

## **MALACHITE AGGRESSIVE PREFERRED FUND**

Semi-Annual Report  
June 30, 2013  
(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:

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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)
7,500	Atlantic Power Pref Eqty Ltd 4.85% Ser '1' (AZP.PR.A)	137,412	85,500	1.1%
6,000	Bank of Montreal 5-Yr Reset Cl 'B' Pr Ser 21 (BMO.PR.O)	160,459	156,600	2.0%
30,600	BAM Split Corp. Cl 'AA' Series 3 Pr (BNA.PR.C)	689,225	747,252	9.6%
10,300	Bank of Nova Scotia (The)5-Yr Reset Pr Ser 28 (BNS.PR.X)	276,509	263,680	3.4%
2,300	Canaccord Financial Inc. 5-Yr Ser 'C' (CF.PR.C)	44,469	45,655	0.6%
26,900	Canadian General Investments, Ltd. 3.75% Pr 4 (CGI.PR.D)	678,532	675,190	8.7%
1,000	Canadian Imperial Bank Series '35' Pr (CM.PR.L)	26,720	25,540	0.3%
3,500	Canadian Imperial Bank Series '37' Pr (CM.PR.M)	94,175	90,895	1.2%
2,500	Canadian Utilities Limited 2 <sup>nd</sup> Pr Ser 'DD' (CU.PR.G)	54,969	55,375	0.7%
1,500	Dividend 15 Split Corp. Pr (DFN.PR.A)	15,760	15,540	0.2%
6,900	First National Financial Corp Cl A Pr Ser '1' (FN.PR.A)	132,576	112,125	1.4%
3,000	Financial 15 Split Corp. Pr (FTN.PR.A)	28,814	30,330	0.4%
3,000	Global Champions Split Corp. Cl A Pr Ser '1' (GCS.PR.A)	75,229	73,500	0.9%
400	Great-West Lifeco Inc. 4.85% 1 <sup>st</sup> Pr Series H (GWO.PR.H)	9,284	9,644	0.1%
8,100	Great-West Lifeco Inc. 4.50% 1 <sup>st</sup> Pr Ser I (GWO.PR.I)	186,582	182,655	2.3%
13,700	Gt-West Lifeco Inc. 5.40% 1 <sup>st</sup> Pr Series P (GWO.PR.P)	352,757	344,555	4.4%
24,100	Great-West Lifeco Inc. 5.15% 1 <sup>st</sup> Pr Series Q (GWO.PR.Q)	615,380	594,306	7.6%
19,800	Great-West Lifeco Inc. 4.80% 1 <sup>st</sup> Pr Series R (GWO.PR.R)	498,677	475,200	6.1%
25,200	HSBC Bank Canada Cl 1 Non-Cumulative Ser E Pr (HSB.PR.E)	684,563	650,160	8.4%
15,300	Industrial Alliance Insurance & Fin Serv B Pr (IAG.PR.A)	357,279	360,162	4.6%
2,500	Industrial Alliance Ins & Fin Serv 4.30% Pr G (IAG.PR.G)	66,116	64,975	0.8%
6,100	Canadian Life Companies Split Corp. Pr (LFE.PR.B)	57,948	61,976	0.8%
6,100	Canadian Life Companies Split Corp 2014 Warrant (LFE.WT.B)	1,207	2,318	0.0%
3,800	Manulife Financial Corp. Cl A Pr Ser '2' (MFC.PR.B)	91,911	88,046	1.1%
29,800	Manulife Financial Corporation Ser '3' Pr (MFC.PR.C)	713,128	672,884	8.7%
1,000	Manulife Financial Corp. Cl A Pr Ser '4' (MFC.PR.D)	26,609	25,900	0.3%
100	Power Financial Corp. 5.10% Series 'L' 1 <sup>st</sup> Pr (PWF.PR.L)	2,265	2,377	0.0%
2,000	Royal Bank of Canada 1 <sup>st</sup> Pr Non-Cum Ser 'AP' (RY.PR.P)	52,960	51,200	0.7%
17,000	Royal Bank of Canada 1 <sup>st</sup> Pr Non-Cum Ser 'AR' (RY.PR.R)	456,479	437,070	5.6%
17,900	Sun Life Financial 4.45% Cl 'A' Ser '3' Pr (SLF.PR.C)	399,773	397,917	5.1%
17,600	Sun Life Financial Inc. Class 'A' Series 4 (SLF.PR.D)	375,021	391,776	5.0%
24,900	Sun Life Financial Inc. Class 'A' Series 5 (SLF.PR.E)	551,158	555,768	7.1%
100	TransAlta Corporation 1 <sup>st</sup> Pr Ser 'C' (TA.PR.F)	2,202	2,265	0.0%
1,000	Toronto-Dominion Bank(The)5-Yr Reset Pr 'AE' (TD.PR.E)	26,796	26,020	0.3%
<b>Total (May not sum precisely due to rounding)</b>		<b>7,942,944</b>	<b>7,774,356</b>	<b>100.0%</b>

## **Balance Sheet**

<b>Assets</b>	
Investments at Market Value	7,774,356
Cash in Bank	253,766
Dividends Due	21,031
Due From Dealers	0
<b>Total Gross Assets (after rounding)</b>	<b>8,049,152</b>
<b>Liabilities</b>	
Margin Borrowing	232,673
Accounts Payable	61,036
Accrued Expenses	7,311
Due to Dealers	0
<b>Total Gross Liabilities</b>	<b>301,020</b>
<b>Net Assets</b>	
Paid-in Capital	7,979,094
Losses of Prior Years	(81,892)
Net Unrealized Gain (Loss) on Investments	(168,588)
Net Realized Gain (Loss) on Investments	19,518
<b>Total Net Assets</b>	<b><u>7,748,132</u></b>

Units Issued and Outstanding: 750,343.6483  
Net Asset Value Per Unit: 10.3261

## **Statement of Operations**

<b>Investment Income</b>	
Dividends	198,843
Interest	(2,036)
<b>Total Investment Income</b>	<b>196,807</b>
<b>Expenses</b>	
Office and Banking Expenses	204
Legal & Audit	4,800
Expenses covered by HIMI	(133)
<b>Total Expenses</b>	<b>4,871</b>
<b>Net Investment Income</b>	<b>191,936</b>
<b>Net Realized Gain (Loss) on Investments</b>	<b>19,518</b>
<b>Change in Unrealized Gain (Loss) on Investments</b>	<b>(395,344)</b>
<b>Net Increase (Decrease) in net assets resulting from operations</b>	<b>(183,890)</b>

### **Statement of Changes in Net Assets**

<b>Net Increase (Decrease) in net assets resulting from operations</b>	<b>(183,890)</b>
<b>Net Increase (Decrease) in net assets resulting from Distributions from Income</b>	<b>(191,937)</b>
<b>Net Increase (Decrease) in net assets resulting from issue of units</b>	<b>1,331,291</b>
<b>Net Increase (Decrease) in net assets resulting from redemption of units</b>	<b>(73,487)</b>
<b>Total Increase (Decrease) in net assets</b>	<b>881,977</b>
<b>Net Assets, Beginning of Period</b>	<b>6,866,155</b>
<b>Net Assets, End of Period (after rounding)</b>	<b>7,748,132</b>

### **Notes**

#### **Trading Volume & Expense**

Cost of securities Purchased	3,882,446
Securities Sold, at cost	2,508,610
Securities received as subscriptions in kind	0
Total Commissions Paid	2,108