

MALACHITE AGGRESSIVE PREFERRED FUND

Semi-Annual Report
June 30, 2011
(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.

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 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)
1,300	Brookfield Asset Managemnt Inc Cl A Pr Ser 18 (BAM.PR.N)	23,492	28,223	0.6%
19,500	BAM Split Corp. Cl 'AA' Series 3 Pr (BNA.PR.C)	428,798	429,000	9.3%
3,300	Bank of Nova Scotia (The)5-Yr Reset Pr Ser 28 (BNS.PR.X)	90,311	89,133	1.9%
5,700	Co-operators General Insurance Co Cl E Pr 'C' (CCS.PR.C)	121,325	126,882	2.8%
4,100	CU Inc. Cumulative Pr Series '1' (CIU.PR.A)	92,884	92,455	2.0%
7,500	CPI Preferred Equity Ltd. 4.85% Series '1' Pr (CZP.PR.A)	138,951	131,625	2.9%
11,300	E-L Financial Corp. Ltd. 1st Pr Series '1' (ELF.PR.F)	251,633	256,284	5.6%
7,200	E-L Financial Corp 4.75% 1st Pr Series 2 (ELF.PR.G)	148,922	151,200	3.3%
12,700	Great-West Lifeco Inc. 4.85% 1st Pr Series H (GWO.PR.H)	297,193	298,831	6.5%
17,800	Great-West Lifeco Inc. 4.50% 1st Pr Ser I (GWO.PR.I)	400,775	398,898	8.7%
1,900	Great-West Lifeco Inc. 5.65% 1st Pr Series L (GWO.PR.L)	48,033	47,975	1.0%
6,700	Great-West Lifeco Inc. 5.80% 1st Pr Series M (GWO.PR.M)	171,678	169,845	3.7%
1,800	HSBC Bank Canada Cl 1 Non-Cumulative Ser E Pr (HSB.PR.E)	49,505	49,320	1.1%
15,800	Industrial Alliance Insurance & Fin Serv B PR (IAG.PR.A)	355,699	357,396	7.8%
2,400	Industrial Alliance Ins & Fin Serv 5.90% Pr F (IAG.PR.F)	61,406	60,912	1.3%
4,900	Manulife Financial Corp. Cl A Pr Ser '2' (MFC.PR.B)	109,431	110,936	2.4%
16,200	Manulife Financial Corporation Ser '3' Pr (MFC.PR.C)	362,606	358,020	7.8%
3,500	Royal Bank of Canada 1st Pr Non-Cum Ser 'AP' (RY.PR.P)	95,431	94,990	2.1%
3,700	Royal Bank of Canada 1st Pr Non-Cum Ser 'AR' (RY.PR.R)	103,054	100,714	2.2%
3,800	Royal Bank of Canada 1st Pr Non-Cum Ser 'AV' (RY.PR.X)	104,302	104,234	2.3%
1,700	Sun Life Financial Inc. Class 'A' Pr Series 1 (SLF.PR.A)	39,760	39,474	0.9%
14,000	Sun Life Financial 4.45% Cl 'A' Ser '3' Pr (SLF.PR.C)	299,209	308,560	6.7%
16,800	Sun Life Financial Inc. Class 'A' Pr Series 4 (SLF.PR.D)	353,646	370,104	8.0%
11,300	Sun Life Financial Inc. Class 'A' Series 5 (SLF.PR.E)	226,267	250,860	5.5%
7,100	Yellow Media Inc. 5.00% 1st Pr Series '2' (YLO.PR.B)	121,803	107,494	2.3%
4,300	Yellow Media Inc. 1st Pr Series '3' (YLO.PR.C)	105,273	65,403	1.4%
<u>Total (May not sum precisely due to rounding)</u>		4,601,385	4,598,768	100.0%

Balance Sheet

Assets	
Investments at Market Value	4,598,768
Cash in Bank & at Dealers	230,793
Dividends Due	7,051
Due From Dealers	8,875
Total Gross Assets (after rounding)	4,845,487
Liabilities	
Margin Borrowing	0
Accounts Payable	28,307
Accrued Expenses	5,338
Due to Dealers	142,063
Total Gross Liabilities	175,708
Net Assets	
Paid-in Capital	4,483,640
Retained Earnings (Loss)	0
Net Realized Gain (Loss) on Investments	188,665
Net Unrealized Gain (Loss) on Investments	(2,617)
Total Net Assets	<u>4,669,688</u>

Units Issued and Outstanding: 419,957.7336
Net Asset Value Per Unit: 11.1194

Statement of Operations

Investment Income	
Dividends	107,472
Interest	(631)
Total Investment Income	106,841
Expenses	
Office and Banking Expenses	189
Legal & Audit	5,700
Expenses Absorbed by HIMI	(1,000)
Total Expenses	4,889
Net Investment Income	101,952
Net Realized Gain (Loss) on Investments	188,665
Change in Unrealized Gain (Loss) on Investments	(104,414)
Net Increase (Decrease) in net assets resulting from operations	186,203

Statement of Changes in Net Assets

Net Increase (Decrease) in net assets resulting from operations	186,203
Net Increase (Decrease) in net assets resulting from Distributions from Income	(101,952)
Net Increase (Decrease) in net assets resulting from issue of units	1,828,800
Net Increase (Decrease) in net assets resulting from redemption of units	(62,413)
Total Increase (Decrease) in net assets	1,850,638
Net Assets, Beginning of Period	2,819,050
Net Assets, End of Period (after rounding)	4,669,688

Notes

Trading Volume & Expense

Cost of securities Purchased	7,294,611
Securities Sold, at cost	5,463,029
Securities received as subscriptions in kind	0
Total Commissions Paid	4,710