

## **MALACHITE AGGRESSIVE PREFERRED FUND**

Semi-Annual Report  
June 30, 2009  
(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 (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)
1,500	Bank of Montreal 5-Yr Reset Cl 'B' Pr Ser 21 (BMO.PR.O)	40,680	41,160	3.0%
8,800	BAM Split Corp. Cl 'AA' Series 3 (BNA.PR.C)	125,362	141,240	10.3%
3,200	Brookfield Properties Corp. Cl AAA Pr Ser 'H' (BPO.PR.H)	50,016	59,360	4.3%
1,000	Brookfield Properties Corp. Cl AAA Pr Ser 'K' (BPO.PR.K)	16,509	17,440	1.3%
200	Canadian General Investments Ltd. 4.65% Pr 2 (CGI.PR.B)	5,131	5,060	0.4%
100	Canada Life Financial Corporation Ser 'B' Pr (CL.PR.B)	2,780	2,316	0.2%
5,500	Canadian Imperial Bank Series '29' Pr (CM.PR.G)	107,781	116,380	8.5%
5,800	Canadian Imperial Bank Series '30' Pr (CM.PR.H)	109,391	107,822	7.9%
3,800	Canadian Imperial Bank Series '31' Pr (CM.PR.I)	69,892	69,426	5.1%
400	Canadian Utilities Ltd. 2 <sup>nd</sup> Pr Ser 'X' (CU.PR.B)	8,608	10,000	0.7%
2,400	E-L Financial Corp 4.75% 1 <sup>st</sup> Pr Series 2 (ELF.PR.G)	39,795	39,720	2.9%
1,200	HSBC Bank Canada Cl 1 Ser 'C' Pr (HSB.PR.C)	23,867	24,708	1.8%
500	HSBC Bank Canada Cl 1 Non-Cumulative Ser D Pr (HSB.PR.D)	9,759	9,900	0.7%
2,400	Manulife Financial Corp. Cl A Pr Ser '2' (MFC.PR.B)	44,112	44,160	3.2%
4,300	Manulife Financial Corp. Cl A Pr Ser '4' (MFC.PR.D)	115,300	116,143	8.5%
1,000	Power Corporation of Canada 5.60% Ser 'A' Pr (POW.PR.A)	21,256	21,330	1.6%
6,000	Power Corp. 5.35% Non-cum 1 <sup>st</sup> Pr Ser "B" (POW.PR.B)	121,542	120,600	8.8%
5,600	Power Financial Corp. 5.25% Non-Cum 1 <sup>st</sup> Pr Ser E (PWF.PR.F)	112,425	113,792	8.3%
2,500	Power Financial Corp. 4.95% Series 'K' 1 <sup>st</sup> Pr (PWF.PR.K)	47,676	47,375	3.5%
7,000	Sun Life Financial Inc. Class 'A' Pr Series 1 (SLF.PR.A)	125,783	125,440	9.1%
4,900	Sun Life Financial 4.45% Cl 'A' Series '3' Pr (SLF.PR.C)	81,367	82,124	6.0%
3,300	Sun Life Financial Inc. Class 'A' Series 5 (SLF.PR.E)	56,392	56,199	4.1%
	<b>Total</b> (May not add precisely due to rounding)	<b>1,335,423</b>	<b>1,371,695</b>	<b>100%</b>



## **Balance Sheet**

<b>Assets</b>	
Investments at Market Value	1,371,695
Cash in Bank & at Dealers	20,283
Dividends Due	10,608
Due From Dealers	394,094
<b>Total Gross Assets (after rounding)</b>	<b>1,796,680</b>
<b>Liabilities</b>	
Margin Borrowing	0
Accounts Payable	21,878
Accrued Expenses	3,812
Due to Dealers	396,687
<b>Total Gross Liabilities</b>	<b>422,377</b>
<b>Net Assets</b>	<b><u>1,374,303</u></b>
Paid-in Capital	1,199,061
Retained Earnings (Loss)	(149,063)
Net Realized Gain (Loss) on Investments	288,033
Net Unrealized Gain (Loss) on Investments	36,272
<b>Total Net Assets</b>	<b><u>1,374,303</u></b>

Units Issued and Outstanding: 125,112.2767

Net Asset Value Per Unit: \$10.9846

## **Statement of Operations**

<b>Investment Income</b>	
Dividends	45,147
Interest	(363)
<b>Total Investment Income</b>	<b>44,784</b>
<b>Expenses</b>	
Office Expenses	33
Legal & Audit	3,300
Expenses covered by HIMI	(695)
<b>Total Expenses</b>	<b>2,638</b>
<b>Net Investment Income</b>	<b>42,146</b>
<b>Net Realized Gain (Loss) on Investments</b>	<b>288,033</b>
<b>Change in Unrealized Gain (Loss) on Investments</b>	<b>29,474</b>
<b>Net Increase (Decrease) in net assets resulting from operations</b>	<b>359,653</b>

## Statement of Changes in Net Assets

<b>Net Increase (Decrease) in net assets resulting from operations</b>	<b>359,653</b>
<b>Net Increase (Decrease) in net assets resulting from Distributions from Income</b>	<b>(42,147)</b>
<b>Net Increase (Decrease) in net assets resulting from issue of units</b>	<b>339,147</b>
<b>Net Increase (Decrease) in net assets resulting from redemption of units</b>	<b>(58,156)</b>
<b>Total Increase (Decrease) in net assets</b>	<b>598,497</b>
<b>Net Assets, Beginning of Period</b>	<b>775,804</b>
<b>Net Assets, End of Period (after rounding)</b>	<b>1,374,303</b>

## Notes

### **Trading Volume & Expense**

Cost of securities Purchased	6,718,832
Securities Sold, at cost	6,173,310
Securities received as subscriptions in kind	0
Total Commissions Paid	\$13,396