



**IRC 2011 Report to Unitholders  
December 2011**

Dear Unitholder:

As Chair of the Independent Review Committee (“IRC”) for the funds (the “Funds”) managed by Excel Funds Management Inc. (the “Manager”), I am pleased to provide you with the third annual report to unitholders of the Funds, as required under National Instrument 81-107 *Independent Review Committee for Investment Funds*. All of the information contained in the report is for the financial year ended September 30, 2011.

Securities regulators have given the IRC a mandate to review Fund conflict of interest matters identified and referred to the IRC by the Manager and to give its approval or recommendation, depending on the nature of the conflict of interest matter. In order for an issue to be considered a “conflict of interest matter”, it is defined as a situation where a reasonable person would consider the Manager or an entity related to the Manager to have an interest that may conflict with the Manager’s ability to act in good faith and in the best interests of the Funds. When a situation or instance where a conflict of interest matter is identified and referred to the IRC, the focus of the IRC is to determine if the Manager’s proposed action achieves a fair and reasonable result for the Funds.

In addition, the IRC will at least annually review and assess the adequacy and effectiveness of the Manager’s policies and procedures relating to conflict of interest matters in respect of the Funds. Furthermore, a self-assessment of the IRC’s independence, compensation and effectiveness was conducted and reported to Management.

Writing on behalf of all IRC members, we sincerely welcome the opportunity to work with the Manager to ensure that the best interests of the Funds are paramount when the Manager is faced with a conflict of interest matter.

A unitholder of any of the Funds may request a copy of this report free of charge by emailing [excel@excelfunds.com](mailto:excel@excelfunds.com) or by visiting [www.excelfunds.com](http://www.excelfunds.com) or [www.sedar.com](http://www.sedar.com).

Karen Fisher  
Chair of the Independent Review Committee



## IRC 2011 Report to Unitholders December 2011

### Reporting Period

The information disclosed in this report covers the period October 1, 2010 and ending September 30, 2011, the financial year-end for the Funds (inclusively, the "Period").

### Members of the IRC

Name	Residence	First Appointed
Karen Fisher, Chair of the IRC	Newcastle, Ontario	May 1, 2007
P. Morgan McCague	Whitby, Ontario	May 1, 2007
Mike Yanai	Etobicoke, Ontario	May 1, 2007

During the Reporting Period, there were no changes in the composition or membership of the IRC and there were no relationships that may cause a reasonable person to question a member's independence.

### Holdings of Securities

#### ***Funds***

As at September 30, 2011, the members of the IRC beneficially owned, directly or indirectly, less than 5% of any of the units of any series of a Fund covered by the report.

#### ***Manager***

As at September 30, 2011, none of the members of the IRC beneficially owned, directly or indirectly, in aggregate, any of the outstanding common shares of Excel Funds Management Inc. covered by the report.

#### ***Service Providers***

As at September 30, 2011, none of the members of the IRC beneficially owned, directly or indirectly, any class or series of voting or equity securities of any person or company that provides services to the Funds or the Manager with respect to its fund business.



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### **IRC Compensation**

The aggregate compensation payable by the Funds to the members of the IRC for the period commencing on October 1, 2010 and ending September 30, 2011 was \$26,023.00. This amount was allocated among the Funds based on its pro rata share of this compensation. The initial compensation of the IRC was set by the Manager of the Funds, and not by the members of the IRC.

At least annually, the IRC will review compensation in a manner consistent with good governance practices, giving consideration to, among other factors the IRC considers important, the following factors:

- a) the best interests of the Funds;
- b) the number, nature and complexity of the Funds;
- c) the nature and extent of the workload of each IRC member, including the commitment of time and energy that is expected from each member;
- d) industry best practices, including industry averages and surveys on IRC compensation, and
- e) the IRC's most recent annual self-assessment, and the recommendations about IRC compensation and expenses of the Manager, if made.

### **Indemnities**

No amounts were paid to the IRC by the Funds pursuant to indemnities given by the Funds to the IRC during the Period.

### **Conflict of Interest Matters**

National Instrument 81-107 *Independent Review Committee for Investment Funds* requires the IRC to review all conflict of interest matters identified and referred to the IRC by the Manager and to give its approval or recommendation, depending on the nature of the conflict of interest matter. In certain cases, the IRC may also issue standing instructions to the Manager in conjunction with the approval or recommendation that allow the Manager to act in the particular conflict of interest matter on a continuing basis. Where standing instructions have been issued, the Manager must request the IRC to review and renew the standing instructions on an annual basis.

Below is a brief summary of the approvals, recommendations and standing instructions relied on by the Manager during the Period.



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***Approvals with Standing Instructions***

During the Period, the Manager relied on the following approvals of the IRC:

- a) Fair Value Policy, and
- b) Marketing and educational practices.

For each of these approvals, the IRC also issued standing instructions to the Manager that allow the Manager to act in the particular conflict of interest matter on a continuing basis provided the Manager complies with the related policies and procedures and reports periodically to the IRC.

***Positive Recommendations with Standing Instructions***

The IRC is not aware of any instance in which the Manager relied on any positive recommendations and standing instructions issued by the IRC during the Period with respect to the conflict of interest matters addressed.

***Negative Recommendations***

The IRC is not aware of any instance in which the Manager acted in a conflict of interest matter referred to the IRC during the Period for which the IRC did not give a positive recommendation. The Manager has an obligation to notify the IRC of any such instance.

***Compliance***

The IRC is not aware of any instance in which the Manager acted in a conflict of interest matter during the Period but did not meet a condition imposed by the IRC in its approval, recommendation and/or standing instructions. The Manager has an obligation to notify the IRC of any such instance.



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**Schedule A  
Funds covered by this report**

Excel India Fund  
Excel China Fund  
Excel Chindia Fund  
Excel Income and Growth Fund  
Excel Emerging Europe Fund  
Excel Money Market Fund  
Excel Latin America Fund  
Excel BRIC Fund  
Excel EM High Income Fund  
Excel EM Capital Income Fund  
Excel Emerging Markets Fund