



CONNOR, CLARK & LUNN

CAPITAL MARKETS

1

1

0

2

**Focused Global Trends Fund**

Semi-Annual Report

September 30, 2010

**Focused Global Trends Fund Message to Unitholders**

**November 29, 2010**

**Dear Investor,**

After enduring one of the most challenging periods in the history of financial markets, the Fund generated strong absolute and relative returns since the onset of the recovery of global equity prices. The six-month period ending September 30, 2010 was comprised of one weak quarter and one strong quarter for global equity markets during which the Fund retained most of capital appreciation accumulated during the recovery period, returning -3.5%, versus 1.1% for its benchmark, the MSCI World Index (CAD) which had previously underperformed the Fund considerably. The net effect of our currency hedges added value during the course of the period. The Carnegie Worldwide Fund, which uses the same investment approach, continues to be AAA rated by S&P and is rated 4 stars by Morningside.

Carnegie Asset Management (“Carnegie” or the “Investment Manager”) of Copenhagen, continues to focus its strategy on high quality global leaders in the large/mega capitalization universe. Stable stocks have a substantial weighting in the Fund’s portfolio and includes several companies with significant revenue exposure to emerging market growth. Carnegie continues to believe that many of best opportunities for growth are in Asia and that investing in stocks listed in the Western World is the best way to access this growth. The Fund’s portfolio is also invested in companies that are aligned with Carnegie’s “Connected Lives” theme, which it views as the third wave in the technological revolution, maximizing the internet on mobile devices.

Although Carnegie does not manage to any benchmarks, the Fund continues to be significantly underweight the United States and overweight the Pacific (ex Japan) geographically and overweight technology and consumer staples, underweight consumer discretionary, utilities and telecoms.

Please check our web site for quarterly investment updates and other timely information. We appreciate your investment in the Fund and look forward to good performance as the Fund matures.

Yours truly,

A handwritten signature in black ink, appearing to read "W. Neil Murdoch". The signature is fluid and cursive, written in a professional style.

W. Neil Murdoch  
Chief Executive Officer  
Focused Global Trends Fund

# Management Report of Fund Performance

This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual financial statements of the investment fund. **The semi-annual financial statements and accompanying notes are attached to this report.**

You can obtain a copy of the semi-annual financial statements at no cost by writing to Connor, Clark & Lunn Capital Markets Inc. (the “Manager”) to the following address: Connor, Clark & Lunn Capital Markets Inc., Suite 300, 181 University Avenue, Toronto, Ontario M5H 3M7, or calling (416) 862-2020 or visiting the Manager’s website at [www.cclcapitalmarkets.com](http://www.cclcapitalmarkets.com). You can also obtain the semi-annual financial statements by visiting [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Note that any reference to “Net Assets” or “Net Assets per Unit” or “GAAP Net Assets” means that the value was determined in accordance with the Canadian Generally Accepted Accounting Principles “GAAP” for financial statements purposes. Also any reference to “Net Asset Value” or “Net Asset Value per Unit” or “Transactional NAV” means that the value was determined for valuation and transactional purposes. An explanation of the difference between both values can be found in note 3 to the financial statements.

## Investment Objectives and Strategy

The Focused Global Trends Fund (the “Fund”) is a closed-end investment fund that is listed on the Toronto Stock Exchange under the symbol FTF.UN. It was established under the laws of the Province of Ontario pursuant to a trust agreement dated June 28, 2007.

The Fund’s investment objectives are to:

- (i) provide holders of the Class A and Class F Units (“Unitholders”) with a stable stream of monthly cash distributions initially targeted to be \$0.04167 per Unit (representing a yield of approximately 5.0% per annum on the issue price of \$10.00 per Unit); and
- (ii) preserve and enhance the Net Asset Value per Unit of the Fund.

In order to achieve the Fund’s investment objectives, Carnegie Asset Management (the “Investment Manager” or “Carnegie”), the Fund’s investment manager, invests the net proceeds of the Offering, in a portfolio (the “Portfolio”) consisting of equity securities of global companies.

On March 17, 2009, the Fund announced a change to the monthly distribution rate as a result of ongoing difficult market conditions. The monthly distribution level was reduced from \$0.04167 to \$0.02778 per Class A and Class F Unit (or from \$0.50 to \$0.333 per annum).

## Risk

### ▪ Use of Derivatives

The Fund is using foreign currency forward contracts on a continuous basis to hedge most of the exposure to foreign currencies back to Canadian dollars to reduce the risk of adverse foreign exchange rate movements.

For full disclosure of risks associated with an investment in the Fund’s units, please refer to the Prospectus dated June 28, 2007.

## Recent Developments

### *Future accounting changes*

In February 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed that International Financial Reporting Standards (“IFRS”) will replace current Canadian Standards on January 1, 2011. Subsequently, on October 1, 2010, the AcSB deferred the implementation date by one year until January 1, 2012 for entities that apply Accounting Guideline 18, “*Investment Companies*” (“AcG-18”). The Fund currently applies AcG-18. The Fund will therefore delay adoption of IFRS until April 1, 2012, the start of its first fiscal year commencing after the January 1, 2012 implementation date.

The Fund manager has identified key issues and the impacts resulting from the adoption of IFRS and has developed a changeover plan, which includes identification of differences between the Fund’s current accounting policies and those it expects under IFRS at the implementation date as well as any accounting policy and implementation decisions and their resulting impact, if any, on the NAV of the Fund. The Fund manager has presently determined that there is no significant impact on the NAV per Unit as a result of the changeover to IFRS but will continue to assess based on any changes to existing IFRS.

## Results of Operations

### *Portfolio Manager Commentary (October 2010)*

The six-month period ending September 30, 2010, was comprised of one weak quarter and one strong quarter for global equity markets. The Fund performed generally in line with the benchmark during the period. The powerful economic recovery that began in March 2009 lost momentum early in the period, creating an opportunity for some of the more stable stocks to perform well, especially in June. Strong focus on the possibility of another global recession produced negative undertones during the spring. We acknowledge the large debt issues, especially in the Western world, but we believe that emerging markets headed by China will help to suppress or perhaps even pull us out of this growth downturn later in the year.

Falling interest rates around the world were the big surprise in the capital markets during late summer. Money is flowing from stocks to bonds in spite of low nominal interest rates. In particular, large multi-national companies, which make up the core of the Fund’s portfolio, now offer a direct yield at a premium to bond yields. This provides for good long-term investment opportunities. The market remains more focused on macro-economic indicators and less on sector and equity news and fundamentals.

Given this environment, our focus is on the individual stocks in our portfolio, as greater macro uncertainty also leads to above-normal fluctuations for individual stocks.

Indian mortgage company HDFC Bank Ltd. has been the best performing stock during the period, which continued to benefit from rapid developments in the Indian housing market. HDFC is also the best performing stock in our portfolio this year. Daimler AG and Apple Inc. have also been contributors, and several stable growth stocks, such as Nestle SA, British American Tobacco Plc and Praxair Inc., outperformed the market, while Google Inc. and Canon Inc. also did well.

On the negative side, we suffered big losses on three positions: Monsanto Company, Transocean Ltd. and Nokia Corp.. Monsanto fell due to still disappointing earnings and very competitive markets for the herbicide division. As a subcontractor to BP, Transocean has unfortunately become involved in the oil spill in the Gulf of Mexico. This caused the stock to fall, and we sold it during the period. Nokia disappointed due to a lack of product launches and we also sold this stock during the period. Holcim Ltd. and Roche Holding Ltd. were also weak performers along with Bank of America and China Life Insurance Company Ltd..

During the spring, we added Newmont Mining Corp., one of the world's leading gold mining companies, to the Fund. We see a good potential for the price of gold to continue rising, and we consider Newmont a stable gold producer with an attractive pricing. We have held a constructive view on the price of gold for some time, but gold stocks have been overpriced. Following an extended period of rising gold prices, gold stocks began to lose steam. Combined with the operational gearing inherent in a gold mining company, this made several gold stocks attractive, including Newmont Mining. We financed the purchase of Newmont Mining by selling Transocean and Nokia. Transocean is the world's leading supplier of deepwater rigs. Oil reserves outside of OPEC territories are largely located offshore. The major finds are made at vast ocean depths of two to five kilometres and require extremely advanced equipment which is what makes Transocean's equipment so valuable. We expect deepwater oil exploration to continue. We also believe that being a shareholder of Transocean involves too much uncertainty; even at the present lower share price. The uncertainty is rooted in the risk of future lawsuits against Transocean, especially from BP. Under certain scenarios, Transocean may be held liable in connection with the accident in the Gulf of Mexico on April 20, 2010; a risk we are not willing to take.

We take a positive long-term view of the growth prospects for the smartphone market. Looking for more exposure to this trend, we bought Nokia after an extended period of weakness, believing that the company would bring a powerful, mid-price smartphone product to the market. Unfortunately, Nokia has failed to meet this expectation. The company is under threat in the high-end segment by Apple, which is already in our portfolio, and at the low end by Chinese manufacturers using Android software. Google's Android software platform is a major threat to Nokia's proprietary software, facilitating access for new manufacturers, especially in emerging markets.

Later in the period, we sold Cisco Systems, Inc. and bought Hewlett Packard Co.. The valuation of Hewlett Packard has dropped due to uncertainty about growth prospects in the hardware division as well as managerial uncertainty after the CEO stepped down. Hewlett Packard is a well positioned, world class company with strong fundamentals trading at a very attractive valuation level. We expect the company will generate growth in its service and outsourcing businesses.

We expect Hewlett Packard to be more shareholder-friendly in terms of dividends and share buybacks than Cisco System has been. We also expect the new CEO to be more successful in growing the company's software business. Cisco Systems remains an attractive growth stock, but its higher valuation means that Hewlett Packard offers a superior risk/reward profile within the IT hardware and services space.

Accounting for 30% of the portfolio, stable stocks still have a substantial weighting in the Fund. The direct exposure to emerging market companies is 20%, while stocks in the Connected Lives theme account for a further 20%. The remaining 30% consists of more specific and opportunistic stock selections.

The portfolio consists primarily of large global companies with significant revenue exposure to emerging market growth. More specifically, the Fund's current overall sales exposure to emerging market growth is 40%. We continue to believe that many of the best opportunities for growth are in Asia, and that holding stocks listed in the Western World is the best way to access this growth.

Falling long-term interest rates was the big surprise of the summer. Combined with major currency fluctuations, this triggered extensive investing activity late in the period.

Investors selling stocks and buying bonds remains the general trend. The ratio of return on US stocks relative to US bonds over a ten-year period is at an all-time low right now. Historically, stocks have performed well in the wake of this type of situation. There is a lot of scepticism about future growth in the Western World, and this is precisely what is being reflected by the huge interest in buying bonds and selling stocks.

We are not quite as pessimistic, and we believe that, given the current low level of US economic activity, the more likely development from here is growing activity over the next few years rather than another free fall of US key indicators. The combination of this growth scenario and low interest rates means that equities will probably perform well relative to bonds over the next couple of years.

## ***Investment Income and Capital Gains***

During the six month period ended September 30, 2010, the Fund had net investment loss of \$41,443 (2009 – net investment gain of \$12,207). In addition, the portfolio realized \$615,749 in losses on investments sold (2009 – realized loss of \$1,588,101) and had \$174,092 in unrealized gains (2009 – unrealized gain of \$6,047,823). The investment loss, realized loss and unrealized gain combined for a total decrease in net assets from operations of \$483,100 or -\$0.20 per Class A Unit, and - \$0.21 per Class F Unit (2009 – increase in net assets from operations of \$4,471,929 or \$1.25 per Class A Unit, and \$1.32 per Class F Unit).

## ***Leverage***

The Fund's loan facility is for working capital purposes. Borrowings by the Fund shall not exceed 5% of the Net Asset Value of the Fund at the time of borrowing. The Fund has not drawn on the loan facility to date.

## ***Capital transactions***

On July 19, 2007, the Fund completed an initial public offering pursuant to the prospectus dated June 28, 2007. \$48,057,000 was raised through the issue of 4,805,700 Class A Combined Units at \$10.00 per Unit, and \$1,943,000 was raised through the issue of 194,300 Class F Combined Units at a price of \$10.00 per Combined Unit for aggregate gross proceeds of \$50 million. On August 20, 2007, Class A Combined Units and Class F Combined Units were separated, where each Class A Combined Unit commenced trading separately on the Toronto Stock Exchange as one Class A Unit and one-half of a transferable Warrant for one Class A Unit, and each Class F Combined Unit separated into transferable Class F Unit and one-half of a transferable Warrant for one Class F Unit.

Each whole Warrant for one Class A Unit entitles the holder to purchase one Class A Unit at a subscription price of \$10.25 on January 30, 2009 or July 30, 2010. Each whole Warrant for one Class F Unit entitles the holder to purchase one Class F Unit at a subscription price of \$10.25 on January 30, 2009 or July 30, 2010. On July 30, 2010 Warrants for Class A Units and Class F Units expired. No Warrants for Class A Units and Class F Units were exercised during the exercise period which ran from August 20, 2007 to July 30, 2010.

During six month period ended September 30, 2010, 2,500 of Class F Units were converted to 2,617 of Class A Units for a total value of \$14,107 (15,500 of Class F Units were converted to 15,509 of Class A Units for a total value of \$71,787 during six month period ended September 30, 2009).

## ***Market repurchases***

As set out in the Prospectus, the Fund is obligated, under certain conditions, to purchase Class A Units in the market for cancellation. If, on any day, the Class A Units weighted average trading price is less than 95% of the net asset value per Class A Unit determined on the most recent valuation date, the Fund must purchase any Class A Units offered in the market the following day at 95% of net asset value per unit or less.

During the six month period ended September 30, 2010, there were no market repurchases of Class A Units (no units were purchased during the six month period ended September 30, 2009).

## **Distributions**

The Fund has made all its scheduled distributions during the six month period ended September 30, 2010, paying \$0.17 per Class A Unit and Class F Unit respectively (\$0.17 per Class A Unit and Class F Unit during the six month period ended September 30, 2009).

## **Related Party Transactions**

### ***Management Fees***

Pursuant to a trust agreement (“the Trust Agreement”) the Fund retained Connor, Clark & Lunn Capital Markets Inc. (“the Manager”) to act as manager. As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Fund, the Manager is entitled to an annual management fee in an amount equal to 1.10% per annum of the net asset value of the Fund to be calculated and payable monthly in arrears, plus applicable taxes.

The total management fees charged to the Fund during the six month period ended September 30, 2010 were \$76,506 (\$88,402 during the six month period ended September 30, 2009).

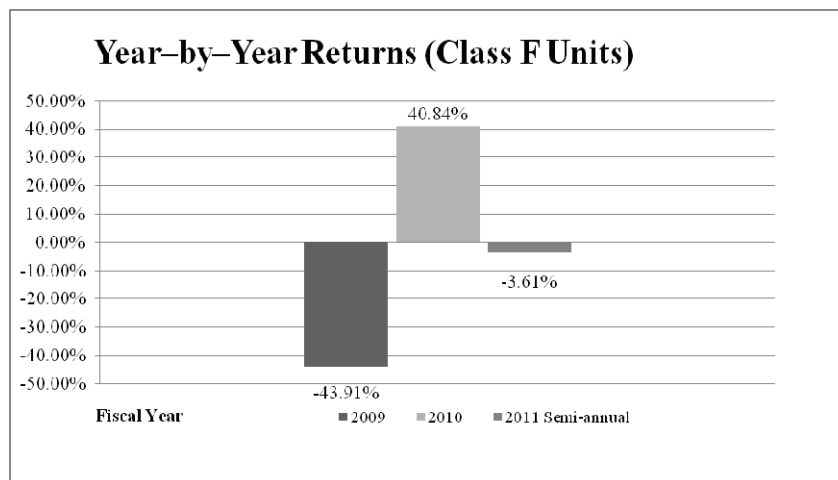
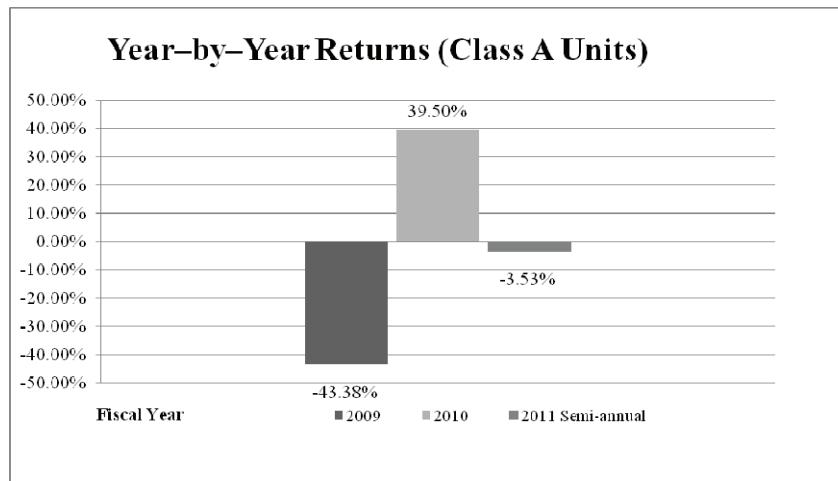
The Manager pays the Investment Manager out of the above management fees.

### **Recommendations or Reports by the Independent Review Committee**

The Independent Review Committee tabled no special reports and made no extraordinary material recommendations to management of the Fund during the six month period ended September 30, 2010.

## Past Performance

The following bar charts show the Fund's annual performance of the Class A and the Class F Units for the years ended March 31, 2010 and 2009. They also show the semi-annual performance for the six month period ended September 30, 2010 assuming all the distributions mad by the Fund during the period shown were reinvested. These bar charts show, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period. Past performance is not necessarily indicative of future performance.



## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to aid in understanding the Fund's financial performance since inception. This information is derived from the Fund's audited annual financial statements:

### Class A Units:

The Fund's Net Assets per unit:

	September 30, 2010 <sup>(2)</sup>	March 31, 2010	March 31, 2009	March 31, 2008 <sup>(1)</sup>
<b>Net Assets, beginning of period</b>	<b>5.60</b>	<b>4.28</b>	<b>8.20</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenues	0.06	0.12	0.18	0.11
Total expenses	(0.08)	(0.14)	(0.15)	(0.13)
Share issue expense <sup>(3)</sup>	—	—	—	(0.66)
Realized gains (losses) for the period	(0.25)	(0.95)	(2.38)	(0.23)
Unrealized gains (losses) for the period	0.07	2.56	(1.12)	(0.55)
<b>Total increase (decrease) from operations<sup>(4)</sup></b>	<b>(0.20)</b>	<b>1.59</b>	<b>(3.47)</b>	<b>(1.46)</b>
<b>Distributions:</b>				
From income (excluding dividends)	—	—	—	—
From dividends	—	—	—	—
From capital gains	—	—	—	—
Return of capital	(0.17)	(0.33)	(0.49)	(0.35)
<b>Total Distributions<sup>(5)</sup></b>	<b>(0.17)</b>	<b>(0.33)</b>	<b>(0.49)</b>	<b>(0.35)</b>
<b>Net Assets, end of period<sup>(6)</sup></b>	<b>5.24</b>	<b>5.60</b>	<b>4.28</b>	<b>8.20</b>

(1) Results for the period from July 19, 2007 (commencement of operations) to March 31, 2008.

(2) Results for the six month period ended September 30, 2010.

(3) Issue expense of \$3,234,808 incurred in connection with the units issuance. The full amount of issue expenses was treated as a reduction of Unit Capital for accounting purposes and is amortized over a period of five years for tax purposes.

(4) 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.

(5) The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on estimates.

(6) This is not reconciliation between the opening and the closing net assets per unit.

Ratios and Supplemental Data:

	September 30, 2010 <sup>(2)</sup>	March 31, 2010	March 31, 2009	March 31, 2008 <sup>(1)</sup>
Net asset value (000's)	12,502	13,348	14,547	38,910
Number of units outstanding	2,385,220	2,382,603	3,392,809	4,747,532
Base Management expense ratio <sup>(3)(4)</sup>	2.97%	2.51%	2.20%	2.12%
Issue expenses ratio <sup>(3)(4)</sup>	—	—	—	7.34%
Management expense ratio (annualized) <sup>(4)</sup>	2.97%	2.51%	2.20%	9.46%
Management expense ratio before waivers or absorptions (annualized) <sup>(4)</sup>	2.97%	2.51%	2.20%	9.46%
Portfolio turnover rate <sup>(5)</sup>	7.81%	36.44%	24.11%	28.85%
Trading expense ratio <sup>(6)</sup>	0.06%	0.18%	0.05%	0.25%
Net asset value per unit	5.24	5.61	4.29	8.21
Closing market price (TSX) - units	4.91	4.91	3.99	7.45
Closing market price (TSX) - warrants	—	0.005	0.005	0.20

(1) Results for the period from July 19, 2007 (commencement of operations) to March 31, 2008.

(2) Results for the six month period ended September 30, 2010.

(3) A separate base management expense ratio has been presented to include the normal operating expenses and exclude the issue expenses, interest expenses and brokerage commissions included in the income statement as per CICA Section 3855 requirements.

(4) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. Unit issue expenses, representing all Agents' fees and other offering expenses, which are one-time expenses, are not annualized. Issue expense ratio calculated by using gross proceeds is 6.59% for Class A and 3.40% for Class F.

(5) The Fund's turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund's buying and selling all of the securities in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Fund.

(6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset values during the period.

## Class F Units:

The Fund's Net Assets per unit:

	September 30, 2010 <sup>(2)</sup>	March 31, 2010 <sup>(1)</sup>	March 31, 2009 <sup>(1)</sup>	March 31, 2008 <sup>(1)</sup>
<b>Net Assets, beginning of period</b>	<b>5.86</b>	<b>4.43</b>	<b>8.52</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenues	0.07	0.12	0.19	0.11
Total expenses	(0.08)	(0.12)	(0.13)	(0.11)
Share issue expense <sup>(3)</sup>	—	—	—	(0.35)
Realized gains (losses) for the period	(0.26)	(0.97)	(2.51)	(0.24)
Unrealized gains (losses) for the period	0.08	2.63	(1.16)	(0.53)
<b>Total increase (decrease) from operations <sup>(4)</sup></b>	<b>(0.19)</b>	<b>1.66</b>	<b>(3.61)</b>	<b>(1.12)</b>
<b>Distributions:</b>				
From income (excluding dividends)	—	—	—	—
From dividends	—	—	—	—
From capital gains	—	—	—	—
Return of capital	(0.17)	(0.33)	(0.49)	(0.35)
<b>Total Distributions <sup>(5)</sup></b>	<b>(0.17)</b>	<b>(0.33)</b>	<b>(0.49)</b>	<b>(0.35)</b>
<b>Net Assets, end of period <sup>(6)</sup></b>	<b>5.48</b>	<b>5.86</b>	<b>4.43</b>	<b>8.52</b>

<sup>(1)</sup> Results for the period from July 19, 2007 (commencement of operations) to March 31, 2008.

<sup>(2)</sup> Results for the six month period ended September 30, 2010.

<sup>(3)</sup> Issue expense of \$3,234,808 incurred in connection with the units issuance. The full amount of issue expenses was treated as a reduction of Unit Capital for accounting purposes and is amortized over a period of five years for tax purposes.

<sup>(4)</sup> 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.

<sup>(5)</sup> The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on estimates.

<sup>(6)</sup> This is not reconciliation between the opening and the closing net assets per unit.

Ratios and Supplemental Data:

	September 30, 2010 <sup>(2)</sup>	March 31, 2010 <sup>(1)</sup>	March 31, 2009 <sup>(1)</sup>	March 31, 2008 <sup>(1)</sup>
Net asset value (\$000's)	391	432	833	1,606
Number of units outstanding	71,200	73,700	188,200	188,200
Base Management expense ratio <sup>(3)(4)</sup>	2.69%	2.08%	1.80%	1.68%
Issue expenses ratio <sup>(3)(4)</sup>	—	—	—	3.69%
Management expense ratio (annualized) <sup>(4)</sup>	2.69%	2.08%	1.80%	5.37%
Management expense ratio before waivers or absorptions (annualized) <sup>(4)</sup>	2.69%	2.08%	1.80%	5.37%
Portfolio turnover rate <sup>(5)</sup>	7.81%	36.44%	24.11%	28.85%
Trading expense ratio <sup>(6)</sup>	0.06%	0.17%	0.05%	0.25%
Net asset value per unit	5.49	5.87	4.43	8.54

<sup>(1)</sup> Results for the period from July 19, 2007 (commencement of operations) to March 31, 2008.

<sup>(2)</sup> Results for the six month period ended September 30, 2010.

<sup>(3)</sup> A separate base management expense ratio has been presented to include the normal operating expenses and exclude the issue expenses, interest expenses and brokerage commissions included in the income statement as per CICA Section 3855 requirements.

<sup>(4)</sup> Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. Unit issue expenses, representing all Agents' fees and other offering expenses, which are one-time expenses, are not annualized.

Issue expense ratio calculated by using gross proceeds is 6.59% for Class A and 3.40% for Class F.

<sup>(5)</sup> The Fund's turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund's buying and selling all of the securities in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Fund.

<sup>(6)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset values during the period.

## Summary of Investment Portfolio as of September 30, 2010

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund.

A quarterly update is available at [www.cclcapitalmarkets.com](http://www.cclcapitalmarkets.com) and at [www.sedar.com](http://www.sedar.com).

	Market Value \$	% of NAV
<b>Portfolio by Category</b>		
United States	3,386,029	26.3%
Switzerland	2,240,548	17.4%
United Kingdom	2,227,907	17.3%
China	1,041,388	8.1%
Germany	984,243	7.6%
India	926,768	7.2%
Forward currency contracts	879,882	6.8%
Japan	756,701	5.9%
South Korea	334,274	2.6%
Cash	208,232	1.6%
<b>Top 25 Holdings</b>		
British American Tobacco Plc	1,021,026	7.9%
Nestle SA	978,474	7.6%
HDFC Bank Ltd. ADR	926,768	7.2%
Forward currency contracts	879,882	6.8%
Standard Chartered Bank Plc	540,052	4.2%
Daimler AG	514,032	4.0%
Praxair Inc.	509,263	4.0%
Allianz AG	470,211	3.6%
Holcim Ltd.	467,454	3.6%
Google Inc.	453,081	3.5%
Canon Inc.	425,684	3.3%
Roche Holding Ltd.	422,753	3.3%
Peabody Energy Corp.	412,271	3.2%
Apple Inc.	407,519	3.2%
Hewlett-Packard Co.	388,418	3.0%
Lorillard Inc.	378,976	2.9%
Industrial and Commercial Bank of China	372,727	2.9%
ABB Ltd.	371,868	2.9%
Newmont Mining Corp.	367,272	2.8%
China Petroleum & Chemical Corp.	352,747	2.7%
Vodafone Group Plc	347,920	2.7%
Samsung Electronics ADR	334,274	2.6%
Japan Tobacco Inc.	331,017	2.6%
Diageo Plc	318,909	2.5%
China Life Insurance Co. Ltd.	315,914	2.5%
<b>Net asset value (NAV)</b>	<b>\$ 12,892,470</b>	

## **Focused Global Trends Fund**

Financial Statements (Unaudited)  
**September 30, 2010**

***Notice to Reader:***

*These interim financial statements and related notes for the six-month period ended September 30, 2010 have been prepared by Management of Connor, Clark & Lunn Capital Markets Inc. The auditors of the Fund have not audited or reviewed these interim financial statements.*

## Focused Global Trends Fund

Statements of Net Assets (Unaudited)

As at September 30, 2010 and March 31, 2010

	2010	2009
	\$	\$
<b>Assets</b>		
Cash	208,232	99,274
Investments at market value (cost - \$11,744,716; March 31, 2010 - \$12,854,233)	11,892,286	12,410,618
Unrealized gain on foreign currency forward contracts	879,882	1,299,589
Dividends receivable	43,001	127,770
	<u>13,023,401</u>	<u>13,937,251</u>
<b>Liabilities</b>		
Distributions payable	68,239	68,236
Accounts payable and accrued liabilities	55,116	76,051
Management fees payable (note 8)	13,148	13,536
	<u>136,503</u>	<u>157,823</u>
<b>Net Assets and Unitholders' Equity</b>	<u>12,886,898</u>	<u>13,779,428</u>
<b>Unitholders' Equity</b>		
Unit capital (note 5)	18,990,596	19,400,026
Contributed surplus	9,330,339	9,330,339
Deficit	<u>(15,434,037)</u>	<u>(14,950,937)</u>
<b>Total Unitholders' Equity</b>	<u>12,886,898</u>	<u>13,779,428</u>
<b>Class Net Assets</b>		
Class A	12,496,510	13,347,594
Class F	<u>390,388</u>	<u>431,834</u>
	<u>12,886,898</u>	<u>13,779,428</u>
<b>Units Outstanding</b>		
Class A	2,385,220	2,382,603
Class F	71,200	73,700
<b>Net assets per unit</b>		
Class A	5.24	5.60
Class F	5.48	5.86

Approved by the Manager



Director



Director

## Focused Global Trends Fund

Statements of Operations (Unaudited)

For the six month periods ended September 30, 2010 and September 30, 2009

	2010	2009
	\$	\$
<b>Income</b>		
Dividends	179,584	305,298
Interest	-	-
Withholding taxes	(25,273)	(50,144)
	<u>154,311</u>	<u>255,154</u>
<b>Expenses</b>		
Management fees (note 8)	76,506	88,402
Custodial and other unitholders' fees	23,914	29,769
Service fees (note 8)	22,186	34,026
Transfer agent fees	14,886	16,306
Audit fees	12,565	8,500
Board of Advisors fees	10,537	10,459
Administration fees	9,866	8,674
Other	6,147	2,031
Filing fees	5,468	5,351
Listing fees	4,773	5,757
Broker commission charges	4,125	17,603
Printing fees	2,951	5,633
Insurance premium fees	1,001	790
IRC fees	771	1,152
Legal fees	46	8,451
Interest expense	12	43
	<u>195,754</u>	<u>242,947</u>
<b>Net investment income (loss)</b>	<u>(41,443)</u>	<u>12,207</u>
<b>Net realized gain (loss) on investments</b>		
Net realized gain (loss) on investments	(616,002)	(1,898,345)
Net realized gain (loss) on foreign currency forward contracts	-	302,409
Net realized gain (loss) on foreign exchange	253	7,835
	<u>(615,749)</u>	<u>(1,588,101)</u>
<b>Net unrealized gain (loss) on investments</b>		
Unrealized gain (loss) on investments	591,185	4,571,615
Unrealized gain (loss) on foreign currency forward contracts	(419,707)	1,478,810
Unrealized gain (loss) on foreign exchange	2,614	(2,602)
	<u>174,092</u>	<u>6,047,823</u>
<b>Net gain (loss) on investments</b>	<u>(441,657)</u>	<u>4,459,722</u>
<b>Increase (decrease) in net assets from operations</b>	<u>(483,100)</u>	<u>4,471,929</u>
<b>Increase (decrease) in net assets from operations per Class:</b>		
<b>Class A</b>	(467,768)	4,238,053
<b>Class F</b>	(15,332)	233,876
	<u>(483,100)</u>	<u>4,471,929</u>
<b>Increase (decrease) in net assets from operations per unit</b>		
<b>Class A</b>	(0.20)	1.25
<b>Class F</b>	(0.21)	1.32
<b>Distributions paid per Class A unit</b>	0.17	0.17
<b>Distributions paid per Class F unit</b>	0.17	0.17

\* (based on weighted average number of units outstanding during the period)  
(See accompanying notes to financial statements)

## Focused Global Trends Fund

Statements of Changes in Net Assets, Deficit and Contributed Surplus (Unaudited)

For the six month periods ended September 30, 2010 and September 30, 2009

	Class A		Class F		Total	
	2010	2009	2010	2009	2010	2009
	\$		\$		\$	\$
<b>Increase (decrease) in net assets from operations</b>	<u>(467,768)</u>	<u>4,238,053</u>	<u>(15,332)</u>	<u>233,876</u>	<u>(483,100)</u>	<u>4,471,929</u>
<b>Distributions to unitholders from:</b>						
Return of capital	<u>(397,423)</u>	<u>(567,668)</u>	<u>(12,007)</u>	<u>(29,244)</u>	<u>(409,430)</u>	<u>(596,912)</u>
<b>Unitholders' transactions:</b>						
Class F units converted to Class A	14,107	71,787	(14,107)	(71,787)	-	-
Payments on redemption or cancellation of units (notes 4 & 5)	<u>-</u>	<u>(1,020)</u>	<u>-</u>	<u>(519)</u>	<u>-</u>	<u>(1,539)</u>
	<u>14,107</u>	<u>70,767</u>	<u>(14,107)</u>	<u>(72,306)</u>	<u>-</u>	<u>(1,539)</u>
<b>Change in net assets during the period</b>	<u>(851,084)</u>	<u>3,741,152</u>	<u>(41,446)</u>	<u>132,326</u>	<u>(892,530)</u>	<u>3,873,478</u>
<b>Net assets - Beginning of period</b>	<u>13,347,594</u>	<u>14,531,030</u>	<u>431,834</u>	<u>832,920</u>	<u>13,779,428</u>	<u>15,363,950</u>
<b>Net assets - End of period</b>	<u>12,496,510</u>	<u>18,272,182</u>	<u>390,388</u>	<u>965,246</u>	<u>12,886,898</u>	<u>19,237,428</u>
<b>Deficit, beginning of period</b>	<u>(14,389,213)</u>	<u>(19,565,397)</u>	<u>(561,724)</u>	<u>(825,991)</u>	<u>(14,950,937)</u>	<u>(20,391,388)</u>
Increase (decrease) in net assets from operations	<u>(467,768)</u>	<u>4,238,053</u>	<u>(15,332)</u>	<u>233,876</u>	<u>(483,100)</u>	<u>4,471,929</u>
<b>Deficit, end of period</b>	<u>(14,856,981)</u>	<u>(15,327,344)</u>	<u>(577,056)</u>	<u>(592,115)</u>	<u>(15,434,037)</u>	<u>(15,919,459)</u>
<b>Contributed surplus, beginning of period</b>	9,012,712	5,802,993	317,627	(638)	9,330,339	5,802,355
Cost of shares repurchased at less than (in excess of) original issue price	<u>-</u>	<u>3,130</u>	<u>-</u>	<u>(519)</u>	<u>-</u>	<u>2,611</u>
<b>Contributed surplus, end of period</b>	<u>9,012,712</u>	<u>5,806,123</u>	<u>317,627</u>	<u>(1,157)</u>	<u>9,330,339</u>	<u>5,804,966</u>

## Focused Global Trends Fund

Statements of Cash Flow (Unaudited)

For the six month periods ended September 30, 2010 and September 30, 2009

	2010	2009
	\$	\$
<b>Operating Activities</b>		
Increase (decrease) in net assets from operations	(483,100)	4,471,929
Items not affecting cash:		
Net realized (gain) loss on investments	616,002	1,898,345
Unrealized (gain) loss on investments	(591,185)	(4,571,615)
Unrealized (gain) loss on foreign currency forward contracts	419,707	(1,478,810)
Changes in non-cash working capital		
(Increase) decrease in dividends receivable	84,769	67,187
(Increase) decrease in prepaid expenses	-	20,076
Increase (decrease) in distributions payable	3	1
Increase (decrease) in accounts payable and accrued liabilities	(20,935)	(20,641)
Increase (decrease) in management fees payable	(388)	(26,848)
Cost of investments purchased	(913,622)	(4,192,673)
Proceeds from investments sold	1,407,137	4,342,484
<b>Net cash flow provided by (used in) operating activities</b>	<u>518,388</u>	<u>509,435</u>
<b>Financing Activities</b>		
Distributions to unitholders	(409,430)	(596,912)
Payments on redemption/cancellation of units	-	(1,539)
<b>Net cash flow provided by (used in) financing activities</b>	<u>(409,430)</u>	<u>(598,451)</u>
<b>Net increase (decrease) in cash</b>	108,958	(89,016)
<b>Cash - beginning of period</b>	<u>99,274</u>	<u>503,051</u>
<b>Cash - end of period</b>	<u>208,232</u>	<u>414,035</u>

**Focused Global Trends Fund**  
Statement of Investment Portfolio (Unaudited)  
As at September 30, 2010

Investments	Quantity	Average Cost \$	Fair Value \$	% of net assets
<b>Germany (Euro)</b>				
Allianz AG	4,050	663,426	470,608	3.7%
Daimler AG	7,900	374,903	513,368	4.0%
		<u>1,038,329</u>	<u>983,976</u>	<u>7.7%</u>
<b>China (Hong Kong Dollar)</b>				
China Petroleum & Chemical Corp.	388,000	365,395	352,235	2.7%
China Life Insurance Co. Ltd.	78,000	369,349	315,914	2.5%
Industrial and Commercial Bank of China	488,000	370,067	372,727	2.9%
		<u>1,104,811</u>	<u>1,040,876</u>	<u>8.1%</u>
<b>Japan (Japanese Yen)</b>				
Canon Inc.	8,900	551,040	425,684	3.3%
Japan Tobacco Inc.	97	512,327	329,945	2.6%
		<u>1,063,367</u>	<u>755,629</u>	<u>5.9%</u>
<b>India (U.S. Dollar)</b>				
HDFC Bank Ltd. ADR	4,900	522,886	925,511	7.2%
<b>South Korea (U.S. Dollar)</b>				
Samsung Electronics ADR	950	355,014	334,274	2.6%
<b>Switzerland (Swiss Franc)</b>				
ABB Ltd.	17,100	437,719	371,868	2.9%
Holcim Ltd.	7,055	617,423	467,084	3.6%
Nestle SA	17,800	738,340	978,474	7.6%
Roche Holding Ltd.	3,000	572,402	422,753	3.3%
		<u>2,365,884</u>	<u>2,240,178</u>	<u>17.4%</u>
<b>United Kingdom (British Pound)</b>				
British American Tobacco Plc	26,600	924,915	1,021,026	7.9%
Diageo Plc	18,000	397,896	318,909	2.5%
Standard Chartered Plc	17,800	342,295	539,581	4.2%
Vodafone Group Plc	137,000	336,713	347,810	2.7%
		<u>2,001,819</u>	<u>2,227,326</u>	<u>17.3%</u>
<b>United States (U.S. Dollar)</b>				
Apple Inc.	1,400	280,660	407,519	3.2%
Bank of America	19,900	361,421	267,429	2.1%
Newmont Mining Corp.	5,700	356,794	366,980	2.8%
Google Inc.	840	339,251	453,081	3.5%
Lorillard Inc.	4,600	342,171	378,693	2.9%
Monsanto Company	4,100	377,568	201,425	1.6%
Peabody Energy Corp.	8,200	426,689	412,271	3.2%
Praxair Inc.	5,500	446,938	508,699	3.9%
Hewlett-Packard Co.	9,000	370,345	388,418	3.0%
		<u>3,301,837</u>	<u>3,384,516</u>	<u>26.2%</u>

## Focused Global Trends Fund

Statement of Investment Portfolio (Unaudited)... Continued

As at September 30, 2010

	Quantity	Average Cost \$	Fair Value \$	% of net assets
<b>Total foreign equities</b>		<u>11,753,947</u>	<u>11,892,286</u>	<u>92.4%</u>
Transaction costs - Section 3855 adjustment (note 3)		<u>(9,231)</u>	<u>-</u>	<u>0.0%</u>
<b>Total investments</b>		<u>11,744,716</u>	<u>11,892,286</u>	<u>92.4%</u>

	Maturity date	Number of contracts	Contract price / rate \$	Unrealized gain (loss) \$	% of net assets
<b>Foreign currency forward contracts</b>					
Bought CAD 2,020,000 sold CHF 1,787,215	12/24/10	1	1.13025	143,510	1.1%
Bought CAD 850,000 sold EUR 497,940	12/24/10	1	1.70703	150,458	1.2%
Bought CAD 1,540,000 sold GBP 851,650	12/24/10	1	1.80825	162,120	1.3%
Bought CAD 1,340,000 sold HKD 9,476,453	12/24/10	1	0.14140	81,515	0.6%
Bought CAD 690,000 sold JPY 55,288,461	12/24/10	1	0.01248	6,554	0.1%
Bought CAD 4,210,000 sold USD 3,759,499	12/24/10	1	1.11983	<u>335,725</u>	<u>2.5%</u>
<b>Total foreign currency forward contracts</b>				<u>879,882</u>	<u>6.8%</u>
<b>Other assets less other liabilities</b>				<u>114,730</u>	<u>0.8%</u>
<b>Net assets</b>				<u>12,886,898</u>	<u>100.0%</u>

# Focused Global Trends Fund

## Notes to Financial Statements (Unaudited)

### September 30, 2010

---

#### 1 Formation of Fund

Focused Global Trends Fund (the "Fund") is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of June 28, 2007 (the "Trust Agreement") between Connor, Clark & Lunn Capital Markets Inc. (the "Manager") in its capacity as manager and RBC Dexia Investor Services Trust (the "Trustee") as trustee. The Manager was incorporated under the Business Corporations Act (Ontario) on January 15, 2001 and is wholly owned by CC&L Capital Markets Partnership.

#### 2 Investment objectives

The Fund's investment objectives as set out in the Prospectus dated June 28, 2007 are to (i) provide holders of the Units ("Unitholders") with a stable stream of monthly cash distributions initially targeted to be \$0.04167 per Unit (representing a yield of approximately 5.0% per annum on the issue price of \$10.00 per Unit); (ii) preserve and enhance the net asset value per Unit of the Fund. On March 17, 2009, the distribution rate was reduced to \$0.02778.

In order to achieve the Fund's investment objectives, Carnegie Asset Management (the "Investment Manager"), the Fund's investment manager, invested the net proceeds of the Offering in a portfolio (the "Portfolio") consisting of equity securities of global companies.

#### 3 Summary of significant accounting policies

##### Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from these estimates.

##### Future accounting changes

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that International Financial Reporting Standards ("IFRS") will replace current Canadian Standards on January 1, 2011. Subsequently, on October 1, 2010, the AcSB deferred the implementation date by one year until January 1, 2012 for entities that apply Accounting Guideline 18, "Investment Companies" ("AcG-18"). The Fund currently applies AcG-18. The Fund will therefore delay adoption of IFRS until April 1, 2012, the start of its first fiscal year commencing after the January 1, 2012 implementation date.

The Fund manager has identified key issues and the impacts resulting from the adoption of IFRS and has developed a changeover plan, which includes identification of differences between the Fund's current accounting policies and those it expects under IFRS at the implementation date as well as any accounting policy and implementation decisions and their resulting impact, if any, on the NAV of the Fund. The Fund manager has presently determined that there is no significant impact on the NAV per Unit as a result of the changeover to IFRS but will continue to assess based on any changes to existing IFRS.

##### Valuation of investments

Investments are deemed to be categorized as "held for trading" in accordance with CICA Section 3855, "Financial Instruments – Recognition and Measurement" ("Section 3855") and therefore are recorded at fair value, established by the closing bid price for a security on the recognized exchange on which it is principally traded. Should the quoted value for a security, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value of the security is estimated based on valuation techniques. Fair value is determined by the Manager on the basis of the most recently reported information for the security, similar securities and the markets in which the security is active. Investment purchase and sale transactions are recorded as of the trade date and realized and unrealized gains and losses on investments are determined using average cost. Brokers' commissions and other transaction charges are immediately charged to net income in the period incurred. The Fund calculates its daily Net Asset Value for the purchase and redemption of units ("Transactional NAV") based on the fair value of the investment fund's assets and liabilities (being the last traded price for the day). The Fund did not change its methodology in this respect.

The reconciliation between the Transactional NAV and the GAAP Net Assets as of September 30, 2010 as a result of the adoption of Section 3855 are as follows:

	Transactional NAV	Section 3855 Adjustment	GAAP Net Assets
<b>Unit pricing:</b>			
Class A Unit	5.24	-	5.24
Class F Unit	5.49	(0.01)	5.48

The reconciliation between the Transactional NAV and the GAAP Net Assets as of March 31, 2010 as a result of the adoption of Section 3855 is as follows:

	Transactional NAV	Section 3855 Adjustment	GAAP Net Assets
<b>Unit pricing:</b>			
Class A Unit	5.61	(0.01)	5.60
Class F Unit	5.87	(0.01)	5.86

##### Cash

Cash includes cash and cash equivalents with maturities of less than 90 days from the date of acquisition.

##### Income recognition

# Focused Global Trends Fund

## Notes to Financial Statements (Unaudited)

### September 30, 2010

---

Income from investments is recognized on an accrual basis. Dividend income is recognized at the time a security trades on an ex-dividend basis. Interest income is based on the number of days the investment is held during the period. All income, realized and unrealized net gains (losses) and transaction costs (apart from an insignificant amount of income arising from cash and cash equivalents) are attributable to investments and derivatives which are deemed held for trading.

#### Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the end of the period. Purchases and sales of investments and income and expenses are translated into Canadian dollars at the exchange rate prevailing on the transaction dates.

#### Foreign currency forward contracts

The Fund may enter into foreign currency forward contracts to hedge against exposure to foreign currency fluctuations. The carrying value of these contracts is the gain or loss that would be realized if the position were closed out on the valuation date, and is recorded as an unrealized gain or loss. Upon closing of a contract, the gain or loss is recorded as a net realized gain or loss on foreign currency forward contracts.

#### Unit valuation

Units of the Fund are valued at the net asset value per unit of the Fund. The Transactional NAV per unit is determined by dividing the aggregate fair value of net asset value of the Fund by the total number of units of the Fund outstanding before giving effect to redemptions or subscriptions for units on that day.

#### Allocation of expenses

The Class A units are charged with the full amount of the Service fees (see note 8) and the TSX listing fees. All the other expenses are allocated on a prorated basis between the Class A and the Class F units.

#### 4 Market Purchase Program

In accordance with the Fund's prospectus, and to enhance liquidity and to provide support to the units, the Fund has a mandatory market purchase program under which the Fund, subject to exceptions contained in the Trust Agreement and in compliance with any regulatory requirements, is obligated to purchase its own units for cancellation. If, on any business day, the closing price of the units is less than 95% of the net asset value per unit determined by the trustee as at the most recent valuation date, the Fund will offer to purchase for cancellation any units offered in the market at or below 95% of the net asset value per unit on the following business day. The maximum number of units to be purchased in any quarterly period will not be over 1.25% of the number of units outstanding at the beginning of such period.

During the six month period ended September 30, 2010, there were no market repurchases of Class A Units (no units were purchased during the six month period ended September 30, 2009).

#### 5 Units of the Fund

Units of the Fund were offered to the public by way of prospectus. The Fund is authorized to issue an unlimited number of transferable, redeemable Fund combined units of Class A Combined Units and Class F Combined Units (subject to restrictions set forth in the Prospectus). Each Class A Combined Unit consists of one Class A Unit and one-half of a transferable warrant for one Class A Unit. Each whole Warrant for one Class A Unit entitles the holder to purchase one Class A Unit at a subscription price of \$10.25 on January 30, 2009 or July 30, 2010. Each whole Warrant for one Class F Unit entitles the holder to purchase one Class F Unit at a subscription price of \$10.25 on January 30, 2009 or July 30, 2010. On July 30, 2010 Warrants for Class A Units and Class F Units expired. No Warrants for Class A Units and Class F Units were exercised during the exercise period which ran from August 20, 2007 to July 30, 2010.

The only differences between Class A Units and Class F Units are the Agent's fees payable on the issuance of Units of each class and that the Service Fee component of the management fees is only payable in respect of Class A Units.

Units may be surrendered for redemption in any month. Units properly surrendered for redemption by a Unitholder by 5:00 p.m. (Toronto time) on the 10<sup>th</sup> business day before the last business day of a month will be redeemed on the last day of that month ("Monthly Redemption Date") and the Unitholder will receive payment on or before the 15<sup>th</sup> business day following such Monthly Redemption Date, subject to the Fund's right to suspend redemptions in certain circumstances.

A Unitholder who properly surrenders a Unit for redemption will receive the amount, if any, equal to the lesser of (A) 96% of the weighted average trading price of the Units on the TSX during the 15 trading days preceding the applicable Monthly Redemption Date, and (B) the "closing market price" of the Units on the principal market on which the Units are quoted for trading in the applicable Monthly Redemption Date. The "closing market price" shall be an amount equal to (i) the closing price of the Units if there was a trade on the applicable Monthly Redemption Date and the market provides a closing price; (ii) the average of the highest and lowest prices of the Units if there was trading on the applicable Monthly Redemption Date and the market provides only the highest and lowest prices of the Units traded on a particular day; or (iii) the average of the last bid and last asking prices of the Units if there was no trading on the applicable Monthly Redemption Date.

Commencing in 2009, Units may be redeemed on the last business day of January in each year (the "Redemption Date"), subject to the Fund's right to suspend redemptions, for a redemption price per Unit (the "Annual Redemption Amount") based on the Transactional NAV per Unit less any costs of funding the redemption and the Unitholder will receive payment on or before the 15th day following the Redemption Date. Notice of Redemption must be provided between 45 days and the 20th business day before the Redemption Date (the "Notice Period").

Redeeming Unitholders will be entitled to receive a redemption price per Unit based on the Transactional NAV per Unit determined as of the Redemption Date. Any unpaid distribution payable on or before the Redemption Date in respect of Units tendered for redemption on such Redemption Date will also be paid on the same day as the redemption proceeds are paid. The Transactional NAV per Unit will vary depending on a number of market factors, including interest rates and volatility in the equity markets. If the Fund is extended beyond the Termination Date, Unitholders may redeem their Units on July 31, 2017 (the "Termination Date") for the Transactional NAV as of that date.

During six month period ended September 30, 2010, 2,500 of Class F Units were converted to 2,617 of Class A Units for a total value of \$14,107 (15,500 of Class F Units were converted to 15,509 of Class A Units for a total value of \$71,787 during six month period ended September 30, 2009).

# Focused Global Trends Fund

## Notes to Financial Statements (Unaudited)

### September 30, 2010

Changes in outstanding units are summarized as follows:

	Class A Units		Class F Units	
	Period Ended September 30, 2010	Period Ended September 30, 2009	Period Ended September 30, 2010	Period Ended September 30, 2009
Balance – beginning of period	2,382,603	3,392,809	73,700	188,200
Units issued	–	–	–	–
Units converted	2,617	15,509	(2,500)	(15,500)
Units reinvested	–	–	–	–
Units redeemed	–	–	–	–
Units redeemed under the Market Purchase Program (note 4)	–	–	–	–
Balance – end of period	<u>2,385,220</u>	<u>3,408,318</u>	<u>71,200</u>	<u>172,700</u>

The Fund considers capital to include all units issued and outstanding. The Fund manages their capital in accordance with the objectives outlined in Note (2).

#### 6 Fund administration

Pursuant to a Trust Agreement, the Fund has retained RBC Dexia Investor Services Trust to act as custodian (the “Custodian”) of the assets of the Fund. The Custodian carries out certain aspects of the day-to-day administration of the Fund, including calculating Transactional NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund.

#### 7 Distributions

On March 17, 2009, the Fund announced a change to the monthly distribution rate as a result of ongoing difficult market conditions. The monthly distribution level was changed from \$0.04167 to \$0.02778 per Class A and Class F Unit (or from \$0.50 to \$0.33 per annum).

The Fund has made all its scheduled distributions during the six month period ended September 30, 2010 paying \$0.16668 per Class A unit and Class F unit respectively (\$0.16668 per Class A unit and Class F unit during the six month period ended September 30, 2009).

#### 8 Management fees and other expenses

Pursuant to a management agreement (“the Management Agreement”) the Fund has retained Connor, Clark & Lunn Capital Markets Inc. to act as manager. As compensation for management services rendered to the Fund, the Manager receives an annual management fee in an amount equal to 1.1% of the net asset value of the Fund, calculated and paid monthly in arrears, plus applicable taxes. The Manager pays the Investment Manager out of the above management fees. The Fund also pays a service fee to dealers whose clients hold Class A Units in the Fund. The service fee is calculated and payable each calendar quarter in arrears and is equal to 0.40% annually of the net asset value of the Units held by clients of the dealers. The Fund is also responsible for all expenses incurred in connection with its operation and administration.

#### 9 Income taxes

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for any calendar year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of the calendar year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a calendar year basis such that Canadian income taxes payable by the Fund under present legislation will be minimized. As a result thereof, and of the deduction of expenses in computing its taxable income, no provisions for income taxes are made in the financial statements.

As at December 31, 2009, the Fund had net capital losses of \$14,135,504, which may be carried forward indefinitely to reduce future realized capital gains and non-capital losses of \$1,536,882, which expire within the next twenty years as shown in the following table.

<u>Year of the realized non-capital tax loss</u>	<u>Amount of tax loss</u>	<u>Expiry date</u>
2007	305,253	2027
2008	663,929	2028
2009	567,700	2029
<b>Total</b>	<b><u>\$1,536,882</u></b>	

#### 10 Broker commission charges and soft dollar services

There were \$4,125 broker commission paid during the six month period ended September 30, 2010 (\$17,603 during the six month period ended September 30, 2009) in connection with portfolio transactions. No contractual arrangements for soft dollar services exist in the broker commission charges.

# Focused Global Trends Fund

## Notes to Financial Statements (Unaudited)

### September 30, 2010

#### 11 Financial instruments

	September 30, 2010	March 31, 2010
<b>Assets</b>	<b>\$</b>	<b>\$</b>
Held for trading	12,980,400	13,809,481
Loans and receivables	43,001	127,770
<b>Total assets</b>	<b>13,023,401</b>	<b>13,937,251</b>
<b>Liabilities</b>		
Held for trading	-	-
Financial liabilities at amortized cost	136,503	157,823
<b>Total liabilities</b>	<b>136,503</b>	<b>157,823</b>

For the purposes of categorization in accordance with Section 3862, dividends receivable are deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, distributions payable, accounts payable, accrued liabilities and management fees payable are deemed to be financial liabilities and reported at amortized cost.

During 2009, Section 3862 was amended to include enhanced disclosures about inputs to fair value measurement. The following table illustrates the classification of the fund's financial instruments within the fair value hierarchy as at September 30, 2010 and March 31, 2010:

Assets at fair value as at September 30, 2010	Level 1	Level 2	Level 3	Total
Equities	11,892,286	-	-	11,892,286
Foreign currency forward contracts	-	879,882	-	879,882
<b>Total</b>	<b>11,892,286</b>	<b>879,882</b>	<b>-</b>	<b>12,772,168</b>

Assets at fair value as at March 31, 2010	Level 1	Level 2	Level 3	Total
Equities	12,410,618	-	-	12,410,618
Foreign currency forward contracts	-	1,299,589	-	1,299,589
<b>Total</b>	<b>12,410,618</b>	<b>1,299,589</b>	<b>-</b>	<b>13,710,207</b>

Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of level 1. In such cases, instruments are reclassified into level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

*Equities:* The Fund's long equity positions are classified as Level 1 as all these securities are actively traded and a reliable quote is observable.

*Foreign currency forward contracts:* Foreign currency forward contracts for which inputs, including interest rates, forward market rates and credit spreads are observable and reliable, or for which unobservable inputs are determined not to be significant to fair value, are classified as Level 2.

There were no transfers among the three levels during the six month period ended September 30, 2010.

#### 12 Financial instrument risk

The Fund's activities expose it to a variety of financial risks. The Investment Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, by diversifying the investment portfolio within the constraints of the investment objective, and periodically through the use of derivatives to hedge certain risk exposures.

# Focused Global Trends Fund

## Notes to Financial Statements (Unaudited)

### September 30, 2010

#### Interest rate risk

Interest rate risk is the risk that the fair value of the Fund's interest-bearing investments will fluctuate due to changes in prevailing interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in debt securities (typically short-term investments) and interest rate derivative instruments (if any). Other assets and liabilities are short-term in nature and non-interest bearing. As at September 30, 2010, interest rate risk was negligible as the Fund had no exposure to interest-bearing investments.

#### 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. The Statement of Investment Portfolio identifies all securities denominated in foreign currencies.

The table below summarizes the Fund's exposure to foreign currencies as at September 30, 2010 and March 31, 2010. Amounts shown are based on the carrying values of monetary and non-monetary assets as well as the underlying principal amounts of foreign currency derivatives such as forward contracts. Other financial assets such as dividends and interest receivable, and receivable from investment sales and liabilities such as accounts payable and accrued liabilities and management fees payable denominated in foreign currencies do not expose the Fund to significant currency risk. The table below summarizes the Fund's exposure to foreign currencies and the approximate impact on net assets had the Canadian Dollar ("CAD") weakened by 5% in relation to these currencies. If the Canadian dollar were to strengthen relative to these currencies, the opposite would occur. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

#### As at September 30, 2010:

	Monetary instrument s \$	Non-monetary instruments \$	Foreign Currency Contracts \$	Total \$	% of Net Assets %	Sensitivity (based on devaluation of CAD) \$
European Union Euro	3,387	983,976	(697,366)	289,997	2.3%	14,000
Hong Kong Dollar	466	1,040,876	(1,252,245)	(210,903)	(1.6%)	(11,000)
Japanese Yen	-	755,629	(678,929)	76,700	0.6%	4,000
Swiss Franc	91,285	2,240,178	(1,876,676)	454,787	3.5%	23,000
British Pound	14,276	2,227,326	(1,376,716)	864,886	6.7%	43,000
United States Dollar	748	4,644,301	(3,856,688)	788,361	6.1%	39,000
<b>Total</b>	<b>110,162</b>	<b>11,892,286</b>	<b>(9,738,619)</b>	<b>2,263,829</b>	<b>17.6%</b>	<b>112,000</b>

#### As at March 31, 2010:

	Monetary instrument s \$	Non-monetary instruments \$	Foreign Currency Contracts \$	Total \$	% of Net Assets %	Sensitivity (based on devaluation of CAD) \$
European Union Euro	199	1,202,123	(894,009)	308,313	2.2%	15,000
Hong Kong Dollar	437	1,451,142	(1,190,354)	261,225	1.9%	13,000
Japanese Yen	7,678	1,028,696	(811,713)	224,661	1.6%	11,000
Swiss Franc	153	2,487,669	(1,949,060)	538,762	3.9%	27,000
British Pound	901	1,601,670	(1,190,585)	411,986	3.0%	21,000
United States Dollar	6,237	4,639,318	(3,736,577)	908,978	6.6%	45,000
<b>Total</b>	<b>15,605</b>	<b>12,410,618</b>	<b>(9,772,298)</b>	<b>2,653,925</b>	<b>19.2%</b>	<b>132,000</b>

#### Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value. The Fund's equity instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If equity prices had increased or decreased by 10% on September 30, 2010, all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately \$1,189,000 (March 31, 2010 - \$1,241,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

#### Credit risk

The Fund is exposed to the risk that a security issuer will be unable to pay amounts when due. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The carrying amount of debt investments and unrealized gain on derivative instruments outstanding with counterparties represents the maximum exposure to credit risk. As at September 30, 2010, \$879,882 or 6.8% (\$1,299,589 or 9.4% of the Fund's net assets as at March 31, 2010) of the Fund's net assets are exposed to credit risk, arising almost entirely from the unrealized gain on foreign currency forward contracts. The counterparty to these contracts has an A+ credit rating (March 31, 2010 - A+ credit rating).

# **Focused Global Trends Fund**

## **Notes to Financial Statements (Unaudited)**

### **September 30, 2010**

---

#### **Liquidity risk**

The Fund is exposed to daily cash redemptions due to its market purchase program which are limited to certain conditions (see note 4). The Fund is also exposed to unlimited annual anniversary redemptions on January 31 of every year (see note 5) and normal monthly redemptions. Therefore, the Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund retains sufficient cash and short term investments to maintain liquidity and, failing the availability of sufficient cash reserves, has a loan facility of up to 5% of the Fund's Transactional NAV but never been utilized. All liabilities are due within three months.

#### **Concentration risk**

The investments of the Fund are concentrated in some geographic areas such as Switzerland and the United States of America, and will be especially affected by factors particular to these countries. Factors influencing valuation include changes in government policy, fluctuations in the capital markets and conditions of the overall economy. Changes that specifically affect those countries may cause the Net Assets of the Fund to be more volatile than the value of a more broadly diversified portfolio.

The Statement of Investments summarizes the Fund's exposure to the concentration risk.