



ANNUAL REPORT

EXCEL
INCOME AND GROWTH 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

EXCEL
INCOME AND GROWTH FUND

Table of Contents

Annual Management Report of Fund Performance	5
Management’s Responsibility for Financial Reporting	14
Independent Auditor’s Report	15
Financial Statements	16
Notes to Financial Statements	21

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 Income and Growth 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 steady income and long-term growth of capital by investing in bonds, convertible bonds and dividend and/or distribution paying securities of companies located around the world. To achieve its investment objective, the Fund will invest in bonds, convertible bonds and dividend and/or distribution paying securities of companies located around the world. While Excel Investment Counsel Inc. ("EICI" or the "Portfolio Manager") strives to diversify the Fund's investment portfolio among geographic regions, the Fund may, from time to time, be concentrated in a particular country or region as a result of prevailing market conditions and/or available investment opportunities. The Fund may use derivatives like options, futures and forward contracts for hedging purposes as permitted by Canadian securities regulators. Derivatives may also be used by the Fund for non-hedging purposes such as to gain exposure to individual stocks or to seek to enhance returns. Under adverse market, economic or political conditions or for other considerations, the Fund may invest its assets in cash and cash equivalents (in any currency) or short-term fixed income securities for defensive or other purposes.

Investment Risks

The risks of investing in the Fund remain as discussed in the prospectus. The Fund is suitable for investors who are seeking current income and, to a lesser extent, long-term capital growth and who are looking for exposure to the bond markets and, to a lesser extent, the equity markets located around the world. The investor should be willing to accept moderate investment risk and be exposed to fluctuations in certain foreign currencies relative to the Canadian dollar and who plans to hold for the long term.

Securities of many issuers in the certain countries may be less liquid and more volatile than securities of comparable domestic issuers, but may offer the potential for higher returns over the long term. The securities held by the Fund may be denominated in foreign currency. Accordingly, the value of the Fund will fluctuate depending on the rate of exchange between the Canadian dollar and certain foreign currencies. Certain countries have less developed clearance and settlement procedures and delays may occur in registering transfers of securities. The Fund may, therefore, be unable to sell securities until the registration process is completed or may experience delays in receipt of dividends and other entitlements.

The value of the Fund may also be affected by political and economic developments, social or regional tensions, changes in local tax laws or government regulation and government intervention, high rates of inflation or interest rates. The risk of loss may also be increased because there may be less information available about issuers located in certain countries since these issuers are not subject to the extensive accounting, auditing and financial reporting standards and practices which are applicable in North America. There is also a lower level of regulation and monitoring of the capital markets in some emerging markets compared to other more developed markets.

Results of Operations

During the year ended September 30, 2011, the Fund's Series A, F and I units declined by 17.9%, 17.2%, 16.8% respectively. This compares to the negative 0.63% return for the blended benchmark of 66.7% Morgan Stanley Capital International ("MSCI") World Index and 33.3% Barclays Capital Index. The Fund's return is after the deduction of fees and expenses paid by the Fund.

As at September 30, 2011, 93.2% of Net Assets were invested in equities, 4.3% of Net Assets were invested in fixed income, and the remaining 2.5% in other assets comprising primarily of cash.

The Net Assets of the Fund decreased from \$11.0 million as at September 30, 2010 to \$5.6 million as at September 30, 2011. The change in Net Assets is attributable primarily to investor net redemptions of \$4.2 million and net realized and unrealized losses of \$1.2 million recorded on the investment portfolio. The Portfolio Manager does not believe the net redemptions had a meaningful impact on the Fund's performance or the Fund's ability to implement its investment strategy.

During the year ended September 30, 2011, the Fund maintained its distribution of \$0.033 per month (\$0.396 per annum).

Results of Operations (Cont'd)

The Fund's sector weightings were re-allocated in the last year to expand positions into industry sectors, which were considered to be possible areas of future growth. Asset weighting in utilities was reduced, and redeployed into information technology and health care at year end.

Excel has retained EICI as of December 7, 2009 to act as the portfolio manager of the Fund; previously the portfolio manager was Toron Capital Markets Inc. EICI is a wholly owned subsidiary of Asdhir Enterprises Inc., which also owns a majority of the voting shares of Excel.

Recent Developments

There were several global events that impacted the markets. Earlier in the year, there was an uprising in the Middle East and North Africa which led to an increase in the price of oil and Japan experienced a tragic earthquake and tsunami. As well, the United States of America ("U.S.") economy has been weaker than expected, which has caused economists to reduce their North American growth forecasts. All of these contributors to global uncertainty have caused a strong correction for most global equity markets. The Portfolio Manager believes the likelihood of a double-dip recession is low as corporate earnings growth is strong and balance sheets are much stronger than they were several years ago.

As we enter into the last part of 2011, markets continue to be challenged about the potential Greek default as part of the European sovereign debt crisis, the end of U.S. quantitative easing and slow economic growth. The Portfolio Manager believes that the economic fundamentals reflect an economic slowdown and not a contraction, and as a result the economic slowdown is temporary, and the market drop can be viewed as a normal correction. The market is expected to rally if future economic reports support the economic slowdown case.

During the year the Fund focused on selecting equity securities of companies with strong balance sheets and with good earnings growth. Security selection remains important as the Fund seeks opportunities across asset classes. In terms of equities, equity valuations are very attractive, and thus the Fund remains overweight.

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

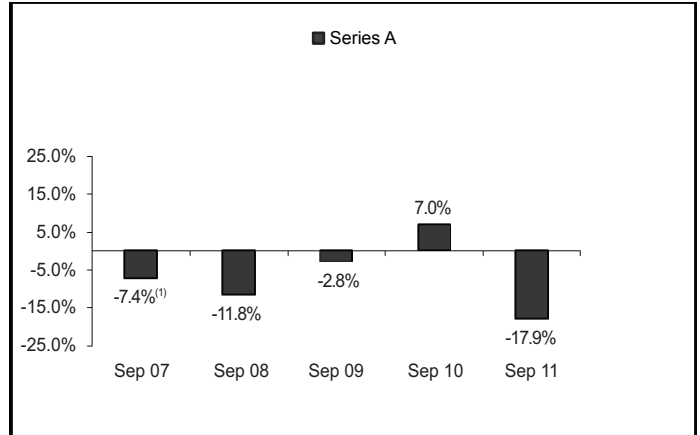
Sales commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all 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.

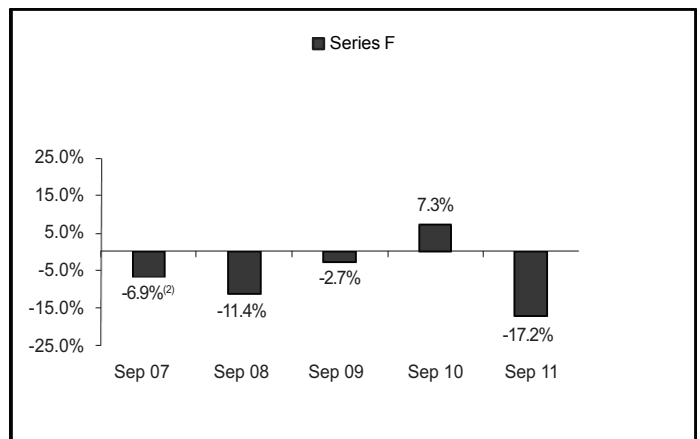
Year-by-Year Returns

The following bar charts show the performance of each series of the Fund for the year ended September, 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.

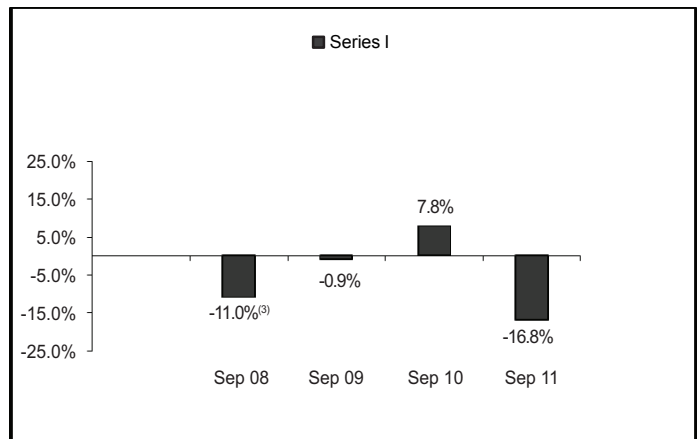
Past performance of the Fund is not necessarily an indication of how it will perform in the future.



(1) Return from January 2, 2007 to September 30, 2007



(2) Return from January 5, 2007 to September 30, 2007



(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 years ended September 30, 2011. The annual compound total return is also compared to a blended index comprised of 66.7% MSCI World Index and 33.3% Barclays Capital Index as well as to the MSCI World 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 Years	Since Inception⁽¹⁾
Series A	-17.91	-5.02	-7.27
66.7% MSCI World Index / 33.3% Barclays Capital Index ⁽²⁾	-0.63	2.03	-2.79
MSCI World Index ⁽³⁾	-3.50	-0.74	-6.42
Series F	-17.15	-4.60	-6.78
66.7% MSCI World Index / 33.3% Barclays Capital Index ⁽²⁾	-0.63	2.03	-2.74
MSCI World Index ⁽³⁾	-3.50	-0.74	-6.32
Series I	-16.82	-3.70	-5.76
66.7% MSCI World Index / 33.3% Barclays Capital Index ⁽²⁾	-0.63	2.03	-2.24
MSCI World Index ⁽³⁾	-3.50	-0.74	-6.94

⁽¹⁾ The inception dates for each of the series of the Excel Income and Growth Fund are: Series A - January 2, 2007, Series F - January 5, 2007, and Series I - December 6, 2007.

⁽²⁾ The Barclays Capital Aggregate Bond Index, which used to be called the "Lehman Aggregate Bond Index," is a broad base index, maintained by Barclays Capital, which took over the index business of the now defunct Lehman Brothers, and is often used to represent investment grade bonds being traded in United States. Index funds and exchange-traded funds are available that track this bond index.

⁽³⁾ The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of the following 24 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States*.

EXCEL INCOME AND GROWTH FUND

Annual Management Report of Fund Performance
For the year ended September 30, 2011

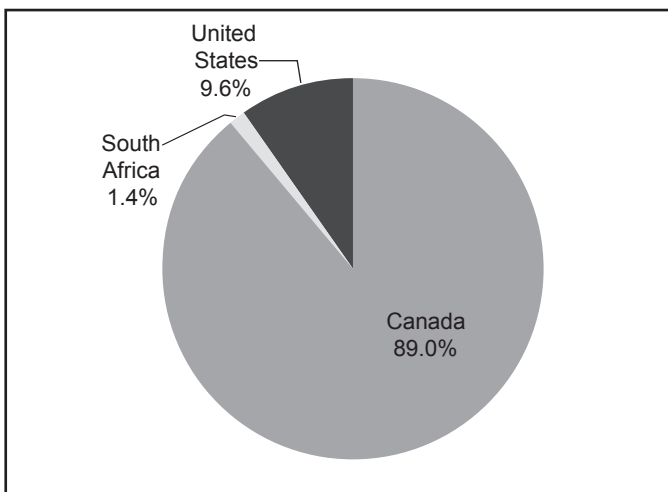
Summary of Investment Portfolio As at September 30, 2011

Portfolio Allocation*

Asset Class	% of Net Asset Value
Pharmaceuticals & Healthcare	24.7%
Metals & Mining	23.7%
Oil & Gas	12.2%
Information Technology	7.6%
Industrial & Manufacturing	5.6%
Corporate Bond	4.3%
Financial Services	3.9%
Chemicals	3.7%
Advertising & Media	3.6%
Shipping & Transportation	3.3%
Infrastructure & Development	2.4%
Other Net Assets	1.9%
Telecommunications	1.9%
Automotive	1.2%
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*



*The portfolio region allocation is based on Net Asset Value.

Top 25 Holdings*

Issuer	% of Net Asset Value
Medicago Inc.	11.9%
Burcon NutraScience Corporation	7.8%
Wi-LAN Inc.	4.9%
Yamana Gold Inc.	4.9%
Eldorado Gold Corporation	4.8%
Suncor Energy Inc.	4.8%
Goldcorp Inc.	4.3%
Teck Resources Limited "B"	4.1%
EV Energy Partner Limited Partnership	4.0%
Canadian Imperial Bank of Commerce	3.9%
Agrium Inc.	3.7%
Torstar Corporation "B"	3.6%
Linn Energy LLC	3.3%
Air Canada "B"	3.3%
Bombardier Inc. "B"	3.3%
Canadian Natural Resources 4.95% June 1, 2015	2.9%
Shoppers Drug Mart Corporation.	2.9%
Cash & Cash Equivalents	2.9%
North American Tungsten Corporation Limited	2.8%
Sandvine Corporation	2.7%
Aecon Group Inc.	2.4%
Martinrea International Inc.	2.3%
Abbott Laboratories Inc.	1.9%
Research In Motion Limited	1.9%
International Bank for Reconstruction & Development 12.5% May 14, 2012	1.4%

* 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 (\$) ⁽⁶⁾

Series A	Sep-11	Sep-10	Sep-09	Sep-08	Sep-07
Net Assets, beginning of year	7.16	7.06	7.68	9.14	10.00 ⁽³⁾
Increase (decrease) from operations:					
Total revenue	0.16	0.27	0.36	0.40	0.32
Total expenses	(0.28)	(0.18)	(0.25)	(0.12)	(0.04)
Realized gains (losses) for the year	0.74	0.12	(1.32)	(0.33)	(0.51)
Unrealized gains (losses) for the year	(2.07)	0.42	0.93	(0.96)	(0.64)
Total increase (decrease) from operations⁽¹⁾	(1.45)	0.63	(0.28)	(1.01)	(0.87)
Distributions:					
From income (excluding dividends)	(0.40)	(0.09)	(0.20)	(0.29)	(0.11)
From dividends	-	(0.08)	(0.03)	(0.03)	(0.01)
From capital gains	-	-	-	-	-
Return of capital	-	(0.23)	(0.16)	(0.09)	-
Total distributions⁽²⁾	(0.40)	(0.40)	(0.39)	(0.41)	(0.12)
Net Assets, end of year	5.52	7.16	7.06	7.68	9.14

Series F	Sep-11	Sep-10	Sep-09	Sep-08	Sep-07
Net Assets, beginning of year	7.26	7.13	7.74	9.21	10.00 ⁽⁴⁾
Increase (decrease) from operations:					
Total revenue	1.22	0.27	0.37	0.37	0.31
Total expenses	(0.22)	(0.17)	(0.24)	(0.09)	(0.04)
Realized gains (losses) for the year	0.49	(0.06)	(1.36)	(0.24)	(0.46)
Unrealized gains (losses) for the year	(3.65)	0.49	0.80	(1.01)	(0.66)
Total increase (decrease) from operations⁽¹⁾	(2.16)	0.53	(0.43)	(0.97)	(0.85)
Distributions:					
From income (excluding dividends)	(0.40)	(0.09)	(0.15)	(0.31)	(0.11)
From dividends	-	(0.08)	(0.03)	(0.03)	(0.01)
From capital gains	-	-	-	-	-
Return of capital	-	(0.23)	(0.21)	(0.09)	-
Total distributions⁽²⁾	(0.40)	(0.40)	(0.39)	(0.44)	(0.12)
Net Assets, end of year	5.65	7.26	7.13	7.74	9.21

Series I	Sep-11	Sep-10	Sep-09	Sep-08	Sep-07
Net Assets, beginning of year	8.33	8.09	8.56	10.00 ⁽⁵⁾	-
Increase (decrease) from operations:					
Total revenue	0.20	0.31	0.41	0.39	-
Total expenses	(0.21)	(0.16)	(0.11)	(0.08)	-
Realized gains (losses) for the year	1.70	0.10	(1.47)	(0.45)	-
Unrealized gains (losses) for the year	(2.23)	0.40	1.08	(0.95)	-
Total increase (decrease) from operations⁽¹⁾	(0.54)	0.65	(0.09)	(1.09)	-
Distributions:					
From income (excluding dividends)	(0.40)	(0.08)	(0.17)	(0.23)	-
From dividends	-	(0.08)	(0.03)	(0.02)	-
From capital gains	-	-	-	-	-
Return of capital	-	(0.24)	(0.19)	(0.11)	-
Total distributions⁽²⁾	(0.40)	(0.40)	(0.39)	(0.36)	-
Net Assets, end of year	6.56	8.33	8.09	8.56	-

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

(3) Inception date for Series "A" Units was January 2, 2007 with a \$10.00 issue price.

(4) Inception date for Series "F" Units was January 5, 2007 with a \$10.00 issue price.

(5) Inception date for Series "I" Units was December 6, 2007 with a \$10.00 issue price.

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

Ratios and Supplemental Data

Series A	Sep-11	Sep-10	Sep-09	Sep-08	Sep-07
Net Asset Value (\$) (000's) ⁽¹⁾	4,894	4,883	3,900	4,552	7,898
Net Asset Value per unit ⁽¹⁾	5.56	7.17	7.06	7.69	8.96
Number of units outstanding (000's) ⁽¹⁾	880	681	554	592	863
Management expense ratio (%) ⁽²⁾	2.98	1.88	3.5	1.22	0.26
Management expense ratio before waivers or absorptions (%) ⁽²⁾	4.72	4.21	4.2	3.61	2.83
Portfolio turnover rate (%) ⁽³⁾	192.9	162.6	27.5	35.68	41.14
Trading expense ratio (%) ⁽⁴⁾	1.09	0.71	0.05	0.14	0.36

Series F	Sep-11	Sep-10	Sep-09	Sep-08	Sep-07
Net Asset Value (\$) (000's) ⁽¹⁾	46	17	26	41	386
Net Asset Value per unit ⁽¹⁾	5.69	7.26	7.14	7.51	9.03
Number of units outstanding (000's) ⁽¹⁾	8	2	4	5	42
Management expense ratio (%) ⁽²⁾	1.97	1.74	3.3	0.82	0.24
Management expense ratio before waivers or absorptions (%) ⁽²⁾	3.32	3.08	3.86	2.08	2.00
Portfolio turnover rate (%) ⁽³⁾	192.9	162.6	27.5	35.68	41.14
Trading expense ratio (%) ⁽⁴⁾	1.09	0.71	0.05	0.14	0.36

Series I	Sep-11	Sep-10	Sep-09	Sep-08	Sep-07
Net Asset Value (\$) (000's) ⁽¹⁾	679	6,145	5,659	6,650	-
Net Asset Value per unit ⁽¹⁾	6.61	8.34	8.10	8.57	-
Number of units outstanding (000's) ⁽¹⁾	103	737	701	776	-
Management expense ratio (%) ⁽²⁾	1.52	1.25	1.28	0.84	-
Management expense ratio before waivers or absorptions (%) ⁽²⁾	2.15	1.83	1.86	1.51	-
Portfolio turnover rate (%) ⁽³⁾	192.9	162.6	27.5	35.68	-
Trading expense ratio (%) ⁽⁴⁾	1.09	0.71	0.05	0.14	-

(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 \$150,124 (2010: \$123,934) in management fees, but the Fund paid Excel (after fees absorbed) management fees of \$42,741 (2010: \$2,571). 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.

During the year ended September 30, 2011, Excel received administration fees of \$7,711 (2010: \$6,441) relating to the operation of the Fund.

For the year ended September 30, 2011, 59.6% (2010: 56.3%) of the total management fee 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.

EICI is a wholly owned subsidiary of Asdhir Enterprises Inc., which also owns a majority of the voting shares of Excel.

Other Related Party Transactions (Cont'd)

During the year ended September 30, 2011, the Excel India Fund, a fund also managed by Excel, purchased 2,940 (2010: 23,568) Series I units of the Fund and redeemed 390,459 (2010: Nil) Series I units of the Fund. As at September 30, 2011, the Excel India Fund held 62,822 (2010: 450,341) Series I units of the Fund.

During the year ended September 30, 2011, the Excel China Fund, a fund also managed by Excel, purchased 1,866 (2010: 14,993) Series I units of the Fund and redeemed 248,474 (2010: Nil) Series I units of the Fund. As at September 30, 2011, the Excel China Fund held 39,866 (2010: 286,474) Series I units of the Fund.

As at September 30, 2011, Excel held 18,856 (2010: 17,823) Series A units of the Fund.

Fund Formation and Series Information

Date of Formation: January 2, 2007

The Fund may issue an unlimited number of units of each series. The number 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; 1-800-813-9813; 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 2, 2007
Management Fees:	2.25%
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:	Jan 5, 2007
Management Fees:	1.25%
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, and 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 Income and Growth Fund

We have audited the accompanying financial statements of the Excel Income and Growth 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 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 Income and Growth 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 (*)	\$ 5,435,062	\$ 10,540,852
Cash	162,589	780,865
Interest and dividends receivable	26,277	62,666
Due from broker - equities	20,016	2,216,661
Receivable for units issued	2,550	120,111
	5,646,494	13,721,155
Liabilities		
Accrued expenses	70,331	51,879
Distribution payable	4,179	3,870
Payable for units redeemed	-	4,259
Due to broker - equities	-	2,626,665
	74,510	2,686,673
Net Assets Represented by Unitholders' Equity	\$ 5,571,984	\$ 11,034,482
Net Assets		
Series A	\$ 4,853,343	\$ 4,878,987
Series F	45,184	16,581
Series I	673,457	6,138,914
	\$ 5,571,984	\$ 11,034,482
Units Issued and Outstanding (Note 4)		
Series A	879,711	681,192
Series F	8,001	2,285
Series I	102,688	736,815
Net Assets Per Unit		
Series A	\$ 5.52	\$ 7.16
Series F	\$ 5.65	\$ 7.26
Series I	\$ 6.56	\$ 8.33
* Investments, at Average Cost	\$ 7,435,498	\$ 10,561,625

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		
Interest	\$ 91,036	\$ 148,019
Dividends	87,906	259,322
Withholding taxes	(13,374)	(38,885)
	165,568	368,456
Expenses (Note 5)		
Management fees	150,124	123,934
Administration costs	111,025	101,368
Transaction costs	74,362	67,905
Legal fees	16,732	16,676
Audit fees	13,319	14,979
Custodial fees	2,534	4,224
Securityholder reporting costs	1,635	2,025
Independent Review Committee	219	398
Trustee fees	201	275
	370,151	331,784
Net Investment (Loss) Gain before Absorbed Expenses	(204,583)	36,672
Expenses Absorbed by Manager (Note 5a)	107,383	121,363
Net Investment (Loss) Gain	(97,200)	158,035
Realized and Unrealized (Losses) Gains on Investments		
Net realized gains on investments	825,750	112,053
(Losses) Gains on foreign exchange	(13,457)	25,371
Net change in unrealized (depreciation) appreciation in value of investments	(1,979,663)	517,977
Net (Losses) Gains on Investments	(1,167,370)	655,401
(Decrease) Increase in Net Assets From Operations	\$ (1,264,570)	\$ 813,436
(Decrease) Increase in Net Assets from Operations		
Series A	\$ (1,186,450)	\$ 344,842
Series F	(12,663)	1,536
Series I	(65,457)	467,058
	\$ (1,264,570)	\$ 813,436
(Decrease) Increase in Net Assets from Operations Per Unit		
Series A	\$ (1.45)	\$ 0.63
Series F	\$ (2.16)	\$ 0.53
Series I	\$ (0.54)	\$ 0.65

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

Statements of Changes in Net Assets

For the years ended September 30, 2011 and 2010

	Series A		Series F	
	2011	2010	2011	2010
Net Assets,				
Beginning of the Year	\$ 4,878,987	\$ 3,906,080	\$ 16,581	\$ 26,621
(Decrease) Increase in Net Assets from Operations	(1,186,450)	344,842	(12,663)	1,536
Capital Transactions				
Proceeds from issuance of units	3,290,410	2,163,878	75,280	5,846
Amounts paid on redemption of units	(2,071,005)	(1,516,575)	(34,014)	(17,422)
Distribution reinvestment	267,177	198,907	2,070	1,155
Distribution paid to unitholders	(325,776)	(218,145)	(2,070)	(1,155)
Net Capital Transactions	1,160,806	628,065	41,266	(11,576)
Net Assets,				
End of the Year	\$ 4,853,343	\$ 4,878,987	\$ 45,184	\$ 16,581

	Series I		Total	
	2011	2010	2011	2010
Net Assets,				
Beginning of the Year	\$ 6,138,914	\$ 5,671,856	\$ 11,034,482	\$ 9,604,557
(Decrease) Increase in Net Assets from Operations	(65,457)	467,058	(1,264,570)	813,436
Capital Transactions				
Proceeds from issuance of units	-	-	3,365,690	2,169,724
Amounts paid on redemption of units	(5,400,000)	-	(7,505,019)	(1,533,997)
Distribution reinvestment	39,591	284,012	308,838	484,074
Distribution paid to unitholders	(39,591)	(284,012)	(367,437)	(503,312)
Net Capital Transactions	(5,400,000)	-	(4,197,928)	616,489
Net Assets,				
End of the Year	\$ 673,457	\$ 6,138,914	\$ 5,571,984	\$ 11,034,482

Statements of Net Realized Gains on Investments

For the years ended September 30, 2011 and 2010

	2011	2010
Proceeds from Sale of Investments	\$ 16,971,329	\$ 14,760,529
Investments at Average Cost,		
Beginning of the Year (Excluding Short-Term Investments)	10,561,625	9,765,740
Cost of Investments Purchased	13,019,452	15,444,361
	23,581,077	25,210,101
Investments at Average Cost,		
End of the Year (Excluding Short-Term Investments)	7,435,498	10,561,625
Cost of Investments Sold	16,145,579	14,648,476
Net Realized Gains on Investments	\$ 825,750	\$ 112,053

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

Statement of Investment Portfolio

As at September 30, 2011

Description	Maturity Date	Country	Par Value / Number of Shares	Average Cost \$	Fair Value \$
Equities (93.2%)					
Advertising & Media (3.6%)					
Torstar Corporation "B"		Canada	25,251	367,599	198,978
Automotive (1.1%)					
Zenn Motor Company Inc.		Canada	106,200	321,800	63,720
Chemicals (3.8%)					
Agrium Inc.		Canada	3,000	254,849	209,100
Financial Services (3.9%)					
Canadian Imperial Bank of Commerce		Canada	3,000	216,802	219,360
Industrial & Manufacturing (5.6%)					
Bombardier Inc. "B"		Canada	50,000	327,750	183,500
Martinrea International Inc.		Canada	19,500	180,295	126,945
				508,045	310,445
Information Technology (7.5%)					
Sandvine Corporation		Canada	100,000	342,000	148,000
Wi-LAN Inc.		Canada	45,000	324,864	272,250
				666,864	420,250
Infrastructure & Development (2.4%)					
Aecon Group Inc.		Canada	18,200	274,222	135,044
Metals & Mining (23.3%)					
Champion Minerals Inc.		Canada	25,000	62,500	21,750
Cline Mining Corporation		Canada	50,000	220,655	56,500
Eldorado Gold Corporation		Canada	15,000	250,743	270,750
Forbes & Manhattan Coal Corporation		Canada	12,800	58,240	29,312
Goldcorp Inc.		Canada	5,000	252,293	239,050
North American Tungsten Corporation Limited		Canada	600,000	288,000	150,000
North American Tungsten Corporation Limited (Warrants) (Mar. 31, 2013)		Canada	300,000	12,000	1,500
Teck Resources Limited "B"		Canada	7,500	312,955	229,500
Western Copper Corporation (Warrants)		Canada	100,000	20,000	26,000
Yamana Gold Inc.		Canada	19,000	242,831	272,270
				1,720,217	1,296,632
Oil & Gas (12.2%)					
EV Energy Partner Limited Partnership		United States	3,000	201,071	224,529
Linn Energy LLC		United States	5,000	185,722	186,819
Suncor Energy Inc.		Canada	10,040	388,168	268,670
				774,961	680,018
Pharmaceuticals & Healthcare (24.6%)					
Abbott Laboratories Inc.		United States	2,000	99,977	107,188
Burcon NutraScience Corporation		Canada	70,400	700,787	432,960
Medicago Inc.		Canada	1,130,000	536,685	666,700
Shoppers Drug Mart Corporation		Canada	4,000	171,444	163,360
				1,508,893	1,370,208

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

EXCEL
INCOME AND GROWTH FUND

Financial Statements

Statement of Investment Portfolio (Cont'd)

As at September 30, 2011

Description	Maturity Date	Country	Par Value / Number of Shares	Average Cost \$	Fair Value \$
Shipping & Transportation (3.3%)					
Air Canada "B"		Canada	125,000	284,975	185,000
Telecommunications (1.9%)					
Research In Motion Limited		Canada	5,000	333,535	106,300
Total Equities				7,232,762	5,195,055
Corporate Bonds (4.3%)					
Canadian Natural Resources 4.95%	01-Jun-15	Canada	150,000	138,425	163,476
International Bank for Reconstruction & Development 12.50%	14-May-12	South Africa ZAR	570,000	79,391	76,531
Total Corporate Bonds				217,816	240,007
Transaction Costs				(15,080)	
Total Investments (97.5%)				\$ 7,435,498	\$ 5,435,062
Other Net Assets (2.5%)					\$ 136,922
Total Net Assets (100%)					\$ 5,571,984

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

1. Formation and Structure of the Fund

Excel Income and Growth 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 January 2, 2007).

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

Excel has retained Excel Investment Counsel Inc. (“EICI”) as of December 7, 2009 to act as the portfolio manager of the Fund, previously the portfolio manager was Toron Capital Markets Inc. EICI is a wholly owned subsidiary of Asdhir Enterprises Inc., which also owns a majority of the voting shares of Excel.

The investment objective of the Fund is to seek steady income and long-term growth of capital by investing in bonds, convertible bonds and dividend and/or distribution paying securities of companies located around the world.

While the portfolio manager strives to diversify the Fund’s investment portfolio among geographic regions, the Fund may, from time to time, be concentrated in a particular country or region as a result of prevailing market conditions and/or available investment opportunities.

The Fund may use derivatives like options, futures and forward contracts for hedging purposes as permitted by Canadian securities regulators. Derivatives may also be used by the Fund for non-hedging purposes such as to gain exposure to individual stocks or to seek to enhance returns. Under adverse market, economic or political conditions or for other considerations, the Fund may invest its assets in cash and cash equivalents (in any currency) or short-term fixed income securities for defensive or other purposes.

The Fund may issue an unlimited number of units of each series. The number of units issued and 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	January 2, 2007	Up to 5.00%	Up to 5.75%	Up to 2.50%
Series F	January 5, 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 those 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 value, which are determined by the closing bid price on the recognized stock exchange on which the stock is listed or principally traded. Bonds are valued at fair value based on the closing bid prices by major investment dealers in such securities. 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. 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 amortized cost which approximates fair value.

b) Financial Instruments

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

c) 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, investment income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions.

d) 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 year divided by the weighted average units outstanding during the year for each series.

e) 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.

f) 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.

g) 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.

3. Fair Value Disclosure (Cont'd)

As at September 30, 2011

Description	Level 1	Level 2	Level 3	Total
Equities	\$ 5,167,555	\$ 27,500	\$ -	\$ 5,195,055
Corporate Bonds	-	240,007	-	240,007
Total Investments	\$ 5,167,555	\$ 267,507	\$ -	\$ 5,435,062

As at September 30, 2010:

Description	Level 1	Level 2	Level 3	Total
Equities	\$ 9,009,712	\$ -	\$ -	\$ 9,009,712
Corporate and Government Bonds	-	1,531,140	-	1,531,140
Total Investments	\$ 9,009,712	\$ 1,531,140	\$ -	\$ 10,540,852

4. Unitholders' Equity

Each unitholder in the Fund acquires units that represent an undivided interest in the Net Asset Value 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 the 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	488,945	290,426	816,234	348,737	221,173	546,519
Series F	10,229	4,513	5,856	997	2,446	2,905
Series I	4,805	638,932	120,356	35,718	-	717,267

During the year ended September 30, 2011, the Excel India Fund, a fund also managed by Excel, purchased 2,940 (2010: 23,568) Series I units of the Fund and redeemed 390,459 (2010: Nil) Series I units of the Fund. As at September 30, 2011, the Excel India Fund held 62,822 (2010: 450,341) Series I units of the Fund.

During the year ended September 30, 2011, the Excel China Fund, a fund also managed by Excel, purchased 1,866 (2010: 14,993) Series I units of the Fund and redeemed 248,474 (2010: Nil) Series I units of the Fund. As at September 30, 2011, the Excel China Fund held 39,866 (2010: 286,474) Series I units of the Fund.

As at September 30, 2011, Excel held 18,856 (2010: 17,823) Series A units of the Fund.

5. Management Fees and Other 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:

5. Management Fees and Other Expenses (Cont'd)

a) Management Fees (Cont'd)

	Management Fees	Actual Management Fees
Series A	2.25%	2.25%- Sep 1/11 to Sep 30/11 1.60% - Jul 25/11 – Aug 31/11 Nil - Jan 10/11 to Jul 24/11 1.20% - Oct 12/10 to Jan 9/11 2.25% - Sep 22/10 to Oct 11/10 Nil – Oct 1/09 to Sep 21/10
Series F	1.25%	Nil – Oct 1/09 to Sep 30/11
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 \$107,383 (2010: \$121,363). Excel may discontinue absorbing these expenses at any time in the future without notice.

As at September 30, 2011, the management fee payable was \$10,679 (2010: 2,571) which is included in accrued expenses.

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 \$7,711 (2010: \$6,441) 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>
\$73,451	\$67,905

There were no soft dollar transactions during the years ended September 30, 2011 and 2010.

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 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 which 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 as at the end of its previous taxation year. These losses are available for utilization against net realized gains in the future years. Capital losses may be carried forward indefinitely to reduce capital gains. As at September 30, 2010, the amount of capital losses was \$2,422,334 (2010: \$3,176,419).

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	\$ 5.52	\$ 7.16	\$ 5.65	\$ 7.26	\$6.56	\$8.33
Net Asset Value per unit	\$ 5.56	\$ 7.17	\$ 5.69	\$ 7.26	\$6.61	\$8.34

The Net Assets per unit and Net Asset Value per unit may 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 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, market events and by diversifying the investment portfolio within the constraints of the investment objectives of the Fund. The portfolio is comprised of primarily large capitalization stocks and investment grade corporate instruments. The portfolio advisor will maintain a mix of equities, debt, 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.

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 does not have any currency hedging. The Statement of Investment Portfolio identifies all bonds denominated in foreign currencies. Bonds from other countries are presumed to be denominated in that country’s currency unless otherwise noted.

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

Currency exposure as at September 30, 2011:

	Cash and Short-term Investments (\$)	Investments(\$)	Total(\$)	% of Total Net Assets
U.S Dollars	20,211	518,536	538,747	9.67
South African Rand	3	76,531	76,534	1.37

Currency Exposure as at September 30, 2010:

	Cash and Short-term Investments (\$)	Investments(\$)	Total(\$)	% of Total Net Assets
U.S Dollars	5,238	794,265	799,503	7.25
South African Rand	-	90,888	90,888	0.82
Indian Rupee	36,555	934,752	971,307	8.80
Euro	3,825	807,578	811,403	7.35
Hong Kong Dollars	-	512,890	512,890	4.65
Japanese Yen	219,898	-	219,898	1.99
Czech Republic Koruna	-	183,443	183,443	1.66
Singapore Dollar	-	158,779	158,779	1.44
Australian Dollars	-	109,292	109,292	0.99
British Pounds	-	73,013	73,013	0.66

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

Currency Risk (Cont'd)

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 \$6,000 (2010: \$39,000) 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.

Credit Risk

The risk that an issuer of fixed income or debt securities (e.g. bonds), purchased and held by the Fund, will default on payment. Credit rating risk also includes the risk that an issuer's debt securities may be given a lowered credit rating which would increase the volatility of its price. Changes in the credit rating of a bond can also affect its liquidity and make it more difficult to sell.

As at September 30, 2011 and 2010, the Fund was invested in debt securities with the following credit ratings:

Debt Instruments by Credit Rating*	As a % of Total Net Assets	
	2011	2010
Ba1	-	8.5
BBB+	2.9	-
BBB	-	2.9
Aaa	1.4	0.8
AA	-	1.0
A (Low)	-	0.7

* Credit ratings from Standard & Poor's and Moody's

As at September 30, 2011 and 2010, none of these assets are impaired or past due and the percentages represent the maximum credit risk exposure.

Liquidity Risk

Liquidity is a measure of how quickly an investment can be sold for cash at a fair market price. If a fund cannot sell an investment quickly, the fund may lose money or make a lower profit, especially if the fund has to meet a large number of redemption requests. In general, the securities that comprise the Fund are equity or debt securities issued by large, well-recognized, corporations in their respective countries. These securities generally have large, liquid markets in which the securities can be sold promptly at a fair price.

In normal market conditions the Fund will be generally fully invested and cash levels will be minimal and will primarily result from unitholder activity. However, during turbulent market conditions the Manager may hold significant levels of cash in order to reduce overall Fund volatility and mitigate losses. As at September 30, 2011, the Fund had 2.9% (2010: 3.1%) allocation to cash and short-term investments.

Interest Rate Risk

In general, there is an inverse relationship between interest rate levels and the price of fixed income or debt securities. When interest rates rise, the prices of debt securities will decline. In such case, the value of the units an investor holds in a bond fund is likely to decrease. Conversely, when interest rates decline, the price of debt securities will rise. The value of the units an investor holds in a bond fund is then likely to increase. To mitigate this risk, excess cash and cash equivalents are invested at short-term market interest rates. In addition, the longer the average maturity of a debt instrument, the more sensitive the value of the securities will be to a given change in interest rate levels. As of September 30, 2011, if all prevailing interest rates across the yield curve rise or fall simultaneously by 100 bps, with all other variables held constant (including credit spreads, foreign exchange rates, and equity levels), Net Assets in the Fund would decrease or increase, respectively, by approximately \$5,800 (2010: \$26,490) or 0.10% (2010: 0.24%). In practice, the actual results may differ from this sensitivity analysis and the differences could be material.

The table below summarizes the Fund's exposure to interest rate risk through debt instruments by remaining term to maturity as at September 30, 2011 and September 30, 2010:

Financial Instruments by Maturity Date	2011	2010
Less than 1 year	\$76,531	\$1,117,057
1 to 5 years	\$163,476	\$414,083

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.

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

Other Market Risk (Cont'd)

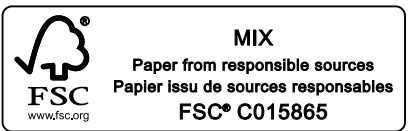
The Manager moderates this through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The impact on Net Assets of the Fund due to a 1% change in the benchmark, using historical correlation between the Fund's return as compared to the return 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 (2010: 45 data points) based on the monthly net returns of the Series A Units of the Fund.

Benchmark	Impact on Net Assets	
	2011	2010
66.7% Morgan Stanley Capital International World Index & 33.3% Barclays Capital Index	+or- \$41,723	+or- \$80,161

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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