

2011

Interim Management Report of Fund Performance and Interim Financial Statements

Tradex GLOBAL EQUITY Fund

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 Global Equity Fund increased in value by 3.4% during the first half of 2011 compared to an increase of 2.4% in its benchmark, the MSCI World Total Return Index (in terms of Canadian dollars). During the past 12-months, the Fund was up 22.1% whereas its benchmark was up 19.3%

While the initial 6-weeks of the year saw a continuation of the global stock market rally that began in 2010, by mid-February the rally had stalled as pro-democracy demonstration in Africa and Middle East countries led to oil supply disruptions and a sharp increase in oil prices. By the end of the first quarter, however, equity prices had recovered their losses and the MSCI World Index (in Canadian dollars) closed the quarter up 2.5%. There was little change over the second quarter as gains in most markets in April were erased following disappointing economic data releases in May and June. Following the earthquake, tsunami and nuclear disaster in Japan, the country's economy contracted sharply and this has had ripple effects in the global supply chain. Consequently, many nations reported slowing industrial activity causing investor concerns about the strength of global growth and the possibility of earnings disappointments. Adding to the market's distress was the continuing turmoil in Europe where political leaders struggle to come to grips with government deficits and the possibility of sovereign debt defaults.

The performance of key global equity markets was fairly widely dispersed during the first half of the year. In terms of local currencies, in Europe the German DAX Index posted a solid gain of 6.7%, while the Paris CAC Index increased by 4.7% and London's FTSE 100 Index was up 0.8%. On the negative side, the Swiss market index was down 3.9%. In the Far East, Japan's Nikkei 225 Index was down 4.0%, while Hong Kong's Hang Seng Index declined by 2.8% and the commodity-heavy Australian Index moved 3.9% lower. In North America, the U.S. S&P 500 Index closed the first half of the year up a solid 5.0% while the S&P/TSX Composite Index was down 1.1%.

Currency movements also played a role in the performance of global equity funds for Canadian investors. During the period, the Canadian dollar moved approximately 3.1% higher versus the U.S. dollar and 2.5% higher versus the Japanese yen. On the other hand it was down 4.9% versus the euro and essentially unchanged versus the British pound.

There was very little movement in the Fund's overall portfolio weighting among regions during the period. At the midway point of the year 42% of the portfolio value was invested in the U.S. (versus 45% at the start of the year), 29% in Europe (versus 27%) and 20% in Asia (versus 21%). Total exposure to emerging markets was also essentially unchanged from the start of the year, at about 11%, while cash represented 2% of the total portfolio value at the end of the period.

Looking ahead, portfolio manager City of London Investment Management's (CLIM) market outlook remained relatively unchanged over the period. While acknowledging that the weakness in economic data has likely delayed any normalization of monetary policy in the developed world, CLIM continue to believe that global economic conditions are supportive of rising equity markets and are maintaining a geographical bias in favour of Japan and emerging markets at the expense of weightings toward the euro zone and the United States.

At the end of the period, the net asset value of the Fund stood at \$9.35 million compared to \$8.4 million at the end of 2010. The number of units outstanding increased by 7.1% over the period.

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 0.6% of the Fund's net asset value, calculated and accruing daily. This amounted to \$29,109 in the first half of 2011 (including HST) and represents slightly more than 20% of the total expenses paid by the Fund. 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 unitholders and potential unitholders. 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, \$29,154 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 but 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 \$94,157 and were paid to third party suppliers and regulatory authorities. These represent investment advisory fees (paid to City of London Investment Management Company Limited), 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 Unit (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 unit, beginning of period	\$ 9.63	\$ 8.69	\$ 7.22	\$ 11.14	\$ 12.30	\$ 10.55
Increase (decrease) from operations:						
Total revenue	\$ 0.11	\$ 0.26	\$ 0.27	\$ 0.32	\$ 0.19	\$ 0.08
Total expenses	\$ (0.14)	\$ (0.22)	\$ (0.22)	\$ (0.21)	\$ (0.26)	\$ (0.28)
Realized gains (losses) for the period	\$ 0.55	\$ 0.29	\$ (0.21)	\$ (2.97)	\$ 0.12	\$ 0.20
Unrealized gains (losses) for the period	\$ (0.18)	\$ 0.59	\$ 1.74	\$ (1.01)	\$ (1.24)	\$ 1.89
Total increase (decrease) from operations (2)	\$ 0.34	\$ 0.92	\$ 1.58	\$ (3.87)	\$ (1.19)	\$ 1.89
Distributions to investors:						
From investment income	\$ —	\$ —	\$ 0.11	\$ 0.06	\$ —	\$ —
From capital gains	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.12
Total Distributions (3)	\$ —	\$ —	\$ 0.11	\$ 0.06	\$ —	\$ 0.12
Net assets per unit, end of period	\$ 9.98	\$ 9.63	\$ 8.69	\$ 7.22	\$ 11.14	\$ 12.37

- (1) The information for 2006-2010 is derived from the Fund's audited annual financial statements. Starting in 2007, net assets per unit represented in the audited financial statements differ from net asset value per unit calculated for fund pricing purposes. This reflects the Fund's new 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 unit for pricing purposes (as opposed to the GAAP net assets per unit) was \$9.67 at the beginning of 2011 and \$10.00 as at June 30, 2011. A further explanation of this difference can be found in the Notes to the financial statements on pages 9-11.
- (2) 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 period.
- (3) Distributions were paid in cash/reinvested in additional units of the Fund, or both.

Ratios and Supplemental Data	2011	2010	2009	2008	2007	2006
Total net asset value, end of period (000's)	\$ 9,353	\$ 8,440	\$ 7,550	\$ 6,013	\$ 9,296	\$ 9,511
Weighted average net asset value (000's)	\$ 9,018	\$ 7,754	\$ 6,599	\$ 7,854	\$ 9,858	\$ 8,472
Number of units outstanding, end of period (000's)	935	873	864	826	831	769
Management expense ratio (1)	2.76%	2.49%	2.81%	2.23%	2.18%	2.54%
Management expense ratio before waivers or absorptions (1)	2.76%	2.87%	2.97%	2.65%	2.52%	2.85%
Trading expense ratio (2)	0.42%	1.10%	1.76%	2.02%	1.05%	0.87%
Portfolio turnover rate (3)	65.49%	131.95%	219.47%	314.66%	204.62%	192.82%
Net asset value per unit, end of period	\$ 10.00	\$ 9.67	\$ 8.74	\$ 7.28	\$ 11.18	\$ 12.37

- (1) Management expense ratio is based on total expenses (excluding broker commission 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.
- (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 the 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 performance of a fund.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (continued)

III. PAST PERFORMANCE

General

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

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 year 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 exposure of the companies in the portfolio is as follows. (This represents portfolio manager City of London Investment Management's estimate of the underlying country exposure associated with the various assets held by the Fund.)

United States	42%	Brazil	2%
U.K.	12%	Australia	2%
Japan	10%	Hong Kong	2%
France	4%	Switzerland	2%
China	3%	Others/diversified	14%
Germany	3%	Cash and net receivables	2%
Sweden	2%	Total	100%

The following investments represent the top 25 holdings of the Fund as of June 30, 2011 shown as a percentage of the Fund's total 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.

Adams Express Company	9.0%	Fidelity Special Values PLC	1.8%
Tri-Continental Corp.	8.1%	Caledonia Investments PLC	1.7%
Electric and General Investment Trust PLC	6.0%	Boulder Total Return Fund Inc.	1.6%
Sunamerica Focused Alpha Growth Fund	5.2%	iShares MSCI Australia Index	1.6%
Schroder Japan Growth Fund PLC	4.6%	SPDR S&P 500 ETF Trust	1.5%
General American Investors	4.5%	Eaton Vance Fund	1.5%
WisdomTree Japan Hedged Equity Fund	4.1%	Graphite Enterprise Trust PLC	1.4%
Monks Investment Trust PLC	3.9%	Princess Private Equity Holding Ltd.	1.4%
Fidelity European Values PLC	3.1%	The European Investment Trust PLC	1.4%
Martin Currie Portfolio Investment Trust	2.7%	Century Australia Investments Ltd.	1.4%
International Biotechnology Trust	2.7%	HSBC China Dragon Fund	1.3%
Central Securities Corporation	2.2%	Sub-total – largest 25 holdings	76.3%
Ashmore Global Opportunities Ltd.	1.8%	Cash and remaining holdings	23.7%
Gartmore European Investment Trust PLC	1.8%	Total	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 *	\$ 9,145,652	\$ 8,295,066
Cash and short-term investments	179,849	241,542
Dividends receivable	12,747	28,050
Accrued interest	36	30
Receivable for investments sold	6,652	497,759
Subscriptions receivable	55,100	3,060
	9,400,036	9,065,507
Liabilities		
Accounts payable and accrued liabilities	38,653	67,722
Payable for investments purchased	30,926	588,791
Redemptions payable	3,378	7,198
	72,957	663,711
Net assets, representing unitholders' equity	\$ 9,327,079	\$ 8,401,796
Units issued and outstanding, end of period <i>(Note 7)</i>	935,022	872,675
Net assets per unit	\$ 9.98	\$ 9.63
* Investments at cost	\$ 8,745,021	\$ 7,730,911

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

Approved by the Board
of Directors of
Tradex Management Inc.,
Trustee for Tradex Global Equity Fund

Andrew Campbell
Director

Karin Zabel
Director

STATEMENTS OF OPERATIONS *(Unaudited)*

	Six months ending June 30	
	2011	2010
Investment Income		
Revenue		
Dividends	\$ 107,602	\$ 86,809
Less foreign withholding taxes	—	(8,798)
	107,602	78,011
Interest	1,566	24,735
Foreign exchange loss	(6,056)	(526)
	103,112	102,220
Expenses <i>(Note 6)</i>		
Management fees	29,109	23,862
Investment advisory fees	48,681	38,680
Administration costs	20,519	18,844
Independent review committee	—	—
Audit fees	7,242	6,943
Custodian fees	10,320	11,405
Registration fees and expenses	7,395	7,439
Expense reductions <i>(Note 6)</i>	—	—
	123,266	107,173
Net investment loss	(20,154)	(4,953)
Realized and unrealized gain (loss) on investments and transaction costs		
Net realized gain (loss) on sale of investments	514,071	(24,261)
Change in unrealized depreciation on investments and forward contracts	(163,524)	(399,284)
Transaction costs	(18,629)	(38,403)
Net gain (loss) on investments	331,918	(461,948)
Increase (Decrease) in net assets from operations	\$ 311,764	\$ (466,901)
Increase (Decrease) per unit in net assets from operations	\$ 0.34	\$ (0.52)

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	\$ 8,401,796	\$ 7,509,276
Add (deduct)		
Operations		
Increase (Decrease) in net assets from operations	311,764	(466,901)
Distributions		
Distributions to unitholders from investment income	—	—
	311,764	(466,901)
Units		
Proceeds from issue of units	1,171,968	705,603
Consideration paid for redemptions of units	(558,449)	(606,255)
	613,519	99,348
Net assets, end of period	\$ 9,327,079	\$ 7,141,723

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

STATEMENT OF INVESTMENT PORTFOLIO (Unaudited) June 30, 2011

Foreign Equities	Number of shares	Average cost	Fair value	% of total fair value
United States				
Adams Express Co.	78,343	\$ 822,522	\$ 836,791	
Tri-Continental Corp.	52,573	624,091	756,658	
SunAmerica Focused Alpha Growth Fund Inc.	24,241	454,511	485,360	
General American Investors Co. Inc.	15,470	383,475	418,312	
Central Securities Corp.	8,900	162,687	204,624	
Boulder Total Return Fund Inc.	9,600	140,498	151,957	
SPDR S&P 500 ETF Trust Depository Receipts, Series '1'	1,097	142,088	139,549	
Eaton Vance Tax-Managed Buy-Write Opportunities Fund	11,311	145,169	138,478	
SunAmerica Focused Alpha Large-Cap Fund Inc.	5,000	88,772	91,917	
Petroleum & Resources Corp.	3,200	91,420	90,909	
RENN Universal Growth Investment Trust PLC	11,250	40,827	35,880	
		3,096,060	3,350,435	36.6
Europe				
Fidelity European Values PLC	14,918	264,769	291,015	
Gartmore European Investment Trust PLC	16,950	170,745	170,576	
Fidelity European Values PLC	19,275	161,366	170,100	
iShares MSCI EMU Index Fund	4,000	148,511	149,729	
European Investment Trust PLC (The)	14,150	122,494	130,897	
Ibero-America Fund Inc.	16,600	113,481	121,298	
Investor AB, Series 'B'	5,135	105,326	113,723	
Orkla ASA	10,400	92,753	95,872	
Hansa Trust PLC, Class 'A'	6,067	88,074	92,992	
Groupe Bruxelles Lambert SA	1,040	91,576	89,182	
Henderson Smaller Companies Investment Trust PLC (The)	18,500	82,903	89,077	
Industrivarden AB, Series 'C'	4,135	67,227	66,216	
JPMorgan Russian Securities PLC	3,990	42,994	41,389	
		1,552,219	1,622,066	17.7
Asia				
Schroder Japan Growth Fund PLC	311,250	391,136	428,878	
WisdomTree Japan Hedged Equity Fund	11,082	436,156	385,872	
HSBC China Dragon Fund	119,000	132,425	123,684	
Templeton Dragon Fund Inc.	4,200	108,098	122,922	
Edinburgh Dragon Trust PLC	24,181	92,113	92,471	
Baillie Gifford Japan Trust PLC	23,000	68,283	69,438	
Martin Currie Pacific Trust PLC	11,350	47,089	47,094	
Market Vectors India Small-Cap Index ETF	2,900	46,232	45,289	
Baillie Gifford Shin Nippon PLC	6,229	11,987	14,852	
AMP Capital China Growth Fund	1,641	1,298	1,246	
		1,334,817	1,331,746	14.6
Australia / New Zealand				
Century Australia Investment Ltd.	180,000	132,576	124,608	
Barramundi Ltd., Warrants, 2011/10/27	300,729	10,799	959	
		143,375	125,567	1.4
Globally Diversified / Other				
Electric and General Investment Trust PLC	75,500	539,357	557,571	
Monks Investment Trust PLC (The)	67,150	365,639	361,273	
Martin Currie Portfolio Investment Trust PLC	126,939	251,576	250,576	
International Biotechnology Trust PLC	105,000	217,961	248,723	
Ashmore Global Opportunities Ltd.	22,500	150,771	171,286	
Caledonia Investments PLC	5,807	151,590	154,008	
Princess Private Equity Holding Ltd.	14,150	109,345	131,697	
Graphite Enterprise Trust PLC	21,750	114,467	131,665	
BlackRock World Mining Trust PLC	9,400	112,140	109,805	
Latin America Discovery Fund Inc.	6,000	113,799	104,575	
United Corporations Ltd.	2,000	96,106	94,620	
Edinburgh Worldwide Investment Trust PLC	20,500	91,519	93,867	
Midas Income & Growth Trust PLC	51,800	94,212	90,223	
Aberdeen Private Equity Fund Ltd.	85,000	90,986	90,146	
Geiger Counter Ltd.	41,773	52,512	48,667	
Herald Investment Trust PLC	5,950	48,793	48,501	
First Israel Fund Inc.	878	14,150	14,541	
Pantheon International Participations PLC	1,275	15,288	14,094	
		2,630,211	2,715,838	29.7
Total Equities		8,756,682	9,145,652	100.0
Transaction costs		(11,661)	—	
Total portfolio of investments		\$ 8,745,021	\$ 9,145,652	100.0

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

1. *Background*

Tradex Global Equity Fund ("the Fund") is an unincorporated trust formed under the laws of the Province of Ontario. Tradex Management Inc. is the Manager and the Trustee of Tradex Global Equity Fund.

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 unit for financial reporting ("GAAP Net Assets") and the Fund's net asset value per unit 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" 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 differences 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 market value of foreign securities owned by the Fund and quoted in that currency or where the underlying exposure is to that currency. 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 and forward contracts". Upon closing of the contracts, the accumulated gains or losses are reported in "Net realized gain (loss) on 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", 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 unit holders 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 unit

"Net assets per unit" is based on the total net assets divided by the number of units outstanding as at the end of the period. The "increase (decrease) per unit 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 units 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 – \$9,144,693 consisting of equities that trade in an active market on a recognized stock exchange and \$179,849 in cash or short term investments (\$8,037,061 and \$241,542 respectively on December 31, 2010).

Level 2 Assets – \$959 consisting of equities that do not have a quoted price in an observable market (\$258,005 on December 31, 2010).

There were no transfers between the levels during the period.

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 Global Equity Fund's investment objective is to achieve long-term capital appreciation by investing primarily in closed-end fund companies whose investments are principally in a diversified portfolio of equity securities of issuers based in any country. The Fund's investment approach involves deciding which of the world's stock markets, industry sectors and currencies have the best potential rate of return. Indirect investments in global stocks are made primarily through exchange traded closed-end fund companies. The Fund also invests in Index Participation Units (IPUs), which mirror the performance of a particular exchange index. Up to 25% of the book value of the portfolio may also be invested in shares of non closed-end fund companies listed on a recognized stock exchange. The Americas, Europe and Asia are all represented in the portfolio, with emerging markets not accounting for more than 20% of total investments. Funds representing a single country cannot account for more than 35% of the portfolio, with the exception of the United States. Foreign holdings will normally constitute 100%, or close to 100%, of the investment portfolio. Derivatives (forward contracts) may be used for foreign currency hedging purposes only.

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. Currencies to which the Fund had exposure as at June 30, 2011 and December 31, 2010 are as follows (\$' 000):

	June 30, 2011	Dec. 31, 2010
U.S Dollars	4,438	4,308
U.K. Pounds	3,899	3,285
Euro	221	182
Swedish Krona	180	128
Australian Dollars	126	408
Hong Kong Dollars	124	129
Norwegian Krone	96	—
New Zealand Dollars	1	14

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, net assets would have increased or decreased, respectively, by approximately \$454,000 (December 31, 2010 – \$423,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

(b) Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. As at June 30, 2011 and December 31, 2010 the Fund held no debt instruments and therefore did not have significant exposure to credit risk.

(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 significant amounts of 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, 98.0% (December 31, 2010 – 95.7%) of the Fund's net assets were traded on global stock exchanges. If equity prices on all 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 \$914,000, respectively (December 31, 2010 – \$804,000). 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 units of the Fund are issued and redeemed on demand at the then current transactional net asset value per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's 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

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada) and distributes all of its net taxable income with the intent to not be subject to income tax.

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

As at December 31, 2010, the Fund had no non-capital losses and \$2,885,000 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 0.6% 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, \$29,154 in expenses were reduced for the Fund through such transactions.

7. *Units capitalization*

The capital of the Fund is represented by issued redeemable units that have no par value. They are entitled to distribution, if any, and to payment of a proportionate amount based on the Fund's net asset value per unit upon redemption.

The Fund has no restrictions or specific capital requirements on the subscription and redemption of units, other than minimum subscription requirements. In accordance with the investment objectives and strategies, and risk management practices outlined in Note 4, 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 units during the last two years ending June 30, were as follows:

	2011	2010
Outstanding, beginning of year	872,675	864,088
Issued	118,548	81,415
Redeemed	(56,201)	(70,820)
Outstanding, end of year	935,022	874,683

8. *Comparison of "Net Asset Value per Unit" to "Net Assets per Unit"*

The reason for the difference between "Net Asset Value per Unit" and "Net Assets per Unit" relates to the different methods of valuating the Fund's investment portfolio. "Net Asset Value per Unit" is based on valuating the Fund's investments at their last traded price for the day on the relevant stock exchange. "Net Assets per Unit" is based on valuing the Fund's investments at their closing bid price for the day as supplied by independent securities pricing services. (For a further explanation see Note 2.)

	June 30, 2011	Dec. 31, 2010
Net Asset Value Per Unit (\$)	10.00	9.67
Section 3855 Adjustment (\$)	(0.02)	(0.04)
Net Assets Per Unit (\$)	9.98	9.63

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 unit will be impacted from the changeover to IFRS.

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