25, 2005.

<sup>(3)</sup> The inception date of the Excel China Fund Series I is December 23, 2004.

<sup>(4)</sup> The MSCI China is a free float-adjusted market capitalization index that measures equity market performance in China.

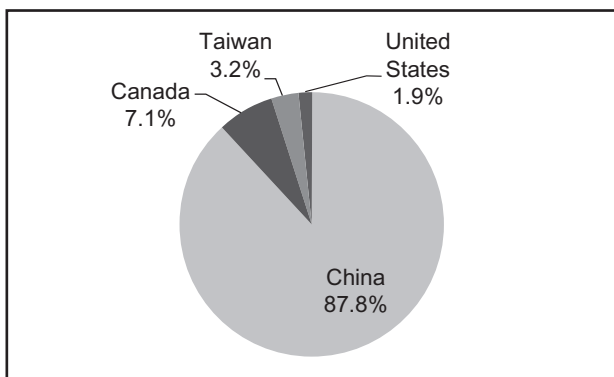
**Summary of Investment Portfolio**  
As at September 30, 2011

**Portfolio Allocation\***

Asset Class	% of Net Asset Value
Information Technology	14.3%
Financial Services	11.3%
Oil & Gas	8.9%
Industrial & Manufacturing	8.0%
Telecommunications	6.9%
Automotive	5.9%
Retail & Merchandising	5.7%
Metals & Mining	5.6%
Conglomerates	5.2%
Real Estate & Property Management	4.8%
Other Net Assets	4.7%
Mutual Funds	4.0%
Pharmaceutical & Healthcare	3.5%
Electronics	2.9%
Cement	2.5%
Shipping & Transportation	1.9%
Utility & Energy	1.8%
Consumer Products	1.2%
Advertising & Media	0.9%
<b>Total</b>	<b>100.0%</b>

\*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 \***



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

**Top 25 Holdings\***

Issuer	% of Net Asset Value
CNOOC Limited	4.3%
Tencent Holdings Limited	4.3%
Lenovo Group Limited	4.2%
China Unicom (Hong Kong) Limited	3.8%
Dah Chong Hong Holdings Limited	3.5%
PetroChina Company Limited "H"	3.3%
Agricultural Bank of China Limited "H"	3.2%
Brilliance China Automotive Holdings Limited	2.9%
Comba Telecom Systems Holdings Limited	2.8%
China Construction Bank Corporation "H"	2.7%
Cash & Cash Equivalents	2.7%
Kindee International Software Group Company Limited	2.7%
China Life Insurance Company Limited	2.7%
Yanzhou Coal Mining Company Limited	2.7%
Sino Biopharmaceutical Limited	2.6%
China Resources Cement Holding Limited	2.5%
Springland International Holdings Limited	2.3%
Dongfang Electric Corporation Limited "H"	2.3%
Excel EM Capital Income Fund "I" Series	2.3%
I.T Limited	2.2%
China Overseas Land & Investment Limited	2.0%
China ZhengTong Auto Services Holdings Limited	2.0%
China Southern Airlines Company Limited "H"	1.9%
AAC Acoustic Technologies Holdings Inc.	1.9%
Skyworth Digital Holdings Limited	1.7%

\*The top 25 holding 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](http://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 (\$) <sup>(2)</sup>

Series A	Sep-11	Sep-10	Sep-09	Sep-08	Sep-07
<b>Net Assets, beginning of year</b>	<b>2.59</b>	2.31	1.68	3.89	1.82 <sup>(3)</sup>
Increase (decrease) from operations:					
Total revenue	0.04	0.04	0.03	0.06	0.09
Total expenses	(0.10)	(0.09)	(0.09)	(0.12)	(0.11)
Realized gains (losses) for the year	0.09	0.23	(0.87)	(0.07)	0.59
Unrealized gains (losses) for the year	(0.66)	0.09	1.55	(1.85)	1.33
<b>Total increase (decrease) from operations <sup>(1)</sup></b>	<b>(0.63)</b>	0.27	0.62	(1.98)	1.90
<b>Distributions<sup>(4)</sup>:</b>					
From capital gains	-	-	-	(0.24)	-
<b>Net Assets, end of year</b>	<b>1.88</b>	2.59	2.31	1.68	3.89

Series F	Sep-11	Sep-10	Sep-09	Sep-08	Sep-07
<b>Net Assets, beginning of year</b>	<b>8.89</b>	7.81	5.62	12.80	5.92 <sup>(3)</sup>
Increase (decrease) from operations:					
Total revenue	0.14	0.14	0.12	0.22	0.27
Total expenses	(0.24)	(0.20)	(0.23)	(0.22)	(0.18)
Realized gains (losses) for the year	(0.11)	0.80	(2.83)	(0.22)	2.02
Unrealized gains (losses) for the year	(2.77)	0.29	5.22	(5.60)	4.17
<b>Total increase (decrease) from operations <sup>(1)</sup></b>	<b>(2.98)</b>	1.03	2.28	(5.82)	6.28
<b>Distributions<sup>(4)</sup>:</b>					
From capital gains	-	-	-	(0.81)	-
<b>Net Assets, end of year</b>	<b>6.54</b>	8.89	7.81	5.62	12.80

Series I	Sep-11	Sep-10	Sep-09	Sep-08	Sep-07
<b>Net Assets, beginning of year</b>	<b>19.32</b>	16.78	11.88	26.77	12.42 <sup>(3)</sup>
Increase (decrease) from operations:					
Total revenue	0.27	0.33	0.24	0.45	0.55
Total expenses	(0.27)	(0.23)	(0.25)	(0.36)	(0.43)
Realized gains (losses) for the year	0.76	1.68	(6.86)	(0.89)	3.84
Unrealized gains (losses) for the year	(4.92)	0.65	11.66	(12.87)	9.53
<b>Total increase (decrease) from operations <sup>(1)</sup></b>	<b>(4.16)</b>	2.43	4.79	(13.67)	13.49
<b>Distributions<sup>(4)</sup>:</b>					
From capital gains	-	-	-	(1.65)	-
<b>Net Assets, end of year</b>	<b>14.41</b>	19.32	16.78	11.88	26.77

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

(3) Net Assets beginning of the year were adjusted to reflect changes in Canadian GAAP.

(4) Distributions were paid in cash/reinvested in additional units of the fund, or both.

## Ratios and Supplemental Data

<b>Series A</b>	<b>Sep-11</b>	<b>Sep-10</b>	<b>Sep-09</b>	<b>Sep-08</b>	<b>Sep-07</b>
Net Asset Value (\$) (000's) <sup>(1)</sup>	<b>49,787</b>	92,654	98,547	68,631	172,227
Net Asset Value per unit (\$) (1)	<b>1.89</b>	2.60	2.31	1.70	3.90
Number of units outstanding (000's) <sup>(1)</sup>	<b>26,315</b>	35,682	42,618	40,330	44,149
Management expense ratio (%) (2)	<b>3.54</b>	3.24	3.52	3.32	2.39
Management expense ratio before waivers or absorptions (%) (2)	<b>3.56</b>	3.26	3.55	3.34	3.25
Portfolio turnover rate (%) (3)	<b>114.14</b>	97.40	209.70	97.40	109.79
Trading expense ratio (%) (4)	<b>0.59</b>	0.56	1.12	0.74	1.09
<b>Series F</b>	<b>Sep-11</b>	<b>Sep-10</b>	<b>Sep-09</b>	<b>Sep-08</b>	<b>Sep-07</b>
Net Asset Value (\$) (000's) <sup>(1)</sup>	<b>17,044</b>	3,381	3,463	3,305	8,693
Net Asset Value per unit (\$) (1)	<b>6.57</b>	8.91	7.83	5.69	12.83
Number of units outstanding (000's) <sup>(1)</sup>	<b>2,593</b>	380	442	533	678
Management expense ratio (%) (2)	<b>2.21</b>	1.93	2.47	1.51	0.80
Management expense ratio before waivers or absorptions (%) (2)	<b>2.23</b>	2.15	2.50	2.25	2.22
Portfolio turnover rate (%) (3)	<b>114.14</b>	97.40	209.70	97.40	109.79
Trading expense ratio (%) (4)	<b>0.59</b>	0.56	1.12	0.74	1.09
<b>Series I</b>	<b>Sep-11</b>	<b>Sep-10</b>	<b>Sep-09</b>	<b>Sep-08</b>	<b>Sep-07</b>
Net Asset Value (\$) (000's) <sup>(1)</sup>	<b>33,649</b>	64,930	53,696	41,453	53,596
Net Asset Value per unit (\$) (1)	<b>14.48</b>	19.35	16.81	12.02	26.84
Number of units outstanding (000's) <sup>(1)</sup>	<b>2,324</b>	3,355	3,195	3,448	1,997
Management expense ratio (%) (2)	<b>0.88</b>	0.74	0.69	1.11	0.85
Management expense ratio before waivers or absorptions (%) (2)	<b>1.22</b>	0.96	1.14	1.26	1.24
Portfolio turnover rate (%) (3)	<b>114.14</b>	97.40	209.70	97.40	109.79
Trading expense ratio (%) (4)	<b>0.59</b>	0.56	1.12	0.74	1.09

(1) This information is provided at September 30.

(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 \$2,901,594 (2010: \$3,048,311) in management fees but the Fund paid Excel (after fees absorbed) management fees of \$2,720,104 (2010: \$2,918,879). 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 managers 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.

For the year ended September 30, 2011, Excel received administration fees of \$154,060 (2010: \$108,419) 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 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](http://www.excelfunds.com) and [www.sedar.com](http://www.sedar.com).

During the year ended September 30, 2011, the Excel Chindia Fund, a fund also managed by Excel, did not purchase any (2010: 136,092) Series I units of the Fund and redeemed 1,212,148 (2010: 230,587) Series I units of the Fund. As at September 30, 2011, the Excel Chindia Fund held 1,879,655 (2010: 3,091,803) Series I units of the Fund.

## Other Related Party Transactions (Cont'd)

During the year ended September 30, 2011, the Excel BRIC Fund, a fund also managed by Excel, purchased 167,056 (2010: 275,812) Series I units of the Fund and redeemed 26,269 (2010: 21,071) Series I units of the Fund. As at September 30, 2011, the Excel BRIC Fund held 395,528 (2010: 254,741) Series I units of the Fund.

The Excel Emerging Markets Fund, a fund also managed by Excel, was incepted on November 2, 2010. For the period November 2, 2010 to September 30, 2011, the Excel Emerging Market Fund purchased 40,284 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 40,284 Series I units of the Fund.

## Fund Formation and Series Information

Date of Formation: January 28, 2000

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:	Jan 28, 2000
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 Series F is \$250.

Inception Date:	Feb 25, 2005
Management Fees:	1.50%
Sales Charges:	<sup>(1)</sup>
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 23, 2004
Management Fees:	<sup>(2)</sup>
Sales Charges:	n/a
Redemption Charges	n/a
Redemption Charges	
Under Low Load Option:	n/a

<sup>(1)</sup> 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.

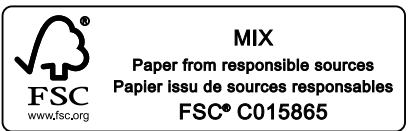
<sup>(2)</sup> The management fee on Series I is negotiable between the Institution and Excel Funds Management Inc.

## 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 a 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.



At Excel Funds we believe we have a responsibility to minimize our impact on the environment. We have also chosen as our print partner Informco, one of the most environmentally progressive printers in Canada and an ISO Environment 14001 and Forest Stewardship Council® (FSC®) certified company. This paper comes from responsible sources.



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