

MALACHITE AGGRESSIVE PREFERRED FUND

Semi-Annual Report
June 30, 2016
(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	Ticker	Security Name	Book Value	Market Value	Weight in Portfolio (at market)
4,400	AIM.PR.A	Aimia Inc. Cumulative Series '2' Pr	79,319	44,704	0.9%
2,700	AZP.PR.C	Atlantic Power Preferred Eqty Ltd. Ser '3' Pr	32,891	33,750	0.6%
4,000	BAM.PF.C	Brookfield Asset Managemnt Inc Cl A Pr Ser 36	85,989	85,880	1.7%
4,500	BAM.PR.T	Brookfield Asset Managemnt Inc. Cl A Pr Ser 26	80,058	67,275	1.3%
4,900	BCE.PR.G	BCE Inc. 1st Pr Series 'AG'	66,172	65,317	1.3%
20,100	BIP.PR.A	Brookfield Infrastructure Partnr LP A Pr Sr 1	386,116	383,910	7.4%
6,000	BMO.PR.S	Bank of Montreal 5-Yr Reset Cl 'B' Pr Ser 27	117,091	111,240	2.1%
4,400	BNS.PR.Z	Bank of Nova Scotia (The)5-Yr Reset Pr Ser 32	91,344	86,680	1.7%
4,200	CF.PR.C	Canaccord Financial Inc. 5-Yr Ser 'C'	83,391	55,650	1.1%
600	CM.PR.P	Canadian Imperial Bank Series '41' Pr	10,720	10,860	0.2%
1,400	CPX.PR.E	Capital Power Corporation Series '5' Pr	20,450	19,068	0.4%
2,900	CU.PR.C	Canadian Utilities Limited 2nd Pr Ser 'Y'	55,146	49,068	0.9%
4,500	CU.PR.F	Canadian Utilities Limited 2nd Pr Ser 'CC'	90,917	95,445	1.8%
21,100	CU.PR.G	Canadian Utilities Limited 2nd Pr Ser 'DD'	439,414	447,109	8.6%
2,900	ENB.PR.N	Enbridge Inc. Pr Ser 'N'	56,803	44,051	0.8%
1,800	ENB.PR.T	Enbridge Inc. Pr Ser 'R'	36,257	26,748	0.5%
3,200	FTS.PR.M	Fortis Inc. 1st Pr Series 'M'	60,165	61,824	1.2%
35,100	GWO.PR.N	Great-West Lifeco Inc. 1st Pr Series N	751,645	497,016	9.6%
6,800	HSE.PR.A	Husky Energy Inc. Series '1' Pr	112,306	77,520	1.5%
17,100	HSE.PR.C	Husky Energy Inc. Series '3' Pr	330,447	299,250	5.8%
1,500	HSE.PR.E	Husky Energy Inc. Series '5' Pr	29,036	29,100	0.6%
11,300	IAG.PR.G	Industrial Alliance Ins & Fin Serv 4.30% Pr G	226,693	213,118	4.1%
30,800	IFC.PR.A	Intact Financial Corporation Cl A Series 1	673,320	454,608	8.7%
3,900	IFC.PR.C	Intact Financial Corporation Cl A Series 3	70,334	68,679	1.3%
4,900	INE.PR.A	Innergex Renewable Energy Inc. Series 'A' Pr	77,351	69,825	1.3%
36,800	MFC.PR.F	Manulife Financial Corp. Cl 1 Pr Ser '3'	774,301	508,944	9.8%
1,400	MFC.PR.K	Manulife Financial Corp. Cl 1 Pr Ser '13'	28,462	23,716	0.5%
1,300	RY.PR.J	Royal Bank of Canada 1st Pr NVCC Ser 'BD'	25,581	25,480	0.5%
1,400	RY.PR.Z	Royal Bank of Canada 1st Pr Non-Cum Ser 'AZ'	25,357	25,802	0.5%
21,600	SLF.PR.G	Sun Life Financial Inc. Class 'A' Pr Ser 8R	466,213	303,912	5.8%
33,300	SLF.PR.J	Sun Life Financial Inc. Cl A Fltg Pr Ser 9QR	445,051	417,582	8.0%
4,200	TA.PR.D	TransAlta Corporation 1st Pr Ser 'A'	40,657	39,060	0.8%
1,500	TA.PR.F	TransAlta Corporation 1st Pr Ser 'C'	18,519	17,250	0.3%
2,300	TD.PF.B	Toronto-Dominion Bank(The) Cl 'A'1st Pr Ser 3	48,216	42,297	0.8%
700	TD.PF.C	Toronto-Dominion Bank(The) Cl 'A'1st Pr Ser 5	13,738	12,796	0.2%
700	TRP.PR.A	TransCanada Corporation 1st Pr Series '1'	9,945	9,982	0.2%
1,700	TRP.PR.C	TransCanada Corporation 1st Pr Series '5'	20,465	20,196	0.4%
9,900	TRP.PR.D	TransCanada Corporation 1st Pr Series '7'	176,958	169,884	3.3%
200	TRP.PR.E	TransCanada Corporation 1st Pr Series '9'	3,859	3,500	0.1%
8,800	TRP.PR.F	TransCanada Corporation 1st Pr Series '2'	142,518	114,840	2.2%
2,000	VSN.PR.A	Veresent Inc. Cumulative Series 'A' Pr	27,929	27,560	0.5%
2,300	VSN.PR.C	Veresen Inc. Cumulative Series 'C' Pr	37,884	35,581	0.7%
Total (May not sum precisely due to rounding)			6,369,028	5,196,077	100%

Balance Sheet

Assets	
Investments at Market Value	5,196,077
Cash in Bank	58,597
Accounts Receivable	0
Dividends Due	5,461
Due From Dealers	38,699
Total Gross Assets (after rounding)	5,298,834
Liabilities	
Margin Borrowing	56,706
Accounts Payable	58,849
Accrued Expenses	11,760
Due to Dealers	56,965
Total Gross Liabilities	184,280
Net Assets	5,114,554
Paid-in Capital	7,202,915
Losses of Prior Years	(676,478)
Net Unrealized Gain (Loss) on Investments	(1,172,951)
Net Realized Gain (Loss) on Investments	(238,932)
Total Net Assets	<u>5,114,554</u>

Units Issued and Outstanding: 666,794.8698
Net Asset Value Per Unit: 7.6704

Statement of Operations

Investment Income	
Dividends	155,687
Interest	(1,122)
Total Investment Income	154,565
Expenses	
Office and Banking Expenses	686
Legal & Audit	8,400
Expenses covered by HIMI	(487)
Total Expenses	8,599
Net Investment Income	145,966
Net Realized Gain (Loss) on Investments	(238,932)
Change in Unrealized Gain (Loss) on Investments	(71,138)
Net Increase (Decrease) in net assets resulting from operations	(164,104)

Statement of Changes in Net Assets

Net Increase (Decrease) in net assets resulting from operations	(164,104)
Net Increase (Decrease) in net assets resulting from Distributions from Income	(145,966)
Net Increase (Decrease) in net assets resulting from issue of units	128,958
Net Increase (Decrease) in net assets resulting from redemption of units	(180,830)
Total Increase (Decrease) in net assets	(361,942)
Net Assets, Beginning of Period	5,476,496
Net Assets, End of Period (after rounding)	5,114,554

Notes

Trading Volume & Expense

Cost of securities Purchased	2,246,113
Securities Sold, at cost	2,214,680
Securities received as subscriptions in kind	0
Total Commissions Paid	1,848