

2010

Interim Management Report of Fund Performance and Interim Financial Statements

Tradex GLOBAL EQUITY Fund

June 30, 2010

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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INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE for the six months ending June 30, 2010

I. MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

An investment in Tradex Global Fund decreased in value by 6.2% during the first half of 2010 compared to a decrease of 8.3% in its benchmark, the MSCI World Total Return Index (in terms of Canadian dollars). During the past 12 months, the Fund was up 4.6% whereas its benchmark was up 1.1%

The volatility in global equity and currency markets continued in the first half of 2010. In terms of local currencies, during the first quarter most equity markets initially moved higher and then lower versus year-end, before finishing the quarter with modest gains. However, the mood of the market turned decidedly negative as the second quarter progressed. This was triggered by the realization of the severity of the debt problems facing Greece and, to a lesser extent, a number of other euro zone countries. In addition, as the second quarter progressed concerns increased on a number of fronts, including expectations for slower growth in China, the lack of a rebound in U.S. employment and the U.S. housing market, and forecasts of negative effects on the global economy from the removal of fiscal stimulus. Thus, equity markets ended the first half at essentially their lowest point for the year.

The movement in key equity markets around the world during the first half of 2010 was as follows (all changes in local currency terms). In Asia, Japan's Nikkei 225 Index was down 11.0% while Hong Kong's Hang Seng Index moved 8.0% lower. In Europe, the U.K. FTSE 100 Index was down 9.2%, the Paris CAC 40 Index dropped 12.5% and the Zurich Swiss Index was down 6.4%. A key exception was the German DAX Index, which was up 0.1%. In North America, the U.S. S&P 500 Index was down 7.6% while the Toronto S&P/TSX Composite Index ended the period 3.8% lower.

Currency movements also played an important role in the performance of global equity funds for Canadian investors. During the period, the Canadian dollar moved approximately 15% higher versus the euro and 7% higher versus the British pound. On the other hand, it weakened by just over 1% versus the U.S. dollar and by approximately 6% versus the Japanese yen.

Portfolio manager City of London Investment Management (CLIM) lowered the portfolio weighting to the U.S. market from 50% to 45% at the end to the first quarter and to 40% at the end of the review period. On the other hand, exposure to Asian was increased from 15% at year-end to 20% at the end of March and to 25% at the end of the second quarter. The weighting to emerging markets, which on balance have out-performed developed markets, was increased from 5% at the end of the first quarter to 10% at the end of the half. The weighting to Europe was increased from 23% to 28% during the first quarter and was held at essentially that level during the second quarter.

Looking ahead, CLIM remains optimistic that the global economic recovery will be sustained, although the pace of the recovery will likely be weak by historical standards. CLIM expects global monetary policy to remain loose to compensate for the fiscal tightening measures that will be needed to address budget deficits. While recent market weakness has made valuations more attractive, CLIM notes that the global economy continues to face significant headwinds that will limit growth prospects in the immediate future.

At the end of the period, the net asset value of the Fund stood at \$7.2 million compared to \$7.55 million at the end of 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 0.6% of the Fund's net asset value, calculated and accruing daily. This amounted to \$23,862 in the first half of 2010 (including GST) 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 2009, \$10,500 in expenses were reduced for the Fund through such transactions. It is anticipated that a rebate will be made in the second half of 2010 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 2010 amounted to \$83,311 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 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.

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, 2010 and the five annual periods ending December 31, 2009, 2008, 2007, 2006, 2005.

	2010	2009	2008	2007	2006	2005
Net assets per unit, beginning of period	\$ 8.69	\$ 7.22	\$ 11.14	\$ 12.30	\$ 10.55	\$ 11.45
Increase (decrease) from operations:						
Total revenue	\$ 0.11	\$ 0.27	\$ 0.32	\$ 0.19	\$ 0.08	\$ 0.26
Total expenses	\$ (0.12)	\$ (0.22)	\$ (0.21)	\$ (0.26)	\$ (0.28)	\$ (0.28)
Realized gains (losses) for the period	\$ (0.07)	\$ (0.21)	\$ (2.97)	\$ 0.12	\$ 0.20	\$ 1.51
Unrealized gains (losses) for the period	\$ (0.44)	\$ 1.74	\$ (1.01)	\$ (1.24)	\$ 1.89	\$ (1.72)
Total increase (decrease) from operations (2)	\$ (0.52)	\$ 1.58	\$ (3.87)	\$ (1.19)	\$ 1.89	\$ (0.23)
Distributions to investors:						
From investment income	\$ —	\$ 0.11	\$ 0.06	\$ —	\$ —	\$ 0.02
From capital gains	\$ —	\$ —	\$ —	\$ —	\$ 0.12	\$ 0.70
Total Distributions (3)	\$ —	\$ 0.11	\$ 0.06	\$ —	\$ 0.12	\$ 0.72
Net assets per unit, end of period	\$ 8.16	\$ 8.69	\$ 7.22	\$ 11.14	\$ 12.37	\$ 10.55

- (1) The information for 2005-2009 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 \$8.74 at the beginning of 2010 and \$8.19 as at June 30, 2010. 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	2010	2009	2008	2007	2006	2005
Total net asset value, end of period (000's)	\$ 7,167	\$ 7,550	\$ 6,013	\$ 9,296	\$ 9,511	\$ 7,985
Weighted average net asset value (000's)	\$ 7,636	\$ 6,599	\$ 7,854	\$ 9,858	\$ 8,472	\$ 8,091
Number of units outstanding, end of period (000's)	875	864	826	831	769	757
Management expense ratio (1)	2.83%	2.81%	2.23%	2.18%	2.54%	2.42%
Management expense ratio before waivers or absorptions (1)	2.83%	2.97%	2.65%	2.52%	2.85%	2.71%
Trading expense ratio (2)	1.01%	1.76%	2.02%	1.05%	0.87%	0.86%
Portfolio turnover rate (3)	82.11%	219.47%	314.66%	204.62%	192.82%	164.74%
Net asset value per unit, end of period	\$ 8.19	\$ 8.74	\$ 7.28	\$ 11.18	\$ 12.37	\$ 10.55

- (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

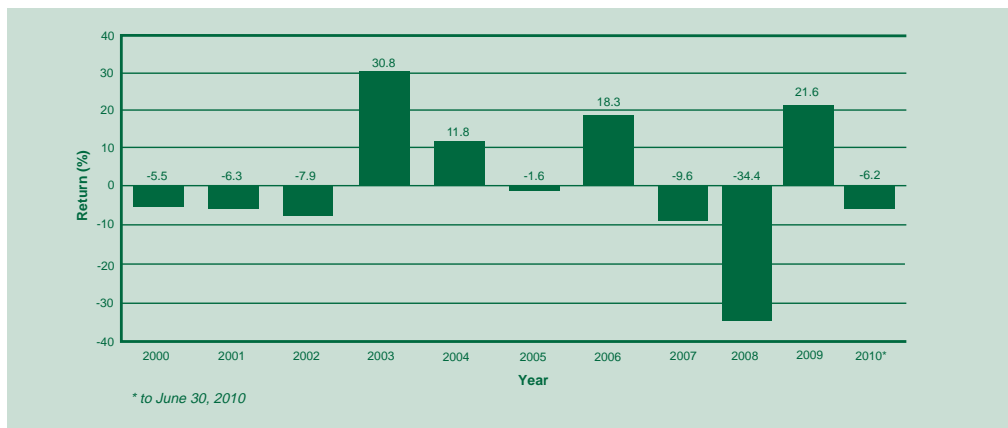
The Fund's past performance assumes all distributions made by the Fund in the periods shown were used to purchase additional units of the Fund.

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, 2009 plus the performance for the six-month period ending June 30, 2010. 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, 2010 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	40%	Germany	3%
Japan	10%	Hong Kong	3%
U.K.	7%	Switzerland	3%
Australia	5%	Others/diversified	17%
China	4%	Cash and net receivables	2%
France	3%		
Brazil	3%	Total	100%

The following investments represent the top 25 holdings of the Fund as of June 30, 2010 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	9.3%	Claymore Dividend & Income Fund	2.8%
Tri-Continental Corp.	8.3%	Templeton Dragon Fund Inc.	2.7%
The European Investment Trust PLC	7.0%	Fidelity Special Values PLC	2.4%
Schroder Japan Growth Fund PLC	6.0%	Alliance Trust PLC	2.3%
British Empire Securities and General Trust PLC	4.3%	Monks Investment Trust PLC	2.3%
JPMorgan Eur Fledgling Investment Trust PLC	4.1%	Ashmore Global Opportunities Ltd.	2.2%
Royce Value Trust Inc.	3.9%	LINQ Resources Fund	2.1%
Fidelity European Values PLC	3.6%	Scottish Mortgage Investment Trust PLC	2.0%
International Biotechnology Trust	3.5%	Century Australia Investment Ltd.	1.9%
General American Investors	3.3%	iShares MSCI Australia Index	1.6%
WisdomTree Japan Hedged Equity Fund	3.2%	Electric and General Investment Trust PLC	1.6%
Boulder Total Return Fund Inc.	3.2%	Sub-total – largest 25 holdings	89.6%
Central Securities Corporation	3.1%	Cash and remaining holdings	10.4%
Petroleum & Resources Corp.	2.9%	Total	100.0%



INTERIM FINANCIAL STATEMENTS for the six months ending June 30, 2010

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, 2010.

STATEMENTS OF NET ASSETS *June 30, 2010 (Unaudited) and December 31, 2009*

	2010	2009
Assets		
Investments, at market value *	\$ 7,158,016	\$ 7,455,392
Cash and short-term investments	118,187	117,368
Dividends receivable	14,701	26,622
Receivable for investments sold	30,490	523,827
Subscriptions receivable	—	7,650
Other receivables	1,439	1,296
	7,322,833	8,131,155
Liabilities		
Accounts payable and accrued liabilities	32,337	45,432
Payable for investment purchased	53,405	576,447
Redemptions payable	95,368	—
	181,110	621,879
Net assets, representing unitholders' equity	\$ 7,141,723	\$ 7,509,276
Units issued and outstanding, end of period <i>(Note 7)</i>	874,683	864,088
Net assets per unit	\$ 8.16	\$ 8.69
* Investments at cost	\$ 7,512,127	\$ 7,410,219

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	
	2010	2009
Investment Income		
Revenue		
Dividends	\$ 86,809	\$ 125,838
Less foreign withholding taxes (note: refund in 2009)	(8,798)	16,071
	78,011	141,909
Interest	24,735	385
Foreign exchange loss	(526)	(20,825)
	102,220	121,469
Expenses <i>(Note 6)</i>		
Management fees	23,862	18,790
Investment advisory fees	38,680	29,853
Administration costs	18,844	17,824
Independent Review Committee	—	—
Audit fees	6,943	6,448
Custodian fees	11,405	7,979
Registration fees and expenses	7,439	7,366
Expense reductions <i>(Note 6)</i>	—	—
	107,173	88,260
Net investment gain (loss)	(4,953)	33,209
Realized and unrealized gain (loss) on investments and transaction costs		
Net realized loss on sale of investments	(24,261)	(235,639)
Change in unrealized appreciation (depreciation) on investments and forward contracts	(399,284)	818,214
Transaction costs	(38,403)	(66,685)
Net gain (loss) on investments	(461,948)	515,890
Increase (Decrease) in net assets from operations	\$ (466,901)	\$ 549,099
Increase (Decrease) per unit in net assets from operations	\$ (0.52)	\$ 0.66

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

STATEMENTS OF CHANGES IN NET ASSETS *(Unaudited)*

	Six months ending June 30	
	2010	2009
Net assets, beginning of period	\$ 7,509,276	\$ 5,963,001
Add (deduct)		
Operations		
Net increase (decrease) in net assets from operations	(466,901)	549,099
Distributions		
Distributions to unitholders from investment income	—	—
	(466,901)	549,099
Units		
Proceeds from issue of units	705,603	334,555
Consideration paid for redemptions of units	(606,255)	(245,713)
	99,348	88,842
Net assets, end of period	\$ 7,141,723	\$ 6,600,942

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

STATEMENT OF INVESTMENT PORTFOLIO *(Unaudited) June 30, 2010*

	Number of shares	Average cost	Fair value	% of total fair value
Foreign Equities				
United States				
Adams Express Company	70,906	\$ 744,192	\$ 678,954	
Tri-Continental Corporation	52,573	624,092	605,985	
Royce Value Trust Inc.	25,494	288,355	285,748	
General American Investors Company Inc.	10,700	265,486	242,810	
Boulder Total Return Fund Inc.	16,217	236,669	231,809	
Central Securities Corporation	11,500	205,767	222,064	
Petroleum & Resources Corporation	10,000	224,608	211,762	
Dreman/Claymore Dividend & Income Fund	16,037	231,098	203,387	
		2,820,267	2,682,519	37.5
Europe				
European Investment Trust Plc	62,500	541,054	470,744	
JPMorgan Euro Fledgeling Investment Trust PLC	27,500	269,187	275,589	
Fidelity European Values PLC	16,500	297,049	243,451	
Fidelity Special Values PLC	20,000	164,402	163,641	
The Throgmorton Trust PLC	31,323	65,652	65,562	
		1,337,344	1,218,987	17.0
Asia				
Schroder Japan Growth Fund PLC	328,250	408,757	400,781	
WisdomTree Japan Hedged Equity Fund	6,177	259,460	232,004	
Templeton Dragon Fund Inc.	7,500	193,032	195,644	
HSBC China Dragon Fund	119,000	132,425	115,873	
AMP Capital China Growth Fund	92,236	77,997	60,532	
		1,071,671	1,004,834	14.0
Australia/ New Zealand				
Century Australia Investment Ltd	186,357	153,048	127,327	
IShares MCSI Austraia Index	5,771	114,733	115,660	
Barramundi Limited	54,459	26,103	26,289	
Barramundi Limited, Warrants, October 27, 2011	291,275	10,519	10,226	
		304,403	279,502	3.9
Globally Diversified/Other				
British Empire Securities and General Trust PLC	43,936	317,147	290,027	
International Biotechnology Trust PLC	105,000	217,961	233,093	
Ashmore Global Opportunities Limited	22,500	150,771	162,241	
Alliance Trust PLC	32,500	171,095	156,458	
Monks Investment Trust PLC	33,945	161,403	153,295	
LINQ Resources Fund	228,895	126,957	140,958	
Scottish Mortgage Investment Trust PLC	15,000	132,814	132,245	
Electric and General Investment Trust PLC	20,000	123,464	104,892	
Templeton Global Growth Fund	144,834	104,639	97,655	
IShares MSCI Brazil Index Fund	1,371	92,370	89,526	
ASA Limited	3,000	80,445	85,765	
World Trust Fund	30,950	113,321	81,958	
Anglo & Overseas PLC	55,000	90,595	76,528	
Electra Private Equity PLC	4,000	73,769	76,493	
Langbar International Limited	109	—	38,888	
HFA Accelerator Plus Limited	125,000	37,659	38,208	
Macquarie Global Infrastructure Total Return Fund Inc.	1,000	13,809	13,944	
		2,008,219	1,972,174	27.6
Total equities		7,541,904	7,158,016	100.0
Transaction costs		(29,777)	—	
Total portfolio of investments		\$ 7,512,127	\$ 7,158,016	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").

Adoption of new accounting policies

During 2009 the Fund adopted the amendments to Canadian Institute of Chartered Accountants (CICA) Handbook Section 3862, "Financial Instruments—Disclosures" to enhance disclosures about inputs to fair value measurements, including their classification 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 assets in accordance with this hierarchy appears in Note 3.

Investments

Investments are categorized as held for trading in accordance with 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.

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.

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.

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 year. The "increase (decrease) per unit in net assets from operations" is based on the increase (decrease) in net assets from operations for the year divided by the weighted average number of units outstanding over the year.

3. *Classification of Financial Instruments*

The classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2010 is as follows:

Level 1 Assets – \$7,119,128 in level 1 assets consisting of equities that trade in an active market on a recognized stock exchange and \$118,187 in cash.

Level 3 Assets – \$38,888 consisting of shares of Langbar International Inc. (Langbar) that do not trade on a recognized stock exchange and for which the Manager has determined the fair market value. In 2007 the Fund wrote off the value of this investment, as it had been de-listed from a recognized stock exchange. In 2009 Langbar, after recovering some funds, offered to buy back its outstanding shares at 5 pence U.K. per share, pro-rated to a certain limit. The Fund did not accept this offer and continues to hold the shares. Based on the above, and recognizing that shares of Langbar do not trade on a recognized stock exchange, the Manager has determined that the fair value of the shares for purposes of these financial statements is 90% of the value of the buy-back offer made in 2009. In 2010 there was a major consolidation in the number of shares outstanding and the fair value per share has been adjusted to reflect this consolidation.

There were no transfers between levels during the period ended June 30, 2010.

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, 2010 and December 31, 2009 are as follows (\$' 000):

	June 30, 2010	Dec. 31, 2009
U.S Dollars	3,591	3,984
U.K. Pounds	2,981	3,218
Australia Dollars	468	545
New Zealand Dollars	36	93
Hong Kong Dollars	116	—

As at June 30, 2010, 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 \$358,000 (December 31, 2009 – \$392,000). 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, 2010 and December 31, 2009 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, 2010, 99.7% (December 31, 2009 – 98.7%) 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 \$712,000, respectively (December 31, 2009 – \$741,000). 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

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

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.

As at December 31, 2009, the Fund had no non-capital losses and \$2,884,181 in capital losses carried forward for income tax purposes. Capital losses may be carried forward indefinitely to be applied against future capital gains.

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 2009, \$10,500 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 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 units during the last two periods ending June 30, were as follows:

	2010	2009
Outstanding, beginning of year	864,088	826,054
Issued	81,415	46,657
Redeemed	(70,820)	(34,712)
Outstanding, end of year	874,683	837,999

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.)

Asset values as at June 30, 2010 and December 31, 2009 were as follows:

	June 30, 2010	Dec. 31, 2009
Net Asset Value Per Unit (\$)	8.19	8.74
Section 3855 Adjustment (\$)	(0.03)	(0.05)
Net Assets Per Unit (\$)	8.16	8.69

9. Future accounting change

Effective January 1, 2011 or January 1, 2012 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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