

2009

Interim Management Report of Fund Performance and Interim Financial Statements

Tradex EQUITY Fund Limited

June 30, 2009

You may get a copy of the Fund's Simplified Prospectus, Annual Information Form, 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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K1P 6L2



INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE *for the six months ending June 30, 2009*

I. MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

During the first half of 2009 an investment in Tradex Equity Fund Limited increased in value by 15.9%.

The first half of 2009 was once again a very volatile period for equity markets. At its lowest point during the period in early March, the S&P/TSX Index was down 16.8% from year-end while the U.S. S&P 500 Index was down 26.2%. However, equity markets accelerated very sharply during next three months before easing off the throttle in the last few weeks of June. For the first half as a whole, the Canadian market recorded gains of 17.6% (S&P/TSX Total Return Index) while the U.S. S&P 500 Total Return Index finished up a very modest 3.2% in U.S. dollar terms but, given the strength of the Canadian dollar during this period, was down 2.1% in terms of Canadian dollars.

During the first quarter, portfolio activity was relatively light and centered on rebalancing the Fund's exposure to the Financials sector, based upon relative appreciation potential. During this period, seven of the ten S&P/TSX sub-indexes were down in value including the Financials sector which was down 7.5% due to the tremendous amount of uncertainty in international credit markets and the weakening worldwide economy.

During the second quarter the market's advance was broadly based, with nine out of 10 industry sectors posting positive returns, including Financials which were up 23.7% year-to-date at the end of the period. The Fund benefited from its relatively heavy weighting in the Financials sector, which represented 30% of the total portfolio value at the beginning of the year and at the beginning of the second quarter. As the second quarter progressed, portfolio manager Phillips Hager & North (PH&N) took advantage of the strength in this sector by trimming a number of positions and re-deploying the funds elsewhere, mainly to the U.S. market. As a result, the weighting to Financials declined to 24.7% at the end of the first half.

During 2008 and the first quarter of 2009, PH&N had held the foreign portion of the portfolio in the range of 16-20%, which is below the Fund's "normal range" for foreign holdings. However, given the sharp increase in the Canadian dollar in the second quarter and also the fact that the U.S. market had lagged the recovery in the Canadian market, PH&N took the opportunity to increase the Fund's foreign exposure to 26% of the portfolio value. This was accomplished by increasing the foreign portfolio to 44 stocks, including eight U.S. stocks in the Information Technology sector that represent just over 7% of the total portfolio value.

Other significant adjustments during the first half included establishing positions in Sun Life in the Financials sector and Husky Oil, Enbridge, and Canadian Oil Sands in the Energy sector. Also, the Fund purchased shares in four gold mining companies, including Barrick Gold and Goldcorp, based on the year-to-date underperformance of this sector coupled with a favourable outlook for the underlying commodity. A number of positions, including small cap holdings, were trimmed or eliminated to make room for these new purchases.

A listing of the entire investment portfolio appears on pages 8 and 9. In addition, a summary of the weighting of the Fund's assets compared to the weighting for the 10 sub-groups in the S&P/TSX Composite Index appears under the heading "Summary of Investment Portfolio".

Looking ahead, while PH&N expect global economic growth to remain muted, they believe this period of "muddling through" nonetheless provides an adequate foundation for continued equity gains. Their view is that the riskiest part of the growth and earnings cycle is behind us, and that we are now entering a period of stabilization and eventual recovery. In time, this will translate into renewed earnings growth and equity market gains. Thus, they are generally positive about the outlook for equities due to a combination of attractive valuations and improving fundamentals. However, the actual road to recovery could be bumpy, which would lead equity markets to consolidate some of these initial price gains over the next few months. This is an environment in which companies that are attractively valued and which possess a high probability of improving earnings typically fare very well. In contrast, lower-quality stocks that have inferior business models, or are mired in excess capacity, tend to underperform as evidence mounts that not all companies will benefit equally from the recovery. Thus, they are particularly focused on valuations and improvements in company fundamentals—with this lens, they are finding attractive opportunities within most sectors.

At the end of the period, the net asset value of the Fund stood at \$77.0 million compared to \$67.5 million at the end of 2008. No capital gains distribution was made in January 2009.

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 \$250,203 in the first six months of 2009 (including GST) and represents slightly less 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 2008, \$112,510 in expenses were reduced for the Fund through such transactions. It is not possible to forecast if a rebate will be made in the second half of 2009.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (continued)

Other Expenses

The other expenses incurred by the Fund in the first six months of 2009 amounted to \$285,929 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 Citigroup Fund Services Canada

Inc., FundSERV Inc., The Canada Trust Company 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.

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, 2009 and the five annual periods ending December 31, 2008, 2007, 2006, 2005, 2004.

	2009	2008	2007	2006	2005	2004
Net assets per share, beginning of period	\$ 8.95	\$ 15.13	\$ 16.97	\$ 16.06	\$ 14.03	\$ 12.58
Increase (decrease) from operations:						
Total revenue	\$ 0.14	\$ 0.32	\$ 0.48	\$ 0.31	\$ 0.25	\$ 0.22
Total expenses	\$ (0.07)	\$ (0.17)	\$ (0.20)	\$ (0.18)	\$ (0.18)	\$ (0.17)
Realized gains (losses) for the period	\$ (1.28)	\$ (0.35)	\$ 0.46	\$ 1.27	\$ 1.84	\$ 0.94
Unrealized gains (losses) for the period	\$ 2.65	\$ (5.52)	\$ (1.44)	\$ 0.49	\$ 0.32	\$ 0.63
Total increase (decrease) from operations (2)	\$ 1.44	\$ (5.72)	\$ (0.70)	\$ 1.89	\$ 2.23	\$ 1.62
Distributions to investors:						
From dividends	\$ —	\$ 0.29	\$ 0.40	\$ 0.21	\$ 0.19	\$ 0.17
From capital gains	\$ —	\$ 0.12	\$ 0.71	\$ 0.78	\$ —	\$ —
Total Distributions (3)	\$ —	\$ 0.41	\$ 1.11	\$ 0.99	\$ 0.19	\$ 0.17
Net assets per share, end of period	\$ 10.41	\$ 8.95	\$ 15.13	\$ 17.01	\$ 16.06	\$ 14.03

(1) The information for 2004-2008 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 \$8.99 at the beginning of 2009 and \$10.42 as at June 30, 2009. 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	2009	2008	2007	2006	2005	2004
Total net asset value, end of period (000's)	\$ 76,994	\$ 67,520	\$ 117,229	\$ 131,158	\$ 126,197	\$ 115,003
Weighted average net asset value (000's)	\$ 68,709	\$ 100,094	\$ 128,999	\$ 125,172	\$ 121,306	\$ 111,710
Number of shares outstanding, end of period (000's)	7,387	7,508	7,727	7,709	7,858	8,197
Management expense ratio (1)	1.57%	1.28%	1.18%	1.19%	1.21%	1.29%
Management expense ratio before waivers or absorptions (1)	1.57%	1.39%	1.30%	1.27%	1.29%	1.33%
Trading expense ratio (2)	0.27%	0.30%	0.30%	0.11%	0.08%	0.16%
Portfolio turnover rate (3)	48.79%	83.84%	72.28%	26.23%	29.14%	50.61%
Net asset value per share, end of period	\$ 10.42	\$ 8.99	\$ 15.17	\$ 17.01	\$ 16.06	\$ 14.03

(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 2009.

(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)

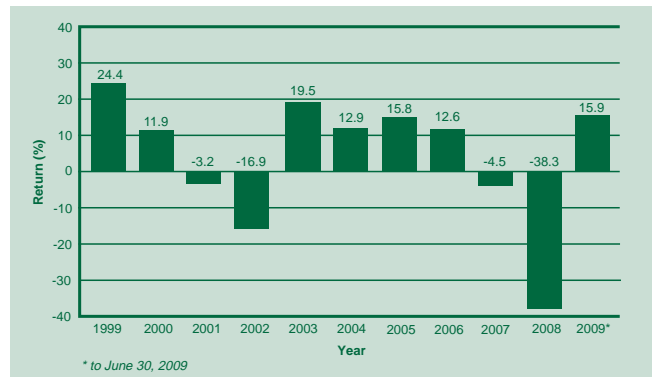
III. PAST PERFORMANCE

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.

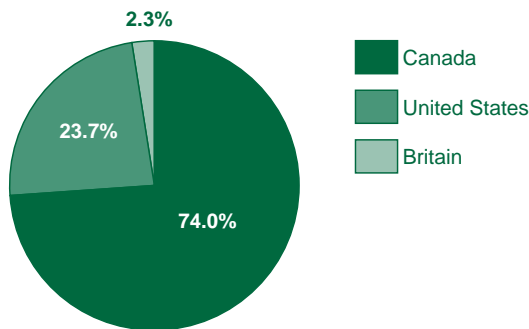
Year-by-year Returns

This bar chart shows the Fund's annual performance for each of the past ten years ending December 31, 2008 plus the performance for the six-month period ending June 30, 2009. 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, 2009 broken down by the geographic location of the companies in the portfolio is as follows:



A summary of the sector weighting of the Canadian companies in the Fund's investment portfolio along with the weighting of each sector in the S&P/TSX Composite Index as at June 30, 2009 is as follows:

	Weighting of the S&P/TSX Composite Index	Weight of the Canadian portion of the Fund's portfolio
Energy	28.3%	25.1%
Materials	17.7%	14.6%
Industrials	5.4%	8.4%
Consumer Discretionary	4.0%	2.0%
Consumer Staples	2.9%	5.3%
Health Care	0.4%	—
Financials	30.8%	33.3%
Information Technology	4.4%	6.7%
Telecommunication Services	4.5%	4.6%
Utilities	1.6%	—
Total	100.0%	100.0%

The following investments represent the 25 largest holdings of the Fund as of June 30, 2009 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.

Royal Bank of Canada	4.6 %	Canadian National Railway Company	1.8 %
The Toronto-Dominion Bank	4.4 %	Toromont Industries Ltd.	1.8 %
Research In Motion	3.4 %	Power Corporation of Canada	1.8 %
EnCana Corporation	2.9 %	Cameco Corp.	1.8 %
Bank of Montreal	2.3 %	National Bank of Canada	1.7 %
Thomson-Reuters (U.K.)	2.3 %	Canadian Imperial Bank of Commerce	1.7 %
Potash Corp. of Saskatchewan	2.2 %	Sun Life Financial Inc.	1.7 %
Barrick Gold Corporation	2.1 %	Rogers Communication Inc. "B"	1.6 %
Manulife Financial Corporation	2.1 %	Canadian Oil Sands Trust	1.6 %
Goldcorp Inc.	2.1 %	MacDonald Dettwiler & Associates Ltd.	1.5 %
Canadian Natural Resources Ltd.	2.0 %	Cisco Systems Inc. (U.S.)	1.4 %
Suncor Energy Inc.	1.9 %	Sub-total—largest 25 holdings	54.4 %
Talisman Energy Inc.	1.9 %	Remaining holdings	45.6 %
Shoppers Drug Mart Corp.	1.8 %	Total Investment Portfolio	100.0 %



INTERIM FINANCIAL STATEMENTS for the six months ending June 30, 2009

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, 2009.

STATEMENTS OF NET ASSETS *June 30, 2009 (Unaudited) and December 31, 2008*

	2009	2008
Assets		
Investments, at fair value * (Note 2)	\$ 75,151,535	\$ 66,742,475
Cash and short-term investments	2,294,122	654,729
Dividends receivable	148,367	218,487
Receivable for tax reclaims	879	847
Receivable for investments sold	983,353	—
Subscriptions receivable	8,227	28,149
	78,586,483	67,644,687
Liabilities		
Accounts payable and accrued liabilities	161,719	231,274
Redemptions payable	26,314	200,412
Payable for investments purchased	1,526,359	—
	1,714,392	431,686
Net assets, representing shareholders' equity	\$ 76,872,091	\$ 67,213,001
Shares issued and outstanding, end of period (Note 6)	7,387,316	7,507,531
Net assets per share (Note 2)	\$ 10.41	\$ 8.95
* Investments at cost	\$ 78,257,143	\$ 89,594,500

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	
	2009	2008
Investment Income		
Revenue		
Dividends	\$ 1,076,037	\$ 1,274,770
Less foreign withholding taxes	(23,334)	(17,632)
	1,052,703	1,257,138
Interest	735	23,820
Foreign exchange gain (loss)	4,703	(44,817)
	1,058,141	1,236,141
Expenses <i>(Note 5)</i>		
Management fees	250,203	418,188
Investment advisory fees	86,796	146,694
Administration costs	147,520	144,208
Audit fees	25,347	26,355
Custodian fees	18,900	23,869
Registration fees and expenses	7,366	7,458
Expense reductions <i>(Note 5)</i>	—	—
	536,132	766,772
Net investment income	522,009	469,369
Realized and unrealized gain (loss) on investments and transaction costs		
Net realized gain (loss) on sale of investments	(9,440,910)	4,615,466
Change in unrealized appreciation (depreciation) on investments	19,746,418	(5,602,803)
Transaction costs <i>(Note 2)</i>	(91,982)	(210,744)
Net gain (loss) on investments	10,213,526	(1,198,081)
Increase (decrease) in net assets from operations	\$ 10,735,535	\$ (728,712)
Increase (decrease) per share in net assets from operations <i>(Note 2)</i>	\$ 1.44	\$ (0.10)

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

STATEMENTS OF CHANGES IN NET ASSETS *(Unaudited)*

	Six months ending June 30	
	2009	2008
Net assets, beginning of period	\$ 67,213,001	116,931,901
	67,213,001	116,931,901
Add (deduct)		
Operations		
Net increase (decrease) in net assets from operations	10,735,535	(728,712)
Distributions		
Distribution to shareholders from realized profit on sale of investment	—	(888,956)
	10,735,535	(1,617,668)
Shares		
Proceeds from issue of shares	1,384,848	977,572
Reinvestment of distributions	—	861,354
Consideration paid for redemptions of shares	(2,461,293)	(5,300,008)
	(1,076,445)	(3,461,082)
Net assets, end of period	\$ 76,872,091	\$ 111,853,151

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

STATEMENT OF INVESTMENT PORTFOLIO (Unaudited) June 30, 2009

Canadian Common Stocks	Number of shares	Average cost	Fair value	% of total fair value
Energy				
EnCana Corporation	38,500	\$ 777,271	\$ 2,215,675	
Canadian Natural Resources Limited	24,900	1,885,567	1,522,386	
Suncor Energy Inc.	40,900	2,292,251	1,445,815	
Talisman Energy Inc.	86,000	1,554,208	1,428,460	
Cameco Corporation	45,700	1,911,367	1,359,118	
Canadian Oil Sands Trust	43,700	1,199,938	1,214,423	
Nexen Inc.	40,500	1,283,705	1,020,195	
Husky Energy Inc.	30,300	912,309	981,720	
TriStar Oil & Gas Limited	72,000	874,800	789,840	
Pacific Rubiales Energy Corporation	82,000	909,658	779,000	
Celtic Exploration Limited	39,900	596,935	608,475	
Enbridge Inc.	14,000	552,544	564,480	
Phoenix Coal Inc. Warrant	207,500	53,950	4,150	
		14,804,503	13,933,737	18.6
Materials				
Potash Corporation of Saskatchewan Inc.	15,700	2,582,808	1,698,426	
Barrick Gold Corporation	41,500	1,691,430	1,619,745	
Goldcorp Inc.	40,000	1,671,961	1,613,200	
Agrium Inc.	17,700	877,139	821,280	
Methanex Corporation	40,600	1,045,656	572,866	
Sherritt International Corporation	106,000	1,296,544	551,200	
Polaris Minerals Corporation	211,300	1,692,322	426,826	
Inmet Mining Corporation	7,500	334,233	316,950	
Red Back Mining Inc.	24,400	234,345	247,416	
Eastern Platinum Limited	458,200	809,746	238,264	
Gold Wheaton Gold Corporation, Warrants	693,150	—	31,192	
		12,236,184	8,137,365	10.8
Industrials				
Canadian National Railway Company	28,300	1,493,801	1,413,302	
Toromont Industries Limited	58,100	920,587	1,385,104	
Canadian Pacific Railway Limited	22,000	1,172,669	1,016,400	
Newalta Income Fund	114,100	861,455	649,229	
Westshore Terminals Income Fund	16,300	183,783	188,102	
		4,632,295	4,652,137	6.2
Consumer Discretionary				
Astral Media Inc. 'A'	20,100	867,315	595,764	
Corus Entertainment Inc. 'B'	33,400	723,279	493,986	
		1,590,594	1,089,750	1.5
Consumer Staples				
Shoppers Drug Mart Corporation	28,300	1,390,337	1,413,868	
Saputo Inc.	34,700	913,312	841,822	
The Jean Coutu Group (PJC) Inc. 'A'	70,200	658,402	684,450	
		2,962,051	2,940,140	3.9
Financials				
Royal Bank of Canada	74,900	2,076,953	3,557,000	
The Toronto-Dominion Bank	56,000	2,264,098	3,365,040	
Bank of Montreal	36,200	1,765,490	1,773,076	
Manulife Financial Corporation	80,200	1,416,169	1,618,436	
Power Corporation of Canada	52,600	1,889,928	1,408,628	
National Bank of Canada	24,700	1,302,952	1,326,637	
Canadian Imperial Bank of Commerce	22,400	1,446,289	1,302,560	
Sun Life Financial Inc.	40,900	1,096,018	1,283,851	
CI Financial Corporation	57,900	1,197,414	1,104,153	
Bank of Nova Scotia	25,100	1,058,302	1,089,842	
Intact Financial Corporation	17,000	581,485	576,470	
Great-West Lifeco Inc.	6,700	85,316	151,688	
		16,180,414	18,557,381	24.7

STATEMENT OF INVESTMENT PORTFOLIO (Unaudited) June 30, 2009

Canadian Common Stocks (cont'd)	Number of shares	Average cost	Fair value	% of total fair value
Information Technology				
Research In Motion Limited	31,400	\$ 2,309,509	\$ 2,594,268	
MacDonald, Dettwiler & Associates Limited	43,000	1,703,075	1,139,500	
		4,012,584	3,733,768	5.0
Telecommunication Services				
Rogers Communications Inc. 'B'	41,700	527,130	1,245,579	
BCE Inc.	30,800	1,147,300	739,200	
Shaw Communications Inc. 'B'	29,000	546,070	567,820	
		2,220,500	2,552,599	3.4
Total Canadian common stocks		58,639,125	55,596,877	74.0
Foreign Common Stocks				
United States				
Cisco Systems Inc.	51,190	1,196,635	1,108,997	
Microsoft Corporation	35,480	1,072,947	980,195	
Wal-Mart Stores Inc.	15,850	876,856	891,056	
ScanSource, Incorporated	30,850	890,677	877,382	
The Progressive Corporation	48,380	1,134,917	849,630	
Sysco Corporation	30,710	818,610	801,658	
Dell Inc.	47,540	616,431	758,629	
Intel Corporation	38,710	691,596	743,246	
Zebra Technologies Corporation 'A'	23,980	593,024	659,422	
Wells Fargo & Company	21,180	593,005	597,195	
Illinois Tool Works Inc.	13,600	537,129	590,219	
Commercial Metals Company	31,500	598,963	585,774	
Johnson & Johnson	8,270	548,165	545,374	
United Technologies Corporation	8,570	521,172	517,547	
Burger King Holdings Inc.	25,240	452,470	505,152	
Pfizer Inc.	27,770	457,813	483,813	
Nabors Industries Inc.	25,550	533,632	461,765	
Home Depot Inc.	14,870	393,609	408,389	
Berkshire Hathaway Inc. 'B'	100	325,529	335,786	
Heartland Express Inc.	19,390	340,072	331,730	
Nucor Corporation	6,210	316,908	320,677	
AFLAC Inc.	8,830	346,078	319,066	
XTO Energy Inc.	6,970	329,232	308,806	
J.B. Hunt Transport Services Inc.	8,360	292,637	296,253	
General Electric Company	21,190	320,914	288,149	
Masco Corporation	25,720	301,882	286,376	
Tidewater Inc.	5,690	305,896	283,045	
Motorola Inc.	34,360	237,643	264,369	
Comcast Corporation 'A'	15,290	296,727	257,321	
FMC Technologies Inc.	5,340	252,821	233,237	
International Business Machines Corporation	1,820	215,232	220,668	
Valero Energy Corporation	10,210	240,168	199,952	
Exxon Mobile Corporation	2,400	189,529	195,007	
Merck & Company Inc.	5,330	155,045	173,021	
Plantronics Inc.	7,430	146,274	163,125	
Allstate Corporation	5,610	159,483	159,093	
Brown & Brown Inc.	6,170	133,110	142,561	
Carmax Inc.	8,270	112,546	140,909	
Alcoa Inc.	11,360	126,403	136,257	
Darden Restaurants Inc.	2,660	106,971	101,806	
The Mosaic Company	1,850	112,031	95,252	
AT&T Inc.	3,230	87,153	93,176	
WESCO International Inc.	2,800	84,617	81,358	
		18,062,552	17,792,443	23.7
Britain				
Thomson Reuters PLC	53,247	1,669,678	1,762,215	
		1,669,678	1,762,215	2.3
Total foreign common stocks		19,732,230	19,554,658	26.0
Transaction costs		(114,212)	—	
Total portfolio of investments		\$ 78,257,143	\$ 75,151,535	100.0

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

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

The Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, "Financial Instruments – Recognition and Measurement", which applies to fiscal years beginning on or after October 1, 2006, requires that the fair value of financial instruments, which are actively traded, be measured based on the bid price for the security. Prior to that, fair value for GAAP was based on the last traded price for the day, when available. For financial reporting purposes, starting from January 1, 2007, the Fund adopted the amended valuation policy for actively traded securities held by the Fund on a retroactive basis without restatement of prior periods.

National Instrument 81-106 ("NI 81-106"), Investment Fund Continuous Disclosure, previously required the daily net asset value of an investment fund to be calculated in accordance with GAAP. The Canadian Securities Administrators (CSA) have issued amendments to NI 81-106 to replace the previous requirements to calculate the daily net asset value for the purpose of processing shareholder transactions ("Net Asset Value") in accordance with GAAP and allow investment funds to value their investments using fair value measures as defined in NI 81-106.

The interim relief granted by the CSA to investment funds from complying with Sections 3855 remained in place until amendments to NI 81-106 became effective on September 8, 2008.

The net asset value calculated in accordance with Section 3855 is referred to as "Net Assets" from hereon forward. 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 7.

Investments are categorized as held for trading in accordance with 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") supplied 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 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.

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.

Accounting estimates

The preparation of financial statements in accordance with GAAP 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.

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 the 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. 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. The strategy of the Fund is to build positions in high quality growing companies. The Fund can be aggressive in the sense of stock and sector concentration, and will own a relatively high level of small cap stocks when desirable. To maintain adequate portfolio diversification, thus reducing 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. Currencies to which the Fund had exposure as at June 30, 2009, are as follows (\$' 000):

	Amount	Percentage of Net Assets (%)
U.S. Dollars	17,792	23.7%
British Pounds	1,762	2.3%

As at June 30, 2009, 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

\$978,000. 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 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, 2009, the Fund held no debt instruments and therefore did not have any 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. Essentially all 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, 2009, essentially 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 that date, with all other factors remaining constant, net assets could possibly have increased or decreased by approximately \$7,515,000, respectively. 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.

4. Taxes

Goods and services tax (GST) is included in the expense items charged to the Fund.

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 a taxable capital gains distribution in 2008 but not in 2009.

As at December 31, 2008 the Fund had no non-capital losses and \$4,829,899 in capital losses carried forward for income tax purposes. Capital losses may be carried forward indefinitely to be applied against future capital gains.

Ontario Capital tax at a rate of 0.285% is levied against the capital of the corporation, with the first \$15 million in capital being exempt from this tax.

5. 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 2008, \$112,510 in expenses were reduced for the Fund through such transactions. It is not possible to forecast whether expenses will be reduced in a similar manner in the second half of 2009.

6. Share capitalization

Tradex Equity Fund Limited is an incorporated company as opposed to a mutual fund trust. 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. In accordance with the investment objectives and strategies, and risk management practices outlined in Note 3, the Fund endeavors 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:

	2009	2008
Outstanding, beginning of period	7,507,531	7,727,205
Issued	150,183	125,469
Redeemed	(270,398)	(357,086)
Outstanding, end of period	7,387,316	7,495,588

7. 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. (For a further explanation see Note 2.)

	June 30, 2009	Dec. 31, 2008
Net Asset Value Per Share (\$)	10.42	8.99
Section 3855 Adjustment (\$)	(0.01)	(0.04)
Net Assets Per Share (\$)	10.41	8.95

8. Future Accounting Change

The Canadian Accounting Standards Board (AcSB) has confirmed its plan to adopt all International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board, on or by January 1, 2011. The Fund will adopt all of the International Financial Reporting Standards in accordance with the AcSB's plan. The Manager has presently determined that there will be no impact to net asset value per share as a result of the changeover to IFRS.

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