



Tradex

QUARTERLY



First quarter 2010

President's Report to Tradex Investors



For the fourth quarter in a row the Canadian equity market moved higher, with the S&P/TSX Composite Index increasing by 2.5% during the first 3-months of 2010. Meanwhile, the U.S. S&P 500 Index rose by a more robust 4.9%. However, once again the increase in terms of Canadian dollars was considerably less since the Canadian currency

increased from 95.15 cents U.S. at the start of the year to 98.44 cents at the end of the first quarter, an increase of 3.5%.

The Bank of Canada maintained its overnight interest rate target at 1/4 per cent and reiterated its conditional commitment to hold the rate at this historically low level until the end of the second quarter. However, given the continued improvement in the Canadian economy and the further stabilization of credit markets around the world there is an increasing view that the Bank of Canada will begin raising its policy rate at its first opportunity in the third quarter of 2010.

Andy Molozzi to retire as a Director of Tradex

Tradex's longest serving Director, Andy Molozzi, will retire effective at this year's Annual General Meeting. Andy has served Tradex since 1982 and was instrumental in the 1988 creation of Tradex Management Inc., which enabled Tradex to offer more than one mutual fund and to eventually become a full fledged mutual fund dealer. We will miss greatly his knowledge and wisdom, as well as the wonderful fellowship we have shared with Andy over the years. All the best for a long and happy retirement Andy!!

Basia Ruta has been nominated by management as the new Tradex Director. Since January 2006, Basia has held the position of Assistant Deputy Minister of Finance and Corporate Branch for Environment Canada. As part of her role, she is Environment Canada's Chief Financial Officer. She obtained a B.Com., Honours from the University of Ottawa and is a member of the Ontario Institute of Chartered Accountants, with over 25 years of notable business experience in both the private and the public sectors.

Life insurance products to be available through Tradex

In a continuing effort to ensure Tradex assists public sector employees in achieving their financial goals, we now offer a wide range of life insurance products to Ontario residents, acting as an agent for a number of leading Canadian insurance companies. Several Tradex Members have already achieved substantial savings and additional protection by replacing their bank provided mortgage insurance with term life insurance through Tradex. We can also now provide Tradex Members with annuity products and guaranteed minimum withdrawal plans. We would be pleased to review with you your current coverage and savings opportunities.

50th anniversary \$50 new Member incentive

Over our 50-year history, Tradex has grown and prospered as a result of the very loyal support of our Members, as almost all new Tradex Members come through referrals from existing Members, rather than through expensive advertising programs. To show our appreciation to current Members and to encourage new membership we've introduced a special 50th anniversary \$50 client referral incentive. An application form for this special incentive appears on the back page of this Quarterly. Please encourage family members, fellow employees and friends to join Tradex so they too can profit from being a Member of this unique organization.

Presentations at the Tradex Annual General Meeting

If you wish to view the presentations given by our three portfolio managers, Phillips Hager & North, City of London Investment Management and TD Asset Management, at the April 28, 2010 Annual General Meeting, they will appear on our website at www.tradex.ca shortly after the meeting date. These presentations, along with my presentation (in PowerPoint), appear in the section entitled "Reports/News".

Blair Cooper
April 14, 2010



Tradex Equity Fund Limited – Quarterly Review – March 31, 2010

	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	4.9	9.9	44.5	-7.0	0.6	1.8	9.6
S&P/TSX Total Return Index** (TRI)	3.1	7.1	42.2	0.0	7.4	4.7	—
75% S&P/TSX TRI and 25% U.S. S&P 500 TRI (\$CDN)	2.9	6.8	36.8	-2.1	5.2	2.5	—
Median Canadian Focused Equity Fund**	2.4	4.9	33.1	-4.0	3.4	4.4	—

*April 1960

**Source: Globe Information Services

During the first quarter an investment in Tradex Equity Fund Limited increased in value by 4.9% while it has increased by 44.5% over the past year.

At the end of the first quarter, 76% of the total portfolio value was in Canadian equities, with 21% in U.S. equities and the remaining 3% in cash. Price advances in the Canadian market were once again broadly based, with nine of the ten S&P/TSX sectors posting positive returns during the period. Financial stocks, which had lagged during the previous quarter, led the advance rising 8%. This increase played a major role in the Fund's performance since 23% of the Fund's assets were in this sector at quarter-end. The economically sensitive Information Technology and Industrials sectors also performed very well during the period, posting increases of 6%. The one notable laggard among sectors was Energy, which was negatively affected by the rise in the Canadian dollar and weak natural gas prices. This sector represents 19% of the Fund's total portfolio. In addition, gold mining companies were generally weaker over the quarter.

During the period portfolio manager Phillips, Hager & North (PH&N) added a net of 9 new positions to the Canadian portion of the portfolio, bringing the total to 77. This included the purchase of a number of small cap companies in the Energy and Mining Sectors as well as familiar names such as Bombardier, Canadian Tire and Tim Hortons. As at March 31, 2010 the Fund's 12 largest holdings were as follows:

Royal Bank of Canada	5.2%	Canadian Natural Resources	2.3%
TD Bank	3.9%	Potash Corp of Sask.	2.2%
Bank of Nova Scotia	3.2%	Barrick Gold Corp.	2.0%
Suncor Energy	3.0%	Manulife Financial	1.9%
Research in Motion	2.5%	Goldcorp	1.6%
Bank of Montreal	2.3%	CIBC	1.6%

Portfolio activity in the U.S. portion of the portfolio was light. During the period the number of positions in this portion of the portfolio increased to 46 from 44. U.S. stocks performed well during the quarter in local currency terms (S&P 500 Index up 4.9%) but once again the increase in terms of Canadian dollars was considerably less due to the strength of the Canadian currency. As introduced in mid-2009, throughout the quarter approximately 50% of the U.S. dollar exposure was hedged into Canadian dollars through derivatives known as forward contracts. This reduced the currency related losses that the Fund would have otherwise experienced due to the continued strength of the Canadian dollar during the quarter.

Looking ahead, PH&N's outlook for the Canadian equity market remains positive over the medium and long term as we are still in the early stages of an economic and earnings recovery. They note that returns during this stage of a market cycle tend to be more muted; this is compared to the last 12 months when the S&P/TSX Composite Index rose 38%. In their view valuations for many stocks remain attractive in the context of benign inflation, low interest rates, a positive sloping yield curve, and renewed access to capital. However, due to the fact that sentiment, confidence and expectations have risen sharply, they believe that selectivity will be a key determinant of success in 2010. Companies with meaningful revenue and earnings growth will be the leaders as we progress towards steady economic growth. As a result, PH&N continue to focus on companies with pricing power, solid financial positioning, and in which proactive management teams are taking advantage of superior competitive positions to grow internally and through careful acquisition.

Tradex Bond Fund – Quarterly Review – March 31, 2010

	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	0.9	0.4	3.6	4.1	4.0	5.1	6.5
DEX Universe Bond Total Return Index	1.3	1.1	5.1	5.3	5.2	6.5	—
Median Canadian Bond Fund**	1.2	1.2	5.8	3.6	3.5	4.5	—

*September 1989

**Source: Globe Information Services

An investment in the Tradex Bond Fund increased in value by 0.9% during the first quarter while it has increased by 3.6% over the past year.

During the quarter the Bank of Canada continued to maintain its overnight policy interest rate target at an historically low 25 basis points and reiterated its conditional commitment to hold



the target at that level until the end of the second quarter of 2010. Similarly, the U.S. Federal Reserve maintained its policy target rate in the range of zero to 25 basis points and indicated that it anticipates the target will remain at exceptionally low levels for an extended period of time.

Given the continued improvement in the Canadian economy and the further stabilization of credit markets around the world, there is a growing view that the Bank of Canada will begin raising its policy rate at its first opportunity in the third quarter of 2010 (or perhaps even sooner). In this environment in which increases in administered interest rates are anticipated to take place soon, yields on 6-month and longer treasury bills and short-term Government of Canada bonds increased by roughly 25 basis points over the quarter. At the same time, yields on longer-term Government of Canada bonds were essentially unchanged based on the belief that the rate of inflation will remain subdued. It is also important to note that interest rate spreads between corporate bonds and Government of Canada bonds (credit spreads) continued to narrow, reflecting a further

improvement in the tone of credit markets generally, as well as increased confidence in the future prospects for corporate Canada. This narrowing of credit spreads contributed to the performance of the Fund during the quarter.

The following table shows the recent movement in Government of Canada bonds.

Term to Maturity	Yield Dec. 31, 2008	Yield Dec. 31, 2009	Yield March 31, 2010
2 years	1.09%	1.47%	1.73%
3 years	1.32%	1.92%	2.03%
5 years	1.69%	2.77%	2.90%
10 years	2.69%	3.61%	3.56%
30 years	3.45%	4.08%	4.07%

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

During the period there was very little change in the asset allocation among the categories of bond issuers. At quarter-end, the portfolio weighting to Government of Canada bonds stood at 32% while the weighting to provincial bonds and corporate bonds stood at 28% and 40%, respectively.

Tradex Global Equity Fund – Quarterly Review – March 31, 2010

	Total return (%)			Average annual compound return (%)			
	Latest 3 months	Latest 6 months	1 year	3 years	5 years	10 years	Since inception*
Tradex Global Equity Fund	0.9	1.7	29.1	-10.6	-3.4	-0.7	2.2
MSCI World Total Return Index (\$Cdn)**	0.3	2.0	23.5	-8.8	-0.1	-3.1	—
Median Canadian Global Equity Fund**	0.5	3.0	25.5	-8.2	-0.7	-2.6	—

*May 1999

**Source: Globe Information Services

During the first quarter, the value of each unit of Tradex Global Equity Fund increased by 0.9% while it has increased by 29.1% over the past year.

While global equity markets were overall unchanged in terms of Canadian dollars for the quarter, this reading masks considerable intra-period market movements. The year opened strongly as markets built on gains made during 2009 but quickly succumbed to profit taking as investors' concerns were heightened both by monetary tightening in China and by fears of a Greek debt default in Europe and the potential impact for the Eurozone as a whole. Mid-February marked the low point for stocks whereby improving economic data, particularly in the U.S., provided support for equities and enabled them to recoup all losses by quarter end. The strength of the Canadian dollar again reduced (or eliminated) returns from international markets as the Canadian currency advanced by about 3.5% versus the U.S. dollar and Japanese yen, and by about 9% versus the Euro and Pound Sterling.

In terms of local currencies, most developed equity markets rose during the period, with the best gains in the U.S.,

Switzerland, the U.K and Japan, which were all up about 5%. These were followed by Germany, Canada and France which recorded gains of 1-3%. The weaker performers included Australia and Singapore, which finished the period either side of unchanged and Hong Kong, which was down 3%.

Over the course of the quarter, the portfolio weighting to the U.S. market declined from 50% to 45% while the weighting to Europe increased from 23% to 28%. Asian exposure was increased to 20% from 15% at year-end. Total exposure to emerging markets stood at about 5% while cash represented 3% of the total portfolio value at the end of the quarter.

Looking forward, portfolio manager City of London Investment Management (CLIM) is optimistic that a global economic recovery is underway and expects economic data and corporate profitability announcements to continue to re-affirm the recovery. Global equity markets are clearly reflecting the economic improvement and could make further gains. However, as the recovery unfolds, markets may face stronger headwinds as monetary and fiscal policy stimulus is unwound in response to the improving economic outlook.



Commissions, trailing commissions, management fees and expenses may all be associated with mutual fund investments. Please read the prospectus before investing. The rates of return include reinvestment of all distributions and do not take into account any sales, redemption, distribution or optional charges or income taxes payable by an investor that could have reduced returns. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.



Tradex Management Inc.
 50 O'Connor Street, Suite 920
 Ottawa, Ontario K1P 6L2
 Tel: 613-233-3394 1 800 567-3863
 Fax: 613-233-8191
 e-mail: info@tradex.ca
 Web site: www.tradex.ca

The Tradex 50th Anniversary \$50 New Member Incentive

Tradex is proud of its 50-year history of serving public sector employees and their families. To show our appreciation and to build our membership, as part of our 50th anniversary celebration, we are introducing a \$50 client referral incentive. For a limited time only, when a Tradex Member refers a new client to us, both the existing Member and the new Member will each receive \$25! This is just another way to show you that ***Tradex Is Different !***

-  Simply complete and send this form to us by mail, fax, email or have the new Member bring it to the introductory meeting with Tradex.
-  Please note that minimum investments apply (\$100 monthly through pre-authorized deductions from a bank account or \$1,000 through a lump sum investment for Tradex funds.)

Tradex Referral Form

Existing Member :

Name _____

Please select one of the following :

- Credit my Tradex account with \$25
- Send me a \$25 cheque to my home address
- Send me a \$25 Lee Valley Gift Certificate
- Send me a \$25 Chapters Gift Certificate
- Alternatively, credit the entire \$50 to the new Member's account at Tradex

Existing Member's Signature

New Member :

Name _____

Address _____

Telephone # _____

Email _____

To complete the application process, please contact me:

- By telephone
- By email

New Member's Signature

Please note: Government regulations require that this offer not be applicable to certain types of accounts.