

## **MALACHITE AGGRESSIVE PREFERRED FUND**

Semi-Annual Report  
June 30, 2014  
(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)
3,700	Artis Real Estate Invest Tr Pr Un Ser 'E' (AX.PR.E)	74,686	79,365	1.0%
6,800	Atlantic Power Preferred Eqty Ltd. Ser '2' Pr (AZP.PR.B)	85,419	112,064	1.4%
5,000	Brookfield Asset Managemnt Inc Cl A Pr Ser 17 (BAM.PR.M)	107,999	106,500	1.4%
26,500	BAM Split Corp. Cl 'AA' Series 3 Pr (BNA.PR.C)	587,111	635,648	8.2%
2,800	Bank of Nova Scotia (The)5-Yr Reset Pr Ser 30 (BNS.PR.Y)	67,727	66,332	0.9%
16,700	Bank of Nova Scotia (The)5-Yr Reset Pr Ser 32 (BNS.PR.Z)	398,169	405,810	5.2%
3,300	Canaccord Financial Inc. 5-Yr Ser 'C' (CF.PR.C)	65,719	76,461	1.0%
21,500	Canadian General Investments, Ltd. 3.75% Pr 4 (CGL.PR.D)	542,275	540,510	7.0%
9,300	Canadian Utilities Limited 2nd Pr Ser 'CC' (CU.PR.F)	195,945	207,855	2.7%
14,300	Canadian Utilities Limited 2nd Pr Ser 'DD' (CU.PR.G)	302,822	318,890	4.1%
7,200	Dividend 15 Split Corp. II Pr (DF.PR.A)	73,252	72,864	0.9%
8,400	Dividend 15 Split Corp. Pr (DFN.PR.A)	85,565	85,680	1.1%
4,000	Fairfax Financial Holdings Ltd. Ser 'E' Pr (FFH.PR.E)	78,950	80,160	1.0%
6,900	First National Financial Corp Cl A Pr Ser 'I' (FN.PR.A)	132,576	110,400	1.4%
5,000	Financial 15 Split Corp. Pr (FTN.PR.A)	50,436	50,300	0.6%
4,700	Fortis Inc. 5-Yr Reset 1st Pr Series 'H' (FTS.PR.H)	100,224	100,768	1.3%
14,300	Great-West Lifeco Inc. 4.50% 1st Pr Ser I (GWO.PR.I)	317,457	326,183	4.2%
30,800	Great-West Lifeco Inc. 3.65% 1st Pr Series N (GWO.PR.N)	675,083	661,584	8.5%
27,200	Great-West Lifeco Inc. 4.80% 1st Pr Series R (GWO.PR.R)	667,014	647,360	8.4%
29,600	Industrial Alliance Insurance & Fin Serv B PR (IAG.PR.A)	673,233	698,856	9.0%
800	Life & Banc Split Corp. Pr (LBS.PR.A)	8,218	8,128	0.1%
6,100	Canadian Life Companies Split Corp. Pr (LFE.PR.B)	57,948	61,183	0.8%
3,800	Manulife Financial Corp. Cl A Pr Ser '2' (MFC.PR.B)	91,911	89,072	1.2%
30,700	Manulife Financial Corporation Ser '3' Pr (MFC.PR.C)	732,110	701,802	9.1%
1,500	Northland Power Inc. Series 1 Pr (NPI.PR.A)	33,677	34,380	0.4%
26,600	Sun Life Financial 4.45% Cl 'A' Ser '3' Pr (SLF.PR.C)	592,871	603,554	7.8%
27,700	Sun Life Financial Inc. Class 'A' Pr Series 4 (SLF.PR.D)	594,304	628,236	8.1%
2,700	Sun Life Financial Inc. Class 'A' Series 5 (SLF.PR.E)	59,764	61,911	0.8%
3,600	Sun Life Financial Inc. Class 'A' Pr Ser 8R (SLF.PR.G)	80,403	80,856	1.0%
3,900	TransAlta Corporation 1st Pr Ser 'C' (TA.PR.F)	81,962	85,722	1.1%
200	TransCanada Corporation 1st Pr Series '3' (TRP.PR.B)	4,040	4,018	0.1%
<b>Total (May not sum precisely due to rounding)</b>		<b>7,618,870</b>	<b>7,742,452</b>	<b>100.0%</b>

**Balance Sheet**

<b>Assets</b>	
Investments at Market Value	7,742,452
Cash in Bank	139,767
Accounts Receivable	200,698
Dividends Due	8,960
Due From Dealers	45,816
<b>Total Gross Assets (after rounding)</b>	<b>8,137,693</b>
<b>Liabilities</b>	
Margin Borrowing	160,038
Accounts Payable	172,522
Accrued Expenses	16,907
Due to Dealers	42,647
<b>Total Gross Liabilities</b>	<b>392,114</b>
<b>Net Assets</b>	<b><u>7,745,579</u></b>
Paid-in Capital	7,801,924
Losses of Prior Years	(223,565)
Net Unrealized Gain (Loss) on Investments	123,582
Net Realized Gain (Loss) on Investments	43,638
<b>Total Net Assets</b>	<b><u>7,745,579</u></b>

Units Issued and Outstanding: 731,562.5408  
Net Asset Value Per Unit: 10.5877

### Statement of Operations

<b>Investment Income</b>	
Dividends	195,442
Interest	(1,030)
<b>Total Investment Income</b>	<b>194,412</b>
<b>Expenses</b>	
Office and Banking Expenses	176
Legal & Audit	4,800
Expenses covered by HIMI	(129)
<b>Total Expenses</b>	<b>4,847</b>
<b>Net Investment Income</b>	<b>189,565</b>
<b>Net Realized Gain (Loss) on Investments</b>	<b>43,638</b>
<b>Change in Unrealized Gain (Loss) on Investments</b>	<b>463,900</b>
<b>Net Increase (Decrease) in net assets resulting from operations</b>	<b>697,103</b>

### Statement of Changes in Net Assets

<b>Net Increase (Decrease) in net assets resulting from operations</b>	<b>697,103</b>
<b>Net Increase (Decrease) in net assets resulting from Distributions from Income</b>	<b>(189,565)</b>
<b>Net Increase (Decrease) in net assets resulting from issue of units</b>	<b>521,324</b>
<b>Net Increase (Decrease) in net assets resulting from redemption of units</b>	<b>(254,916)</b>
<b>Total Increase (Decrease) in net assets</b>	<b>773,946</b>
<b>Net Assets, Beginning of Period</b>	<b>6,971,633</b>
<b>Net Assets, End of Period (after rounding)</b>	<b>7,745,579</b>

### Notes

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

Cost of securities Purchased	2,822,841
Securities Sold, at cost	2,586,622
Securities received as subscriptions in kind	0
Total Commissions Paid	2,062