



## LAWRENCE INDIA FUND

Semi - Annual Financial Statements

June 30, 2010

## **LAWRENCE INDIA FUND**

### **CORPORATE INFORMATION**

**Manager:**

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

**Custodian:**

RBC Dexia Investor Services  
155 Wellington Street West, 2nd Floor  
Toronto, On M5V 3L3

**Transfer Agent:**

SGGG Fund Services Inc.  
60 Yonge Street, Suite 1200  
Toronto, On M5E 1H5

**INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE**

This interim management report of fund performance for Lawrence India Fund (the "Fund") contains financial highlights and accompanies the unaudited financial statements, but does not contain the complete annual financial statements. 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, by visiting our website at [www.navinaasset.com](http://www.navinaasset.com) or by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com)

**Forward Looking Statements**

Included in this interim 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 operations, 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 Objective And Strategies**

The investment objective of the Fund is to seek superior long-term growth of capital. The Fund invests its assets primarily in the Lawrence India (Mauritius) Fund (the "Sub-Fund"). The Sub-Fund is an open-end investment trust organized under the laws of Mauritius. The Sub-Fund was created to facilitate the investment in Indian equity securities by the Fund and has the same investment objectives, strategies and guidelines as the Fund. The balance of the Fund's assets is invested in Canadian equity securities with a focus on companies doing business in India, debt securities of Canadian issuers and derivatives.

On January 1, 2010 the Manager, Lawrence Asset Management Inc. and Navina Capital Corp. effected an amalgamation of businesses and operations. The combined entity is named Navina Asset Management Inc. Navina Asset Management Inc. (the "Manager"), a corporation incorporated under the laws of the Province of Ontario, is the manager and trustee of the Fund. The Manager is responsible for investment advisory, portfolio management and all operations of the Fund.

**Risk**

The overall risk of the Fund is as described in the prospectus dated February 15, 2008. There have been no changes that would significantly affect the risk associated with an investment in the Fund. The success of the Fund depends on the continued services of the Manager and will be influenced by a number of risk factors associated with investments in equities, short sales, options, and other instruments, derivative hedge risk, market liquidity, portfolio turnover, foreign currency exposure, foreign market exposure, interest rate fluctuations and the use of leverage.

As the Fund is invested almost entirely in Indian issuers, the Fund is exposed to foreign investment risk. The Fund does not have investments in other countries that could offset any negative events that affect companies in India. The valuation of such companies may change due to emerging markets and currency risk.

**Results of Operations**

For the six month period ending June 30, 2010, the Fund had a net decrease in assets from operations of \$142,278 compared to an increase of \$470,875 for the period ending June 30, 2009. The decrease is due primarily to an increase in expenses of \$163,486 (2009 - \$106,381).

The Fund's assets are relatively small. This results in expenses, which are generally fixed costs, having a higher impact on the Fund's Management Expense Ratio ("MER") than comparable funds with greater assets under management.

**Net Asset Value**

The net asset value per unit as at June 30, 2010 was \$6.08 (2009 - \$6.87) for the Series A and \$6.24 (2009 - \$7.01) for the Series F units, a decrease of 11.5% and 11% respectively since December 31, 2009.

**Distributions**

The Fund has not paid any distributions since its inception.

**Recent Developments**

The Indian economy has proven to be a leader even in Asia. With nearly all of its growth based on domestic demand versus exports dependent on the strength of Europe or North America, the Indian economy has shown itself to be among the best insulated from the slow-down and lingering concerns over the health of western markets. The majority Congress government has followed through with its long awaited aggressive privatizations and liberalizations that have been delayed or hindered due to ineffectual minority governments. While creating additional supply to equity markets, it has also improved the general perception of the Indian capital markets and leading to further liquidity and drawing in substantial foreign investment.

A key driver for the Indian economy continues to be the aggressive infrastructure particular in the power sector. Increased investment in these areas has a multiple effect that is expected to be ongoing for years to come. The investment itself is highly-stimulative. The access to further

power, and other forms of infrastructure is also stimulative and provides the inputs necessary for continued growth of the economy. We continue to be very optimistic about the long-term performance of the Indian economy and by extension, its stock markets.

Through the first half of 2010 and for the foreseeable future the Lawrence India Fund will maintain a diversified portfolio with a focus on large-cap names representative of the Indian economy and the major indices.

On June 7, 2010 Aston Hill Financial Inc. ("Aston Hill") and Navina Asset Management Inc ("NAMI") announced the execution of a share purchase agreement. Pursuant to the agreement Aston Hill acquired 100% of the common shares of NAMI. The acquisition was completed on August 6, 2010. This will result in a change of control of Navina.

On July 27, 2010 the fund had a name change from Lawrence India Fund to Navina India Fund.

#### ***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 June 30, 2010 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.

In June 2010, the Canadian Accounting Standards Board ("AcSB") published for comments an exposure draft proposing that investment companies, which include investment funds, can defer adoption of IFRS by one year. Investments companies may continue to apply existing GAAP standards and must adopt IFRS for fiscal years beginning on or after January 1, 2012. The AcSB expects to finalize the proposed amendments in September 2010.

#### ***Related Party Transactions***

The Manager has exclusive authority to manage the operations and affairs of the Fund, to make all decisions regarding the Fund and to bind the Fund. The Manager has retained Reliance Asset Management (Singapore) Pte. Ltd. (the "Investment Advisor") to provide portfolio advisory services regarding the investment portfolio of the Fund.

#### ***Management Fee***

The Fund pays the Manager a management fee of 2.5% and 1.5% on the Series A and Series F units respectively, in return for the services provided to the Fund. In addition, the Manager may earn a performance fee of 20% of the amount by which the series Net Asset Value (the "NAV") at the end of the fiscal year exceeds the MSCI India Index benchmark NAV. The fee is calculated weekly and paid monthly in arrears and is 100% attributable to general administration, investment advice and profit.

## 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 December 4, 2007. This information is derived from the Fund's financial statements.

The Fund's Net Asset Value per unit <sup>(1) (2)</sup>	2010		2009		2008		2007	
	Series A	Series F	Series A	Series F	Series A	Series F	Series A	Series F
<b>Net Assets, beginning of year</b>	\$4.36	\$4.40	\$4.36	\$4.40	\$ 9.83	\$ 9.84	\$10.00 <sup>(3)</sup>	\$10.00 <sup>(3)</sup>
Increase (decrease) from operations:								
Total revenue	-	-	-	-	0.02	0.01	0.01	-
Total expenses	(1.01)	(0.73)	(0.80)	(0.76)	(0.64)	(0.59)	(0.16)	(0.17)
Realized losses for the period	(0.11)	(0.07)	(1.00)	(1.01)	(1.02)	(1.01)	-	-
Unrealized gains (losses) for the period	0.32	(0.18)	4.22	4.34	(3.73)	(3.70)	-	-
<b>Total increase (decrease) from operations</b>	<b>(0.80)</b>	<b>(0.98)</b>	<b>2.42</b>	<b>2.57</b>	<b>(5.37)</b>	<b>(5.29)</b>	<b>(0.15)</b>	<b>(0.17)</b>
<b>Distributions</b>								
From capital gains	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-	-
<b>Total annual distributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets, end of year</b>	<b>\$6.08</b>	<b>\$6.24</b>	<b>\$6.87</b>	<b>\$7.01</b>	<b>\$ 4.36</b>	<b>\$ 4.40</b>	<b>\$ 9.83</b>	<b>\$ 9.84</b>

(1) Net Assets is based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on weighted average number of units outstanding over the financial period. Therefore, the Net Assets, beginning of year, and the increase/decrease from operations will not sum to the Net Assets, at end of year.

(2) 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.

(3) Net Assets beginning of year for 2007 represents the initial offering price.

Ratios and Supplemental Data	2010		2009		2008		2007	
	Series A	Series F	Series A	Series F	Series A	Series F	Series A	Series F
Total net asset value (1)	\$693,785	\$75,222	\$1,025,277	\$382,892	\$873,591	\$319,458	\$656,768	\$236,690
Number of units outstanding (1)	114,024	12,059	148,530	54,388	200,557	72,674	66,847	24,062
Management expense ratio (2)	31.44%	21.91%	15.35%	13.90%	10.71%	10.07%	21.01%	20.53%
Management expense ratio before waivers or absorptions (2)	31.44%	21.91%	18.51%	16.92%	13.01%	12.36%	21.01%	20.53%
Portfolio turnover rate (3)	0.00%	0.00%	47.67	47.67%	33.58%	33.58%	0.00%	0.00%
Trading expense ratio (4)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		

(1) This information is provided as at December 31 of the year 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 year. The decision to waive/absorb management fees and operating expenses is at the discretion of the Manager. The Manager may continue or terminate at anytime without notice.

(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 the 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 the Fund.

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

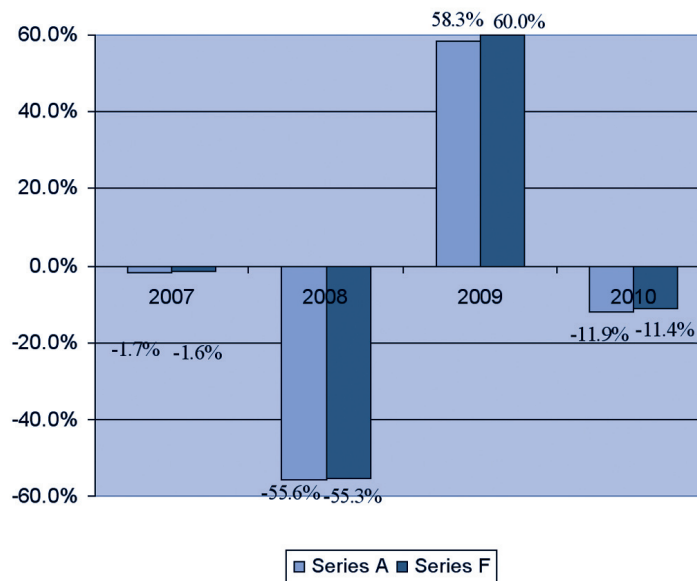
## PAST PERFORMANCE

### General

The performance information does not take into account sales, redemption, distribution 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 performance for each series of the Fund and illustrates how the Fund's performance has changed since its inception. The chart shows, in percentage terms, how much an investment made at the beginning of each financial period has increased or decreased by the last day of the financial period. The returns for 2010 represent the six month period ended June 30, 2010. The returns for 2007 represent the period from inception on December 7, 2007 to December 31, 2007.



### SUMMARY OF INVESTMENT PORTFOLIO

This Fund invests in units of its Sub-Fund. You can find the prospectus and additional information about the Sub-Fund, which is filed with Lawrence India Fund, on [www.sedar.com](http://www.sedar.com).

Portfolio Composition	% of Net Asset Value
Cash	4.9
Investment in Lawrence India (Mauritius) Fund	99.8
Other assets less liabilities	(4.7)
	100.0

Holdings of Lawrence India (Mauritius) Fund	% of Net Asset Value value of Sub-Fund
Cash	99.8%

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](http://www.navinaasset.com) or contacting the Fund at 1.866.404.4999.

***Manager's comments on unaudited interim financial statements***

These interim financial statements of Lawrence India Fund (the "Fund") for the period ended June 30, 2010 have been prepared by the Manager. These interim financial statements have not been reviewed by Ernst & Young LLP, the independent external auditors of the Fund.

## LAWRENCE INDIA FUND

Statements of Net Assets - As at June 30, 2010 (Unaudited) and 2009 (audited)

		2010 \$	2009 \$
<b>ASSETS</b>			
Investments owned, at fair value (Note 2)		\$767,531	\$1,326,323
Cash		37,456	79,041
Due from Manager		-	29,777
Subscription receivables		-	3,080
Other receivables		-	21
		804,987	1,438,242
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities		29,695	27,284
Management fee payable (Note 3)		6,262	8,799
Performance fee payable (Note 3)		23	23
		35,980	36,106
<b>NET ASSETS</b>		<b>\$769,007</b>	<b>\$1,402,136</b>
<b>Net Assets Per Series</b>	<b>Series A</b>	\$693,785	\$1,020,884
	<b>Series F</b>	\$75,222	\$381,252
<b>Number of Units Outstanding</b> (Note 4)	<b>Series A</b>	114,024	148,530
	<b>Series F</b>	12,059	54,388
<b>Net Assets Per Unit</b> (Note 2)	<b>Series A</b>	\$6.08	\$6.87
	<b>Series F</b>	\$6.24	\$7.01

The accompanying notes are an integral part of these financial statements.

## LAWRENCE INDIA FUND

Statements of Operations - For the six month period ended June 30 (Unaudited)

		2010 \$	2009 \$
<b>Investment income</b>			
Interest		-	\$29
<b>Expenses</b>			
General and administrative		57,046	59,532
Audit fees		40,142	11,761
Legal fees		36,632	-
Management fee (Note 3)		13,449	13,615
Custodian fees		8,720	13,831
Unitholder reporting fees		7,497	7,671
		163,486	106,410
<b>Net Investment Loss</b>		(163,486)	(106,381)
<b>Realized and Unrealized Gain (Loss) on Investments</b>			
Net realized loss on sale of investments, including foreign exchange adjustments		(17,513)	(183,045)
Net change in unrealized appreciation in value of investments		38,721	760,301
<b>Net Gain on Investments</b>		21,208	577,256
<b>Decrease (Increase) In Net Assets From Operations</b>		\$(142,278)	\$470,875
<b>Decrease (Increase) In Net Assets From Operations Per Series</b>	<b>Series A</b>	\$(111,746)	\$337,139
	<b>Series F</b>	\$(30,532)	\$133,736
<b>Decrease (Increase) In Net Assets From Operations Per Unit (Note 2)</b>	<b>Series A</b>	\$(0.80)	\$1.84
	<b>Series F</b>	\$(0.98)	\$1.91

The accompanying notes are an integral part of these financial statements.

## LAWRENCE INDIA FUND

Statements of Changes in Net Assets - For the six month period ended June 30 (Unaudited)

	2010 \$	2009 \$
<b>Net Assets, beginning of period</b>		
Series A	\$1,020,884	\$873,591
Series F	381,252	319,458
	1,402,136	1,193,049
<b>Increase (decrease) in Net Assets from operations</b>		
Series A	(111,746)	337,139
Series F	(30,532)	133,736
	(142,278)	470,875
<b>Unit Transactions</b>		
<b>Issuance of Units</b>		
Series A	31,790	-
<b>Redemption of Units</b>		
Series A	(247,143)	(105,689)
Series F	(275,498)	(43,650)
	(522,641)	(149,339)
<b>Net Assets, End of period</b>		
Series A	693,785	1,105,041
Series F	75,222	409,544
	\$769,007	\$1,514,585

The accompanying notes are an integral part of these financial statements.

**LAWRENCE INDIA FUND**

Statement of Investments - As at June 30, 2010 (Unaudited)

NUMBER OF SHARES	INVESTMENT OWNED	AVERAGE COST \$	FAIR VALUE \$
85,991	Lawrence India (Mauritius) Fund [Notes 1 and 5]	\$ 745,020	\$ 767,531
	Other assets, net of liabilities		1,476
	<b>NET ASSETS</b>		\$ 769,007

*The accompanying notes are an integral part of these financial statements.*

### 1. FUND ORGANIZATION AND NATURE OF OPERATIONS

Lawrence India Fund (the “Fund”) is a mutual fund trust created under the laws of the Province of Ontario, pursuant to a Declaration of Trust dated November 9, 2007.

The capital of the Fund is represented by the Net Assets of the Fund. There are no specific external capital requirements imposed on the Fund. The Fund invests its assets primarily in the Lawrence India (Mauritius) Fund (the “Sub-Fund”). The Sub-Fund is an open-end investment trust organized under the laws of Mauritius. The Sub-Fund was created to facilitate the investment in Indian equity securities by the Fund and has the same investment objectives, strategies and guidelines as the Fund. The balance of the Fund’s assets is invested in Canadian equity securities with a focus on companies doing business in India, debt securities of Canadian issuers and derivatives.

Navina Asset Management Inc. (the “Manager”), a corporation incorporated under the laws of the Province of Ontario, is the manager and trustee of the Fund. The Manager is responsible for investment advisory, portfolio management and all operations of the Fund.

The success of the Fund depends on the continued services of the Manager and may be influenced by a number of risk factors associated with investments in equities, options, and other instruments and the use of leverage, including derivative hedge risk, market liquidity, short sales, portfolio turnover, foreign currency exposure, foreign market exposure, and interest rate fluctuations.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of presentation*

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). In applying GAAP, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, investment income and expenses reported during the period. Actual results could differ from these estimates. These estimates are reviewed periodically by management and as adjustments become necessary, they are reported in the Statement of Operations in the period in which they become known.

The Net Assets of a particular series of units is computed by calculating the value of that series’ proportionate share of the assets and liabilities of the Fund common to all series less the liabilities of the Fund attributable only to the series. Expenses directly attributable to a series are charged directly to that series. Income, realized and unrealized gains and losses from investment transactions and other expenses are allocated proportionately to each series based upon the relative Net Assets of each series.

The following summarizes the accounting policies of the Fund:

#### *Valuation of investments*

In accordance with CICA Handbook Section 3855, “Financial Instruments – Recognition and Measurement” (“Section 3855”), investments are deemed to be categorized as held for trading, and accordingly are required to be recorded at fair value by the Fund. The net assets of the Fund for financial reporting purposes (“Net Assets”) are calculated in accordance with Section 3855.

The investment in the Sub-Fund is valued at fair value. The fair value of this investment is considered to be the Net Asset Value of the Sub-Fund.

#### *Commissions and other portfolio transaction costs*

Commissions and other portfolio 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, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Such costs are expensed and are included in “Portfolio transaction costs” in the Statement of Operations.

#### *Cost of investments*

The cost of investments represents the amount paid for each security and is determined on an average cost basis excluding commissions and other portfolio transaction costs.

#### *Investment transactions and income*

Investment transactions are accounted for on the trade date. Interest income is recorded on an accrual basis. Realized gains and losses from investment transactions are calculated on an average cost basis.

#### *Translation of foreign currency*

The financial statements of the Fund are expressed in Canadian dollars.

- (a) Assets including fair value of investments and liabilities denominated in foreign currencies are converted into Canadian dollars at the rates of exchange established on each valuation date.
- (b) Purchases and sales of investments, dividends and interest income denominated in foreign currencies are converted into Canadian dollars at the rates of exchange prevailing on the respective dates of such transactions.
- (c) Realized foreign currency exchange gains (losses) on sale of investments denominated in foreign currencies are included in “Net realized gain (loss) on sale of investments” in the Statements of Operations.
- (d) Unrealized foreign currency exchange gains (losses) on investments denominated in foreign currencies are included in “Change in unrealized appreciation (depreciation) in value of investments” in the Statements of Operations.

**Net Assets per unit**

The Net Assets per unit is calculated by dividing the Net Assets of a particular series of units by the total number of units of that particular series outstanding at the end of the period.

**Increase (Decrease) in Net Assets from operations per unit**

Decrease in Net Assets from operations per unit is based on the decrease in Net Assets from operations attributed to each series of units, divided by the weighted average number of units outstanding of that series during the period.

**FUTURE ACCOUNTING STANDARDS**

**International Financial Reporting Standards (“IFRS”)**

The Canadian Accounting Standards Board (“AcSB”) confirmed that effective January 1, 2011, IFRS will replace GAAP for publicly accountable enterprises, which includes investment funds. IFRS will apply to fiscal periods beginning on or after January 1, 2011. The Manager is expected to adopt IFRS and has presently evaluated that there will be no impact to Net Asset Value per Unit as a result of the changeover to IFRS. Currently, the Manager expects that the impact of IFRS on the Trust’s financial statements will result in additional disclosures and potentially different presentation of unitholder interests and certain other items.

**3. RELATED PARTY TRANSACTIONS**

**Management Fee**

The Fund pays the Manager a management fee for management and administration services in respect of the Series A units at an annualized rate of 2.5%. In the case of the Series F units, the Fund pays an annualized management fee of 1.5%. No management fee is paid in respect of the Series O units as each Series O unitholder pays a negotiated management fee directly to the Manager.

**Performance Fee**

In respect of the Series A and Series F units, the Fund pays the Manager a performance fee equal to 20% of the amount by which the series NAV at the end of the fiscal period, adding back distributions paid on the units (the “ending NAV”) exceeds the target NAV. The target NAV is calculated by multiplying the series NAV, net of the performance fee paid, as at the last performance fee payment date (the “beginning NAV”) by the sum of one plus the return of the MSCI India Index over the same period.

The performance fee for Series O units, if applicable, is paid directly by the unitholder to the Manager.

Performance fees will be payable in all circumstances where the performance of the subject series of units of the Fund exceeds that of the applicable benchmark, even in circumstances where the value of the subject series of units of the Fund has declined. Performance fees, if any, are accrued weekly such that, to the extent possible, NAV per series unit on each valuation date will reflect any performance fees payable as at the end of such period. The performance fee is calculated and paid at the end of each fiscal period.

**4. UNITS OF THE FUND**

The Fund offers three series of units: Series A, Series F and Series O. It is permitted to have an unlimited number of series of units and may issue an unlimited number of units of each series. The Manager may establish additional series of units and may determine the rights as between those series without consent of notice.

Each unit of a series will entitle an investor to:

- (a) receive a pro-rata share of all net income and net capital gains distributions attributable to that series made by the Fund;
- (b) share pro-rata in the Net Assets of that series upon the wind-up or termination of the Fund;
- (c) vote at all meetings of the Fund (where the nature of the business to be transacted at an investor meeting concerns an issue that is relevant only to holders of a particular series, only holders of that series will be entitled to vote); and,
- (d) redeem units on the last business day of each week.

The following units were issued and redeemed during the six month period ended June 30:

2010	Series A		Series F	
	Units	\$	Units	\$
Opening	148,530	1,750,807	54,388	547,389
Issued	4,587	31,790	-	-
Redeemed	(39,093)	(247,143)	(42,329)	(275,498)
Balance	114,024	1,535,454	12,059	271,891

2009	Series A		Series F	
	Units	\$	Units	\$
Opening	200,557	2,015,782	72,674	653,658
Issued	3,888	25,257	-	-
Redeemed	(55,915)	(290,232)	(18,286)	(106,269)
Balance	148,530	1,750,807	54,388	547,389

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 abilities 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 shareholders.

The Fund does not have 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.

## **5. FINANCIAL INSTRUMENTS**

### ***Management of Financial Investment Risks***

In the normal course of business, the Trust is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The value of investments within the Trust's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, the market, and, company news related to specific securities within the Trust. The level of risk depends on the Trust's investment objective and the type of securities it invests in.

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

### ***Credit Risk***

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into. As at June 30, 2010, the Fund and Sub-Fund are not exposed to significant credit risk as they had no investments in fixed income or other debt instruments.

### ***Liquidity Risk***

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligation on time or at a reasonable price.

The Fund's exposure to liquidity risk is concentrated in the weekly redemption of units. The Fund primarily invests in the Sub-Fund, which holds securities that are traded in active markets and can be readily disposed of. In addition, the Fund retains sufficient cash and cash equivalent positions to maintain liquidity.

### ***Interest Rate Risk***

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Interest rate risk arises when the Fund invests in interest-bearing financial instruments. As at June 30, 2010 and 2009, the Fund and Sub-Fund are not exposed to significant interest rate risk as they do not hold any interest-bearing financial instruments.

### ***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 (other than those arising from interest rate risk or currency risk).

The Manager aims to moderate this risk through a careful selection and diversification of securities and other financial instruments in accordance with the limits of the Fund's and the Sub-Fund's investment objectives and strategy. Except for written options and securities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from written options and securities sold short can be unlimited. The Fund's and the Sub-Fund's overall market positions are monitored on a daily basis by the Manager.

As at June 30, 2010, if the fair value of the investment portfolio increased or decreased by 5%, with all other variables held constant, this would have increased or decreased Net Assets by approximately nil (2009 - \$76,901).

### ***Currency Risk***

The Fund and the Sub-Fund invest in securities denominated in currencies other than the Canadian dollar, their reporting currencies. Consequently, the Fund and the Sub-Fund are exposed to risks that the exchange rate of the Canadian dollar relative to the other currencies may change in a manner that has an adverse effect on the reported value of that portion of their assets. As at June 30, 2010, the Sub-Fund had nil investments denominated in foreign currencies (2009 - 52,769,530) Indian Rupees. A 5% strengthening (weakening) in this currency relative to the Canadian dollar, with all other variables held constant, would have no effect to Net Assets (2009 - \$76,901).

## **6. INCOME TAXES**

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada) (the "Tax Act"). 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.

The Sub-Fund is deemed to be a trust resident in Canada for certain purposes under the Tax Act. The Sub-Fund is subject to tax in Canada on its net income and the taxable portion of its net realized capital gains, less the portion of such amounts that is paid or payable to beneficiaries of the Sub-Fund. Generally, this means that the income of the Sub-Fund will be included in the income of the Fund and will be distributed to unitholders of the Fund. Losses of the Sub-Fund will only be available to shelter income of the Sub-Fund.

The Fund has capital losses of \$515,444 and non-capital losses of \$355,387 available to offset future capital gains and income, respectively. If not utilized, the non-capital losses will expire as follows: 2027 - \$11,982, 2028 - \$167,196 and 2029 - \$176,209.

**7. COMMISSIONS**

No commissions or soft dollar amounts were paid during the period ended June 30, 2010 (2008 - nil) in connection with portfolio transactions.

**8. 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.

2010	Series A	Series F
Net Asset Value per unit	\$6.08	\$6.24
Net Assets per unit	\$6.08	\$6.24

2009	Series A	Series F
Net Asset Value per unit	\$6.90	\$7.04
Net Assets per unit	\$6.87	\$7.01

**9. SUBSEQUENT EVENTS**

On June 7, 2010 Aston Hill Financial Inc. ("Aston Hill") and Navina Asset Management Inc ("NAMI") announced the execution of a share purchase agreement. Pursuant to the agreement Aston Hill acquired 100% of the common shares of NAMI. The acquisition was completed on August 6, 2010. This will result in a change of control of NAMI.

On July 27, 2010 the fund had a name change from Lawrence India Fund to Navina India Fund.



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