

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.

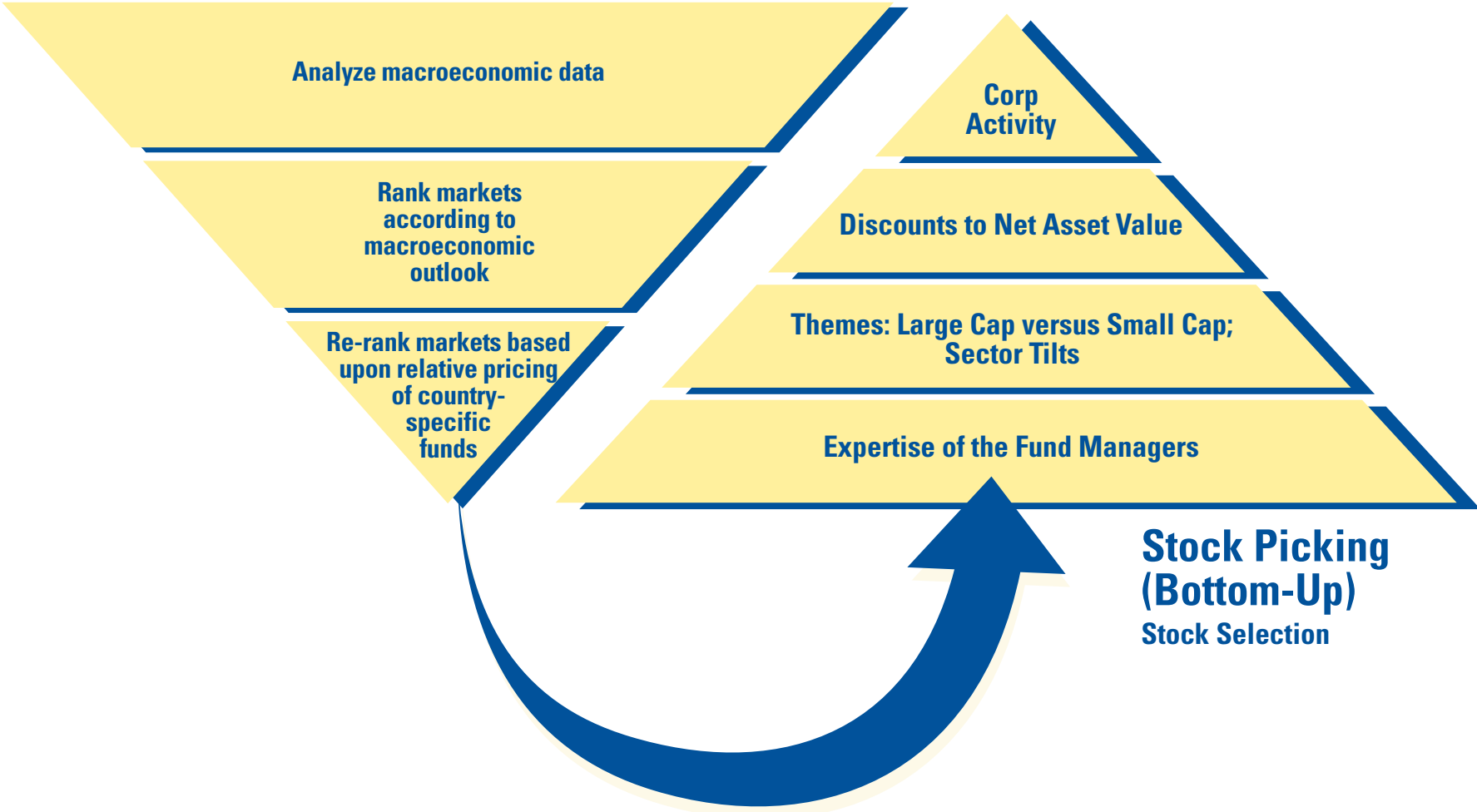
Why Closed-End Funds?

- ▶ Participation in the strong performances of numerous high quality managers
- ▶ Broader diversification of investments
 - Approximately 70 holdings per fund, which on a see through basis gives exposure to approximately 2500 securities
- ▶ Fast and flexible asset allocation, low custody and transaction costs

The Investment Process

Macro Process (Top-Down)

Country Allocation



Performance

Tradex Global Equity Fund

| Annual Returns †: Calendar Years | | | | | | | | | | | | YTD | Since |
|----------------------------------|---------|--------|---------|---------|---------|---------|--------|---------|--------|---------|---------|--------|------------|
| | 1999** | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010* | 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% | +0.92% | +25.51% |
| 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% | +0.34% | -14.31% |

*Performance as of March 31, 2010

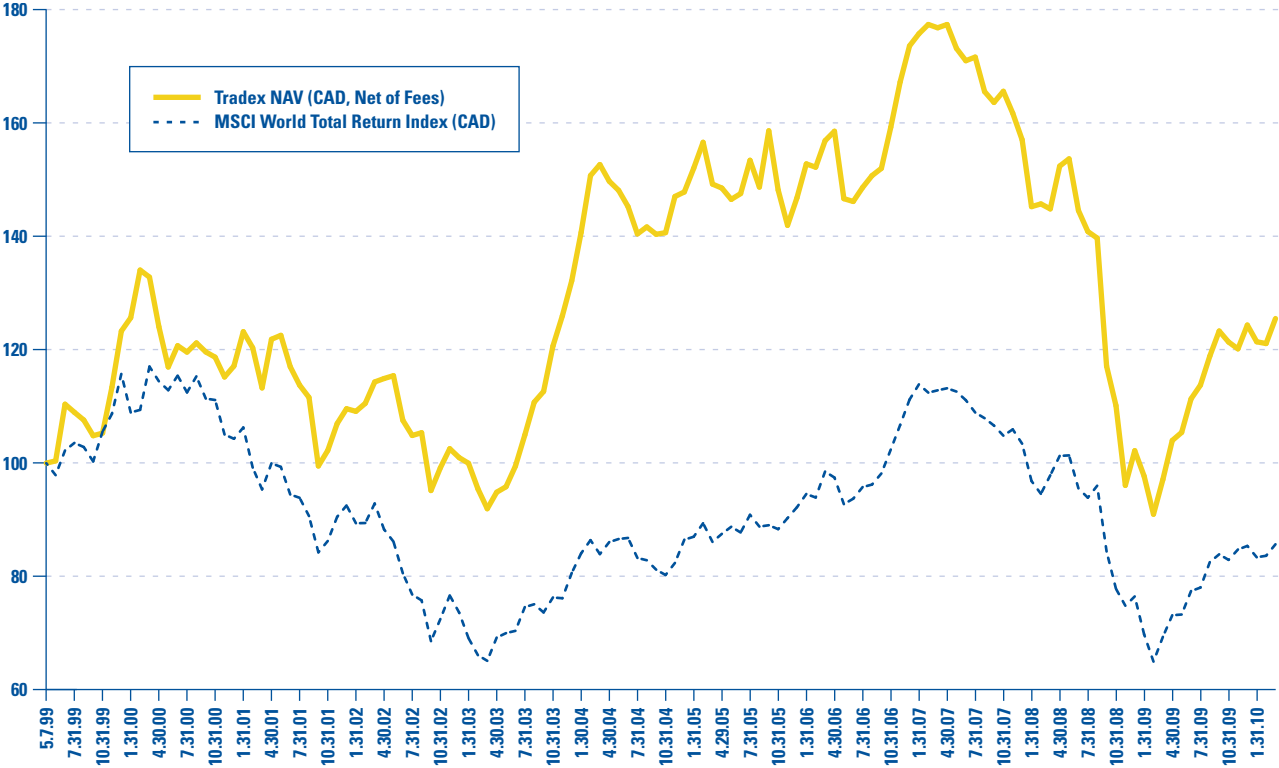
**Inception: May 7, 1999

†Net Returns

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

Tradex versus MSCI World Index (CAD)

Inception* to March 31, 2010

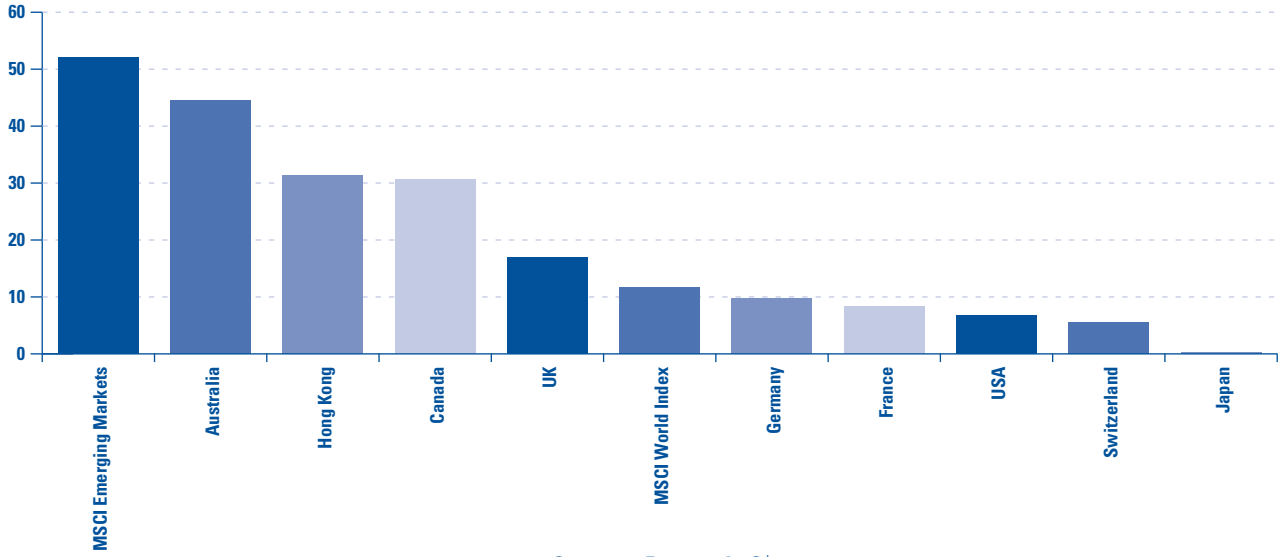


*Inception: May 7, 1999

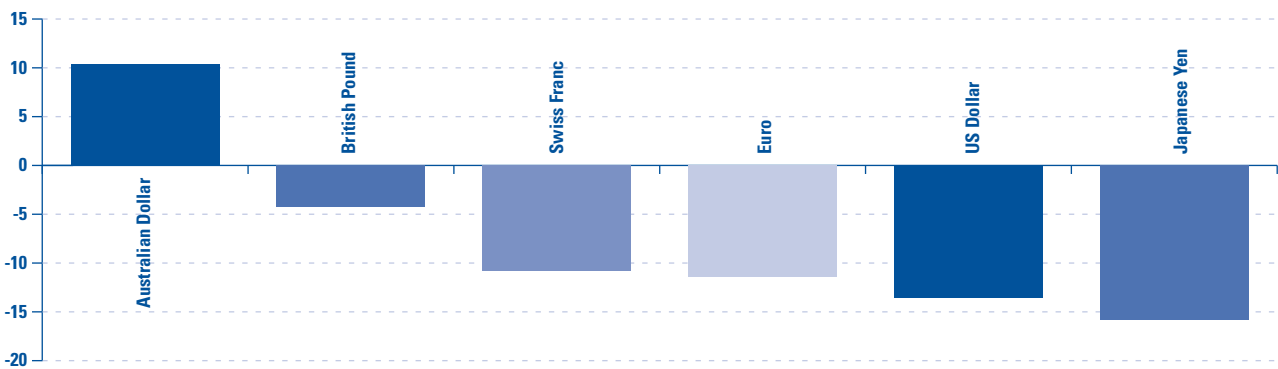
Source: CIBC Mellon, City of London Investment Management, MSCI

Market and Currency Performance 2009

2009 Market Returns in C\$



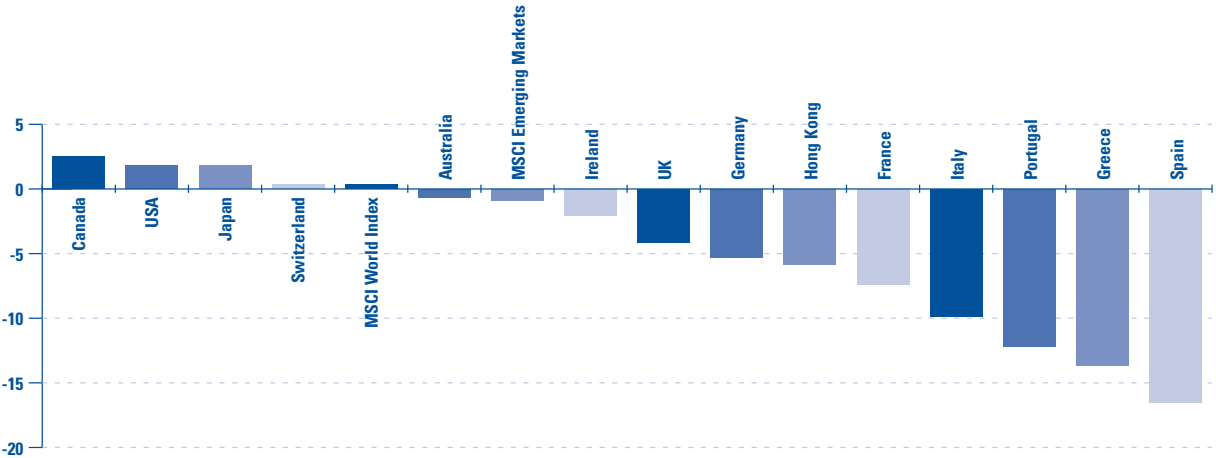
2009 Currency Returns in C\$



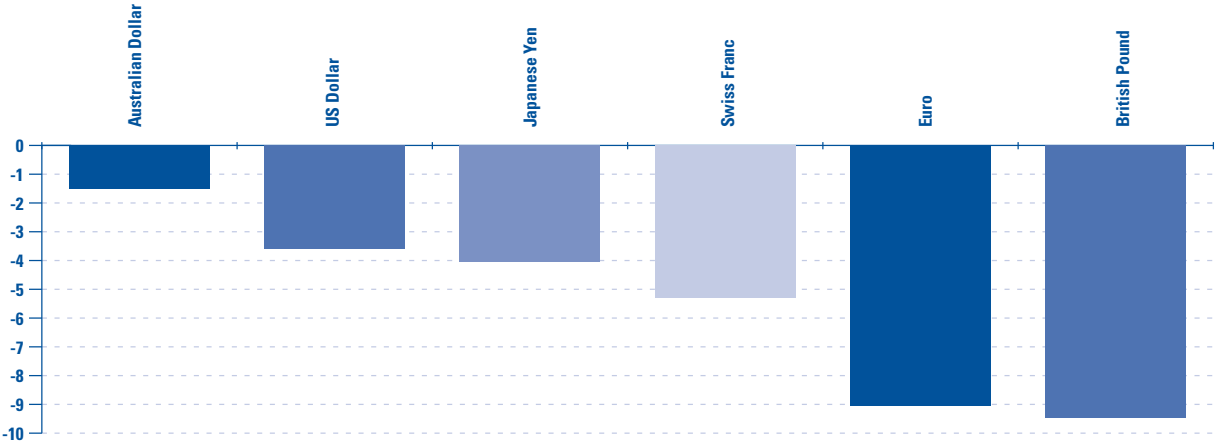
Source: Bloomberg, MSCI

Market and Currency Performance 2010

Q1 2010 Market Returns in C\$



Q1 2010 Currency Returns in C\$



Source: Bloomberg, MSCI

Why Can't Everywhere Be Like Canada?

- ▶ A recent report* from (Canadian based) Bank Credit Analyst suggests that if there was an Academy Awards ceremony for the major global economies, Canada would be a strong contender for:
 - Best Economy
 - Best Fiscal Outlook
 - Best Banking System

- ▶ Unfortunately Canada is not in our country universe for the Tradex Global Equity Fund

- ▶ In contrast....other Developed economies have significant issues;

*"And the winner is....Canada", BCA Research, Inc. - March 24, 2010

Country Overview: USA

Positive

1. Strengthening economy
2. Loose monetary policy
3. Vibrant corporate sector/framework
4. Productivity growth
5. Reserve currency status
6. Military dominance

Negative

1. Consumer debt
2. Fiscal position needs to be addressed
3. Weak banks/Lack of credit multiplier
4. High unemployment
5. Weak housing market
6. Strengthening US dollar
7. Political paralysis/lack of regulatory reform

Country Overview: Japan

Positive

1. Weakening Yen
2. Strong export sector with significant exposure to Asian economies
3. DPJ focus on addressing deflation and reviving the domestic economy....but will the BoJ play ball?
4. Valuations
5. Under-owned but foreign investors are buying stocks

Negative

1. Culture
2. Demographics
3. Fiscal Position untenable

Country Overview: Australia

Positive

1. Strong economic growth
2. Geared into Chinese growth
3. Significant resource exposure
4. Good fiscal position and stable banking sector
5. Positive demographics – significant population growth due to immigration

Negative

1. Housing bubble?
2. Australian dollar strength
3. Market fully valued
4. Rising interest rates

Country Overview: UK

Positive

1. Cyclically oriented economy
2. Significant corporate earnings from exports – revenue not dependent on UK economy
3. Exchange rate provides flexibility
4. Valuations not excessive
5. Weak sterling should aid export oriented companies
6. Loose monetary policy

Negative

1. Fiscal position must be addressed
2. Political uncertainty
3. Over-indebted consumer sector

Country Overview: Euroland

Positive

1. Weakening Euro
2. Valuations are not stretched

Negative

1. Euro straightjacket
2. Fiscal deterioration and need for fiscal tightening
3. High unemployment
4. Leadership vacuum
5. Strong possibility of deflation

Country Overview: Switzerland

Positive

1. Independence from Euroland
2. Valuations inexpensive
3. Low beta
4. Significant healthcare sector

Negative

1. Significantly exposed to Euro growth..or lack thereof
2. Swiss Franc strength

Country Overview: Emerging Markets

Positive

1. Strong economic growth
2. Many countries have positive demographics
3. Re-orienting economies to domestic demand
4. Resource exposure
5. Significant FX reserves
6. Relatively stable fiscal balances

Negative

1. Valuations becoming stretched
2. Inflation scares; interest rates moving higher
3. Export dependence/Currency appreciation

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

| Country | March 31, 2009 | | March 31, 2010 | |
|------------------------|----------------|-------------|----------------|-------------|
| | Tradex | MSCI World | Tradex | MSCI World |
| AUSTRIA | 0.1 | 0.2 | 0.3 | 0.1 |
| BELGIUM | 0.0 | 0.4 | 1.1 | 0.5 |
| DENMARK | 0.5 | 0.4 | 0.9 | 0.4 |
| FINLAND | 0.2 | 0.6 | 0.6 | 0.5 |
| FRANCE | 1.7 | 4.9 | 4.1 | 4.9 |
| GERMANY | 3.3 | 3.7 | 2.7 | 3.5 |
| GREECE | 0.0 | 0.2 | 0.1 | 0.2 |
| IRELAND | 0.1 | 0.2 | 1.0 | 0.1 |
| ITALY | 0.2 | 1.6 | 1.6 | 1.5 |
| NETHERLANDS | 0.7 | 1.1 | 2.0 | 1.2 |
| NORWAY | 0.2 | 0.3 | 0.2 | 0.3 |
| PORTUGAL | 0.0 | 0.2 | 0.0 | 0.1 |
| SPAIN | 0.9 | 2.0 | 1.2 | 1.8 |
| SWEDEN | 2.2 | 1.0 | 1.1 | 1.2 |
| SWITZERLAND | 5.3 | 3.7 | 2.6 | 3.7 |
| UK | 3.4 | 9.4 | 7.9 | 9.7 |
| OTHER EUROPE | 0.3 | 0.0 | 0.1 | 0.0 |
| TOTAL EUROPE | 19.1 | 29.9 | 27.5 | 29.7 |
| KAZAKHSTAN | 0.0 | 0.0 | 0.1 | 0.0 |
| POLAND | 0.1 | 0.0 | 0.0 | 0.0 |
| RUSSIA | 0.8 | 0.0 | 0.5 | 0.0 |
| TURKEY | 0.0 | 0.0 | 0.1 | 0.0 |
| UKRAINE | 0.0 | 0.0 | 0.1 | 0.0 |
| TOTAL EM EUROPE | 0.9 | 0.0 | 0.8 | 0.0 |
| BRAZIL | 1.8 | 0.0 | 1.4 | 0.0 |
| MEXICO | 0.5 | 0.0 | 0.1 | 0.0 |
| PERU | 0.0 | 0.0 | 0.1 | 0.0 |
| TOTAL LATAM | 2.3 | 0.0 | 1.6 | 0.0 |

| Country | March 31, 2009 | | March 31, 2010 | |
|--------------------------|----------------|---------------|----------------|---------------|
| | Tradex | MSCI World | Tradex | MSCI World |
| AUSTRALIA | 2.8 | 3.1 | 3.4 | 3.9 |
| CHINA | 3.8 | 0.0 | 3.5 | 0.0 |
| HONG KONG | 4.1 | 1.0 | 2.5 | 1.1 |
| INDIA | 1.1 | 0.0 | 0.3 | 0.0 |
| INDONESIA | 0.4 | 0.0 | 0.1 | 0.0 |
| JAPAN | 9.7 | 11.1 | 8.2 | 10.4 |
| KOREA | 2.4 | 0.0 | 0.2 | 0.0 |
| MALAYSIA | 0.6 | 0.0 | 0.0 | 0.0 |
| NEW ZEALAND | 0.0 | 0.0 | 0.0 | 0.1 |
| PHILIPPINES | 0.1 | 0.0 | 0.3 | 0.0 |
| SINGAPORE | 5.6 | 0.5 | 0.7 | 0.7 |
| TAIWAN | 2.1 | 0.0 | 1.3 | 0.0 |
| THAILAND | 0.4 | 0.0 | 0.1 | 0.0 |
| TOTAL ASIA | 33.1 | 15.7 | 20.6 | 16.2 |
| EGYPT | 0.2 | 0.0 | 0.0 | 0.0 |
| ISRAEL | 0.1 | 0.0 | 0.1 | 0.0 |
| SOUTH AFRICA | 0.2 | 0.0 | 0.5 | 0.0 |
| ZAMBIA | 0.0 | 0.0 | 0.1 | 0.0 |
| OTHER ME/AF | 0.1 | 0.0 | 0.1 | 0.0 |
| TOTAL ME & AF | 0.6 | 0.0 | 0.8 | 0.0 |
| CANADA | 1.3 | 4.3 | 0.5 | 4.9 |
| USA | 38.3 | 50.1 | 45.4 | 49.2 |
| TOTAL N. AMERICA | 39.6 | 54.4 | 45.9 | 54.1 |
| OTHER | 1.3 | 0.0 | 0.0 | 0.0 |
| CASH | 3.1 | 0.0 | 2.8 | 0.0 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 |

Source: City of London Investment Management, MSCI

Tradex Global Equity Fund

Portfolio Holdings

| Fund | March 31, 2009 % | March 31, 2010 % |
|---------------------------------------|---------------------|---------------------|
| TRI CONTINENTAL CORP | | 9.9 |
| ADAMS EXPRESS CO | | 9.3 |
| THE EUROPEAN INVESTMENT TRUST | | 6.8 |
| ALLIANCE TRUST | | 6.7 |
| LIBERTY ALL STAR EQUITY FUND | 8.5 | 6.1 |
| SCHRODER JAPAN GROWTH | 1.7 | 5.8 |
| FIDELITY EUROPEAN VALUES | | 4.7 |
| S&P 500 DEPOSITARY RECEIPT | | 4.0 |
| BRITISH EMPIRE SECURITIES | | 3.8 |
| JPMORGAN FLEMING EUR FLEDGE IT | | 3.2 |
| H & Q HEALTHCARE INVESTORS | | 3.1 |
| CENTRAL SECS CORP | | 2.9 |
| BLUE CHIP VALUE FUND INC | | 2.6 |
| TEMPLETON DRAGON FUND | 3.6 | 2.5 |
| FIDELITY SPECIAL VALUES | | 2.2 |
| ISHARES BARCLAYS 1-3 YEAR TREASURY | | 2.1 |
| MONKS INVESTMENT TRUST PLC | 4.3 | 2.0 |
| ASHMORE GLOBAL OPPORTUNITIES | | 2.0 |
| CENTURY AUSTRALIA INVESTMENT | | 1.8 |
| WORLD TRUST FUND - GBP | 8.3 | 1.6 |
| LINQ RESOURCES FUND | | 1.5 |
| HSBC CHINA DRAGON FUND | | 1.5 |
| ELECTRIC AND GENERAL INVESTMENT TRUST | | 1.5 |
| ISHARES MSCI JAPAN INDEX FUND | | 1.2 |
| ANGLO & OVERSEAS | | 1.1 |
| NEW STAR INVESTMENT TRUST | | 1.1 |

| Fund | March 31, 2009 % | March 31, 2010 % |
|--------------------------------------|---------------------|---------------------|
| AMP CAPITAL GROWTH FUND | | 0.9 |
| BLACK ROCK WORLD MINING TRUST | | 0.9 |
| THROGMORTON TRUST | | 0.8 |
| ISHARES MSCI TAIWAN | | 0.8 |
| LIBERTY ALL-STAR GROWTH FUND | 8.6 | 0.8 |
| ROYCE VALUE TRUST | | 0.6 |
| DREMAN/CLAYMORE DIVIDEND & INC | | 0.6 |
| LANGBAR INTERNATIONAL LTD | | 0.5 |
| TEMPLETON GLOBAL GROWTH FUND | 9.1 | 0.2 |
| BARRAMUNDI LIMITED WARRANTS | | 0.1 |
| SCOTTISH MORTGAGE | 10.4 | |
| ING ASIA PACIFIC HIGH DIV FUND | 7.5 | |
| ZWEIG FUND INC | 6.6 | |
| SINGAPORE FUND INC | 5.1 | |
| CANADIAN WORLD FUND | 3.9 | |
| SUNAMERICA FOCUSED ALPHA L/C | 3.6 | |
| JP MORGAN FLEMING JAPAN | 3.6 | |
| MS ASIA PACIFIC | 3.5 | |
| SWISS HELVETIA FUND INC | 3.4 | |
| INVESTOR AB | 3.1 | |
| NEW GERMANY | 2.1 | |
| Net Receipts (Including Cash) | 3.1 | 2.8 |
| Total | 100.0 | 100.0 |

Numbers are rounded and may not equal 100

The European Investment Trust - 6.8% of Tradex Global Equity Fund

The objective of The European Investment Trust plc is to achieve long-term capital growth through a diversified portfolio of Continental European securities.

Top Ten Holdings *Data as at March 31, 2010*

| | |
|---------------|---------------|
| Nokia | 3.40% |
| Adidas | 3.10% |
| Ahold Kon. | 3.10% |
| Heineken | 3.00% |
| ENI | 3.00% |
| Vivendi | 3.00% |
| Swedbank A | 3.00% |
| UBS | 3.00% |
| Reed Elsevier | 2.90% |
| Deutsche Post | 2.80% |
| Total | 30.30% |

Geographical Breakdown

| | |
|--------------|----------------|
| France | 18.20% |
| Netherlands | 18.00% |
| Switzerland | 12.10% |
| Germany | 10.30% |
| Italy | 7.60% |
| Ireland | 6.90% |
| Sweden | 5.20% |
| Spain | 4.20% |
| Finland | 4.20% |
| Belgium | 3.70% |
| Russia | 2.40% |
| Austria | 2.20% |
| Denmark | 0.00% |
| Norway | 0.00% |
| Cash | 5.00% |
| Total | 100.00% |

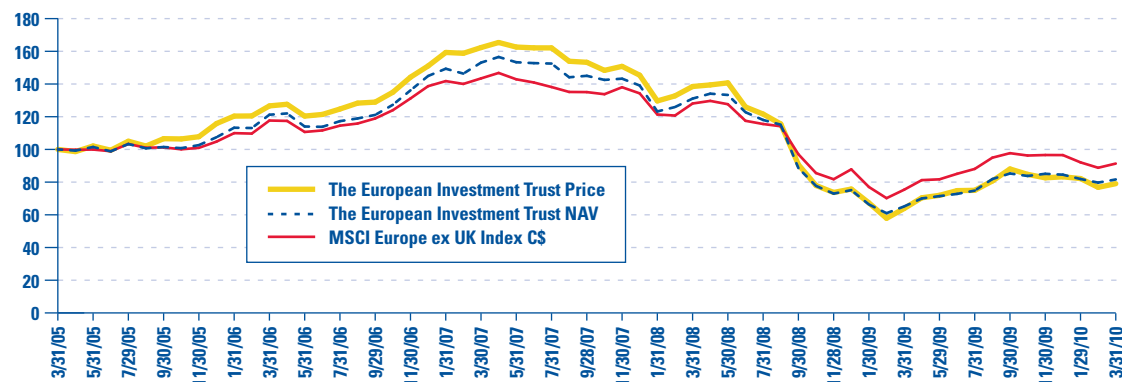
Industry Breakdown

| | |
|-----------------------------|----------------|
| Banks | 15.60% |
| Industrial Goods & Services | 14.80% |
| Healthcare | 8.00% |
| Food & Beverages | 9.40% |
| Media | 8.60% |
| Oil & Gas | 8.00% |
| Technology | 6.70% |
| Telecoms | 4.80% |
| Construction & Materials | 4.30% |
| Chemicals | 3.70% |
| Personal & Household Goods | 3.10% |
| Retail | 3.10% |
| Travel & Leisure | 2.70% |
| Insurance | 2.10% |
| Cash | 5.00% |
| Total | 100.00% |

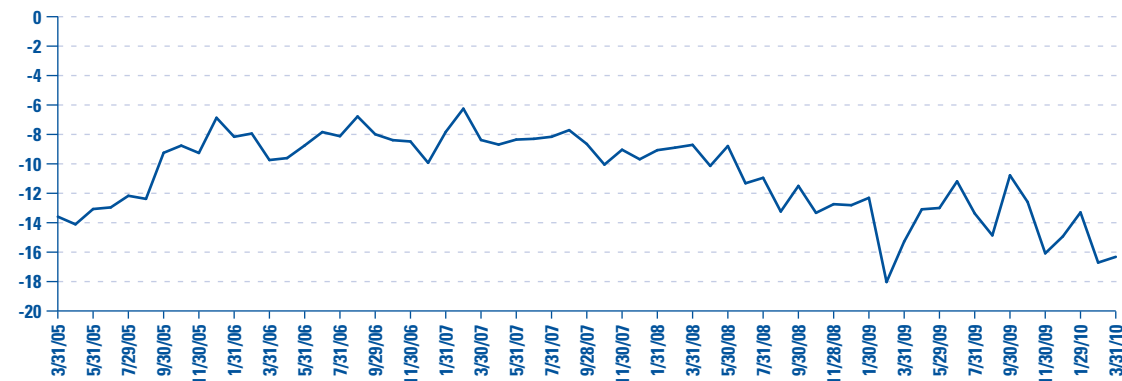
Portfolio Manager: Dale Robertson
 Portfolio Management Company: Edinburgh Partners
 Total Assets: C\$434.6m
 Listing: London Stock Exchange

Price: 552.00p
 NAV: 659.65p
 Discount: 16.30%

The European Investment Trust - NAV Performance



The European Investment Trust - Discount Movements



Source: Edinburgh Partners/Bloomberg

Tradex Portfolio Characteristics

March 31, 2010

- ▶ Weighted average discount of closed-end funds: **15.9%**
- ▶ Diversified across **25+ countries**
- ▶ Made up of **30 to 40 holdings**
- ▶ Represent **2,500± underlying stocks**

Important Notice

City of London Investment Management Company Limited is authorised and regulated by the Financial Services Authority (FSA), registered as an Investment Advisor with the United States SEC and regulated by the DFSA. All reasonable care has been taken in the preparation of this information. No responsibility can be accepted under any circumstances for errors of fact or omission. This document is not an offer to buy or sell securities. Past performance is not necessarily a guide to future returns. Values may fall as well as rise and you may not get back the amount invested. Changes in currency exchange rates will affect the value of the investment. Warrants involve a high degree of gearing, as such the price of warrants can be volatile. Discounts are calculated using estimated NAVs by City of London's Research Department. From time to time, City of London may implement Fair Value Pricing to value underlying holdings within the portfolio. Such circumstances are outlined in the firm's Fair Value Pricing Policy document which is available upon request.