

Financial Statements

**NWQ U.S. Large Cap Value Fund**

December 31, 2010

## INDEPENDENT AUDITORS' REPORT

To the Unitholders of  
*NWQ U.S. Large Cap Value Fund*

We have audited the accompanying financial statements of **NWQ U.S. Large Cap Value Fund** (the "Fund"), which comprise the statements of net assets as at December 31, 2010, and the statements of operations and changes in net assets for the year 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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.

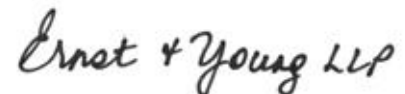
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 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 net assets of the Fund as at December 31, 2010, and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada  
March 25, 2011



Chartered Accountants  
Licensed Public Accountants

## NWQ U.S. Large Cap Value Fund

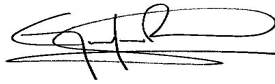
### Statement of Net Assets

As at December 31

	2010	2009
<b>ASSETS</b>		
Investments at fair value	\$25,575,872	\$25,353,666
Cash	507,288	418,648
Accrued dividend receivable	23,127	30,427
<b>Total assets</b>	<b>26,106,287</b>	<b>25,802,741</b>
<b>LIABILITIES</b>		
Accrued expenses	21,224	29,916
Redemptions payable	2,362	3,857
<b>Total liabilities</b>	<b>23,586</b>	<b>33,773</b>
<b>NET ASSETS REPRESENTING UNITHOLDERS' EQUITY</b>	<b>\$26,082,701</b>	<b>\$25,768,968</b>
<b>UNITS OUTSTANDING</b> (note 3)	<b>5,420,503</b>	<b>5,820,337</b>
<b>NET ASSETS PER UNIT</b> (note 11)	<b>\$4.81</b>	<b>\$4.43</b>
<b>NET ASSET VALUE PER UNIT - INDUSTRY STANDARD FOR TRANSACTIONS</b> (note 11)	<b>\$4.82</b>	<b>\$4.44</b>

(See accompanying notes)

On behalf of the Manager,  
Integra Capital Limited:



Graham Rennie  
Director



Craig Honey  
Director

## NWQ U.S. Large Cap Value Fund

### Statement of Operations

Year ended December 31

	2010	2009
<b>INCOME</b>		
Interest	\$9,143	\$2,432
Dividend	374,672	434,815
Revenue from securities lending	2,975	1,914
	<b>386,790</b>	439,161
<b>EXPENSES</b>		
Custodial fees	44,233	37,586
Operating expenses	4,710	28,663
Audit fees	26,210	22,635
Filing fees	8,563	5,962
Securityholder reporting costs	1,900	2,858
Independent review committee expense	4,801	—
Investment performance monitoring fees	4,763	4,050
Goods and Services Tax	2,286	5,088
Harmonized Sales Tax	5,929	—
	<b>103,395</b>	106,842
<b>NET INVESTMENT INCOME</b>	<b>283,395</b>	332,319
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>		
Net realized loss on sale of investments	(1,098,371)	(820,535)
Net realized gain (loss) on foreign exchange	12,224	(148,334)
Net unrealized loss on foreign exchange	(433)	(836)
Transaction costs (note 6)	(16,324)	(25,337)
Change in unrealized appreciation of investments	3,170,937	2,815,980
<b>NET GAIN ON INVESTMENTS AND TRANSACTION COSTS</b>	<b>2,068,033</b>	1,820,938
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$2,351,428</b>	\$2,153,257
<b>Increase in net assets from operations per unit</b> (Based on the average number of units outstanding during the year)	<b>\$0.42</b>	\$0.33

(See accompanying notes)

### Statement of Changes in Net Assets

Year ended December 31

	2010	2009
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>\$25,768,968</b>	\$28,723,681
Increase in net assets from operations	2,351,428	2,153,257
<b>DISTRIBUTIONS TO UNITHOLDERS</b>		
Distribution from net investment income	(290,696)	(377,741)
	<b>(290,696)</b>	(377,741)
<b>CAPITAL UNIT TRANSACTIONS</b> (note 3)		
Proceeds from issuance of units	1,595,504	1,769,429
Reinvested distributions	290,696	377,741
Payments on redemptions	(3,633,199)	(6,877,399)
	<b>(1,746,999)</b>	(4,730,229)
Increase (decrease) in net assets for the year	<b>313,733</b>	(2,954,713)
<b>NET ASSETS, END OF YEAR</b>	<b>\$26,082,701</b>	\$25,768,968

(See accompanying notes)

**NWQ U.S. Large Cap Value Fund**

**Statement of Investments**

As at December 31, 2010

	Number of Shares	Average Cost \$	Fair Value \$
<b>COMMON AND PREFERRED SHARES — 98.06%</b>			
<b>United States Equities — 79.79%</b>			
<b>Consumer Discretionary — 7.70%</b>			
General Motors Corp.	10,900	375,906	399,006
Time Warner Inc.	16,400	529,079	524,238
Viacom Inc., Class 'B'	27,700	1,246,709	1,085,000
		<b>2,151,694</b>	<b>2,008,244</b>
<b>Consumer Staples — 5.49%</b>			
CVS Caremark Corp.	7,600	269,853	260,913
Kimberly-Clark Corp.	5,200	405,655	325,313
Kroger Co.	16,100	356,492	357,550
Philip Morris International Inc.	8,400	439,032	487,946
		<b>1,471,032</b>	<b>1,431,722</b>
<b>Energy — 11.83%</b>			
Apache Corp.	10,100	805,347	1,193,465
Halliburton Co.	6,200	133,347	251,539
Hess Corp.	6,900	429,376	524,361
Noble Energy Inc.	5,900	247,138	501,892
Occidental Petroleum Corp.	6,300	536,215	613,605
		<b>2,151,423</b>	<b>3,084,862</b>
<b>Financials — 26.32%</b>			
Aon Corp.	16,100	604,574	727,738
Citigroup Inc.	145,700	503,924	684,785
Genworth Financial Inc., Class 'A'	52,700	599,618	688,604
Goldman Sachs Group Inc. (The)	1,700	259,346	284,040
Hartford Financial Services Group Inc. (The)	25,100	1,738,236	660,677
JPMorgan Chase & Co.	11,700	506,762	493,162
Lincoln National Corp.	13,300	376,460	367,392
Loews Corp.	19,452	549,741	751,878
MetLife Inc.	20,000	640,112	883,156
Unum Group	26,700	621,369	642,568
Wells Fargo & Co.	22,100	731,603	680,530
		<b>7,131,745</b>	<b>6,864,530</b>
<b>Health Care — 9.49%</b>			
Amgen Inc.	17,700	1,068,515	965,560
Merck & Co. Inc.	10,700	353,796	383,179
Pfizer Inc.	64,700	1,124,491	1,125,703
		<b>2,546,802</b>	<b>2,474,442</b>
<b>Industrials — 6.69%</b>			
Lockheed Martin Corp.	8,600	612,997	596,639
Pitney Bowes Inc.	16,700	753,068	401,076
Raytheon Co.	6,900	330,121	315,933
Union Pacific Corp.	4,700	188,992	432,270
		<b>1,885,178</b>	<b>1,745,918</b>
<b>Information Technology — 11.19%</b>			
CA Inc.	53,027	1,495,031	1,287,224
Microsoft Corp.	14,800	447,618	410,298
Motorola Inc.	135,500	1,803,236	1,221,181
		<b>3,745,885</b>	<b>2,918,703</b>
<b>Utilities — 1.08%</b>			
NRG Energy Inc.	14,600	614,908	283,472
		<b>614,908</b>	<b>283,472</b>
<b>Total United States Equities — 79.79%</b>		<b>21,698,667</b>	<b>20,811,893</b>

## NWQ U.S. Large Cap Value Fund

### Statement of Investments

As at December 31, 2010

	Number of Shares	Average Cost \$	Fair Value \$
<b>Non - U.S. Equities — 18.27%</b>			
<b>Canada — 9.21%</b>			
Barrick Gold Corp.	24,600	1,067,306	1,300,165
Canadian Natural Resources Ltd.	15,500	547,704	675,821
Talisman Energy Inc.	20,000	393,091	425,083
		<b>2,008,101</b>	<b>2,401,069</b>
<b>France — 3.25%</b>			
Sanofi-Aventis, ADR	26,600	1,017,675	848,702
		<b>1,017,675</b>	<b>848,702</b>
<b>Ireland — 2.13%</b>			
Ingersoll-Rand PLC	11,900	444,578	554,448
		<b>444,578</b>	<b>554,448</b>
<b>South Africa — 3.68%</b>			
AngloGold Ashanti Ltd., ADR	19,628	653,110	959,760
		<b>653,110</b>	<b>959,760</b>
<b>Total Non-U.S. Equities — 18.27%</b>		<b>4,123,464</b>	<b>4,763,979</b>
<b>TOTAL EQUITIES — 98.06%</b>		<b>25,822,131</b>	<b>25,575,872</b>
<b>TRANSACTION COSTS</b>		<b>(32,656)</b>	
<b>TOTAL INVESTMENT PORTFOLIO — 98.06%</b>		<b>25,789,475</b>	<b>25,575,872</b>
<b>OTHER ASSETS, NET OF LIABILITIES — 1.94%</b>			<b>506,829</b>
<b>NET ASSETS — 100.00%</b>			<b>26,082,701</b>

(See accompanying notes)

## NWQ U.S. Large Cap Value Fund

### Risk Disclosures

#### Financial Instruments Risk

Investment activities of the NWQ U.S. Large Cap Value Fund (the "Fund") expose it to some financial risks. The Fund's overall risk management program seeks to minimize the potentially adverse effect of risk on the Fund's financial performance in a manner consistent with the Fund's investment objectives and long-term investment time horizon.

#### Risk Management

The Fund's objective is to achieve long-term investment returns through a portfolio of U.S. equities which are sufficiently diversified to reduce investment risk. The Fund invests in shares of medium to large-capitalized companies based in the United States. The Fund may hold an aggregate of up to 5% in cash or cash equivalents.

The investment philosophy of NWQ Investment Management Company, the Fund's sub-advisor (the "Sub-Advisor"), is an analyst and research driven process that emphasizes three critical factors:

- attractive valuation
- downside protection
- identifying catalysts and inflection points

The Sub-Advisor takes a corporate finance approach and focuses on cash flows when assessing valuation. It quantifies risks versus return opportunities of every investment. The team searches for factors that will drive business improvement.

The Fund may enter into securities lending transactions. Securities lending transactions will be used in conjunction with the Fund's other investment strategies in a manner considered most appropriate by Integra Capital Limited ("the Manager") to achieve the Fund's investment objectives and to enhance the Fund's returns.

To assist with managing risk, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations.

#### Credit Risk

Credit risk on financial instruments is the risk of a loss occurring as a result of the default of an issuer on its obligation to a Fund. Credit risk is managed by dealing with issuers that are believed to be creditworthy and by regular monitoring of credit exposures. Additionally, credit risk is reduced by diversification of issuer, industry and geography.

As at December 31, 2010 and December 31, 2009, the Fund had no significant investments in debt instruments and/or derivatives.

#### Counterparty Credit Risk

Counterparty credit risk primarily emanates from the use of over-the-counter derivatives. This risk is minimized by selecting counterparties who have a minimum A credit rating. Ongoing monitoring of credit events/rating developments occurs to ensure the sustainable credit quality of the counterparty. Various factors are considered in the assessment process including fundamental components of the counterparty's profile (such as capital adequacy, asset quality, profitability and liquidity) and credit ratings assigned to the counterparty.

#### Currency Risk

Changes in the value of the Canadian dollar compared to foreign currencies will affect the value, in Canadian dollars, of any foreign securities held in the Fund. From time to time, the Fund may manage currency risk through foreign currency hedging strategies.

## NWQ U.S. Large Cap Value Fund

### Risk Disclosures

The tables below indicate the currencies to which the Fund had exposure, on its trading monetary assets and liabilities as well as the underlying principal amount of foreign exchange forward contracts.

Currency (As at December 31, 2010)	Currency Risk Exposed Holdings*	Foreign Exchange Forward Contracts	Net Exposure	As a % of Net Assets
U.S. Dollar	\$26,083,156	\$ —	\$26,083,156	100.00%

\*Amounts include monetary items.

Currency (As at December 31, 2009)	Currency Risk Exposed Holdings*	Foreign Exchange Forward Contracts	Net Exposure	As a % of Net Assets
U.S. Dollar	\$25,772,306	\$ —	\$25,772,306	100.01%

\*Amounts include monetary items.

As at December 31, 2010, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,304,158 (December 31, 2009 - \$1,288,615). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

### Interest Rate Risk

Changes in market interest rates expose fixed income securities, such as bonds, to interest rate risk. Funds that hold income investments are exposed to this risk since changes in prevailing market interest rates will affect the value of fixed income securities.

The majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

### Liquidity Risk

Unitholders may redeem their units on each valuation date. Therefore, the Fund is invested in securities that are traded in active markets and can be readily disposed. The Fund retains sufficient cash and cash equivalent positions to maintain liquidity.

### 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 Sub-Advisor moderates this risk through a careful selection of investment strategies and selection of securities and other financial instruments within the parameters of the investment strategy developed by the Manager of the Fund.

As at December 31, 2010, a 5% change in stock prices would have changed the Fund's net assets by \$1,278,794 (December 31, 2009 - \$1,267,683) with all other factors held constant. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

The impact on net assets of the Fund as at December 31, 2010, due to a 5% increase or decrease in the Fund's benchmark (Russell 1000 Index), with all other variables held constant, would have been \$1,351,997 (December 31, 2009 - \$1,359,313). This calculation is based on the beta of the Fund over the past 36 months. In practice, the actual results may differ from the sensitivity analysis indicated above and the difference could be material.

## NWQ U.S. Large Cap Value Fund

### Risk Disclosures

#### Fair Value Measurements

The Fund adopted the amendments to CICA Section 3862, "Financial Instruments – Disclosures", on January 1, 2009. CICA Section 3862 establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. The hierarchy of inputs is summarized below:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

The tables below summarize the inputs used in valuing the Fund's financial assets carried at fair values:

Classification (As at December 31, 2010)	Level 1	Level 2	Level 3	Total
Equities	\$25,575,872	\$ —	\$ —	\$25,575,872
<b>Total Financial Assets</b>	<b>\$25,575,872</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$25,575,872</b>

Classification (As at December 31, 2009)	Level 1	Level 2	Level 3	Total
Equities	\$25,353,666	\$ —	\$ —	\$25,353,666
<b>Total Financial Assets</b>	<b>\$25,353,666</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$25,353,666</b>

#### Summary of Investment Portfolio

The Fund's summary of investment portfolio appears in the following table:

	Percentage of Net Assets (%)	
	December 31, 2010	December 31, 2009
<b>COMMON AND PREFERRED SHARES</b>		
<b>United States Equities</b>		
Consumer Discretionary	7.70	6.42
Consumer Staples	5.49	8.28
Energy	11.83	13.01
Financials	26.32	21.42
Health Care	9.49	7.86
Industrials	6.69	9.91
Information Technology	11.19	10.87
Materials	—	1.31
Telecommunication Services	—	3.01
Utilities	1.08	1.40
<b>Total United States Equities</b>	<b>79.79</b>	<b>83.49</b>
<b>Non U.S. Equities</b>		
Canada	9.21	7.56
France	3.25	2.41
Ireland	2.13	1.72
South Africa	3.68	3.21
	18.27	14.90
<b>TOTAL EQUITIES</b>	<b>98.06</b>	<b>98.39</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>	<b>98.06</b>	<b>98.39</b>
<b>OTHER ASSETS, NET OF LIABILITIES</b>	<b>1.94</b>	<b>1.61</b>
<b>NET ASSETS</b>	<b>100.00</b>	<b>100.00</b>

## NWQ U.S. Large Cap Value Fund

### Notes to Financial Statements

#### 1. Establishment of the Fund

The NWQ U.S. Large Cap Value Fund (the "Fund") was created under the laws of the Province of Ontario by a Declaration of Trust. The Fund was established on September 17, 2001 and commenced operations on October 26, 2001.

#### 2. Summary of significant accounting policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), include estimates and assumptions made by management that affect the reported amounts of assets, liabilities, income, and expenses during the reporting periods. Actual results may differ from such estimates.

On January 1, 2008, the Fund adopted CICA Section 3862, "Financial Instruments - Disclosures" of the CICA Handbook ("Section 3862") and Section 3863, "Financial Instruments - Presentation" ("Section 3863"). These sections establish standards for comprehensive disclosure and presentation requirements for financial instruments. The standards include new requirements to quantify certain risk exposures and to provide sensitivity analysis for certain risks. The disclosure requirements to Sections 3862 and 3863 are contained after the Fund's Statement of Investments.

- [a] Investments are recorded at their fair value in Canadian currency with the difference between this amount and the average cost being shown as unrealized appreciation (depreciation) of investments, net of unrealized gains (losses) resulting from foreign currency translations.
- [b] The fair values of foreign investments and other foreign denominated assets and liabilities are translated into Canadian dollars at exchange rates prevailing on the reporting date.
- [c] Purchases and sales of foreign securities and income and expenses are translated into Canadian dollars at the exchange rates prevailing on the dates of the transactions.
- [d] The gain or loss on sale of investments, net of realized gains (losses) resulting from foreign currency translations, is calculated with reference to the average cost of the related investments, excluding transaction costs.
- [e] Income and expenses are recorded on an accrual basis. Foreign income and expenses are translated into Canadian dollars at the rates of exchange applicable on the valuation date. Security transactions are recorded on the trade date and related transaction costs are charged to income. Dividends are accrued as of the ex-dividend date. Stock dividends are recorded in income based on the fair value of the security.
- [f] Short-term notes are recorded at fair value. The fair value of short-term notes approximates the accrued interest added to the average cost.
- [g] For each Fund unit sold, the Fund receives an amount equal to the net asset value per unit at the date of sale, which amount is included in unitholders' equity. Fund units are redeemable at the option of unitholders at their net asset value on the redemption date. For each Fund unit redeemed, unitholders' equity is reduced by the net asset value of the Fund unit at the date of redemption.
- [h] The fair value of a forward contract is the gain or loss that would be realized if, on the valuation date, the positions were closed out. The forward contract is valued using an interpolation of the forward exchange rate based on the length of the forward contract. It is reflected in the Statement of Operations as change in unrealized appreciation (depreciation) on foreign exchange forward contracts. When the forward contracts are closed out, any gains or losses realized are included in net realized gain or loss on foreign exchange forward contracts.

## NWQ U.S. Large Cap Value Fund

### Notes to Financial Statements

- [i] Commissions and other transaction costs are incremental costs that are directly attributable to the acquisition, issue, or disposal of an investment, which include fees and commissions paid to agents, advisors, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Commissions and transaction costs are included as expenses in the Statement of Operations.
- [j] The cost of investments represents the amount paid for each security and is determined on an average cost basis excluding commissions and other transaction costs.

### 3. Unitholders' Equity

Unit transactions during the year were as follows:

	December 31, 2010		December 31, 2009	
	Number of Fund units	Amount \$	Number of Fund units	Amount \$
Subscriptions	352,426	1,595,504	446,795	1,769,429
Reinvestments	65,101	290,696	85,480	377,741
Redemptions	817,361	3,633,199	1,604,979	6,877,399

The number of issued and outstanding units for the year ended December 31, 2010 is 5,420,503 (December 31, 2009 - 5,820,337).

### 4. Foreign Exchange Forward Contracts

The Fund utilizes foreign exchange forward contract hedging in the management of currency risk associated with its investment in foreign securities. The objective is to protect the Fund from the possibility of capital losses on foreign currency denominated investments due to increases in the value of the Canadian dollar. However, credit and market risks associated with foreign exchange forward contracts potentially expose the Fund to losses.

In order to minimize the possibility of losses arising from credit risk, the Fund deals only with large financial institutions with a minimum A credit rating.

Currency risks relate to the possibility that foreign exchange forward contracts change in value due to fluctuations in currency prices. The foreign exchange forward contracts are marked-to-market daily and the resulting unrealized gains or losses are recognized in the Statement of Net Assets.

The result of employing foreign exchange forward contracts is that the foreign exchange gains and losses in the securities portfolio move substantially in opposite directions from the gains and losses in the hedging portfolio.

As at December 31, 2010 and December 31, 2009, the Fund held no foreign exchange forward contracts.

### 5. Income Taxes

The Fund qualifies as a unit trust under the provisions of the Income Tax Act (Canada). The Fund is subject to tax on its income, including net net realized capital gains, for the calendar year which is not paid or payable to the unitholders as at the end of the calendar year. Sufficient distributions of income and of net realized capital gains are made to unitholders of record for the Fund, so that no provision for income taxes is required in the financial statements.

Capital losses incurred by the Fund cannot be allocated to unitholders but may be carried forward indefinitely to apply against realized capital gains. As at December 31, 2010, the Fund had \$15,380,630 (December 31, 2009 - \$14,821,405) in net capital loss carryforwards.

### 6. Brokerage Commissions

Brokerage commissions on portfolio transactions may also include research services provided to the investment manager ("soft dollar commissions"). The value of the research services paid to certain brokers for the years ended December 31, 2010 and

## NWQ U.S. Large Cap Value Fund

### Notes to Financial Statements

December 31, 2009 is nil.

#### 7. Securities Lending

The Fund lends portfolio securities from time to time in order to earn additional income. The Fund has entered into a securities lending program with its custodian, CIBC Mellon Global Securities Services. The aggregate market value of all securities cannot exceed 50% of the net assets of the Fund. The Fund receives collateral in the form of debt obligations of the Government of Canada and any other Sovereign States and Canadian provincial government, against the loaned securities. The Fund maintains a minimum collateral requirement of 102% for North American equities and 105% for Non-North American equities of the market value of the loaned securities during the period of the loan. At December 31, 2010, certain securities shown in the Statement of Net Assets with a market value of \$693,359 (December 31, 2009 - \$339,162) had been loaned as part of the securities lending program. The Trustee, on behalf of the Fund, held securities with a market value of \$728,702 (December 31, 2009 - \$357,413) as collateral for such loans. Under the terms of the program, the Fund may instruct that securities be returned within three days.

#### 8. Capital Management

CICA Section 1535, "Capital Disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. The adoption of this standard results in additional disclosures relating to the redeemable units of the Fund but does not affect the Fund's results or financial position. The capital of the Fund is represented by issued redeemable units with no par value. The units of the Fund are entitled to distributions, if any, and any redemptions are based on the Fund's net asset value per unit. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The relevant movements are shown on the Statement of Changes in Net Assets. The Fund endeavours to invest its subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

#### 9. Management Fees

The trustee has appointed Integra Capital Limited (the "Manager") as manager to administer and regulate the day-to-day operations of the Fund. In return for the services provided, the Manager's parent company, Integra Capital Management Corporation, receives management fees from the Fund's unitholders, based on the net asset value of the Fund. These management fees are paid either by a redemption of units or the unitholder, if an institution, may be invoiced and payment will be delivered to the Manager.

#### 10. Trustee and Other Fees

The Fund is responsible for its operating expenses relating to the carrying on of its business, including custodial services, legal, Independent Review Committee fees (if applicable), audit fees, transfer agency services relating to the issue and redemption of units, and the cost of financial and other reports in compliance with all applicable laws, regulations and policies. Such expenses are calculated and accrued daily based on the average net asset value. The Manager pays for such expenses on behalf of the Fund, except for certain expenses such as interest and taxes, and is then reimbursed by the Fund.

#### 11. Comparison of Net Asset Value Per Unit - Industry Standard for Transactions to Net Assets Per Unit

NI 81-106, issued by the Canadian Securities Administrators ["CSA"] requires investment funds to value their investments using fair value measures as defined in NI 81-106. NI 81-106 requires that fair value prices be based on bid prices, whereas subscriptions and redemptions from the Fund are based on closing prices. Consequently, the method by which the net asset value is calculated for subscription and redemption purposes will be different from the net assets calculated for financial reporting purposes. In accordance with NI 81-106, a comparison of net assets, calculated in accordance with CICA Section 3855 of an investment fund, and net asset value, calculated in accordance with the Manager's fair value policies and procedures for unit pricing, for the year ended December 31 were as follows:

December 31, 2010		December 31, 2009	
Net Asset Value per Unit - Industry Standard for Transactions	Net Assets per Unit	Net Asset Value per Unit - Industry Standard for Transactions	Net Assets per Unit
\$4.82	\$4.81	\$4.44	\$4.43

## NWQ U.S. Large Cap Value Fund

### Notes to Financial Statements

#### 12. Transition to International Financial Reporting Standards

International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises, which include investment funds and other reporting issuers. Under the general transition rules for publicly accountable enterprises the Fund would adopt IFRS for its fiscal period beginning January 1, 2011.

On January 12, 2011, the Canadian Accounting Standards Board amended the requirement to prepare financial statements in accordance with IFRS as issued by the International Accounting Standards Board, permitting investment companies, which include investment funds, to defer adoption of IFRS to fiscal years beginning on or after January 1, 2013. The Fund has elected to defer adoption of IFRS to January 1, 2013.

In preparing to meet the requirements, the Manager has taken the following steps in managing the transition to IFRS:

- Established a working group to identify key differences between Canadian GAAP and IFRS and to coordinate the implementation of the transition plan,
- Identified areas where changes in disclosure will be required under IFRS standards,
- Evaluated current information technology and reporting systems for readiness in IFRS implementation,
- Assessed the likely impacts on business activity and operational areas such as internal controls, staffing and training requirements.

The major changes identified for IFRS financial statements include the addition of a Statement of Cash Flows and the classification of unitholders' equity (puttable instruments) as a liability within the Statement of Net Assets, unless certain conditions are met.

Based on the current evaluation of the differences between Canadian GAAP and IFRS, the adoption of IFRS is expected to have no impact on the calculation of net assets or net asset value. IFRS is expected to affect the overall presentation of financial statements and result in additional disclosure in the accompanying notes. However, the Manager's assessment may change if new standards are issued or if the interpretations of current standards are revised.

#### 13. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation for the year ended December 31, 2010.