Tradex Global Equity Fund

CITY OF LONDON
Investment Management Company Limited

Philosophy

- Invest for long-term capital growth in closed-end country and regional funds
- Top-down asset allocation
- Bottom-up research into fund managers
- Identify and capitalize upon discount inefficiencies
- Promote responsible Corporate Governance within the boards of closed-end funds

How Closed-End and Open-End Funds Differ

	Closed-End Fund (Investment Trust)	Open-End Fund (Mutual Fund or Unit Trust)
A participation is defined as ▶	a share	a unit
The net asset value (NAV) of each participation is defined as ▶	the total value of the portfolio divided by the number of **shares**	the total value of the portfolio divided by the number of **units**
Capital Structure, i.e., the number of shares or units in issue, is ▶	fixed (thus "closed" end)	variable (thus "open" end)
Shares or units trade at ▶	whatever value the **stock market** puts on them. This might be a premium or a discount to net asset value depending on demand because supply is fixed. Closed-end funds are listed and traded on a stock exchange via a stock broker	**Net asset value** with supply and demand being reflected in the number of units in issue. Open-end funds are bought and sold through that fund's manager

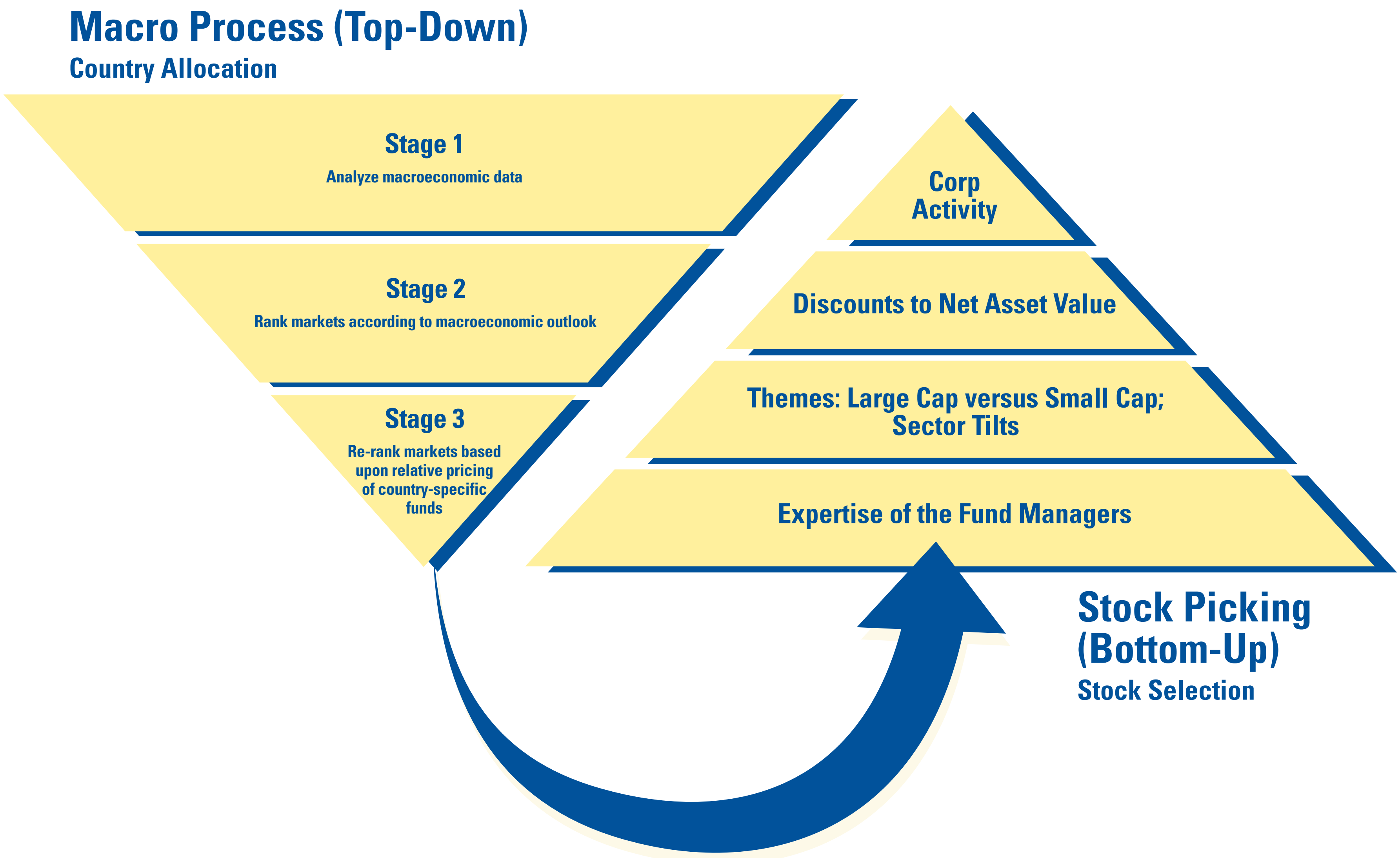
In effect, a **closed-end fund** trades at a price that reflects demand. Demand or the lack of it is reflected in shares trading at a premium or a discount to net asset value. Since the capital structure is fixed, as with any other stock, the stock market determines the share price based upon supply and demand.

In an **open-end fund**, all units trade at net asset value as the number of units are variable. The manager varies the number of units in issue to take account of supply and demand and enlarges or reduces the size of the portfolio accordingly.

Why Closed-End Funds?

- Participation in the strong performances of numerous high quality managers
- Broader diversification of investments
  - –Approximately 60 holdings per fund, which on a see through basis gives exposure to approximately 3,000 securities
- Fast and flexible asset allocation, low custody and transaction costs

The Investment Process



Alliance Trust – 2.6% of Tradex Global Equity Fund

The objective of Alliance Trust is to generate a real return for shareholders over the medium to long term by a combination of capital growth and a rising dividend.

Listed:	London Stock Exchange
Portfolio Managers:	Katherine Garrett-Cox
Investment Manager:	Alliance Trust

Price:	C$ 5.67 (as at March 31 2011)
Estimated NAV:	C$ 6.88
Discount:	17.6%
Total Net Assets:	C$ 4,546.20m
12 Month Average Discount:	17.8%

Top Ten Holdings *(as at December 31, 2010)*

BHP Billiton	2.8%
Rio Tinto	2.3%
BP	2.2%
HSBC	2.2%
Royal Dutch Shell	2.0%
GlaxoSmithKline	2.0%
British American Tobacco	2.0%
Prudential	1.4%
CNOOC	1.4%
New York Community Bancorp	1.4%

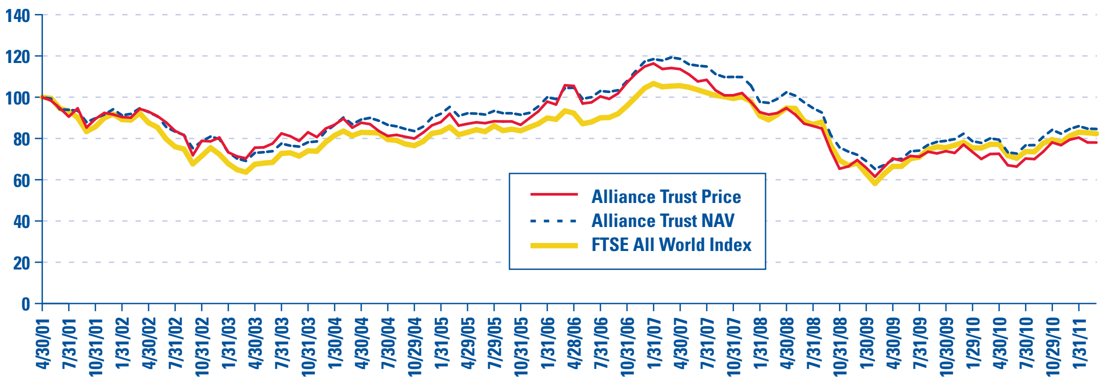
Country Allocation *(as at December 31, 2010)*

United Kingdom	32.7%
North America	25.1%
Emerging Markets	15.8%
Europe (ex UK)	13.6%
Japan	7.4%
Other Developed	5.4%

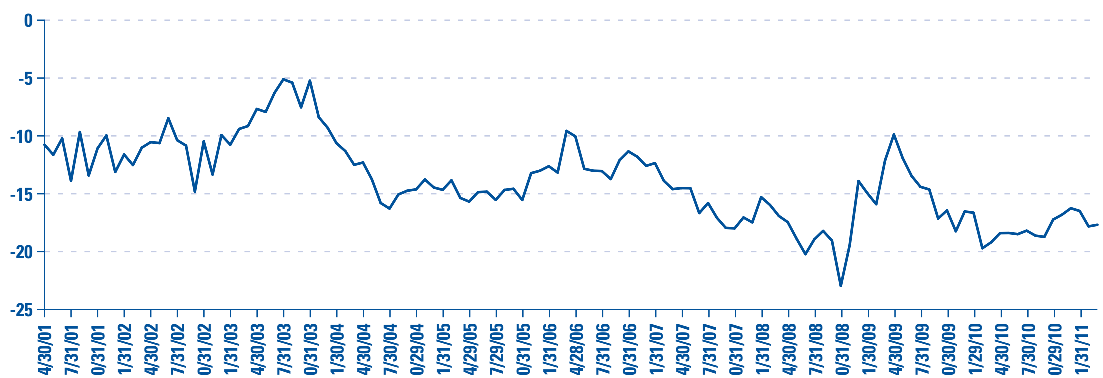
Sector Distribution *(as at December 31, 2010)*

Financials	18.6%
Industrials	17.8%
Consumer Goods	13.1%
Oil & Gas	12.6%
Basic Materials	10.2%
Technology	10.1%
Healthcare	7.9%
Consumer Services	6.7%
Telecommunications	2.1%
Utilities	0.9%

Alliance Trust - NAV Performance (C$)



Alliance Trust - Discount Movements



Source: Alliance Trust, Bloomberg

Performance

Tradex Global Equity Fund

Annual Returns†: Calendar Years

	1999*	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*	Since Inception*
Tradex Net (CAD)	+23.29%	-4.99%	-6.43%	-7.86%	+30.87%	+11.87%	-0.71%	+18.27%	-9.55%	-34.92%	+21.69%	+10.68%	+2.61%	+41.24%
MSCI WORLD TR INDEX (CAD)	+15.74%	-9.89%	-11.28%	-20.41%	+9.48%	+7.28%	+6.61%	+20.59%	-7.00%	-26.05%	+11.64%	+6.93%	+2.05%	-6.82%

Annualized Returns as at March 31, 2011†

	1 Year	2 Years	3 Years	5 Years	10 Years	Since Inception*
Tradex Net (CAD)	+12.54%	+20.60%	-0.84%	-2.08%	+2.23%	+2.96%
MSCI WORLD TR INDEX (CAD)	+8.75%	+15.90%	-1.62%	-1.11%	-0.23%	-0.60%

Attribution - Rolling 1 Year as at March 31, 2011†

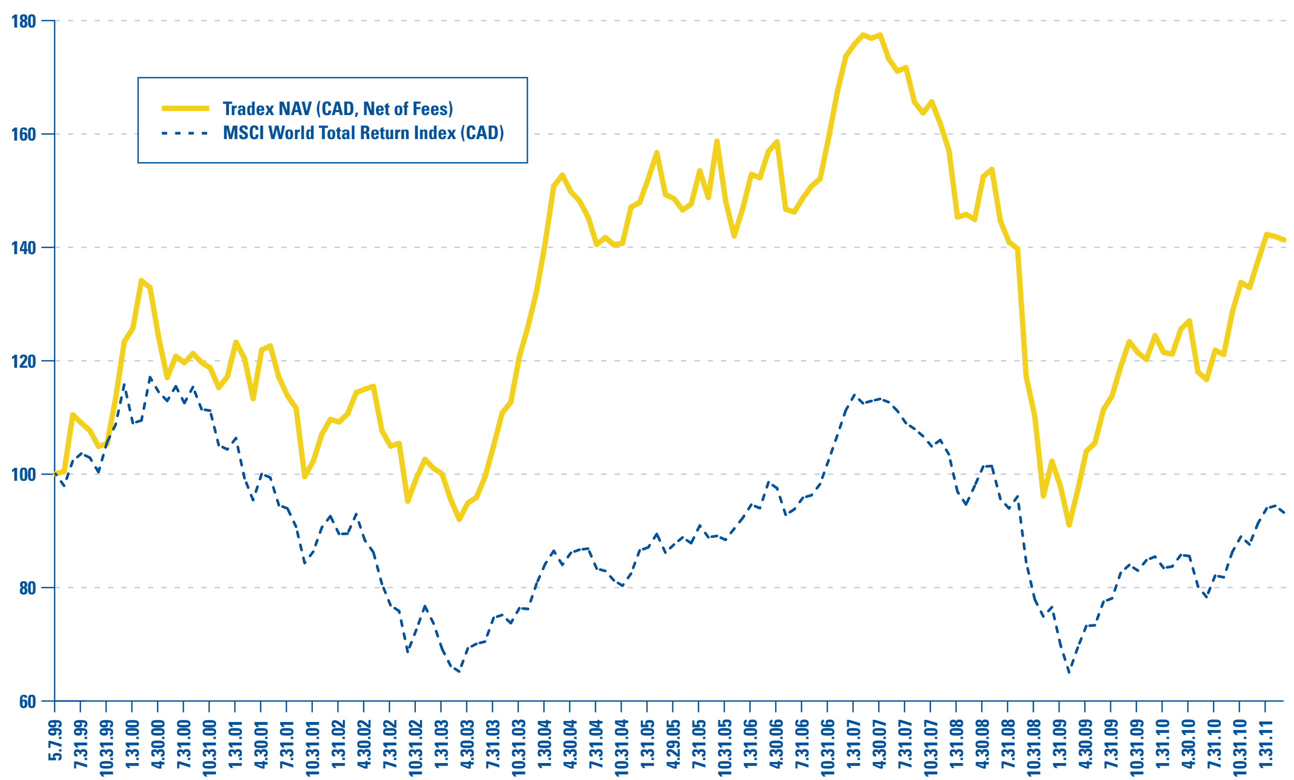
Performance (%)	**Q2 2010**	**Q3 2010**	**Q4 2010**	**Q1 2011**	**Rolling 1 Year**
Tradex Net (CAD)	-7.08%	+10.22%	+7.09%	+2.61%	+12.54%
MSCI WORLD TR INDEX (CAD)**	-8.66%	+10.18%	+5.89%	+2.05%	+8.75%
	+1.58%	**+0.04%**	**+1.20%**	**+0.56%**	**+3.79%**
Attributed to (%)* **					
Country Allocation	+0.88%	-0.41%	-0.62%	+0.79%	+0.78%
Currency Movements	+0.07%	-0.07%	-0.92%	-0.57%	-1.49%
Portfolio Holding NAV	+0.97%	-0.70%	+2.27%	-0.79%	+1.93%
Discount Movements	-0.34%	+1.22%	+0.47%	+1.13%	+2.57%
	+1.58%	**+0.04%**	**+1.20%**	**+0.56%**	**+3.79%**

**Inception Date was May 7, 1999; performance figures shown as of March 31, 2011*
***Index returns are subject to change due to restatements by index vendors in the historical index levels.*
****City of London Investment Management estimates.*
†Performance figures are rounded and reflect net returns. Performances are compounded and therefore will not always equal the sum of the individual component months. Past performance is no guarantee of future results.

Source: CIBC Mellon, City of London Investment Management, MSCI

Tradex versus MSCI World Index (CAD)

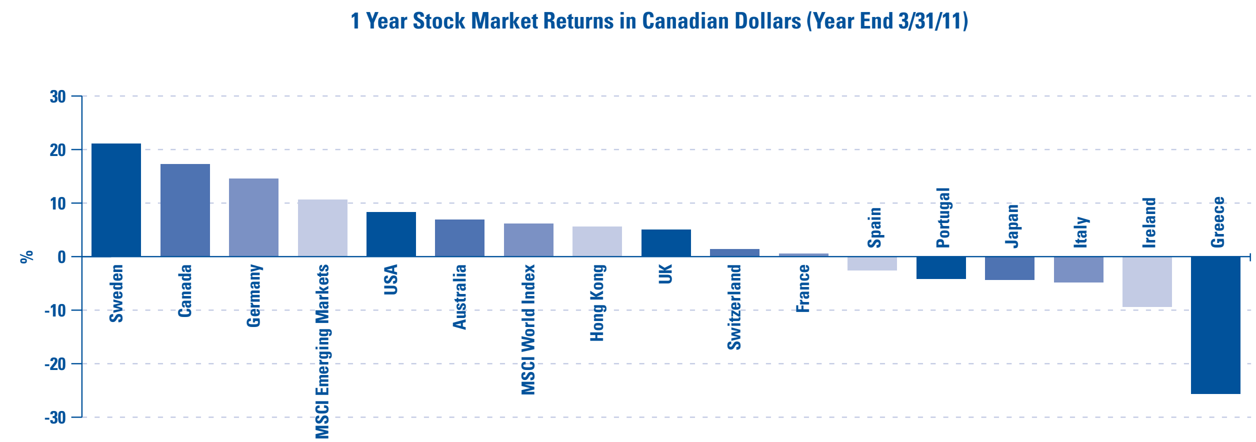
Inception* to March 31, 2011

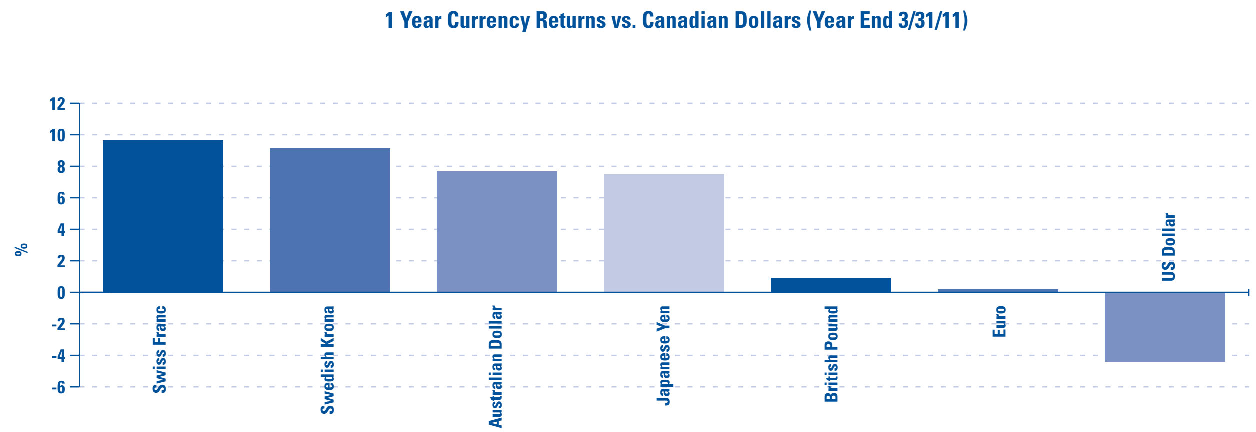


**Inception: May 7, 1999. Past performance is no guarantee of future results.*

Source: CIBC Mellon, City of London Investment Management, MSCI

Market and Currency Performance



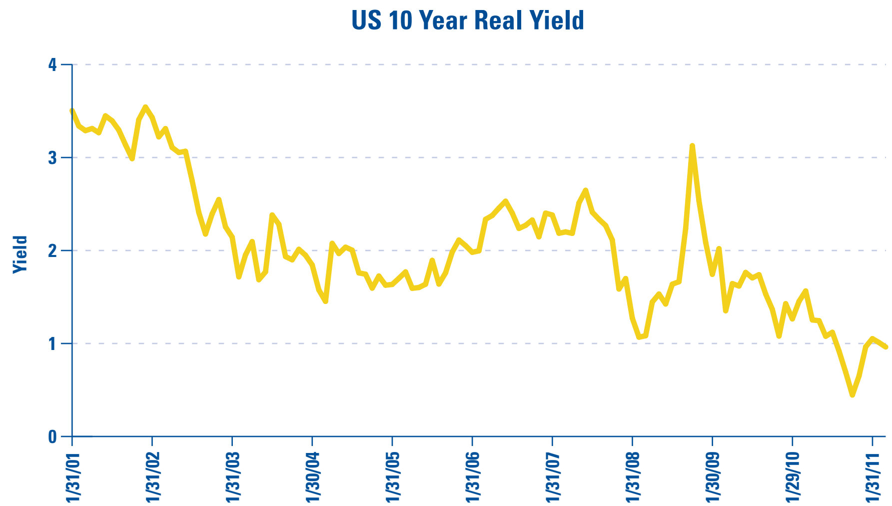


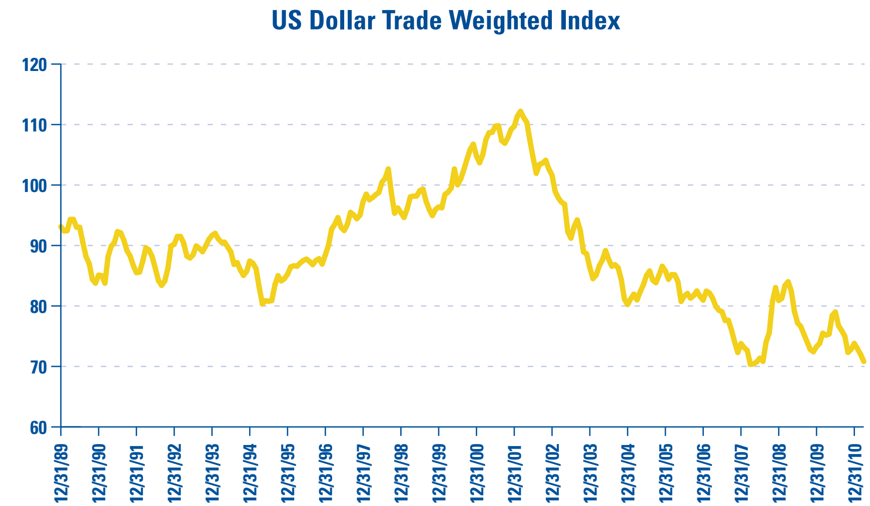
Source: Bloomberg, MSCI

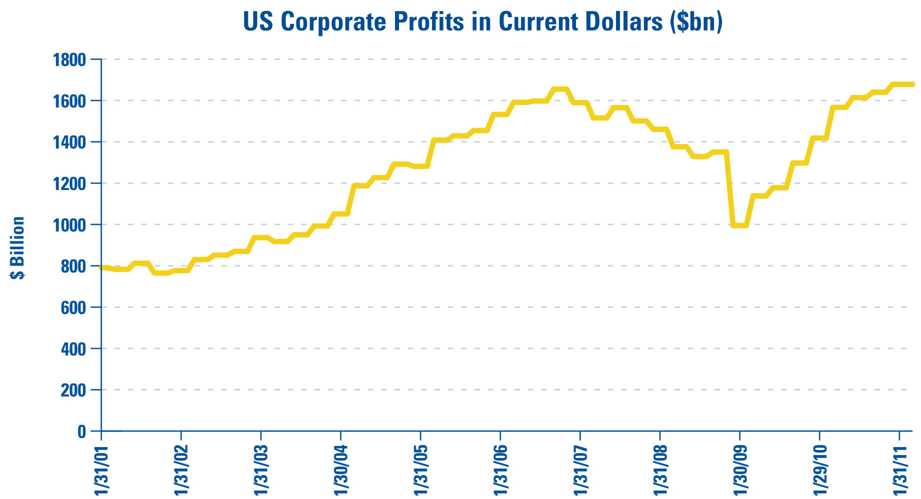
Global Environment

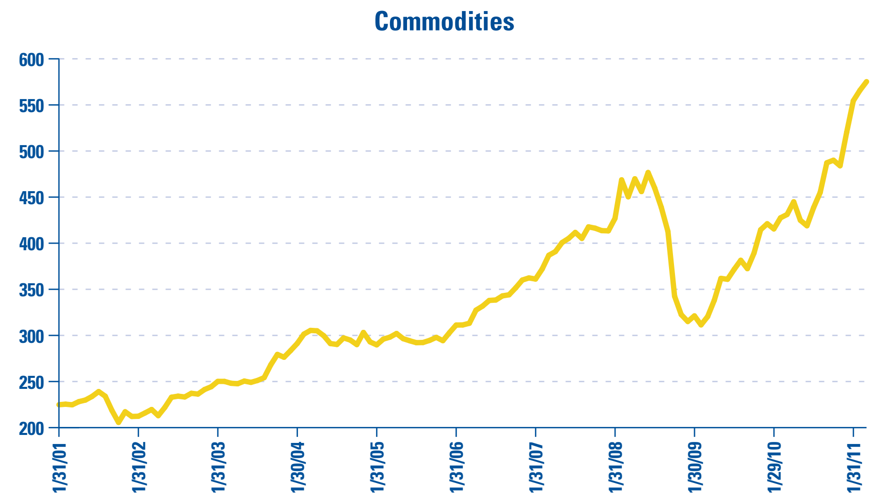
- Global environment continues to be supportive for global equity markets but easy money has been made
- Global equities are still attractive relative to other asset classes such as cash and bonds
- Government intervention in markets is distorting the allocation of capital and returns
- Corporations have a lot of cash leading to increased mergers and acquisitions activity, rising dividends and significant share buyback programs
- Normalization of monetary policy in US/Euroland/UK will likely be a key factor affecting markets over the next year
- Rising oil prices represent a key risk to global equities and the global economic recovery
- Emerging markets continue to be a key driver of global growth

The Current Investment Environment





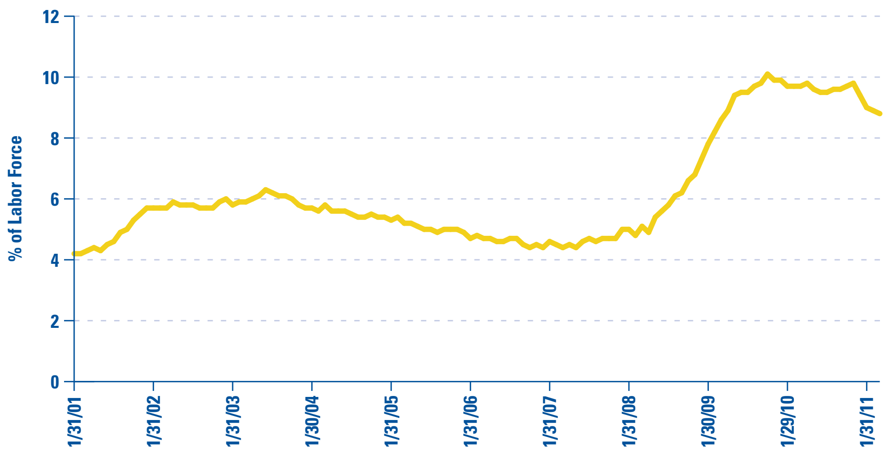




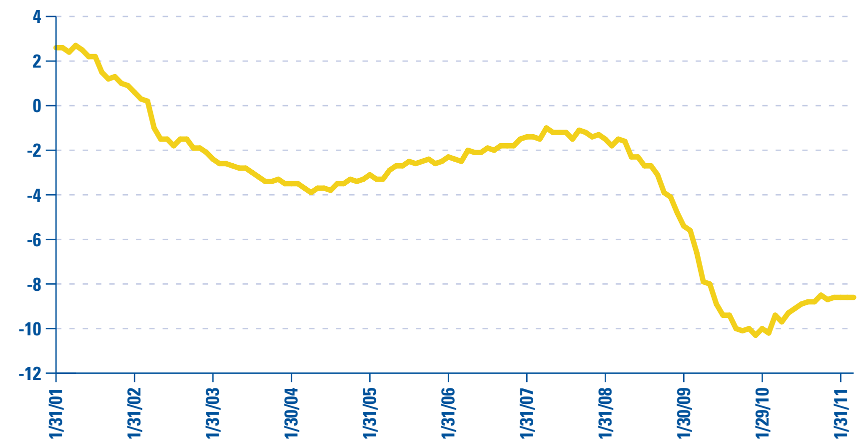
Source: Bloomberg

The Current Investment Environment

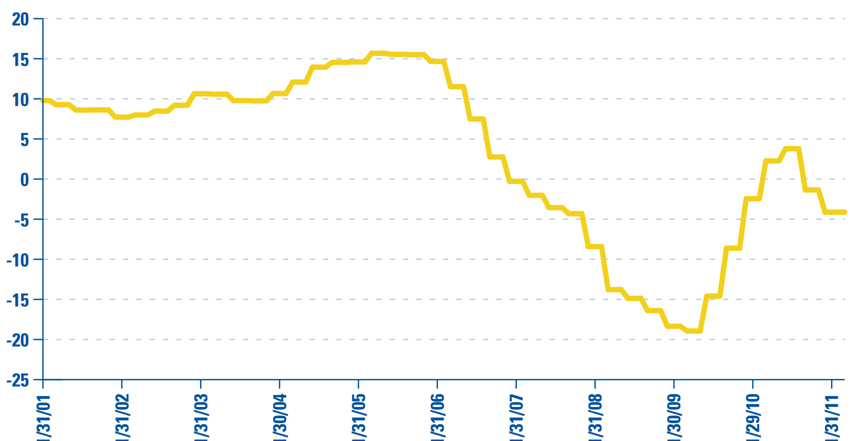
US Unemployment Rate



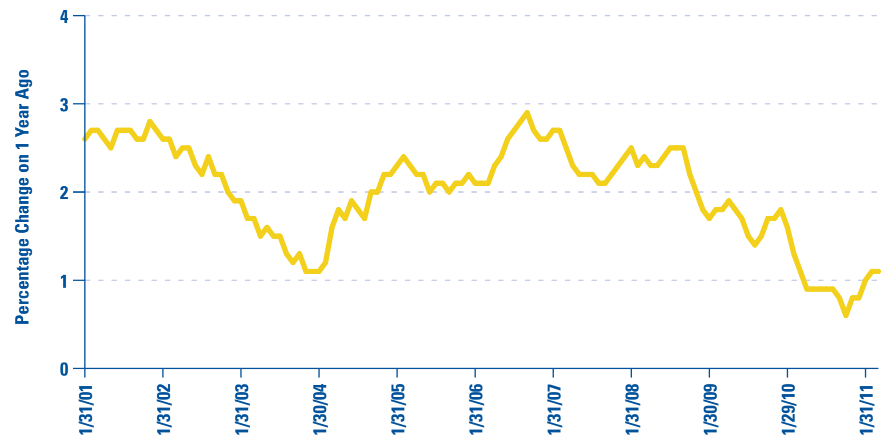
US Treasury Federal Budget Deficit as a % of Nominal GDP



S&P/Case-Shiller Home Price Index - % Change YoY



US Core Inflation YoY NSA



Source: Bloomberg

USA Outlook

- Loose US monetary policy is key variable supporting global equity markets – QE2 to end in June 2011
- Some signs of self sustaining economic recovery – income growth, improving jobs outlook
- Savings rate stabilized, reducing headwind to consumption growth
- Credit multiplier still low and demand for credit still anemic
- US corporate profits boosted by lack of labor cost pressures/productivity gains, low interest rates, weak dollar aiding exports – but will this continue?
- Housing market remains weak and will act as a drag on growth
- Higher oil prices would sap consumer confidence and reduce growth rates by acting as a tax
- Valuations appear stretched
- Major challenges ahead – normalization of monetary policy, addressing fiscal problems
- A lot of good news has been discounted; more good news required to keep markets moving higher; how will market respond to bad news?
- Risks abound for the US economy; Inflation, Higher interest rates, Higher structural unemployment, Wage pressure increases, US dollar strength, high government and household debts, political stalemate.

Euroland Outlook

- 2 speed Euroland economy; Northern European economies led by Germany are strong; Southern European economies of Spain, Italy, Portugal, Greece are weak
- German growth is export led rather than domestic demand led therefore not benefiting the rest of Euroland
- Euro strength can be absorbed by Germany but hurts other less competitive European economies
- Euro crisis has stabilized for the time being but has not been resolved. We are moving into next phase – political backlash
- Bailouts of sovereigns are really bailouts of European (esp. German) banks
- Severe fiscal austerity measures to continue over a long period
- ECB tightening rates – seems appropriate for Northern European bloc but will only hurt periphery further – unintended consequences
- Equity market valuations are attractive but carry significant event risk

UK Outlook

- Coalition government policy balancing act having initial success
- Loose monetary policy remains in place but fiscal tightening has been enacted
- GDP growth has been weak and consumer confidence has suffered accordingly
- Major risk is inflation
- BoE holding rates steady….for now
- Policy tightening may take economy back into recession
- Sterling provides flexibility relative to Euroland
- Fortunately the UK economy is not the UK stockmarket
- UK stockmarket offers broad global economy exposure with significant weighting in materials and oil and gas sectors
- Valuations are attractive

Japan Outlook

- Japanese economic recovery stalled by March earthquake and tsunami
- Rebuild should boost economic activity later in the year supported by fiscal stimulus
- BoJ significantly expanded its balance sheet following earthquake/tsunami which helped stabilize markets.
- Budget woes have become more strained yet crisis does not appear to be imminent due to domestic funding of deficit
- Japanese politics continues to disappoint low expectations
- Monetary policy will remain loose and growth low which should result in a weaker yen
- Japanese corporations are very lean and have been generating good profits
- Proximity and export exposure to Asia will remain a tailwind for Japan
- Japanese valuations are attractive on multiple measures; P/E, PEG ratio, P/BV, Dividend yield vs. Bond Yield
- Market is under-owned by foreign investors

Switzerland Outlook

- Swiss franc strength has hurt export performance of economy and corporations
- GDP growth rates are reasonably strong relative to elsewhere in Europe
- Valuations do not look attractive

Sweden Outlook

- Sweden has a strong, competitive open economy with a significant industrial base
- Very export oriented and has benefited from strong demand from emerging markets
- Swedish Krona has strengthened considerably and may become a drag on growth
- Valuations look a little stretched and rising interest rates could hold back additional market gains

Australia Outlook

- Two speed economy developing; Resource sector booming; remainder experiencing moribund growth
- Strong Australian dollar augmenting interest rate rises to tighten monetary conditions
- House prices are elevated and affordability is declining; High household debts with rising interest rates suggest cooling of housing market is likely
- Leveraged to Asian growth; slowdown in Asian growth will likely hurt Australian economy
- GDP growth likely to slow in face of monetary policy and currency headwinds
- Valuations are neutral/expensive

Emerging Markets Outlook

- Long term emerging markets growth story remains intact
- Many Emerging Markets economies have seen inflationary pressures increase which has led to a degree of monetary tightening and currency appreciation
- Growth rates likely to be reduced but equity valuations in selected countries remain compelling
- China and Brazil look particularly attractive as well as the South East Asian markets of Indonesia, Thailand, Philippines and Malaysia
- India is less attractively valued and has the largest exposure to oil price shocks – Small/Mid Cap stocks offer better value than large caps.
- Russia represents a good hedge for a rising oil price

Outlook Summary

Overweight	Neutral	Underweight
Japan	UK	USA
Sweden		Euroland
China		Australia
Brazil		Switzerland
Russia		
India		
South East Asia		

Tradex Global Equity Fund

Portfolio Holdings

Fund	March 31, 2011 %	March 31, 2010 %
ADAMS EXPRESS CO	9.1	9.3
TRI CONTINENTAL CORP	8.2	9.9
FIDELITY EUROPEAN VALUES	5.8	4.7
ELECTRIC AND GENERAL INVESTMENT TRUST	4.8	1.5
SCHRODER JAPAN GROWTH	4.7	5.8
GENERAL AMERICAN INVESTORS	4.7	
MONKS INVESTMENT TRUST PLC	4.1	2.0
WISDOMTREE JAPAN HEDGED EQUITY FUND	3.8	
THE EUROPEAN INVESTMENT TRUST	3.7	6.8
SUNAMERICA FOCUSED ALPHA GROWTH	3.6	
CENTRAL SECURITIES CORP	2.9	2.9
INTERNATIONAL BIOTECHNOLOGY TRUST	2.8	
ALLIANCE TRUST	2.6	6.7
FIDELITY SPECIAL VALUES	2.4	2.2
ROYCE VALUE TRUST	2.0	0.6
PRINCESS PRIVATE EQUITY HOLDING LTD	2.0	
ASHMORE GLOBAL OPPORTUNITIES	1.9	2.0
AMCIL LIMITED	1.8	
CALEDONIA INVESTMENT TRUST	1.7	
BOULDER TOTAL RETURN FUND	1.6	
EATON VANCE T/M BUY-WRITE OPPORTUNITIES	1.6	
TEMPLETON DRAGON FUND INC	1.4	2.5
HSBC CHINA DRAGON FUND	1.4	1.5
ISHARES MSCI ACWI INDEX FUND	1.4	
DREMAN/CLAYMORE DIVIDEND & INCOME	1.3	0.6
BRITISH EMPIRE SECURITIES	1.2	3.8
LATIN AMERICAN DISCOVERY	1.2	
GRAPHITE ENTERPRISE TRUST	1.1	
CONVERSUS CAPITAL	1.1	
INVESTOR AB	1.1	
BLACKROCK WORLD MINING TRUST	1.0	0.9
UNITED CORPORATIONS LTD	1.0	
HANSA TRUST PLC-A O	1.0	

Fund	March 31, 2011 %	March 31, 2010 %
HENDERSON SMALLER COMPANIES	1.0	
WISDOMTREE JAP SMALL CAP DIVIDEND FUND	0.8	
GEIGER COUNTER LTD	0.6	
BLACKROCK INCOME OPPORTUNITY TRUST	0.6	
ISHARES MSCI JAPAN INDEX FUND	0.5	1.2
ISHARES MSCI BRAZIL	0.5	
INDUSTRIVARDEN AB	0.5	
WAM RESEARCH LIMITED	0.5	
JPMORGAN RUSSIAN SECURITIES	0.5	
BARING EMERGING EUROPE TRUST	0.5	
MARKET VECTORS INDIA SMALL CAP	0.5	
RENAISSANCE US GROWTH-ORD	0.5	
MILTON CORPORATION LIMITED	0.3	
BAILLIE GIFFORD SHIN NIPPON	0.2	
BARRAMUNDI LIMITED WARRANTS	0.0	0.1
LIBERTY ALL STAR EQUITY FUND		6.1
S&P 500 DEPOSITARY RECEIPT		4.0
JPMORGAN FLEMING EUR FLEDGE IT		3.2
H & Q HEALTHCARE INVESTORS		3.1
BLUE CHIP VALUE FUND INC		2.6
ISHARES BARCLAYS 1-3 YEAR TREASURY		2.1
CENTURY AUSTRALIA INVESTMENT		1.8
WORLD TRUST FUND		1.6
LINQ RESOURCES FUND		1.5
ANGLO & OVERSEAS		1.1
NEW STAR INVESTMENT TRUST		1.1
AMP CHINA CAPITAL GROWTH FUND		0.9
THROGMORTON TRUST		0.8
ISHARES MSCI TAIWAN		0.8
LIBERTY ALL-STAR GROWTH FUND		0.8
LANGBAR INTERNATIONAL LTD		0.5
TEMPLETON GLOBAL GROWTH FUND		0.2
Net Receipts (Including Cash)	**2.5**	**2.8**
Total	**100.0**	**100.0**

Numbers are rounded and may not equal 100

Tradex Global Equity Fund Country Allocation Compared with the MSCI World Index

	March 31, 2011		March 31, 2010	
Country	Tradex	MSCI World	Tradex	MSCI World
AUSTRIA	0.1	0.2	0.3	0.1
BELGIUM	0.8	0.4	1.1	0.5
DENMARK	0.6	0.5	0.9	0.4
FINLAND	0.4	0.5	0.6	0.5
FRANCE	3.1	4.6	4.1	4.9
GERMANY	2.9	3.9	2.7	3.5
GREECE	0.0	0.1	0.1	0.2
IRELAND	0.3	0.1	1.0	0.1
ISRAEL	0.4	0.3	0.1	0.0
ITALY	1.1	1.3	1.6	1.5
NETHERLANDS	1.0	1.2	2.0	1.2
NORWAY	0.6	0.4	0.2	0.3
PORTUGAL	0.0	0.1	0.0	0.1
SPAIN	0.6	1.6	1.2	1.8
SWEDEN	2.3	1.5	1.1	1.2
SWITZERLAND	2.5	3.5	2.6	3.7
UK	9.3	9.6	7.9	9.7
OTHER EUROPE	0.0	0.0	0.1	0.0
TOTAL DEV EUROPE	**26.0**	**29.8**	**27.6**	**29.7**
KAZAKHSTAN	0.1	0.0	0.1	0.0
POLAND	0.1	0.0	0.0	0.0
RUSSIA	1.0	0.0	0.5	0.0
TURKEY	0.2	0.0	0.1	0.0
OTHER EM EUROPE	0.1	0.0	0.1	0.0
TOTAL EM EUROPE	**1.5**	**0.0**	**0.8**	**0.0**
BRAZIL	2.5	0.0	1.4	0.0
CHILE	0.1	0.0	0.0	0.0
MEXICO	0.4	0.0	0.1	0.0
PERU	0.1	0.0	0.1	0.0
TOTAL LATAM	**3.1**	**0.0**	**1.6**	**0.0**

	March 31, 2011		March 31, 2010	
Country	Tradex	MSCI World	Tradex	MSCI World
AUSTRALIA	3.2	3.9	3.4	3.9
HONG KONG	1.9	1.3	2.5	1.1
JAPAN	10.5	9.1	8.2	10.4
NEW ZEALAND	0.1	0.1	0.0	0.1
SINGAPORE	0.5	0.7	0.7	0.7
TOTAL DEV ASIA	**16.2**	**15.1**	**14.8**	**16.2**
CHINA	2.7	0.0	3.5	0.0
INDIA	1.1	0.0	0.3	0.0
INDONESIA	0.2	0.0	0.1	0.0
KOREA	0.2	0.0	0.2	0.0
MALAYSIA	0.0	0.0	0.0	0.0
PHILIPPINES	0.1	0.0	0.3	0.0
TAIWAN	0.3	0.0	1.3	0.0
THAILAND	0.1	0.0	0.1	0.0
TOTAL EM ASIA	**4.7**	**0.0**	**5.8**	**0.0**
OMAN	0.1	0.0	0.0	0.0
SAUDI ARABIA	0.1	0.0	0.0	0.0
SOUTH AFRICA	0.4	0.0	0.5	0.0
UAE	0.1	0.0	0.0	0.0
ZAMBIA	0.1	0.0	0.1	0.0
OTHER ME & AF	0.0	0.0	0.1	0.0
TOTAL ME & AF	**0.8**	**0.0**	**0.7**	**0.0**
CANADA	1.0	5.6	0.5	4.9
USA	43.8	49.5	45.4	49.2
TOTAL N. AMERICA	**44.8**	**55.1**	**45.9**	**54.1**
OTHER	0.4	0.0	0.0	0.0
CASH	2.5	0.0	2.8	0.0
TOTAL	**100.00**	**100.00**	**100.00**	**100.00**
Total Developed Mtks	**87.0**	**100.0**	**88.3**	**100.0**
Total Emerging Mtks	**10.1**	**0.0**	**8.9**	**0.0**
Other	**0.4**	**0.0**	**0.0**	**0.0**

Source: City of London Investment Management, MSCI

Tradex Portfolio Characteristics

March 31, 2011

- Weighted average discount of closed-end funds: **14.1%**
- Diversified across **25+ countries**
- Made up of **40** to **60 holdings**
- Represent **3,000± underlying stocks**

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