

MALACHITE AGGRESSIVE PREFERRED FUND

Semi-Annual Report
June 30, 2008
(unaudited)

General

Malachite Aggressive Preferred Fund (MAPF) is an unincorporated open-ended mutual fund trust established under the laws of the Province of Ontario by a Master Declaration of Trust (for the Malachite Funds in general) and an associated Fund Regulation (for the Fund itself).

Hymas Investment Management Inc. is the Trustee of the fund. The investment objective of the fund is to achieve a long-term capital growth in addition to a high level of after tax income through investments primarily in preferred shares and preferred securities listed on The Toronto Stock Exchange.

Further information is available on the website of the Manager/Trustee, www.himinvest.com.

And from:

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SIGNIFICANT ACCOUNTING POLICIES

Portfolio Valuation

Investments are stated at market value. For securities held long, this value is usually determined by the last bid price on the Toronto Stock Exchange on the Valuation Date: further details are contained in the Master Declaration of Trust.

Investment Transactions and Investment Income

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date.

Tax Status

It is the intention of the Trustee that sufficient income and net realized capital gains of the fund will be payable to unitholders in each taxation year so that the fund will not be liable for tax under Part I of the Tax Act.

Organization Costs

Costs incurred in the organization of the fund have been amortized over a period of 60 months from the date of recognition. Costs were recognized within 12 months of the commencement of fund operations.

Declaration of Trust

Further details of fund valuation are contained in the Master Declaration of Trust, available on application to the Manager/Trustee.

Portfolio of Investments

Shares	Security	Book Value	Market Value	Weight in Portfolio (at market)
5,800	Brookfield Asset Managemnt Inc Cl A Pr Ser 18 (BAM.PR.N)	110,627	96,280	10.8%
200	Canadian General Investments Ltd. 4.65% Pr 2 (CGI.PR.B)	5,131	4,992	0.6%
100	Canada Life Financial Corporation Ser 'B' Pr (CL.PR.B)	2,780	2,545	0.3%
200	Canadian Imperial Bank Series '29' Pr (CM.PR.G)	4,620	4,306	0.5%
4,800	Canadian Imperial Bank Series '30' Pr (CM.PR.H)	100,261	91,152	10.2%
4,200	Canadian Imperial Bank Series '31' Pr (CM.PR.I)	87,594	77,826	8.7%
3,700	Canadian Imperial Bank Series '32' Pr (CM.PR.J)	70,719	64,824	7.3%
5,000	Great-West Lifeco Inc. 5.20% 1st Pr Series G (GWO.PR.G)	106,531	105,650	11.8%
5,000	HSBC Bank Canada Cl 1 Non-Cumulative Ser D Pr (HSB.PR.D)	109,878	100,750	11.3%
400	Life & Banc Split Corp. Pr (LBS.PR.A)	4,259	3,980	0.4%
4,900	National Bank of Canada 1st Pr Series '16' (NA.PR.L)	107,149	98,245	11.0%
500	Power Corp. 5.35% Non-cum. 1st Pr Ser "B" (POW.PR.B)	10,830	10,825	1.2%
3,100	Power Corporation of Canada 5.00% Ser 'D' Pr (POW.PR.D)	66,211	62,465	7.0%
3,900	Power Financial Corp. 5.25% Non-Cum. 1st Pr Ser E (PWF.PR.F)	85,505	85,020	9.5%
2,000	Power Financial Corp. 4.95% SERIES 'K' 1ST PR (PWF.PR.K)	41,300	40,500	4.5%
2,100	Power Financial Corp. 5.10% Series 'L' 1st Pr (PWF.PR.L)	44,333	44,037	4.9%
	Total (May not add precisely due to rounding)	957,729	893,397	100%

Balance Sheet

Assets	
Investments at Market Value	893,397
Cash	3,155
Dividends Due	8,652
Due From Dealers	154,368
Total Gross Assets (after rounding)	1,059,572
Liabilities	
Margin Borrowing	264
Accounts Payable	16,700
Accrued Expenses	2,440
Due to Dealers	112,572
Total Gross Liabilities	131,976
Net Assets	
Paid-in Capital	1,035,434
Retained Earnings (Loss)	(40,917)
Net Realized Gain (Loss) on Investments	1,236
Net Unrealized Gain (Loss) on Investments	(68,157)
Total Net Assets	<u>927,596</u>

Units Issued and Outstanding: 111,197.1220

Net Asset Value Per Unit: \$8.3419

Statement of Operations

Investment Income	
Dividends	29,443
Interest	(20)
Total Investment Income	29,423
Expenses	
Office Expenses	7
Legal & Audit	3,050
Expenses covered by HIMI	(863)
Total Expenses	2,194
Net Investment Income	27,229
Net Realized Gain (Loss) on Investments	1,235
Change in Unrealized Gain (Loss) on Investments	(68,157)
Net Increase (Decrease) in net assets resulting from operations	(39,693)

Statement of Changes in Net Assets

Net Increase (Decrease) in net assets resulting from operations	(39,693)
Net Increase (Decrease) in net assets resulting from Distributions from Income	(27,250)
Net Increase (Decrease) in net assets resulting from issue of units	206,012
Total Increase (Decrease) in net assets	139,069
Net Assets, Beginning of Period	788,525
Net Assets, End of Period (after rounding)	927,594

Notes

Trading Volume & Expense

Securities Purchased (Gross, including Commission)	3,141,075
Securities Sold (Gross, including Commission)	2,928,085
Securities received as subscriptions in kind	0
Total Commissions Paid	\$13,930