

Dear Securityholder,

The Independent Review Committee (IRC) of the Counsel Funds is pleased to provide its annual report for the period ended March 31, 2011 as required by National Instrument 81-107, Independent Review Committee for Investment Funds.

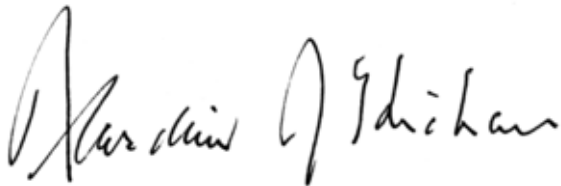
Your IRC has a mandate to review conflict of interest matters identified and referred to the IRC by Counsel Portfolio Services Inc. (the Manager) in respect of the Counsel Funds (the Funds) and to give its approval or recommendation, depending on the nature of the conflict of interest matter. A “conflict of interest matter” is a situation where a reasonable person would consider the Manager or an entity related to the Manager to have an interest that may conflict with the Manager’s ability to act in good faith and in the best interests of the Funds. In each instance where a conflict of interest matter is identified and referred to the IRC, the focus of the IRC is to determine if the Manager’s proposed action achieves a fair and reasonable result for the Funds.

At least annually, the IRC also reviews and assesses the adequacy and effectiveness of the Manager’s policies in respect of the Funds and conducts a self-assessment of the IRC’s independence, compensation and effectiveness.

The IRC’s duties and functions are distinct from those of the Manager’s Board. The latter are described within the report.

The members of the IRC, whose identities are listed in the report, bring to their duties a wide range of business experience.

IRC members continue to be well satisfied with the open and cooperative attitude the Manager has brought to its interaction with IRC members. They look forward to maintaining that level of cooperation and to continue to offer advice on conflict issues in accordance with the best interest of the Funds.



Alasdair J. McKichan  
Chair of the Independent Review Committee

# Report of the Independent Review Committee of Counsel Funds for the Period Ended March 31, 2011

## Structure of the Funds and Their Governance

Counsel Portfolio Services Inc., the manager of the Funds, (the “Manager”) is governed by a Board of Directors. A majority of the members of the Board are independent of the Manager. The Board and committees of the Board oversee matters relating to the Funds including monitoring investment performance, reviewing financial statements and Management Reports of Fund Performance (MRFPs), receiving reports on the operations of the Funds and reviewing proposed changes to the Funds including changes to investment objectives and strategies.

## Scope of Report

The Funds have a financial year that ends on March 31 and this report relates to the twelve month period ended March 31, 2011. The Funds are listed at the conclusion of this report.

## The IRC and its Membership

The IRC became operational on November 1, 2007. The names of the members of the IRC are listed below. Each was appointed effective April 25, 2007. There have been no changes in the composition of the IRC since that time. The members of the IRC also serve, in a separate capacity, as members of the IRC for mutual funds sponsored by Mackenzie Financial Corporation.

<b>Name</b>	<b>Residence</b>
Alasdair McKichan (Chair)	Mississauga, Ontario
Robert Hines	Toronto, Ontario
Martin Taylor	Toronto, Ontario
George Hucal	Montreal, Quebec

All IRC members are independent of the Manager and maintain transparency in relation to their personal holdings of Funds and securities of the Manager. As at March 31, 2011, the members of the IRC did not beneficially own, directly or indirectly, any outstanding units of any series of the Funds. As at March 31, 2011, the members of the IRC did not beneficially own directly or indirectly, in the aggregate, more than 0.1% of any class or series of voting or equity securities of the Manager or its indirect parent companies, Investment Planning Counsel Inc., IGM Financial Inc., Power Financial Corporation or Power Corporation of Canada. As at March 31, 2011, the members of the IRC did not beneficially own, in the aggregate, directly or indirectly, more than 0.1% of any class or series of voting or equity securities of any material service provider to the Funds or the Manager.

## Compensation and Indemnities

The members of the IRC are entitled to be compensated by the Funds and to be indemnified by the Funds in appropriate circumstances. The aggregate compensation paid by the Funds to the IRC for the period from April 1, 2010 to March 31, 2011 was \$55,500.

The members of the IRC were not paid any indemnities by the Funds during the period.

The compensation for the IRC’s first year of operation was set by the Manager. The IRC reviews and determines its own compensation on an annual basis as required by NI 81-107. In deciding the appropriate level of compensation, the IRC will:

- consider the Manager’s recommendations on reasonable compensation for the IRC
- consider the work-load of the IRC and the contribution made by each of its members
- consider the benefit accruing to the Funds as a result of the IRC activity
- consider the complexity and difficulty of the tasks undertaken by the IRC, and
- conduct a review of the compensation and expenses that other Canadian mutual fund governance agency members receive in comparable circumstances at the applicable time period, if that information is publicly available and accessible by the IRC.

## Summary of Conflict of Interest Matters

### *Positive Recommendations*

During the period, the Manager relied upon the IRC’s approval to proceed with the following fund mergers:

- Titan Money Market Fund into Counsel Money Market
- Titan Balanced Income Portfolio into Counsel Conservative Portfolio
- Titan Balanced Portfolio into Counsel Balanced Portfolio
- Titan Balanced Growth Portfolio into Counsel Balanced Portfolio
- Titan Growth Portfolio into Counsel Growth Portfolio

### *Positive Recommendations and Standing Instructions*

The IRC reviews existing standing instructions each year and the Manager’s proposals to continue or terminate those standing instructions. The IRC also reviews, from time to time, the Manager’s requests for new standing instructions. As a result of the IRC’s reviews during the year ended March 31, 2011, the Manager received positive recommendations and standing instructions in respect of the conflict of interest matters addressed by the following policies:

<b>Policy</b>	<b>Description</b>
Dissemination of Portfolio Information	Governs the release of information about a fund's investments
Code of Business Conduct and Ethics	Governs the activities of the Manager's employees, officers and directors
Commingling of Cash Policy	Governs the operation of the Funds' bank accounts used for purchase, redemption and Fund distribution payments.
Client Privacy Policy	Governs the use and protection of investor personal information by the Manager
Personal Trading for Access Persons	Governs the personal trading of individuals who have access to fund portfolio information
Personal Trading for Counsel Fund Insiders	Governs the personal trading of individuals who have access to inside information about a Fund
Complaint Management	Governs the Manager's handling of complaints
Best Execution	Governs the selection of brokers to execute a Fund's portfolio transactions
Inter Fund Trading Policy	Governs trades between Funds
Investment in Securities of a Related Company	Governs investments by the Funds in companies that are related to the Manager
Proxy Voting	Governs voting of proxies held by the Funds
Soft Dollars	Governs the acceptance of services by the Manager from brokers that execute portfolio transactions for the Funds.
Trade Allocation	Governs the allocation of scarce investment opportunities among the Funds and other accounts
Short-Term Trade Monitoring	Governs the monitoring of potentially harmful investor activity
Gain/Loss Accounting	Governs the correction of errors in calculating the security price of a Fund, in managing investor transactions, and in trading a Fund's portfolio securities

<b>Policy</b>	<b>Description</b>
Valuation	Governs the determination of the value of a Fund's portfolio securities
Sub-Advisor Oversight	Governs the oversight of external Fund portfolio managers
Investment Arrangements in Funds Policy	Governs investment by the Manager on behalf of certain Funds to invest in or redeem their investment in underlying Funds
Gifts	Governs the acceptance of gifts by the Manager's employees

### **Additional Information**

Securityholders who would like additional details regarding the activities of the IRC may contact the Manager at [info@counselservices.com](mailto:info@counselservices.com). Questions for members of the IRC will be appropriately directed to our attention.

### **Counsel Strategic Portfolios**

- Counsel All Equity Portfolio
- Counsel Balanced Portfolio
- Counsel Conservative Portfolio
- Counsel Growth Portfolio
- Counsel Regular Pay Portfolio

### **Counsel Portfolio Component Funds**

- Counsel Canadian Dividend
- Counsel Canadian Growth
- Counsel Canadian Value
- Counsel Fixed Income
- Counsel Global Real Estate
- Counsel Global Small Cap
- Counsel International Growth
- Counsel International Value
- Counsel Money Market
- Counsel Short Term Bond
- Counsel U.S. Growth
- Counsel U.S. Value

### **Counsel Managed Portfolios**

- Counsel Income Managed Portfolio
- Counsel Managed Portfolio
- Counsel Managed Yield Portfolio
- Counsel World Managed Portfolio