Tradex QUARTERLY

First quarter 2008

President's Report to Tradex Investors

The turbulence in financial markets continued during the first quarter of 2008 as the weakness in the U.S. housing market (including the sub-prime mortgage and other liquidity problems) intensified and as it appeared that the U.S. economy was heading into, or was already in, a recession. In this environment, the U.S. stock market (the S&P 500 Index) was down 9.9% during the quarter while the Canadian market (TSX Composite Index) was down 3.5%.

Given the weakness in the U.S. economy as well as the turmoil in credit markets, both the Bank of Canada and U.S. Federal Reserve took aggressive action to ease monetary conditions. Bank of Canada lowered its key policy interest rate by 75 basis points while the Federal Reserve lowered its policy rate by 200 basis points. In response, yields on Government of Canada bonds moved sharply lower, with yields on 3-year and longer maturities reaching historical lows in mid-March.

The Canadian dollar gave up some of its previous gains versus its U.S. counterpart, ending the quarter at 97.50 cents U.S versus 100.88 cents at the end of 2007 (and a high closing level of 108.52 cents in November 2007). Furthermore, over the quarter the Canadian currency was considerably weaker versus the Euro, the Yen and the British Pound.

Lower Management Expense Ratios

We are pleased to inform investors that the Management Expense Ratio (MER) for the Tradex Funds continued to move down in 2007, as follows:

	2007 MER	2006 MER	2005 MER	2004 MER
Tradex Equity Fund	1.18%	1.19%	1.21%	1.29%
Tradex Bond Fund	1.07%	1.22%	1.28%	1.42%
Tradex Global Fund	2.18%	2.54%	2.42%	2.71%

The Globe and Mail (Globefund) reports that the management expense ratio for the median Canadian focused equity fund is 2.73%, more than double that of Tradex Equity Fund Limited. The median for Canadian bond funds is 1.92% (versus 1.07% for Tradex) while the median for global equity funds is 2.90% (versus 2.18% for Tradex). Since Tradex Funds are operated on an "at cost" or "break even" basis, the $117 million (at year-end) Tradex Equity Fund Limited enjoyed greater economies of scale than the smaller $9 million Tradex Global Equity Fund.

In 2007, we were able to reduce management expenses for the three Tradex Funds by a total of $238,500 (compared to $175,650 in 2006) through rebating a portion of our operating revenue. This was made possible due to the higher revenues that we received from the increase in assets under administration at Tradex, including revenue from administering third-party mutual funds.

A Reminder to Attend the Tradex Annual General Meeting on April 30, 2008

As announced earlier, the Tradex Annual General Meeting will be held at 7:00 p.m. on Wednesday, April 30 in Clark Hall at the RA Centre, 2451 Riverside Drive, Ottawa. As in the past, all three investment counsellors will be present to provide outlooks, and answer any questions. We encourage Tradex Members to attend this meeting and to bring along a friend, co-worker or family member who might be interested in becoming a Tradex investor.

Phillips, Hager and North to Join Royal Bank of Canada

In February, Phillips Hager and North (PH&N) announced that it will be joining the Royal Bank of Canada group. PH&N has been the portfolio manager for Tradex Equity Fund Limited for the past 16 years and we highly value our relationship with them, in part because they share many aspects of our own corporate culture and values. PH&N has assured us that they "will be the same firm they used to be, only better" and we look forward to continuing our mutually beneficial relationship with them.

Robert White.

Robert C. White
April 11, 2008

Tradex Equity Fund Limited – Quarterly Review – March 31, 2008

	Total return (%)			Average annual compound return (%)			
	Latest 3 months	Latest 6 months	1 year	3 years	5 years	10 years	Since inception*
Tradex Equity Fund Limited	-4.8	-9.6	-10.7	4.6	10.8	5.2	10.3
S&P/TSX Total Return Index**	-2.8	-4.1	-4.0	14.2	18.5	7.8	—
Median Canadian Focused Equity Fund**	-4.7	-7.2	-5.0	7.7	12.8	6.2	—

*April 1960 **Source: Globe Information Services

Equity markets continued to struggle in the first quarter of 2008. While the Canadian market outperformed most other major markets by a wide margin, it also finished the period in negative territory. In this environment, an investment in Tradex Equity Fund Limited decreased in value by 4.8% over the quarter. However, over the past 5 years the average annual compound return has been 10.8%.

As at March 31, 2008 the Fund's top 12 holdings were as follows:

Manulife Financial	4.4%	EnCana	2.9%
Royal Bank of Canada	3.9%	Bank of Montreal	2.8%
TD Bank	3.4%	GoldCorp.	2.7%
National Bank of Canada	3.2%	MacDonald Dettwiler	2.6%
CIBC	3.2%	Johnson & Johnson (U.S.)	2.5%
Thomson Corp	3.0%	Cisco Systems (U.S.)	2.3%

The proportion of the Fund's assets invested in Canadian financial stocks was increased to 28% during the quarter versus 26% at the end of 2007. Given the worldwide weakness in financial stocks that has spilled over into Canada, portfolio manager Phillips, Hager and North (PH&N) believes that a rare opportunity has emerged to invest opportunistically in this sector as the long-term prospects for Canadian financial stocks remain very positive. New positions were established in Bank of Nova Scotia, Bank of Montreal and CI Financial. This was funded in part by taking money from other sectors and in part by trimming some of the larger holdings in this sector, thus making the portfolio less concentrated.

During the quarter, the foreign portion of the total portfolio value declined to 16.5%, from 21%, which is below the "normal" range for foreign holdings. This occurred due to the combined effects of PH&N reducing two U.S. stock positions and the under-performance of foreign markets relative to the Canadian market. Looking ahead, however, PH&N is closely monitoring a target list of high-quality, growth-oriented U.S. companies, some of which it anticipates adding to the portfolio in future quarters once the U.S. economy starts showing signs of recovery.

The number of stocks in the Energy sector was increased from 14 to 16 while the overall portfolio weighting in this sector remained essentially unchanged at 18%. The recent period of weak stock market performance also allowed PH&N to add a number of well-managed long-term growth-oriented companies to the portfolio at reasonable prices. These include Aeroplan, Astral Media, CCL Industries, Corus Entertainment, Finning, First Capital Realty, Great Canadian Gaming, MacDonald Dettwiler, Polaris Minerals and Saputo. These companies are all seen as executing well on their business plans, and PH&N would view any share price weakness as an opportunity to increase the Fund's positions in these stocks.

At the end of the quarter there were 53 Canadian and 9 foreign stocks in the portfolio versus 40 and 10, respectively at the end of 2007.

Tradex Bond Fund – Quarterly Review – March 31, 2008

	Total return (%)			Average annual compound return (%)			
	Latest 3 months	Latest 6 months	1 year	3 years	5 years	10 years	Since inception*
Tradex Bond Fund	2.6	5.2	4.9	4.2	5.0	4.9	6.8
DEX Universe Bond Total Return Index**	3.0	5.8	5.8	5.4	6.4	6.3	—
Median Canadian Bond Fund**	2.5	4.6	3.7	3.6	4.4	4.5	—

*September 1989 **Source: Globe Information Services

An investment in the Tradex Bond Fund increased in value by 2.6% during the first quarter and by 4.9% over the past year.

The turbulence in global bond and money markets continued during the first quarter as the problems related to the valuation of structured products (primarily asset backed instruments) intensified and the anticipated losses on the U.S. sub-prime mortgage market worsened. In addition, given the problems in credit markets and continuing weakness in the U.S. housing sector, many analysts now believe that the U.S. economy has moved into a recession. In response to these developments both the Bank of Canada and the U.S. Federal Reserve took aggressive action to ease monetary conditions. The Bank of Canada lowered its policy interest rate by 75 basis points to 3.5% while the U.S. Federal Reserve lowered its policy rate by 200 basis points to 2.25%. In addition, both central banks implemented special measures to add liquidity into the financial system. In this environment, yields on Government of Canada bonds moved sharply lower, with yields on 3-year and longer maturities reaching historical 50-60 year lows in mid-March before increasing slightly towards the end of the period.

Term to Maturity	Yield Dec. 31, 2006	Yield Dec. 31, 2007	Yield Mar. 31, 2008
2 years	4.02%	3.74%	2.62%
3 years	3.99%	3.82%	2.66%
5 years	3.99%	3.87%	2.91%
10 years	4.08%	3.99%	3.43%
30 years	4.16%	4.10%	3.94%

Source: Bank of Canada. Mid-market yields on benchmark issues.

Portfolio activity was light during the period. At quarter-end, 31% of the Fund's assets were invested in bonds issued or guaranteed by the Government of Canada, 35% in provincial government bonds and 34% in corporate bonds rated "single A" or better. Included in the corporate portion of the portfolio is a Canadian dollar denominated bond issued in Canada and guaranteed by the Government of Germany (a "maple bond") that represents 9.7% of the total portfolio value.

Once again, the Fund performed very well during the quarter relative to other Canadian bond funds due to the relatively high proportion of government bonds in its investment portfolio and its low management expense ratio.

Tradex Global Equity Fund – Quarterly Review – March 31, 2008

	Total return (%)			Average annual compound return (%)			
	Latest 3 months	Latest 6 months	1 year	3 years	5 years	Since inception*	10 years
Tradex Global Equity Fund	-7.8	-11.5	-18.1	-1.3	9.3	4.2	—
MSCI World Total Return Index ($ Cdn)**	-5.3	-8.2	-13.3	4.4	8.5	—	1.7
Median Canadian Global Equity Fund**	-6.7	-9.3	-12.0	3.3	7.6	—	1.3

*May 1999 **Source: Globe Information Services

This was a very weak quarter for global equity markets as conditions in credit markets deteriorated and concerns regarding a slowdown in global economic growth intensified.

In Europe, key equity markets recorded double-digit losses, with the U.K. FTSE 100 Index down 11.7%, the French CAC Index down 16.2% and the German DAX Index down 19.0%. In Asia, things were no better with Japan's Nikkei 225 Index falling 18.2% and Hong Kong's Hang Seng Index down 17.9%. The U.S. markets were comparatively better performers as the S&P 500 Index and the Dow Jones Industrial Average recorded declines in the quarter of 9.9% and 7.6%, respectively, while the technology-heavy NASDAQ Composite Index fell 14.1%. (All changes are in terms of local currency).

For Canadian investors some of the losses were offset by the weakness in the Canadian dollar which was down 3.4% versus the U.S. dollar, 4.0% versus the British pound, 11.2% versus the Euro and 14.1% versus the Japanese yen. In this overall environment, an investment in Tradex Global Fund declined in value by 7.8% during the first quarter.

During the quarter, portfolio manager City of London Investment Management (CLIM) increased the Fund's portfolio weighting to the U.S. market to 47% from 23% at year-end, with particular emphasis on export-oriented sectors. In this regard, CLIM has become increasingly optimistic regarding the outlook for the U.S. market given the magnitude of the decline in both equity prices and the U.S. dollar since the middle of 2007. At the same time, the combined exposure to continental Europe and the U.K. was reduced to less than 10% versus 23% at year-end. The Fund's overall Asian exposure was increased to 32% as 10% of the Fund's assets were invested in Hong Kong while the Japanese exposure was reduced from 17% to 12%. Exposure to the mining sector was reduced as shares of Dundee Precious Metals Inc., a Canadian-based company with worldwide exposure to precious metals, were sold as the price of gold reached $1,000 per ounce late in the quarter.

The Fund's exposure to emerging markets remained at around 10% of the portfolio during the quarter. CLIM plans to gradually increase this weighting in part because financial institutions in a number of emerging markets have not suffered the same degree of problems that face those in many of the more developed countries.

Tradex
mutual funds
for the public sector

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The New "Tax-Free Savings Account (TFSA)"

In the February 26, 2008 Budget the Federal Government announced the introduction of a new "Tax-Free Savings Account (TFSA)" that will be of significant benefit to Canadians.

The TFSA will allow Canadians to set money aside in eligible investment vehicles and watch those savings grow tax-free throughout their lifetimes. Money withdrawn from a TFSA can be used for any purpose.

Here's a summary of how the TFSA will work:

Starting in 2009, Canadians aged 18 and over can put aside up to $5,000 every year in a TFSA. In addition, any unused TFSA contribution room can be carried forward to future years.

Contributions to a TFSA will not be deductible for income tax purposes. However, investment income including capital gains earned in a TFSA <u>will not be taxed even when withdrawn</u>.

Also, the amount withdrawn can be put back in the TFSA at a later date without reducing your contribution room. For example, if you contribute $5,000 per year for 3-years and the amount grows to $18,000 at the end of 3-years due to investment income and capital gains, you may withdraw the $18,000 and at a later date contribute back $18,000 without affecting your $5,000 per year regular limit.

Contributions to a spouse's TFSA will be allowed and TFSA assets can be transferred to a spouse upon death.

Here's how Tradex can help:

While all of the administrative details with setting up a TFSA have not yet been released by the Government, it is our understanding that, from an administrative point of view, the accounts will be managed much like RRSP accounts.

Starting in 2009, Tradex will offer registered TFSAs for clients, accept contributions and issue periodic statements. In addition, when you want to withdraw funds, we will transfer the money to your chequing or savings account or issue you a cheque.

The "Tradex TFSA Plan" will offer you a choice of investing in any combination of the Tradex Equity Fund Limited, the Tradex Bond Fund, the Tradex Global Equity Fund and the Tradex Investment Savings Account (a high yield daily interest account eligible for CDIC insurance).

We, at Tradex, concur with the statement in the Budget that the TFSA is the single most important personal savings vehicle since the introduction of RRSPs. Therefore, we urge investors to be prepared to take advantage of this very beneficial program when it comes into effect in 2009. Our goal is to have all of the arrangements in place to set up your account the moment it becomes operational. In the interim, if you want more information on this program, please give Blair, Brien, Debby or Luc a call at (613) 233-3394 or 1-800-567-3863.

Pension Income Splitting

The previous Budget introduced pension income splitting for income tax purposes, which is (or will be) also a significant benefit for many Tradex Members. Starting with the 2007 taxation year, this program will result in reduced income taxes (and a tax refund) for a large number of pensioners.

If you have any questions about pension income splitting (or believe that you may have missed out on this program when completing your 2007 return) please call us at 613-233-3394. Also, we welcome your call to discuss investing any tax refund that you may receive this spring.