

## **MALACHITE AGGRESSIVE PREFERRED FUND**

Semi-Annual Report  
June 30, 2010  
(unaudited)

### **General**

Malachite Aggressive Preferred Fund is an unincorporated open-ended mutual fund trust established under the laws of the Province of Ontario by a Master Declaration of Trust, as amended (for the Malachite Funds in general) and an associated Fund Regulation (for the Fund itself). Hymas Investment Management Inc. is the Trustee and Manager of the fund.

Further information is available on the website of the Manager/Trustee,  
[www.himinvest.com](http://www.himinvest.com).

And from:

James Hymas  
President  
[jjHymas@himinvest.com](mailto:jjHymas@himinvest.com)  
(416) 604-4204

## **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 from the website of the Manager/Trustee, <http://www.himinvest.com>.

### **Portfolio of Investments**

Shares	Security	Book Value	Market Value	Weight in Portfolio (at market)
8,900	Brookfield Asset Managemnt Inc Cl A Pr Ser 18 (BAM.PR.N)	157,354	159,844	7.1%
3,400	BAM Split Corp. Cl 'AA' Series 3 Pr (BNA.PR.C)	48,435	66,674	2.9%
1,700	Bank of Nova Scotia (The) Pr Series '13' (BNS.PR.K)	35,341	35,581	1.6%
2,400	CU Inc. Cumulative Pr Series '2' (CIU.PR.B)	68,001	66,504	2.9%
7,700	Canadian Imperial Bank Series '30' Pr (CM.PR.H)	156,815	154,770	6.8%
8,800	Canadian Imperial Bank Series '31' Pr (CM.PR.I)	173,100	173,448	7.7%
2,200	Canadian Imperial Bank Series '32' Pr (CM.PR.J)	41,244	41,668	1.8%
4,800	Great-West Lifeco Inc. 4.50% 1st Pr Ser I (GWO.PR.I)	90,105	90,288	4.0%
3,700	HSBC Bank Canada Cl 1 Ser 'C' Pr (HSB.PR.C)	77,406	78,440	3.5%
3,500	HSBC Bank Canada Cl 1 Non-Cumulative Ser D Pr (HSB.PR.D)	72,689	72,870	3.2%
1,600	HSBC Bank Canada Cl 1 Non-Cumulative Ser E Pr (HSB.PR.E)	44,849	44,240	2.0%
7,600	Manulife Financial Corp. Cl A Pr Ser '2' (MFC.PR.B)	144,133	144,476	6.4%
4,100	Manulife Financial Corporation Ser '3' Pr (MFC.PR.C)	77,509	77,900	3.4%
300	Power Corp. 5.35% Non-cum. 1st Pr Ser "B" (POW.PR.B)	6,570	6,579	0.3%
2,900	Power Financial Corp. 5.25% Non-Cum. 1st Pr Ser E (PWF.PR.F)	64,795	63,133	2.8%
6,000	Power Financial Corp. 4.95% SERIES 'K' 1ST PR (PWF.PR.K)	124,740	123,540	5.5%
6,000	Power Financial Corp. 5.10% Series 'L' 1st Pr (PWF.PR.L)	123,309	127,800	5.7%
4,100	Royal Bank of Canada 1st Pr Non-Cum Ser 'AR' (RY.PR.R)	111,665	112,053	5.0%
3,700	Sun Life Financial Inc. Class 'A' Pr Series 2 (SLF.PR.B)	74,680	74,037	3.3%
1,000	Sun Life Financial 4.45% Cl 'A' Ser '3' Pr (SLF.PR.C)	18,359	18,420	0.8%
7,200	Sun Life Financial Inc. Class 'A' Pr Series 4 (SLF.PR.D)	132,185	132,480	5.9%
10,800	Sun Life Financial Inc. Class 'A' Series 5 (SLF.PR.E)	197,857	201,204	8.9%
4,100	Westcoast Energy 5.6% Cum Rdm 1st Pr Ser 8 (W.PR.J)	88,568	94,300	4.2%
4,200	YPG Holdings Inc. 1st Pr Series '3' (YPG.PR.G)	102,962	100,800	4.5%
	<b>Total (May not add precisely due to rounding)</b>	<b>2,232,669</b>	<b>2,261,049</b>	<b>100%</b>

## Balance Sheet

<b>Assets</b>	
Investments at Market Value	2,261,049
Cash in Bank & at Dealers	33,780
Dividends Due	8,674
Due From Dealers	70,200
<b>Total Gross Assets (after rounding)</b>	<b>2,373,703</b>
<b>Liabilities</b>	
Margin Borrowing	0
Accounts Payable	17,721
Accrued Expenses	4,112
Due to Dealers	78,871
<b>Total Gross Liabilities</b>	<b>100,704</b>
<b>Net Assets</b>	
Paid-in Capital	2,190,364
Retained Earnings (Loss)	0
Net Realized Gain (Loss) on Investments	54,255
Net Unrealized Gain (Loss) on Investments	28,380
<b>Total Net Assets</b>	<b><u>2,279,999</u></b>

Units Issued and Outstanding: 214,899.2132  
Net Asset Value Per Unit: \$10.5770

## Statement of Operations

<b>Investment Income</b>	
Dividends	61,650
Interest	(91)
<b>Total Investment Income</b>	<b>61,559</b>
<b>Expenses</b>	
Office Expenses	39
Legal & Audit	3,300
<b>Total Expenses</b>	<b>3,339</b>
<b>Net Investment Income</b>	<b>58,220</b>
<b>Net Realized Gain (Loss) on Investments</b>	<b>54,255</b>
<b>Change in Unrealized Gain (Loss) on Investments</b>	<b>(53,647)</b>
<b>Net Increase (Decrease) in net assets resulting from operations</b>	<b>58,828</b>

## Statement of Changes in Net Assets

<b>Net Increase (Decrease) in net assets resulting from operations</b>	<b>58,828</b>
<b>Net Increase (Decrease) in net assets resulting from Distributions from Income</b>	<b>(58,220)</b>
<b>Net Increase (Decrease) in net assets resulting from issue of units</b>	<b>294,417</b>
<b>Net Increase (Decrease) in net assets resulting from redemption of units</b>	<b>(6,140)</b>
<b>Total Increase (Decrease) in net assets</b>	<b>288,885</b>
<b>Net Assets, Beginning of Period</b>	<b>1,984,115</b>
<b>Net Assets, End of Period (after rounding)</b>	<b>2,273,000</b>

## Notes

### **Trading Volume & Expense**

Cost of securities Purchased	3,722,169
Securities Sold, at cost	3,374,968
Securities received as subscriptions in kind	0
Total Commissions Paid	\$2,853