



NAVINA INCOME & GROWTH FUND
(FORMERLY LAWRENCE INCOME & GROWTH FUND)

Annual Report

December 31, 2009

NAVINA INCOME & GROWTH FUND

CORPORATE INFORMATION

Manager:

Navina Asset Management Inc.
220 Bay Street, Suite 1500
Toronto, On M5J 2W4

Auditor:

Ernst & Young LLP
Ernst & Young Tower, 222 Bay Street
P.O. Box 251, Toronto-Dominion Centre
Toronto, On M5K 1J7

Legal Counsel:

McCarthy Tetrault LLP
TD Bank Tower - Toronto Dominion Centre
66 Wellington Street West
Suite 5300
Toronto, Ontario
M5K 1E6

Custodian:

State Street Trust Company Canada
30 Adelaide Street East, Suite 1100
Toronto, On M5C 3G6

Transfer Agent:

Computershare Trust Company of Canada
100 University Avenue, 8th floor
Toronto, Ontario
M5J 2Y1

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance for Navina Income & Growth Fund (the "Fund") contains financial highlights but does not contain the complete annual financial statements, which are bound with this annual management report of fund performance. You may request a copy of the Fund's quarterly portfolio disclosure, by calling 1.866.404.4999, by writing to us at 220 Bay Street, Suite 1500, Toronto, ON M5J 2W4 or by visiting our website at www.navinaasset.com or SEDAR at www.sedar.com.

Effective January 1, 2010, the Manager and Trustee, Lawrence Asset Management Inc. effected an amalgamation of businesses and operations with Navina Capital Corp. The combined entity is named Navina Asset Management Inc.

FORWARD LOOKING STATEMENTS

Included in this Annual Management Report of Fund Performance are matters that constitute "forward-looking" information within the meaning of Canadian securities law. Such forward-looking statements may be identified by words such as "plans", "proposes", "estimates", "intends", "expects", "believes", "may" or words of a similar nature. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include among others, regulatory risks, risk inherent in foreign markets, commodity prices and competition. These factors are largely outside the control of the Fund. All subsequent forward-looking statements attributable to the Fund or its agents are expressly qualified in their entirety by these cautionary comments. Except as otherwise required by applicable securities statutes or regulation, the Fund expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objectives and Strategies

The Fund's investment objectives are to (i) pay unitholders monthly cash distributions, and (ii) preserve the Net Asset Value per unit.

In order to achieve the Fund's investment objectives, the Fund will invest primarily in equity and debt securities of issuers located in Canada and around the world. The Fund may invest in Canadian income funds, convertible bonds, debentures, high yield debt instruments, listed equity securities, and cash or cash equivalents.

Results of Operations

Net Assets

The Net Assets per Class X unit as at December 31, 2009 was \$5.60 and the Net Assets per Class A unit as at December 31, 2009 was \$5.95 and the Net Assets per Class F unit as at December 31, 2009 was \$6.07. The Class X's Net Assets decreased to \$32,183,828 as at December 31, 2009 from \$32,272,143 as at December 31, 2008 due primarily to weekly redemptions. The Class A's Net Assets increased to \$55,134 from \$37,151. The Class F's Net Assets increased to \$127,414 from \$98,961.

Portfolio

At December 31, 2009, the Fund held a portfolio of 100% income funds, equities and bonds. The composition of the portfolio was approximately 18% oil and gas income funds and equities, 13% pipeline and power generation income funds and equities, 55% business and industrial income funds and equities, 10% real estate investment trusts and 2% bonds.

Distributions

During the year ended December 31, 2009, the Class X paid distributions of \$0.70 per unit and Class A paid distribution of \$0.48 per unit and Class F paid distribution of \$0.48 per unit.

Redemptions

Commencing on August 31, 2007, units may be redeemed weekly. The redemption price is equal to the net asset value per unit which is calculated on a weekly basis. Accordingly, for the year ended December 31, 2009, 1,790,296 units were redeemed for Class X, 89 units were redeemed for Class A and 1,233 units were redeemed for Class F.

Subscription and Reinvestment

Commencing on August 31, 2007, units may be subscribed and reinvested weekly. The subscription and reinvestment price are equal to the net asset value per unit which is calculated on a weekly basis. Accordingly, for the year ended December 31, 2009, 4,527 units were subscribed for Class X, 89 units were subscribed for Class A and nil units were subscribed for Class F. 47,885 units were reinvested for Class X, 871 units were reinvested for Class A and nil units were reinvested for Class F.

Recent Developments

Effective January 1, 2009, the Fund adopted retrospectively without restatement, the CICA Emerging Issues Committee Abstract EIC-173, Credit Risk and the Fair Value of Financial Assets and Liabilities. EIC-173 requires the Fund's own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The adoption of EIC-173 did not have a material impact on the financial position or results of operations of the Fund.

In June 2009 the Canadian Institute of Chartered Accountants ("CICA") issued amendments to Handbook Section 3862 Financial Instruments - Disclosures ("Section 3862") requiring the addition of enhanced disclosure of the classification of the fair value measurements associated with the financial instruments held by a Fund. The classifications use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy has the following levels: quoted prices in an active market (Level 1 - unadjusted inputs); inputs other than quoted prices (Level 2 - directly or indirectly derived from quoted prices); and inputs not based on observable market data (Level 3 - unobservable inputs). Any significant transfers between Level 1 and Level 2 are disclosed. The new disclosures are required for annual financial statements for fiscal years ending after September 30, 2009. The adoption of these new standards resulted in increased disclosures but did not affect the Fund's Net Assets or results of operations.

Portfolio Commentary

We believe the economy is in recovery mode, as evidenced by recent economic data and financial market performance. We expect further improvement in the next year and see good potential for reasonable market returns. On balance, corporate profits appear to be in good shape and operating leverage offers the potential for dramatic improvement. We see corporate investment picking up from current levels and coupled with inventory restocking may help pave the road to near-term prosperity in the economy and markets for 2010.

Although we expect reasonable equity market returns, headwinds do still exist. We expect the pace of economic recovery to be more measured going forward and therefore see the potential for significant disparities between winners and losers. Our view is that high-risk balance sheet opportunities have substantially played out and that investors will focus on revenue growth and earnings growth. We believe that income from investments will become more and more important as capital markets move toward more normalized volatility levels.

The objective of this fund is to provide investors with income and the potential for above-average capital appreciation by investing in a portfolio of income securities. Given our macro-economic view, asset allocation will be an important factor in determining future performance. The portfolio contains a diversified mix of bonds, preferred stock, trust units, utilities, REITs, dividend paying equity and cash. As the recovery continues we will continue to focus on great and sustainable businesses that pay out a portion of their income in the form of distributions and also have the ability to grow distributions over time.

Future accounting change

The Canadian Accounting Standards Board has confirmed its plan to adopt all International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board by January 1, 2011. At December 31, 2009 the Manager's plan for conversion to IFRS includes discussions with the Fund's accountants and fund administrators on their process for conversion to IFRS. In addition, the Manager has reviewed the potential impact of IFRS on the Fund's NAV and financial statements. Based on this review, the Manager believes that the impact of IFRS will be primarily the disclosure and presentation of the Fund's financial statements, with no impact to the Fund's NAV.

Related Party Transactions

The Manager is the trustee, manager and investment manager of the Fund. The Manager is responsible for providing and arranging for the provision of administrative services required by the Fund and providing investment advisory and portfolio management services to the Fund.

The Fund pays the Manager a management fee equal to 0.45%, 2% and 1% per annum of the net asset value for Class X, Class A and Class F respectively, calculated daily and paid monthly in arrears, plus applicable taxes. The Fund also pays to the Manager a service fee equal to 0.30% per annum plus applicable taxes of the net asset value of Class X. The service fee is used by the Manager to compensate investment dealers in proportion to the number of units held by clients of each dealer at the end of each calendar quarter.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since its inception on September 19, 2005. This information is derived from the Fund's audited annual financial statements. For 2005, the information relates to the period from September 19, 2005 to December 31, 2005.

The Fund's Net Assets per Unit ⁽¹⁾⁽⁴⁾ Class X	2009	2008	2007	2006	2005 ⁽²⁾
Net Assets, beginning of year	\$4.31	\$7.66	\$8.11	\$9.63	\$10.00
Increase (decrease) from operations:					
Total revenue	0.37	0.45	0.59	0.68	0.21
Total expenses	(0.08)	(0.10)	(0.14)	(0.16)	(0.05)
Realized gains (losses) for the year	(1.55)	(0.30)	(1.26)	(0.39)	0.01
Unrealized gains (losses) for the year	3.20	(2.53)	1.12	(0.69)	0.29
Total increase (decrease) from operations	1.94	(2.48)	0.31	(0.56)	0.46
Distributions ⁽³⁾					
From income (excluding dividends)	-	(0.20)	(0.37)	(0.43)	(0.06)
From dividends	(0.05)	(0.04)	(0.03)	(0.04)	(0.07)
Return of capital	(0.65)	(0.46)	(0.30)	(0.23)	(0.07)
Total distributions	(0.70)	(0.70)	(0.70)	(0.70)	(0.20)
Net Assets, end of year	5.60	4.31	7.66	8.15	9.63

Class A, this information is derived from the Fund's audited annual financial statements. For 2008, the information relates to the period from February 4, 2008 to December 31, 2008.

The Fund's Net Assets per Unit ⁽¹⁾⁽⁴⁾ Class A	2009	2008
Net Assets, beginning of period	\$4.42	\$7.36
Increase (decrease) from operations:		
Total revenue	0.39	0.42
Total expenses	(0.16)	(0.17)
Realized gains (losses) for the period	(1.40)	-
Unrealized gains (losses) for the period	3.20	(3.20)
Total (decrease) from operations	2.03	(2.95)
Distributions ⁽³⁾		
From income (excluding dividends)	-	(0.13)
From dividends	(0.03)	(0.02)
Return of capital	(0.45)	(0.29)
Total distributions	(0.48)	(0.44)
Net Assets, end of period	5.95	4.42

Class F, this information is derived from the Fund's audited annual financial statements. For 2008, the information relates to the period from August 11, 2008 to December 31, 2008.

The Fund's Net Assets per Unit ⁽¹⁾⁽⁴⁾ Class F	2009	2008
Net Assets, beginning of period	\$4.46	\$6.65
Increase (decrease) from operations:		
Total revenue	0.39	0.19
Total expenses	(0.10)	(0.04)
Realized gains (losses) for the period	(1.52)	(0.65)
Unrealized gains (losses) for the period	3.32	(1.54)
Total (decrease) from operations	2.09	(2.04)
Distributions ⁽³⁾		
From income (excluding dividends)	-	(0.06)
From dividends	(0.03)	(0.01)
Return of capital	(0.45)	(0.13)
Total distributions	(0.48)	(0.20)
Net Assets, end of period	6.07	4.46

(1) Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(2) Net Assets beginning of period for 2005 represents the original investment amount as at September 19, 2005, the date of the closing of the initial offering of units at \$10.00 per unit.

(3) Distributions were paid in cash or reinvested in additional units.

(4) This information is derived from the Fund's audited financial statements. The Net Assets per unit presented in the financial statements differs from the Net Asset Value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

RATIOS AND SUPPLEMENTAL DATA - CLASS X	2009	2008	2007	2006	2005
Net asset value (000's) ⁽¹⁾	\$32,291	\$32,495	\$89,468	\$162,784	\$264,798
Number of units outstanding ⁽¹⁾	5,751,782	7,489,666	11,625,828	19,964,866	27,505,669
Management expense ratio ⁽²⁾	1.77%	1.59%	1.66%	1.68%	22.22%
Management expense ratio before waivers or absorptions	1.77%	1.59%	1.66%	1.68%	22.22%
Portfolio turnover rate ⁽³⁾	48.06%	58.30%	61.62%	149.41%	16.74%
Trading expense ratio ⁽⁴⁾	0.29%	0.26%	0.35%	0.77%	0.99%

RATIOS AND SUPPLEMENTAL DATA - CLASS A	2009	2008
Net asset value (000's) ⁽¹⁾	\$55	\$37
Number of units outstanding ⁽¹⁾	9,268	8,397
Management expense ratio ⁽²⁾	3.10%	2.79%
Management expense ratio before waivers or absorptions	3.10%	2.79%
Portfolio turnover rate ⁽³⁾	48.06%	58.30%
Trading expense ratio ⁽⁴⁾	0.29%	0.26%

RATIOS AND SUPPLEMENTAL DATA - CLASS F	2009	2008
Net asset value (000's) ⁽¹⁾	\$128	\$100
Number of units outstanding ⁽¹⁾	20,975	22,208
Management expense ratio ⁽²⁾	2.05%	1.80%
Management expense ratio before waivers or absorptions	2.05%	1.80%
Portfolio turnover rate ⁽³⁾	48.06%	58.30%
Trading expense ratio ⁽⁴⁾	0.29%	0.26%

(1) Information is provided as at December 31 for the years shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of weekly average net assets during the period. The management expense ratio for 2005 is calculated on an annualized basis and reflects issue expenses of \$4,948,274 related to the units and the fact that the Fund operated for the period from September 19, 2005 to December 31, 2005.

(3) The Fund's portfolio 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 buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

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

Management fees

The Fund pays the Manager a management fee equal to 0.45%, 2% and 1% per annum of the net asset value for Class X, Class A and Class F respectively, calculated daily and paid monthly in arrears, plus applicable taxes. The management fee is 100% attributable to general administration, investment advice and profit. The Fund also pays to the Manager a service fee equal to 0.30% per annum plus applicable taxes of the net asset value of Class X. The service fee is used by the Manager to compensate investment dealers in proportion to the number of units held by clients of each dealer at the end of each calendar quarter.

PAST PERFORMANCE

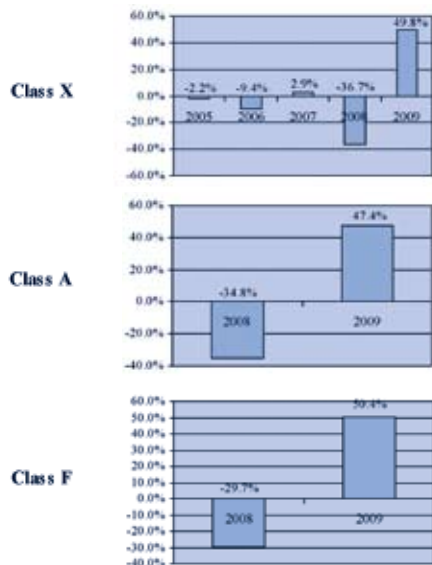
General

The performance information shown assumes that all distributions made by the Fund in the period shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's performance for the periods shown, and illustrates how the Fund's performance has changed from year to year (2005 is for the return from September 19, 2005 to December 31, 2009). The bar chart shows, in percentage terms, how much an investment in the Fund's units made in January 1 would have grown or decreased by December 31, 2009. The annual return of Class X for 2005 reflects issue expenses of \$4,948,274 related to issuing the units and is for the period from September 19, 2005 to December 31, 2005.

The 2008 returns for Class A and Class F are from their inception dates, February 4, 2008 and August 11, 2008 respectively to December 31, 2008.



Annual Compound Returns

	3 years	1 year	% Since Inception
Class X Units ⁽¹⁾	(0.9)	49.8	(3.2)
S&P/TSX Composite Index ⁽²⁾	(3.1)	30.7	2.2
Class A Units		47.4	(2.1)
S&P/TSX Composite Index ⁽²⁾		30.7	(6.4)
Class F Units		50.4	(3.5)
S&P/TSX Composite Index ⁽²⁾		30.7	(8.8)

(1) The annual compound return of reflects issue expenses of \$4,948,274 related to the units and the fact that the Fund operated for the period from September 19, 2005 to December 31, 2005.

(2) S&P/TSX Composite Index is the principal broad market measure for Canadian equity markets. It includes common stock and income trusts and serves as the benchmark for the majority of Canadian investment funds.

PORTFOLIO COMPOSITION	% of Net Asset Value
Business and industrial income funds and equities	55.16
Oil and gas income funds and equities	17.85
Pipeline and power generation income fund and equities	13.28
Real estate investment trusts	9.65
Bonds	2.47
Cash and cash equivalents	2.14
Other assets less other liabilities	(0.55)
Net Asset Value	100.00

HOLDINGS ⁽¹⁾	% of Net Asset Value
Northern Property Real Estate Investment Trust	7.85
IESI-BFC Ltd.	7.85
Vermilion Energy Trust	7.67
BCE Inc.	7.59
AG Growth International Inc.	6.28
Keystone North America Inc.	5.87
North West Company Fund	5.85
Pembina Pipeline Income Fund	5.66
Crescent Point Energy Corp.	5.24
Keyera Facilities Income Fund	4.95
Premium Brands Holdings Corp.	4.92
The Toronto-Dominion Bank	4.53
Macquarie Power & Infrastructure Income Fund	4.45
Morneau Sobeco Income Fund	3.66
Altus Group Income Fund	2.75
RBC Capital Trust 6.82% June 30/2018	2.47
IBI Income Fund	2.17
Killam Properties Inc.	1.90
First Capital Realty Inc.	1.79
Allied Properties Real Estate Investment Trust	1.79
Brookfield Infrastructure Partners LP	1.74
Atlantic Power Corporation	1.43

(1) The Fund held less than 25 positions, and therefore, all positions have been disclosed.

Net asset value includes the value of the assets of the Fund less liabilities of the Fund.

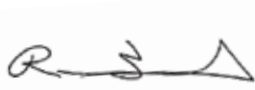
The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates are available within 60 days of each quarter end by visiting www.navinaasset.com or contacting the Fund at 1.866.404.4999.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by Navina Asset Management Inc., the Manager of Navina Income & Growth Fund (the "Fund"), and approved by the Manager. The Manager is responsible for the information and representations contained in these financial statements and other sections of the Annual Report.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Fund are described in Note 2 to the financial statements.

Ernst & Young LLP are the external auditors of the Fund. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements.



Ravi Sood
Chief Executive Officer
Navina Asset Management Inc.



Andrew Bentley
President
Navina Asset Management Inc.

March 19, 2010

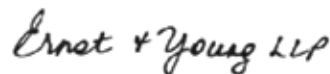
AUDITORS' REPORT

To the Unitholders of
Navina Income & Growth Fund

We have audited the statements of net assets of **Navina Income & Growth Fund** [the "Fund"] (formerly Lawrence Income & Growth Fund) as at December 31, 2009 and 2008, the statement of investments as at December 31, 2009 and the statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets of the Fund as at December 31, 2009 and 2008, investments as at December 31, 2009 and the results of its operations and changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.



Toronto, Canada
March 19, 2010.

Chartered Accountants
Licensed Public Accountants

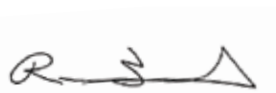
NAVINA INCOME & GROWTH FUND

Statements of Net Assets - As at December 31

	2009 \$	2008 \$
Assets		
Investments, at fair value	31,852,297	31,795,610
Cash	695,418	-
Receivable for investments sold	-	1,451,093
Distributions and interest receivable	265,160	372,571
Prepaid insurance	13,540	13,412
Total Assets	32,826,415	33,632,686
Liabilities		
Bank overdraft	-	717,242
Distributions payable	336,606	437,872
Accounts payable and accrued liabilities	116,917	69,317
Payable for redemption of units	6,516	-
Total Liabilities	460,039	1,224,431
Net Assets	32,366,376	32,408,255
Net Assets		
Class X	32,183,828	32,272,143
Class A	55,134	37,151
Class F	127,414	98,961
Units outstanding [note 5]		
Class X	5,751,782	7,489,666
Class A	9,268	8,397
Class F	20,975	22,208
Net Assets per unit per Class		
Class X	\$5.60	\$4.31
Class A	\$5.95	\$4.42
Class F	\$6.07	\$4.46

See accompanying notes to financial statements.

Approved on behalf of the Manager, Navina Asset Management Inc.


Ravi Sood
Director

Andrew Bentley
Director

NAVINA INCOME & GROWTH FUND

Statements of Operations - For the years ended December 31

	2009 \$	2008 \$
Revenue		
Dividend	1,382,727	505,072
Interest	1,052,441	3,744,181
	2,435,168	4,249,253
Expenses		
Management fees [note 6]	246,449	486,808
General and administrative	167,083	138,343
Audit fees	81,065	41,199
Unitholder reporting fees	33,565	70,640
Legal fees	9,784	91,351
Independent Review Committee fees	10,903	11,237
Custodian fees	7,866	16,828
Dividends on investments sold short	4,051	122,486
Interest and bank charges	928	16,909
	561,694	995,801
Net investment income	1,873,474	3,253,452
Realized and unrealized gain (loss) on investments		
Net realized loss on sale of investments	(10,219,135)	(2,800,547)
Net realized gain on foreign exchange	-	296,099
Transaction costs [note 2]	(92,679)	(160,261)
Change in unrealized appreciation of investments	21,341,463	(24,318,297)
Net realized and unrealized gain (loss) on investments	11,029,649	(26,983,006)
Total increase (decrease) in Net Assets from operations	12,903,123	(23,729,554)
Increase (decrease) in Net Assets from operations		
Class X	12,839,729	(23,633,051)
Class A	18,028	(44,222)
Class F	45,366	(52,281)
Increase (decrease) in Net Assets from operations per unit		
Class X	\$1.94	\$(2.48)
Class A	\$2.03	\$(2.95)
Class F	\$2.09	\$(2.04)

See accompanying notes to financial statements.

NAVINA INCOME & GROWTH FUND

Statements of Changes in Net Assets - For the years ended December 31

CLASS X	2009 \$	2008 \$
Investment operations		
Increase (decrease) in Net Assets from operations	12,839,729	(23,633,051)
Distributions		
From income (excluding dividends)	-	(1,885,328)
From dividends	(330,169)	(340,327)
Return of capital	(4,278,804)	(4,338,590)
	(4,608,973)	(6,564,245)
Capital transactions		
Issuance of units for subscriptions	22,320	198,369
Issuance of units pursuant to distribution reinvestment plan	222,942	159,427
Redemption of units	(8,564,333)	(26,988,020)
	(8,319,071)	(26,630,224)
Net Assets, beginning of year	32,272,143	89,099,663
Net Assets, end of year	32,183,828	32,272,143
CLASS A		
Investment operations		
Increase (decrease) in Net Assets from operations	18,028	(44,222)
Distributions		
From income (excluding dividends)	-	(1,822)
From dividends	(306)	(329)
Return of capital	(3,964)	(4,194)
	(4,270)	(6,345)
Capital transactions		
Issuance of units for subscriptions	500	131,900
Issuance of units pursuant to distribution reinvestment plan	4,235	3,237
Redemption of units	(510)	(47,419)
	4,225	87,718
Net Assets, beginning of year	37,151	-
Net Assets, end of year	55,134	37,151
CLASS F		
Investment operations		
Increase in Net Assets from operations	45,366	(52,281)
Distributions		
From income (excluding dividends)	-	(1,449)
From dividends	(746)	(262)
Return of capital	(9,667)	(3,336)
	(10,413)	(5,047)
Capital transactions		
Issuance of units for subscriptions	-	182,046
Issuance of units pursuant to distribution reinvestment plan	-	2,179
Redemption of units	(6,500)	(27,936)
	(6,500)	156,289
Net Assets, beginning of year	98,961	-
Net Assets, end of year	127,414	98,961

See accompanying notes to financial statements.

NAVINA INCOME & GROWTH FUND

Statement of Investments - As at December 31, 2009

SHARES OR UNITS HELD	SECURITY	AVERAGE COST \$	FAIR VALUE \$
Oil And Gas Income Funds and Equities			
43,100	Crescent Point Energy Corp.	792,055	1,700,295
65,642	Keyera Facilities Income Fund	1,004,867	1,597,726
76,791	Vermilion Energy Trust	2,276,660	2,488,029
		4,073,582	5,786,050
Pipeline And Power Generation Income Funds and Equities			
40,400	Atlantic Power Corporation	433,214	463,388
32,000	Brookfield Infrastructure Partners LP	495,128	556,800
236,686	Macquarie Power & Infrastructure Income Fund	2,204,414	1,439,051
105,000	Pembina Pipeline Income Fund	1,346,868	1,834,350
		4,479,624	4,293,589
Business And Industrial Income Funds and Equities			
58,600	AG Growth International Inc.	1,655,130	2,039,280
73,800	Altus Group Income Fund	1,292,447	874,530
85,000	BCE Inc.	3,017,368	2,459,900
24,000	First Capital Realty Inc.	397,200	516,240
16,080	First Capital Realty Inc., Warrants (Exp. 10/29/2010)	13,200	59,174
41,400	IBI Income Fund	986,589	691,380
151,200	IESI-BFC Ltd.	3,562,840	2,535,624
240,600	Keystone North America Inc.	2,433,077	1,905,552
70,000	Killam Properties Inc.	359,940	609,000
121,200	Morneau Sobeco Income Fund	994,354	1,185,336
99,955	North West Company Fund	1,166,927	1,898,146
117,400	Premium Brands Holdings Corp.	1,632,568	1,596,640
22,300	The Toronto-Dominion Bank	880,850	1,470,462
		18,392,490	17,841,264
Real Estate Investment Trusts			
30,000	Allied Properties Real Estate Investment Trust	386,223	577,500
116,586	Northern Property Real Estate Investment Trust	1,937,912	2,553,233
		2,324,135	3,130,733
Bonds			
725,000	RBC Capital Trust 6.82% June 30/2018	668,305	800,661
Total investments		29,938,136	31,852,297

See accompanying notes to financial statements.

1. THE FUND

Navina Income & Growth Fund (the “Fund”), formerly Lawrence Income & Growth Fund, was created under the laws of the Province of Ontario pursuant to a Declaration of Trust dated as of August 30, 2005 (“Declaration of Trust”) commenced operations on September 19, 2005.

At a special meeting of unitholders on August 7, 2007, the unitholders approved the conversion of the Fund into an open-ended mutual fund. Units of the Fund were no longer listed and posted for trading on the TSX as of August 24, 2007, but instead were redeemable at their net asset value on a weekly basis. The name of the Fund was changed to Lawrence Income & Growth Fund. As part of the conversion, unitholders also approved the creation of new classes of units to be offered to new investors.

On December 19, 2007, the Fund began offering Class A and Class F units to new investors. Existing units which were previously undesignated were designated as Class X units.

The Fund invests primarily in Canadian income funds, convertible bonds, debentures, high yield debt instruments and listed equity securities. It may also invest in any other yield based security or asset class that develops over time. The Fund may use derivative instruments or engage in short selling.

Subsequent to the year end Lawrence Asset Management Inc. changed its name to Navina Asset Management Inc. (“NAMI”) on January 12, 2010. Navina Asset Management Inc. is the trustee, manager and portfolio advisor (the “Manager”) for the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies:

Adoption of new accounting standards

In June 2009 the Canadian Institute of Chartered Accountants (“CICA”) issued amendments to Handbook Section 3862 Financial Instruments—Disclosures (“Section 3862”) requiring enhanced disclosure around fair value and liquidity risk. This includes classification of the fair value measurements associated with the financial instruments held by a Fund. The classifications use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy has the following levels: quoted prices in an active market (Level 1—unadjusted inputs); inputs other than quoted prices (Level 2—directly or indirectly derived from observational market data); and inputs not based on observable market data (Level 3—unobservable inputs). In addition to the above disclosure requirements, Section 3862 requires disclosure of significant transfers between Levels 1 and 2 since the prior reporting period, as well as reconciliation of Level 3 assets, disclosing separately changes

during the reporting period attributable to i) total gains or losses recognized in net income, and a description of where they are presented in the income statement, ii) purchases, sales, issues and settlements, iii) transfers into or out of Level 3 and the reasons for those transfers. Any significant transfers between Level 1 and Level 2 are disclosed. Further, for fair value measurements in Level 3, if changing one or more type of the inputs to reasonably possible alternative assumptions would change fair value significantly, the entity shall state this fact and disclose both the effect of those changes and how the effect was calculated. The new disclosures are required for annual financial statements for fiscal years ending after September 30, 2009. The adoption didn't have an impact on Net Assets or increase/decrease in Net Assets from Operations.

Effective January 1, 2009, the Fund adopted retrospectively without restatement, the CICA Emerging Issues Committee Abstract EIC-173, Credit Risk and the Fair Value of Financial Assets and Liabilities. EIC-173 requires the Fund's own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The adoption of EIC-173 did not have a material impact on the financial position or results of operations of the Fund.

Other assets and liabilities

Cash is carried at cost, which approximates fair value. The Fund's other financial assets, which may include accrued interest, dividends receivable, amounts due from brokers and subscriptions receivable, are designated as loans and receivables, and carried at cost or amortized cost. The Fund's other financial liabilities which may include operating expenses payable, amounts due to brokers, and subscriptions payable, are designated as such and are carried at cost or amortized cost. Cost or amortized cost for these financial assets and liabilities approximates fair value.

Valuation of financial instruments

The financial instruments and liabilities are deemed to be classified as held for trading in accordance with CICA Handbook Section 3855: Financial Instruments – Recognition and Measurement (“Section 3855”). Securities listed on recognized public stock exchange are valued at their bid and ask prices for long and short investments respectively. Investments in securities having no quoted market values are valued at estimated fair value using valuation technique as determined by the Manager. Estimated fair value is determined on the basis of the expected realizable value of the investments if they were disposed of in an orderly manner over a reasonable period of time. The Manager uses estimation techniques to determine fair value, which includes discounted cash flows, multiples of earnings or comparison with other securities that are substantially the same.

The value of any bonds, debentures and other debt obligations are valued by taking the average of the bid and ask prices on the valuation date.

Transaction costs

Portfolio transaction costs are expensed. Average costs recorded in the Statement of Investments are net of transaction costs. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges.

Investment transactions and income recognition

Investment transactions less transaction costs are accounted for on a trade date basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis. Distributions that are a return of capital are recorded on the ex-dividend date as a reduction of the adjusted cost of the related instrument.

Realized gains and losses on the sale of investments and unrealized appreciation or depreciation of investments are determined based on the average adjusted cost basis.

Measurement uncertainty

Allocations of distributions received from income funds between dividends, interest and other income, or return of capital are based on estimates of the categorization of distributions provided by those income funds. These allocations may change once final categorizations of the distributions are received from the respective income funds.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically by management and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

3. FINANCIAL INSTRUMENT RISK

The Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. These risks and related risk management practices employed by the Fund are discussed below:

Portfolio concentration risk

Portfolio concentration risk is the risk associated with the exposure to any one asset class or security. The Manager believes that there is no significant concentration risk of the Fund due to diversification by asset class and security. The following is a summary of portfolio concentration as of December 31, 2009 and December 31, 2008:

	2009	2008
ASSET CLASS		
Oil & Gas Income Fund	18.2%	21.2%
Pipeline & Power Generation Income Funds	13.5%	6.5%
Business & Industrial Income Funds and Equities	56.0%	58.8%
Real Estate Investment Trusts	9.8%	13.5%
Bonds	2.5%	0.0%
SECURITIES		
Average position size	4.3%	4.3%
Largest position size	8.0%	9.5%

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments such as bonds or debentures. In general, the value of interest-bearing financial instruments will rise if interest rates fall, and conversely, will generally fall if interest rates rise. There is minimal sensitivity to interest rate fluctuation on cash.

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to a significant amount of interest rate risk due to fluctuations in the prevailing level of market interest rates.

Credit risk

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of a counterparty on its obligation to the Fund. Credit risk typically arises out of exposure to debt instruments, such as bonds, or derivatives. The market value of debt instruments and derivatives includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit exposure of the Fund.

The Fund limits its exposure to credit loss by placing its cash and short-term investments in securities that have high credit quality. The Manager performs ongoing credit risk evaluation of counterparties.

As at December 31, 2009, the Fund was invested in debt securities with the following credit ratings:

DEBT SECURITIES BY S&P RATING	% OF NET ASSETS
A	2.5%

Credit ratings are obtained from Standard & Poors, Moody's and/or Fitch. Where more than one rating is obtained for a security, the lowest rating has been used.

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Liquidity risk

Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. The Fund endeavours to maintain sufficient liquidity to meet expenses and redemption of Units. However, unexpectedly heavy demand for redemptions of Units could result in the Fund having to dispose of investments at a time when it is not optimal to do so in order to meet such redemption request.

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 value of securities denominated in other currencies will fluctuate due to changes in exchange rates. The Fund is not subject to such risk.

Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The investments of a fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The Manager moderates this risk through portfolio diversification and careful selection of securities. The Manager monitors the Fund's overall market positions on a daily basis with investment positions maintained within established ranges.

As at December 31, 2009, had the fair values of the portfolio investments increased or decreased by 5%, with all other variables held constant, this would have increased or decreased Net Assets by approximately \$1,592,615 (2008 - \$1,589,780).

Fair value measurements

The following is a summary of the inputs used as of December 31, 2009 in valuing the Fund's investments and derivatives carried at fair values:

	Level One	Level Two	Level Three	Totals
Financial Assets				
EQUITIES				
COMMON STOCK	15,296,381	0	0	15,296,381
INCOME TRUSTS	12,008,547	0	0	12,008,547
LIMITED PARTNERSHIP UNITS	556,800	0	0	556,800
INVESTMENT TRUSTS	3,130,733	0	0	3,130,733
WARRANTS	59,174	0	0	59,174
TOTAL EQUITIES AND WARRANTS	31,852,293	0	0	31,852,293
FIXED INCOME				
CORPORATE BONDS	0	800,661	0	800,661
TOTAL FIXED INCOME	0	800,661	0	800,661
Total Financial Assets	31,852,293	800,661	0	31,852,296

NOTES TO FINANCIAL STATEMENTS (continued)

4. NET ASSET VALUE AND NET ASSETS

The application of CICA Handbook Section 3855 may result in a different value of securities for financial reporting purposes than the value used for pricing unitholder transaction purposes.

The following is the Net Asset Value per unit determined in accordance with Part 14 of the National Instrument and the Net Assets per unit as shown on the Statements of Net Assets. The difference between these amounts represents the valuation difference of securities resulting from the application of Section 3855.

	Class X	Class A	Class F
2009			
Net Asset Value per unit	\$5.61	\$5.97	\$6.10
Net Assets per unit	\$5.60	\$5.95	\$6.07
2008			
Net Asset Value per unit	\$4.34	\$4.46	\$4.49
Net Assets per unit	\$4.31	\$4.42	\$4.46

5. UNITS

The Fund is authorized to issue an unlimited number of units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Each unitholder is entitled to one vote for each unit held and is entitled to participate equally with respect to any and all distributions made by the Fund to unitholders, including distributions of return of capital, net income and net realized capital gains, if any. On termination or liquidation of the Fund, unitholders are entitled to receive on a pro rata basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund.

Class X unit transactions for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Units, beginning of year	7,489,666	11,625,828
Units issued	4,527	30,496
Units reinvested	47,885	24,974
Units redeemed	(1,790,296)	(4,191,632)
Units, end of year	5,751,782	7,489,666

Class A unit transactions for the year ended December 31, 2009 and the period ended December 31, 2008 is as follows:

	2009	2008
Units, beginning of year	8,397	-
Units issued	89	17,790
Units reinvested	871	506
Units redeemed	(89)	(9,899)
Units, end of year	9,268	8,397

Class F unit transactions for the year ended December 31, 2009 and the period ended December 31, 2008 is as follows:

	2009	2008
Units, beginning of year	22,208	-
Units issued	-	27,392
Units reinvested	-	336
Units redeemed	(1,233)	(5,520)
Units, end of year	20,975	22,208

The attributes of Class X, Class A and Class F are as follows:

	Class X	Class A	Class F
Unitholders	For former unitholders of Lawrence Payout Ratio Trust	Available to all investors	For investors in a fee-based program through their dealers
Distribution rate	0.0583	0.0400	0.0400
Management fee	0.45%	2.00%	1.00%

Unitholders equity is considered to be the source of capital for the Fund. The Fund's objectives are managing capital to safeguard the Fund's ability to continue as a going concern, to provide financial capacity and flexibility to meet its strategic objectives, to provide an adequate return to unitholders commensurate with the level of risk while maximizing the distributions to unitholders.

The Fund does not have any externally imposed capital requirements, the Fund Manager believes that the current level of distributions, capital and capital structure is sufficient to sustain ongoing operations. The Fund Manager actively monitors the cash position and financial performance of the Fund to ensure there are resources to meet distributions and redemptions.

6. FEES AND EXPENSES

The Fund pays the Manager a management fee equal to 0.45%, 2% and 1% per annum of the net asset value for Class X, Class A and Class F respectively, calculated daily and paid monthly in arrears, plus applicable taxes. The Fund also pays to the Manager a service fee equal to 0.30% per annum plus applicable taxes of the net asset value of Class X. The service fee is used by the Manager to compensate investment dealers in proportion to the number of units held by clients of each dealer at the end of each calendar quarter.

Other expenses

The Fund is responsible for all other expenses incurred in connection with its operation and administration, such as custodian, valuation, transfer agent, reporting, audit and legal fees.

7. INCOME TAXES

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). In accordance with the terms of the Declaration of Trust, all of its net income for tax purposes and sufficient net realized capital gains, determined in Canadian dollars, will be paid or payable to unitholders in the taxation year so that no income tax is payable by the Fund (after taking into account applicable capital gains tax refunds.) Accordingly, no income tax provision has been recorded.

As at December 31, 2009 the Fund had capital losses of \$35,383,360 and nil non-capital losses available to offset future realized capital gains.

8. PORTFOLIO TRANSACTION COSTS

Commissions and other transaction costs paid to dealers for its portfolio transactions were \$92,679 (2008 - \$160,261) for the year ended December 31, 2009. There were no soft dollar amounts included in these payments.

9. SUBSEQUENT EVENTS

In a press release dated December 21, 2009 unitholders were advised that starting January 2010 the annual distribution amount for Series X units would be decreased from \$0.70 per annum to \$0.48 per annum.



220 Bay Street, Suite 1500, Toronto, ON M5J 2W4 T: 416-362-4999 1-866-404-3999 F: 416-362-0063
www.navinaasset.com