

2011

Interim Management Report of Fund Performance and Interim Financial Statements

Tradex EQUITY Fund Limited

June 30, 2011

You may get a copy of the Fund's Simplified Prospectus, Annual Information Form, Fund Facts, proxy voting policies and procedures, proxy voting disclosure record and quarterly portfolio disclosure at your request, and at no cost, by calling Tradex Management Inc. toll-free at **1-800-567-3863**, e-mailing us at **info@tradex.ca** or by writing or visiting us at the address shown below.

These documents and other information about the Fund are also available through our website at **www.tradex.ca** or through the SEDAR website at www.sedar.com.

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INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE for the six months ending June 30, 2011

I. MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

An investment in Tradex Equity Fund Limited increased in value by 0.1% during the first half of 2011 while it has increased by 20.5% over the past year.

During the first three months of the period the Canadian equity market continued to move higher, reaching a two and one-half year peak in early April, at which time the S&P/TSX Composite Index was up 6.2% year-to-date. However, the market turned sharply lower during the next number of weeks. At its low point in June, it was down 4.9% from the beginning of the year before rallying in the final few days of June to close the first half of the year down 1.1%. The change in market tone was a result of increased uncertainty on a number of fronts including renewed fears regarding the debt problems facing Greece and a number of other euro zone countries (as well as the U.S.), and fears that the pace of global economic growth may be stalling. The U.S. market, which is not nearly as dependent on commodity prices as the Canadian market, was essentially unchanged during the second quarter. As a result, the U.S. S&P 500 Index closed the first half of the year up 5.0%.

Throughout the period approximately 78% of the Fund's total portfolio value was in Canadian equities, with the remaining 22% in U.S. equities. The number of stocks in the Canadian portion of the portfolio was increased to 89 from 84 while the number of U.S. stock was decreased from 44 to 41. Small and mid cap companies represent a fairly large proportion of the Canadian portfolio and most of the trading activity during the period consisted of Portfolio Manager Phillips, Hager and North (PH&N) making adjustments to small and mid cap companies in the Materials and Energy sectors in order to take advantage of opportunities as they arose.

Looking at the Canadian market in terms of sectors, leadership so far this year has been the opposite of 2010. The Materials sector (primarily mining companies), which rallied in 2010, is now down 10.0% for the year while the Energy sector is down 2.2%. At the end of the period 17.4% of the Fund's assets were held in the Materials sector (versus 17.7% at the start of the year) and 21.7% in the Energy sector (versus 21.5%). The Financials sector, which represents 21.2% of the Fund's total portfolio value (versus 21.4%) and includes the Fund's three largest holdings, is up 4.1% year-to-date. The strongest sectors in 2011 are Health Care, up 19.1%, Telecommunication Services, up 11.6% and Industrials, up 8.2%. At the end of the period the Fund held 1.3%, 2.3% and 4.5%, respectively of its total assets in these three sectors.

Portfolio activity in the U.S. portion of the portfolio was once again light during the period. In general, the U.S. market outperformed the Canadian market over the first half of the year, which benefitted the Fund's performance (S&P 500 Index up 5.0%). However, the Canadian dollar strengthened versus its

U.S. counterpart, increasing from 100.54 cents U.S. at the start of the year to 103.68 cents at the end of the period. As introduced in mid-2009, in the range of 40-60% of the U.S. dollar exposure was hedged into Canadian dollars through derivatives known as forward contracts. This reduced a portion of the currency related losses that the Fund would otherwise have experienced due to the strength of the Canadian dollar.

At the end of the period, the net asset value of the Fund stood at \$91.7 million compared to \$92.6 million at the end of 2010. No capital gain distribution was made in January 2011.

Management Fees

As the Manager, Tradex Management Inc. is responsible for directing the business, operations and affairs of the Fund. It performs this duty for an annual fee of 0.7% of the Fund's net asset value, calculated and accruing daily. This amounted to \$363,035 in the first six months of 2011 (including HST) and represents slightly more than 50% of the total expenses paid by the Fund (excluding brokerage fees). Many of the functions involved in operating the Fund are contracted out to leading professional firms in the mutual fund industry in Canada. Therefore, one of the key duties of the Manager is to negotiate and manage these contracts. Tradex Management Inc. is also the principal distributor of the Fund and, as such, is responsible for most of the communications with the Fund's shareholders and potential shareholders. Tradex Management Inc. receives no additional fees or commissions for being the Fund's principal distributor and pays a trailer fee of 0.3% from its management fee to other mutual fund dealers who distribute the Fund.

Since Tradex Management Inc. operates on an "at cost" basis for the benefit of its investors, when financial conditions permit, it voluntarily rebates and/or waives a portion of the management fees paid to it by the Fund. These rebates/waivers reduce the expenses for the Fund, which in turn reduce its management expense ratio. In the second half of 2010, \$85,541 in expenses were reduced for the Fund through such transactions. It is anticipated that a rebate will be made in the second half of 2011 although it is not possible to estimate the amount at this time.

Other Expenses

The other expenses incurred by the Fund in the first six months of 2011 amounted to \$310,326 and were paid to third party suppliers and regulatory authorities. These represent investment advisory fees (paid to Phillips, Hager & North Investment Management Ltd), administrative fees paid for fund accounting, the registrar function and other related activities (paid to CIBC Mellon Global Securities Services Company, FundSERV Inc. and various other suppliers), audit fees (payable to PricewaterhouseCoopers LLP), custodian fees (paid to CIBC Mellon Trust Company) and registration fees and expenses paid to the 13 securities regulatory authorities in Canada. A listing of the various expenses paid by the Fund appears in the Statement of Operations.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (continued)

II. FINANCIAL HIGHLIGHTS

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five and one-half years.

The Fund's Net Assets per Share (1)

For the six month period ending June 30, 2011 and the five annual periods ending December 31, 2010, 2009, 2008, 2007, 2006.

	2011	2010	2009	2008	2007	2006
Net assets per share, beginning of period	\$ 13.32	\$ 11.66	\$ 8.95	\$ 15.13	\$ 16.97	\$ 16.06
Increase (decrease) from operations:						
Total revenue	\$ 0.14	\$ 0.29	\$ 0.25	\$ 0.32	\$ 0.48	\$ 0.31
Total expenses	\$ (0.10)	\$ (0.16)	\$ (0.15)	\$ (0.17)	\$ (0.20)	\$ (0.18)
Realized gains (losses) for the period	\$ 0.36	\$ 0.71	\$ (1.41)	\$ (0.35)	\$ 0.46	\$ 1.27
Unrealized gains (losses) for the period	\$ (0.39)	\$ 1.00	\$ 4.24	\$ (5.52)	\$ (1.44)	\$ 0.49
Total increase (decrease) from operations (2)	\$ 0.01	\$ 1.84	\$ 2.93	\$ (5.72)	\$ (0.70)	\$ 1.89
Distributions to investors:						
From dividends	\$ —	\$ 0.21	\$ 0.24	\$ 0.29	\$ 0.40	\$ 0.21
From capital gains	\$ —	\$ —	\$ —	\$ 0.12	\$ 0.71	\$ 0.78
Total Distributions (3)	\$ —	\$ 0.21	\$ 0.24	\$ 0.41	\$ 1.11	\$ 0.99
Net assets per share, end of period	\$ 13.32	\$ 13.32	\$ 11.66	\$ 8.95	\$ 15.13	\$ 17.01

- (1) The information for 2006-2010 is derived from the Fund's audited annual financial statements. Starting in 2007, net assets per share represented in the audited financial statements differ from net asset value per share calculated for fund pricing purposes. This reflects the Fund's revised accounting policies adopted in accordance with changes in Canadian generally accepted accounting principles (GAAP) introduced by the Canadian Institute of Chartered Accountants. The net asset value per share for pricing purposes (as opposed to the GAAP net assets per share) was \$13.34 at the beginning of 2011 and \$13.36 as at June 30, 2011. A further explanation of this difference can be found in the Notes to the financial statements on pages 10-11.
- (2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the period.
- (3) Distributions were paid in cash/reinvested in additional shares of the Fund, or both.

Ratios and Supplemental Data	2011	2010	2009	2008	2007	2006
Total net asset value, end of period (000's)	\$ 91,705	\$ 92,615	\$ 85,798	\$ 67,520	\$ 117,229	\$ 131,158
Weighted average net asset value (000's)	\$ 94,291	\$ 86,596	\$ 75,228	\$ 100,094	\$ 128,999	\$ 125,172
Number of shares outstanding, end of period (000's)	6,867	6,943	7,341	7,508	7,727	7,709
Management expense ratio (1)	1.44%	1.36%	1.49%	1.28%	1.18%	1.19%
Management expense ratio before waivers or absorptions (1)	1.44%	1.46%	1.49%	1.39%	1.30%	1.27%
Trading expense ratio (2)	0.07%	0.10%	0.28%	0.30%	0.30%	0.11%
Portfolio turnover rate (3)	12.95%	43.12%	95.21%	83.84%	72.28%	26.23%
Net asset value per share, end of period	\$ 13.36	\$ 13.34	\$ 11.69	\$ 8.99	\$ 15.17	\$ 17.01

- (1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the period and is expressed as an annualized percentage of daily average net asset value during the period. Any expense waivers or absorptions are made in the second half of the year. It is not possible to forecast whether expense waivers or absorptions will be made in the second half of 2011.
- (2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
- (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 period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (continued)

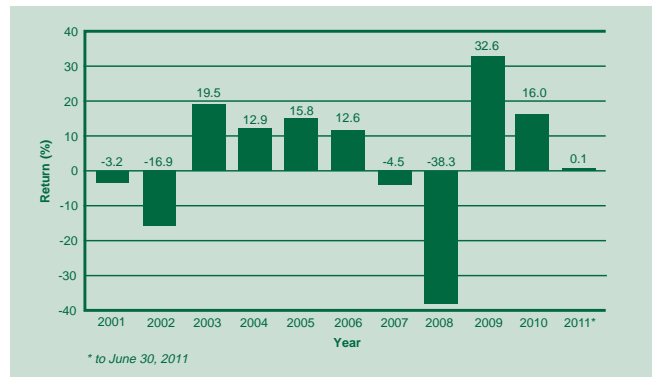
III. PAST PERFORMANCE

The Fund's past performance assumes all distributions made by the Fund in the periods shown were used to purchase additional shares of the Fund.

If you hold the Fund outside a registered plan, you will be taxed on these distributions. Distributions of dividends the Fund earns and capital gains it realizes are taxable in the year received whether received in cash or reinvested in additional shares. The performance information does not take into account any sales, redemption or other optional charges that, if applicable, would reduce the returns or performance. Please remember, the Fund's performance in the past does not indicate how it will perform in the future.

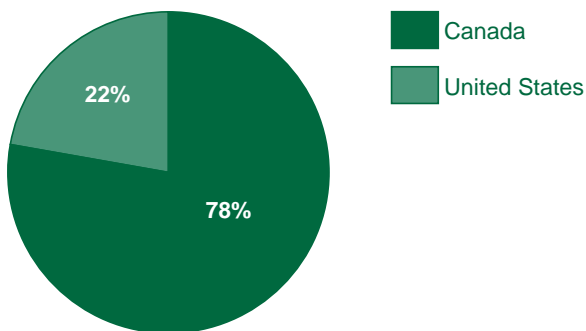
Year-by-year Returns

This bar chart shows the Fund's annual performance for each of the past ten years ending December 31, 2010 plus the performance for the six-month period ending June 30, 2011. The chart shows in percentage terms how much an investment made on the first day of the period would have increased or decreased by the last day of the period and how the performance has varied from period to period.



IV. SUMMARY OF INVESTMENT PORTFOLIO

A summary of the investment portfolio as at June 30, 2011 broken down by the geographic location of the companies in the portfolio is as follows:



A summary of the number of companies in the Fund's investment portfolio along with the sector weighting of the investment portfolio as at June 30, 2011 is as follows:

	Number of companies in the Fund's investment portfolio	Weighting of the Fund's investment portfolio by sector
Canadian Companies:		
Energy	25	21.7%
Materials	23	17.4%
Industrials	6	4.5%
Consumer Discretionary	9	5.3%
Consumer Staples	4	1.9%
Health Care	3	1.3%
Financials	13	21.2%
Information Technology	4	2.3%
Telecommunication Services	2	2.3%
Utilities	—	—
U.S. Companies:	41	22.1%
Total	130	100.0%

The following investments represent the 25 largest holdings of the Fund as of June 30, 2011 shown as a percentage of the Fund's net asset value. The list is of interest only as of the date indicated, as the percentages may have changed, and some or all of the holdings may have been sold and new positions purchased. A quarterly update is available as discussed on the cover page of this document.

The Toronto-Dominion Bank	4.1%	Bank of Montreal	1.3%
Royal Bank of Canada	4.0%	Power Corporation of Canada	1.3%
Bank of Nova Scotia	3.3%	Rogers Communication Inc. "B"	1.2%
Suncor Energy Inc.	3.1%	Talisman Energy Inc.	1.2%
Canadian Natural Resources Ltd.	2.4%	EnCana Corporation	1.2%
Potash Corp. of Saskatchewan	2.4%	BCE Inc.	1.1%
Barrick Gold Corporation	2.2%	Wild Stream Exploration	1.1%
Goldcorp Inc.	1.9%	Wal-Mart Stores (U.S.)	1.0%
Canadian National Railway Company	1.8%	Magna International	1.0%
Genovus Energy Inc.	1.6%	Enbridge Inc.	1.0%
Canadian Imperial Bank of Commerce	1.6%	Brown & Brown Inc. (U.S.)	1.0%
Teck Resources Limited "B"	1.6%	Sub-total – largest 25 holdings	45.3%
Manulife Financial Corporation	1.5%	Remaining holdings	54.7%
Transcanada Corporation	1.4%	Total Investment Portfolio	100.0%



INTERIM FINANCIAL STATEMENTS for the six months ending June 30, 2011

THE AUDITORS OF THE FUND HAVE NOT REVIEWED THESE FINANCIAL STATEMENTS.

Tradex Management Inc., the Manager of the Fund, appoints an independent auditor to audit the Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice. The next report on the Fund will contain annual audited financial information as at December 31, 2011.

STATEMENTS OF NET ASSETS June 30, 2011 (Unaudited) and December 31, 2010

	2011	2010
Assets		
Investments, at fair value *	\$ 90,745,006	\$ 92,374,231
Cash and short-term investments	745,489	318,985
Dividends receivable	154,291	145,343
Accrued interest	218	53
Subscriptions receivable	14,395	15,911
	91,659,399	92,854,523
Liabilities		
Accounts payable and accrued liabilities	177,204	207,416
Redemptions payable	5,208	135,589
Distributions payable to shareholders	—	52,023
	182,412	395,028
Net assets, representing shareholders' equity	\$ 91,476,987	\$ 92,459,495
Shares issued and outstanding, end of period (Note 7)	6,866,592	6,942,642
Net assets per share	\$ 13.32	\$ 13.32
* Investments at cost	\$ 77,897,153	\$ 76,752,017

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

Approved by the Board
of Directors of
Tradex Equity Fund Limited and
Tradex Management Inc.

Andrew Campbell
Director

Karin Zabel
Director

STATEMENTS OF OPERATIONS *(Unaudited)*

	Six months ending June 30	
	2011	2010
Investment Income		
Revenue		
Dividends	\$ 1,042,059	\$ 891,448
Less foreign withholding taxes	(29,484)	(23,894)
	1,012,575	867,554
Interest	986	429
Foreign exchange gain (loss)	(53,039)	3,037
	960,522	871,020
Securities lending revenue	6,694	—
	967,486	871,020
Expenses <i>(Note 6)</i>		
Management fees	363,035	314,957
Investment advisory fees	120,978	105,128
Administration costs	136,341	146,288
Independent Review Committee	—	—
Audit fees	28,378	22,315
Custodian fees	17,234	16,860
Registration fees and expenses	7,395	7,439
Expense reductions <i>(Note 6)</i>	—	—
	673,361	612,987
Net investment income	294,125	258,033
Realized and unrealized gain (loss) on investments and transaction costs		
Net realized gain on sale of investments	2,565,161	3,105,200
Change in unrealized depreciation on investments and forward contracts	(2,774,361)	(6,162,408)
Transaction costs	(33,495)	(65,845)
Net loss on investments	(242,695)	(3,123,053)
Increase (Decrease) in net assets from operations	\$ 51,430	\$ (2,865,020)
Increase (Decrease) per share in net assets from operations	\$ 0.01	\$ (0.39)

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

STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)

	Six months ending June 30	
	2011	2010
Net assets, beginning of period	\$ 92,459,495	\$ 85,572,654
Add (deduct)		
Operations		
Increase (Decrease) in net assets from operations	51,430	(2,865,020)
Distributions		
Distribution to shareholders from investment income	—	—
	51,430	(2,865,020)
Shares		
Proceeds from issue of shares	5,006,976	2,188,981
Reinvestment of distributions	3,527	—
Consideration paid for redemptions of shares	(6,044,440)	(4,487,786)
	(1,033,938)	(2,298,805)
Net assets, end of period	\$ 91,476,987	\$ 80,408,829

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

STATEMENT OF INVESTMENT PORTFOLIO (Unaudited) June 30, 2011

Canadian Common Stocks	Number of shares	Average cost	Fair value	% of total fair value
Energy				
Suncor Energy Inc.	74,400	\$ 3,132,715	\$ 2,804,880	
Canadian Natural Resources Ltd.	55,000	2,045,645	2,217,050	
Cenovus Energy Inc.	39,400	433,469	1,431,008	
TransCanada Corp.	29,000	1,010,307	1,224,380	
Talisman Energy Inc.	54,700	988,549	1,080,872	
EnCana Corp.	35,500	499,458	1,054,350	
Wild Stream Exploration Inc.	83,600	390,758	947,188	
Enbridge Inc.	29,600	598,497	926,480	
Midway Energy Ltd., Class 'A'	190,600	275,377	798,614	
Arcan Resources Ltd.	130,339	397,825	707,741	
Tourmaline Oil Corp.	20,000	420,360	640,000	
Advantage Oil & Gas Ltd.	81,700	560,848	624,188	
Bonavista Energy Corp.	21,900	410,564	623,493	
Canadian Oil Sands Ltd.	22,000	617,282	611,160	
Provident Energy Ltd.	64,000	483,259	550,400	
Petrominerales Ltd.	18,604	631,156	524,447	
Trinidad Drilling Ltd.	61,700	375,966	516,429	
Second Wave Petroleum Inc.	178,000	369,604	461,020	
Bellatrix Exploration Ltd.	100,000	363,306	454,000	
Cameco Corp.	13,600	340,771	345,168	
Athabasca Oil Sands Corp.	22,000	347,043	333,300	
Longview Oil Corp.	27,400	274,000	316,470	
Niko Resources Ltd.	3,600	359,725	215,640	
Petrobank Energy and Resources Ltd.	11,600	296,499	164,140	
Paramax Resources Ltd.	648,100	324,050	45,367	
		15,947,033	19,617,785	21.6
Financials				
Toronto-Dominion Bank (The)	45,200	1,908,273	3,696,456	
Royal Bank of Canada	66,400	2,099,581	3,651,336	
Bank of Nova Scotia	52,300	2,338,616	3,033,923	
Canadian Imperial Bank of Commerce	18,800	1,220,015	1,430,680	
Manulife Financial Corp.	80,300	1,439,212	1,367,509	
Bank of Montreal	19,800	965,655	1,213,344	
Power Corp. of Canada	44,700	1,507,778	1,197,960	
Brookfield Asset Management Inc., Class 'A'	26,900	602,272	860,531	
National Bank of Canada	10,200	538,061	796,824	
Sun Life Financial Inc.	22,400	664,987	648,928	
CREIT	13,684	373,837	454,309	

STATEMENT OF INVESTMENT PORTFOLIO (Unaudited) June 30, 2011

Canadian Common Stocks (cont'd)	Number of shares	Average cost	Fair value	% of total fair value
Gluskin Sheff + Associates Inc.	23,400	\$ 466,362	\$ 439,920	
Intact Financial Corp.	6,300	287,861	348,453	
Intact Financial Corp., Subscription Receipts	2,600	124,280	142,090	
		14,536,790	19,282,263	21.2
Materials				
Potash Corp. of Saskatchewan Inc.	39,900	2,102,559	2,192,904	
Barrick Gold Corp.	45,400	1,875,844	1,982,618	
Goldcorp Inc.	37,600	1,582,160	1,749,152	
Teck Resources Ltd., Class 'B'	29,100	978,933	1,422,699	
Tahoe Resources Inc.	45,739	388,548	819,185	
Agrium Inc.	8,600	426,180	727,646	
Agnico-Eagle Mines Ltd.	11,200	673,798	681,184	
First Quantum Minerals Ltd.	4,600	517,639	646,760	
Osisko Mining Corp.	42,800	337,438	639,860	
Silver Wheaton Corp.	17,700	405,796	563,214	
Eldorado Gold Corp.	36,500	491,044	517,935	
Quadra FNX Mining Ltd.	33,702	477,976	482,613	
Copper Mountain Mining Corp.	55,000	365,823	410,850	
Yamana Gold Inc.	35,000	438,460	392,350	
Lake Shore Gold Corp.	135,000	489,927	378,000	
Fortress Paper Ltd., Class 'A'	10,000	364,888	365,700	
Western Energy Services Corp.	50,000	390,000	362,500	
IAMGOLD Corp.	19,400	361,869	351,140	
Kinross Gold Corp.	22,400	344,512	340,480	
Detour Gold Corp.	11,000	298,113	307,120	
Lundin Mining Corp.	33,700	155,385	249,043	
Aura Minerals Inc.	82,000	336,660	164,000	
North American Palladium Ltd.	13,383	81,335	52,997	
		13,884,887	15,799,950	17.4
Consumer Discretionary				
Magna International Inc., Class 'A'	18,000	618,388	937,800	
Shaw Communications Inc.	28,700	549,983	630,826	
Thomson Reuters Corp.	16,947	549,979	613,142	
Tim Hortons Inc.	10,800	356,610	508,140	
Gildan Activewear Inc.	14,800	440,076	501,572	
Astral Media Inc.	12,300	530,745	457,683	
Azure Dynamics Corp.	1,690,089	431,601	456,324	
Zungui Haixi Corp.	184,673	551,163	389,660	
Canadian Tire Corp. Ltd., Class 'A'	5,500	341,228	346,775	
		4,369,773	4,841,922	5.3
Industrials				
Canadian National Railway Co.	21,200	1,119,031	1,633,460	
Canadian Pacific Railway Ltd.	9,900	527,701	594,495	
Bombardier Inc., Class 'B'	77,000	396,560	532,840	
IESI-BFC Ltd.	20,293	326,761	487,032	
Bennett Environmental Inc.	215,000	583,368	457,950	
Aecon Group Inc.	47,000	558,921	379,290	
Bennett Environmental Inc., Warrants, 2012/05/07	77,500	17,050	7,750	
		3,529,392	4,092,817	4.5
Telecommunication Services				
Rogers Communications Inc., Class 'B'	28,400	359,005	1,082,324	
BCE Inc.	27,100	1,009,475	1,024,651	
		1,368,480	2,106,975	2.3
Information Technology				
Research In Motion Ltd.	23,100	1,665,754	642,411	
CGI Group Inc., Class 'A'	25,000	422,874	595,000	
Open Text Corp.	8,700	347,158	535,485	
Celestica Inc.	36,600	321,852	307,440	
		2,757,638	2,080,336	2.3
Consumer Staples				
Shoppers Drug Mart Corp.	12,300	480,192	488,310	
Metro Inc., Class 'A'	10,000	425,676	479,800	
GLG Life Tech Corp.	66,025	633,118	417,278	
GLG Life Tech Corp., Warrants, 2014/02/23	10,000	10,214	—	
Alliance Grain Traders Inc.	11,900	383,108	307,020	
		1,932,308	1,692,408	1.9
Health Care				
Valeant Pharmaceuticals International Inc.	17,700	420,605	886,947	
Westaim Corp.	630,000	315,000	315,000	
		735,605	1,201,947	1.3%
Total Canadian common stocks		59,061,906	70,716,403	77.9%

STATEMENT OF INVESTMENT PORTFOLIO (Unaudited) June 30, 2011

Foreign Common Stocks	Number of shares	Average cost	Fair value	% of total fair value
United States				
Wal-Mart Stores Inc.	18,467	\$ 1,018,034	\$ 943,694	
Brown & Brown Inc.	36,550	761,604	902,348	
Progressive Corp. (The)	42,366	972,067	871,135	
United Technologies Corp.	9,819	619,801	835,521	
Microsoft Corp.	32,383	963,845	809,463	
Danaher Corp.	15,692	638,407	799,769	
IBM Corp.	4,826	627,324	798,096	
Johnson & Johnson	12,406	806,970	793,266	
Sysco Corp.	24,317	663,274	729,503	
Varian Medical Systems Inc.	10,492	623,656	706,382	
Cisco Systems Inc.	45,523	991,011	684,155	
Pfizer Inc.	31,666	527,511	627,005	
Wells Fargo & Co.	22,865	645,590	618,274	
General Electric Co.	33,245	544,636	603,147	
Intel Corp.	27,555	503,873	587,309	
ScanSource Inc.	14,948	435,265	539,074	
Nabors Industries Ltd.	21,500	439,523	507,373	
Commercial Metals Co.	36,210	671,020	500,908	
Tidewater Inc.	9,040	470,659	467,362	
Aflac Inc.	10,197	459,477	457,582	
Gilead Sciences Inc.	10,823	402,534	431,942	
Johnson Controls Inc.	10,590	325,019	424,174	
CarMax Inc.	13,218	287,446	419,472	
Berkshire Hathaway Inc., Class 'B'	5,546	374,349	411,883	
McGraw-Hill Companies, Inc.	10,198	367,436	410,931	
Illinois Tool Works Inc.	6,703	276,514	364,181	
Chesapeake Energy Corp.	12,493	421,303	357,323	
Home Depot Inc.	9,717	270,000	339,373	
Becton, Dickinson & Co.	3,980	301,667	328,615	
Google Inc., Class 'A'	600	306,555	292,127	
Mosaic Co. (The)	4,444	268,243	290,071	
Nucor Corp.	7,131	355,404	282,671	
Allstate Corp. (The)	9,536	288,014	279,918	
Valero Energy Corp.	9,801	227,248	240,928	
Qualcomm Inc.	4,082	157,134	223,353	
Merck & Co. Inc.	6,148	185,285	208,560	
WESCO International Inc.	3,807	119,903	197,884	
Alcoa Inc.	12,970	149,759	197,799	
GameStop Corp., Class 'A'	7,615	158,756	195,194	
Winnebago Industries Inc.	14,968	189,155	138,664	
True Religion Apparel Inc.	4,656	107,468	130,253	
		18,922,739	19,946,682	22.0
Total foreign common stocks		18,922,739	19,946,682	22.0
Transaction costs		(87,492)	—	
Forward Contracts (note 2) - Schedule 1		—	81,921	0.1
Total portfolio of investments		\$ 77,897,153	\$ 90,745,006	100.0

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

Schedule 1 - Forward Contracts June 30, 2011

Currency to Deliver	Purchase Amount	Currency	Amount	Settlement Date	Contract Price	Market Price	Appreciation/ (Depreciation)
USD	4,265,000	CAD	4,136,794	15-Jul-11	1.031	1.037	24,273
USD	4,000,000	CAD	3,917,720	15-Aug-11	1.021	1.036	57,648
							81,921

1. Background

Tradex Equity Fund Limited (“the Fund”) is an incorporated company under the laws of Canada. Tradex Management Inc. is the Manager of Tradex Equity Fund Limited.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”).

Investments

Investments are categorized as held for trading in accordance with Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, “Financial Instruments – Recognition and Measurement”. Investments of the Fund that are traded on stock exchanges are valued at the closing bid price (“fair value”) by independent securities pricing services. The value of any investment to which the foregoing principle cannot be applied shall be the fair value thereof determined in such a manner as the Manager from time to time provides.

The net asset value calculated in accordance with Section 3855 is referred to as “Net Assets” for purposes of these statements. A comparison between the Fund’s net assets per share for financial reporting (“GAAP Net Assets”) and the Fund’s net asset value per share for purposes other than financial reporting (transactional “Net Asset Value”) appears in Note 8.

The difference between the fair value of investments and the cost of the investments is included in change in unrealized appreciation (depreciation) on investments and forward contracts in the Statement of Operations.

Accounting estimates

The preparation of financial statements in accordance 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 dates of the financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from these estimates and the difference may be material.

Forward foreign exchange contracts

The Fund enters into forward foreign exchange contracts for hedging purposes only. These contracts are limited to the fair value of foreign securities owned by the Fund and quoted in that currency or where the underlying exposure is to that currency. Contracts do not exceed three years duration. On a daily basis, the value of these contracts is the gain or loss that would be realized if the positions were to be closed out. This is recorded in “change in unrealized appreciation (depreciation) on investments”. Upon closing of the contracts, the accumulated gains or losses are reported in “Net realized gain (loss) on sale of investments” in the Statement of Operations.

Foreign exchange

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing on each valuation day. Purchases and sales of investments, income and expenses are translated into Canadian dollars at the exchange rates prevailing on the respective dates of such transactions.

Realized and unrealized foreign exchange gains (losses) on investments are included in “realized gain (loss) on sale of investments” and “change in unrealized appreciation (depreciation) on investments and forward contracts”, respectively in the Statement of Operations.

Investment transactions, investment income, expenses and distributions

Investment transactions are recorded on the trade date. Realized gains or losses on security transactions are determined on an average cost basis. Interest income and estimated expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are recognized in the Statement of Operations.

Net assets per share

“Net assets per share” is based on the total net assets outstanding as at the end of period divided by number of shares outstanding as at that date. The “increase (decrease) per share in net assets from operations” is based on the increase (decrease) in net assets from operations for the period divided by the weighted average number of shares outstanding over the period.

3. Classification of Financial Instruments

In accordance with CICA Handbook Section 3862, “Financial Instruments–Disclosures,” the Fund classifies its financial instruments within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3—Inputs that are not based on observable market data.

The classification of the Fund’s financial instruments within the fair value hierarchy as at June 30, 2011 is as follows:

Level 1 Assets – \$90,655,335 in equities that trade in an active market on a recognized stock exchange and \$720,262 in cash or short-term investments (\$92,118,157 and \$318,985, respectively on December 31, 2010).

Level 2 Assets – forward foreign exchange contracts with a net unrealized appreciation of \$81,921 (\$238,249 on December 31, 2010) and \$7,750 consisting of equities that do not have a quoted price in an observable market (\$17,825 on December 31, 2010), representing their fair value.

There were no transfers between levels during the period ended June 30, 2011.

4. Management of financial risk

In the normal course of business, the Fund is exposed to a variety of financial risks. The value of investments within the Fund’s portfolio can fluctuate on a daily basis as a result of changes in interest rates, foreign exchange rates, economic conditions, and market and company news related to specific securities within the Fund.

Tradex Equity Fund Limited’s investment objective is to achieve long-term capital appreciation by investing primarily in a diversified portfolio of common shares of Canadian companies plus shares from companies in the United States and other countries. To maintain adequate portfolio diversification, thus reducing concentration risk, at least five S&P/TSX Composite Index industry sectors will be represented. Normally, foreign content will be in the range of 15-35% of the total portfolio value (the upper limit on foreign content is 50%).

The Fund’s risk management practice includes the monitoring of compliance to investment guidelines. The Manager manages the potential effects of these financial risks on the Fund’s performance by contracting and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s positions, market events and diversify the investment portfolio within the constraints of the investment guidelines.

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Fund. To partially limit currency risk, the Fund has entered into commitments in the form of foreign exchange forward contracts for the sale of U.S. dollars (note 3). The purpose of these contracts is to partially preserve the fair value of Fund assets by offsetting the impact of increases in the Canadian dollar relative to the U.S. dollar (the underlying foreign currency exposure). In the case of a decrease in the Canadian dollar relative to the U.S. dollar foreign exchange forward contracts in place decrease in value while the relative value of the U.S. funds increase.

NOTES TO FINANCIAL STATEMENTS *June 30, 2011 (cont'd)*

The Fund's net foreign currency exposure in Canadian dollars, after giving effect to the notional value of foreign currency forward contracts, at June 30, 2011 and Dec. 31, 2010, is as follows (\$'000):

	Foreign Currency Exposure	Notional value of foreign exchange forward contracts	Net foreign currency exposure
2011 U.S. Dollars	20,446	7,973	12,473
2010 U.S. Dollars	20,459	8,136	12,323

As at June 30, 2011 if the Canadian dollar had strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, net of foreign currency hedges, by approximately \$624,000 (Dec. 31, 2010 – \$616,000). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(b) Credit risk

Credit risk is the risk that counterparty to a financial contract will fail to discharge its obligation in accordance with agreed-upon terms. The Fund is subject to credit risk arising from foreign currency hedging and securities lending activities. This risk is managed by entering into contracts with creditworthy counterparties subject to minimum credit-rating requirements, by setting limits on the amount of exposure and by requiring adequate collateral. As at June 30, 2011 securities on loan totaled \$8,171,172 whereas collateral held (non-cash) totaled \$8,641,832 (Dec. 31 2010 – \$16,451,173 and \$17,289,767 respectively).

(c) 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 a fund invests in interest-bearing financial instruments. The majority of the Fund's financial assets and liabilities are non-interest bearing. Accordingly, the Fund is not subject to any significant risk due to fluctuations in the prevailing levels of market interest rates.

(d) Other market risk

Other market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

As at June 30, 2011 and December 31, 2010, almost all of the Fund's net assets were traded on global stock exchanges. If equity prices on global stock exchanges had increased or decreased by 10% as at the year-end, with all other factors remaining constant, net assets could possibly have increased or decreased by approximately \$9,066,000, respectively (Dec. 31, 2010 – \$9,214,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(e) Liquidity risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to daily cash redemptions of redeemable shares. The shares of the Fund are issued and redeemed on demand at the then current transactional net asset value per share at the option of the shareholder. Liquidity risk is managed by investing the majority of the Fund's assets (if not all of its assets) in investments that are traded in an active market and can be readily disposed. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its net assets for the purpose of funding redemptions.

5. Taxes

Tradex Equity Fund Limited qualifies as a mutual fund corporation for federal income tax purposes. The Fund is subject to tax on taxable dividends received from taxable Canadian corporations. This tax is refundable at a rate determined by a formula when taxable dividends are paid. The Fund is subject to tax on capital gains. However, this

tax is refundable if sufficient capital gains are distributed to shareholders either as capital gains dividends or through the redemption of shares. There was no capital gains distribution in 2011 or 2010.

As at December 31, 2010, the Fund had \$974,000 in non-capital losses expiring in 2028 and \$1,160,000 expiring in 2029 and \$10,159,000 in capital losses carried forward for income tax purposes. Capital losses may be carried forward indefinitely to be applied against future capital gains.

Goods and services tax (GST) or harmonized sales tax (HST), as applicable, are included in the relevant expense items charged to the Fund. Effective July 1, 2010 GST was replaced by HST in certain provinces and is imposed at higher rates than the GST. This has resulted in an overall increase in expenses incurred by the Fund since the effective date of implementation.

6. Management expenses

The Fund retains investment advisory, custodial, professional, management and administrative services. The fees are charged directly to the Fund, as are registration fees and expenses. Tradex Management Inc. performs the management services for an annual fee of 0.7% of the Fund's net asset value calculated and accruing daily.

Tradex Management Inc. may from time to time voluntarily waive a portion of its management fees and/or absorb all or a portion of the other expenses of the Fund and/or rebate to the Fund a portion of the fees paid to it by the Fund. This reduces the expenses for the Fund, which in turn reduces its management expense ratio. In the second half of 2010, \$85,541 in expenses were reduced for the Fund through such transactions.

7. Share capitalization

The capital of the Fund is represented by issued redeemable shares that have no par value. They are entitled to distributions, if any, and to payment of a proportionate amount based on the Fund's net asset value per share upon redemption. The Fund has no restrictions or specific capital requirements on the subscription and redemption of shares, other than minimum subscription requirements. The Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings where necessary. The changes in the number of shares during the last two years ending June 30 were as follows:

	2011	2010
Outstanding, beginning of year	6,942,642	7,341,464
Issued	367,533	184,729
Redeemed	(443,583)	(375,389)
Outstanding, end of year	6,866,592	7,150,804

8. Comparison of "Net Asset Value per Share" to "Net Assets per Share"

The reason for the difference between "Net Asset Value per Share" and "Net Assets per Share" relates to the different methods of valuing the Fund's investment portfolio. "Net Asset Value per Share" is based on valuing the Fund's investments at their last traded price for the day on the relevant stock exchange. "Net Assets per Share" is based on valuing the Fund's investments at their closing bid price for the day as supplied by independent securities pricing services.

	June 30, 2011	Dec. 31, 2010
Net Asset Value Per Share (\$)	13.36	13.34
Section 3855 Adjustment (\$)	(0.04)	(0.02)
Net Assets Per Share (\$)	13.32	13.32

9. Future accounting change

Effective January 1, 2013 the Fund plans to adopt International Financial Reporting Standards (IFRS) for purposes of financial reporting. The Manager does not expect that net assets per share will be impacted from the changeover to IFRS.

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