

2017

Tradex EQUITY Fund Limited



Annual Management Report
of Fund Performance

and

Annual Financial Statements



December 31, 2017

You may get a copy of the Fund's Simplified Prospectus, Annual Information Form, Fund Facts, proxy voting policies and procedures, proxy voting disclosure record and quarterly portfolio disclosure, at your request and at no cost, by calling Tradex Management Inc. toll-free at **1-800-567-3863**, e-mailing us at **info@tradex.ca** or by writing or visiting us at the address shown below.

These documents and other information about the Fund are also available through our website at **www.tradex.ca** or through the SEDAR website at **www.sedar.com**.

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TRADEX EQUITY FUND LIMITED STATEMENT OF MANAGEMENT'S RESPONSIBILITY

To our shareholders,

The accompanying Management Report of Fund Performance and Financial Statements have been prepared by Tradex Management Inc., the Manager of **Tradex Equity Fund Limited**, and approved by the Manager's and the Fund's Board of Directors. The Fund's Manager is responsible for the information and representations contained in the Management Report of Fund Performance and Financial Statements. The Management Report of Fund Performance in the front section of this document is unaudited, whereas the Financial Statements appearing in the second section are audited.

Tradex Management Inc. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The Financial Statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgements. The significant accounting policies that management believes are appropriate for the Fund are described in Note 2 to the Financial Statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund, appointed by the shareholders of Tradex Equity Fund Limited. They have audited the Financial Statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the Financial Statements.

Blair Cooper
President and Chief Executive Officer
Tradex Management Inc.

P.E. Charko
Chairman of the Board
Tradex Management Inc.

March 22, 2018



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the year ended December 31, 2017

I. MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objectives and Strategies

The Fund's objective is to achieve long-term capital appreciation by investing primarily in a diversified portfolio of common shares of Canadian companies plus shares of companies in the United States and other countries.

The strategy of the Fund is to build positions in high quality growing companies. The Fund can be aggressive in the sense of stock and sector concentration, and will own a relatively high level of small cap stocks when desirable. Foreign content will represent up to 50% of the total portfolio value.

To maintain adequate portfolio diversification, thus reducing risk, at least five S&P/TSX Composite Index industry sectors will be represented. To reduce currency risk, in normal times a portion of the foreign currency exposure will be hedged into Canadian dollars through derivatives known as forward contracts. The Fund will generally be fully invested, but should market conditions temporarily deteriorate, up to 30% of the portfolio could be converted into cash.

Risk

There were no significant changes to the investment objectives and strategies that affected the Fund's overall risk level during the reporting period. The risks of investing in the Fund remain as discussed in the Fund's most recent Simplified Prospectus. The Fund is suitable for investors who have a medium to long-term investment horizon, who want to invest in a broad range of Canadian and foreign stocks and who can handle the ups and downs of the stock market.

Results of Operations

An investment in Tradex Equity Fund Limited increased in value by 13.6% during 2017 compared to an increase of 9.1% in its benchmark, the S&P/TSX Total Return Index.

Global equity markets added to late-2016 gains to commence the year but initial optimism over the dynamism and efficacy of the Trump presidency began to fade. Information Technology was the top-performing sector while Materials companies enjoyed strong performance on globally improving economic growth and continued optimism regarding inflationary policies coming out of the US. By the end of the first quarter the S&P/TSX Composite Index was up 1.7%. On February 10th the TSX obtained a new record high from the previous record close set on Sept. 3, 2014 completing the recovery from the 25% decline to January 20, 2016. World stocks experienced their best start to a year since 2012, while oil prices finished their worst quarter since 2015. In the second quarter, the combination of a synchronized global expansion and acceleration in corporate-profit growth has lifted global equities to new highs, driving valuations higher. However, the Canadian market declined on weakness in Energy and Materials. The 3rd quarter saw all major global equity markets post strong returns in their respective local currencies. The US led the way, driven by strong macro and company fundamentals, while the UK lagged amid continued uncertainty around Brexit. After the prior year's outperformance,

Canada's commodity-heavy S&P/TSX Composite Index lagged global markets in 2017, rising 6% in Canadian dollars while the MSCI World rose 12%.

At year-end 65% of the value of the Fund's investment portfolio was in Canadian equities, with 20% US and 15% non-North-American (versus 58%, 25% and 14%, respectively, at the start of the year). The number of companies held in the Canadian portion of the portfolio increased from 89 to 93 while the number of foreign positions decreased from 35 to 34. Small and mid cap companies represent a fairly large proportion of the Canadian portfolio and Portfolio Manager Phillips, Hager and North (PH&N)* was active throughout the year adding several new names in both the Canadian and foreign portions of the portfolio while eliminating and trimming several others to take advantage of opportunities as they arose.

Canadian financial stocks continue to represent the "core" of the Canadian portion of the portfolio, including its two largest holdings; Royal Bank of Canada and TD Bank, with all 5 of Canada's largest banks held collectively representing over 16% of the fund's net asset value. The total portfolio weighting to this sector stood at 23.4% at year-end, a slight increase from 21.4% at the start of the year. Financial stocks outperformed the overall Composite Index in 2017 while Energy experienced losses of over 10% and Healthcare rebounded over 32% for the year.

The foreign portion of the portfolio is a concentrated (typical 35-45 holdings range) strategy managed with a core investment style focused on high-quality growing companies with strong competitive dynamics. The process is designed to avoid unintended risks, while maximizing company-specific exposures. PH&N identify companies that exhibit the strongest long-term competitive dynamics, and then construct the portfolio using strong risk management approaches.

In general, the foreign markets outperformed the Canadian market over the year, which was a significant contributor to the Fund's performance. Throughout the year PH&N hedged in the range of 20-30% of the Fund's US dollar exposure into Canadian dollars through derivatives known as forward contracts. This active hedging program, which is designed as a risk mitigation strategy, reduced a portion of the currency related losses that the Fund would otherwise have experienced through the weakening of the US currency.

A listing of the entire investment portfolio appears on pages 9 to 11. In addition, a summary of the weighting of the Fund's assets compared to the weighting for the 10 sub-groups in the S&P/TSX Composite Index appears under the heading "Summary of Investment Portfolio".

In 2017 there was an increase in the number of shares outstanding while the Fund's total net asset value increased from \$100.2 million at the start of the year to \$112.2 million at year-end. The Fund's management expense ratio (MER) continued to be among the lowest for actively managed Canadian equity funds. The management expense ratio decreased to 1.02% in 2017 from 1.11% in 2016 (Globefund reports that the median MER for Canadian focused equity

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE (continued)

funds is 2.69%). At the beginning of 2017 there was no capital gain distribution, while at the end of the year an ordinary dividend of 30.4 cents per share was paid to shareholders.

PH&N remains committed to discovering companies they deem to be future success stories. They are constantly searching for compelling long-term opportunities at the right valuations while avoiding businesses that are overvalued or optically cheap, but fundamentally flawed. With improving economic growth and firming inflation, prospective returns for sovereign bonds are especially unattractive. In comparison, stocks continue to offer superior total-return potential, however, further gains for equities will depend on earnings growth. Global stock markets continue to be supported by the synchronized global expansion and the better-than-expected

corporate profit growth around the world, but the recent rally has pushed equity closer to fair value.

** Phillips, Hager & North Investment Management (PH&N) is an operating division within RBC Global Asset Management Inc., an indirect wholly owned subsidiary of Royal Bank of Canada.*

Recent Developments

In mid-January 2018 a capital gains distribution of 3.6 cents per share was paid to shareholders of the Fund.

Related Party Transactions and Management Fees

Tradex Management Inc. is the Manager of the Fund. As such, it is responsible for directing the business, operations and affairs of the Fund. It performs this duty for an annual fee of 0.7% of the

II. FINANCIAL HIGHLIGHTS

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years.

The Fund's Net Assets per Share (1) (For the five years ended December 31)

	2017	2016	2015	2014	2013
Net assets per share, beginning of year	\$ 17.47	\$ 15.96	\$ 16.20	\$ 14.80	\$ 12.55
Increase (decrease) from operations:					
Total revenue	\$ 0.50	\$ 0.41	\$ (0.06)	\$ 0.17	\$ 0.32
Total expenses	\$ (0.21)	\$ (0.21)	\$ (0.22)	\$ (0.20)	\$ (0.16)
Realized gains (losses) for the year	\$ 0.92	\$ 0.32	\$ 2.42	\$ 1.10	\$ 0.36
Unrealized gains (losses) for the year	\$ 1.16	\$ 1.24	\$ (2.09)	\$ 0.60	\$ 2.00
Total increase (decrease) from operations (2)	\$ 2.37	\$ 1.76	\$ 0.05	\$ 1.67	\$ 2.52
Distributions to investors:					
From dividends	\$ 0.30	\$ 0.26	\$ 0.27	\$ 0.26	\$ 0.28
From capital gains	\$ —	\$ —	\$ —	\$ —	\$ —
Total Annual Distributions (3)	\$ 0.30	\$ 0.26	\$ 0.27	\$ 0.26	\$ 0.28
Net assets per share, end of year	\$ 19.55	\$ 17.47	\$ 15.96	\$ 16.20	\$ 14.80

(1) This information is derived from the Fund's audited annual financial statements. As of 2014, the Fund adopted International Financial Reporting Standards (IFRS), whereby net assets are identical for pricing and accounting, and the 2013 values have been restated under IFRS.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the year.

(3) Distributions were paid in cash/reinvested in additional shares of the Fund, or both.

Ratios and Supplemental Data	2017	2016	2015	2014	2013
Total net asset value, end of year (000's)	\$ 112,235	\$ 100,152	\$ 94,578	\$ 97,934	\$ 90,652
Weighted average net asset value (000's)	\$ 106,457	\$ 95,561	\$ 98,601	\$ 96,451	\$ 85,281
Number of shares outstanding, end of year	5,740,819	5,731,649	5,925,260	6,043,819	6,123,193
Management expense ratio (1)	1.02%	1.11%	1.17%	1.09%	1.22%
Management expense ratio before waivers or absorptions (1)	1.34%	1.36%	1.39%	1.42%	1.45%
Trading expense ratio (2)	0.05%	0.06%	0.10%	0.06%	0.07%
Portfolio turnover rate (3)	29.74%	25.61%	66.56%	26.72%	27.66%
Net asset value per share, end of year	\$ 19.55	\$ 17.47	\$ 15.96	\$ 16.20	\$ 14.80

(1) Management expense ratio is based on total expenses (excluding broker commissions and other portfolio transaction costs) for the year and is expressed as an annualized percentage of daily average net asset value during the year.

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE (continued)

Fund's net asset value, calculated and accruing daily. This amounted to \$827,735 in 2017 (including HST) and represents slightly less than 56% of the total expenses paid by the Fund (excluding brokerage fees). Many of the functions involved in operating the Fund are contracted out to leading professional firms in the mutual fund industry in Canada. Therefore, one of the key duties of the Manager is to negotiate and manage these contracts. Tradex Management Inc. is also the principal distributor of the Fund and, as such, is responsible for most of the communications with the Fund's shareholders and potential shareholders. Tradex Management Inc. receives no additional fees or commissions for being the Fund's principal distributor and pays a trailer fee of 0.3% from its management fee to mutual fund dealers who distribute the Fund.

Since Tradex Management Inc. operates on an "at cost" basis for the benefit of its investors, when financial conditions permit, it voluntarily rebates and/or waives a portion of the management fees paid to it by the Fund. These rebates/waivers reduce the expenses for the Fund, which in turn, reduce its management

expense ratio. In 2017, \$337,418 in expenses were reduced for the Fund through such transactions.

Other Expenses

The other expenses incurred by the Fund amounted to 721,937 and were paid to third party suppliers, governments and regulatory authorities. These represent investment advisory fees (paid to Phillips, Hager & North Investment Management), administrative fees paid for fund accounting, the registrar function and other related activities (paid to CIBC Mellon Global Securities Services Company, FundSERV Inc. and various other suppliers), costs of the independent review committee, audit fees (paid to PricewaterhouseCoopers LLP), custodian fees (paid to CIBC Mellon Trust Company), registration fees and expenses paid to the 13 securities regulatory authorities in Canada, transaction costs (paid to various suppliers) and foreign withholding taxes (paid to appropriate foreign governments). A listing of the various expenses paid by the Fund appears in the audited Statement of Comprehensive Income on page 8.

III. PAST PERFORMANCE

The past performance of the Fund is set out in the Year-by-Year Returns and Annual Compound Returns chart and table. All performance returns:

- are calculated as of December 31 of each year;
- assume all dividends and distributions made by the Fund were reinvested without charge to purchase additional shares of the Fund; and
- are not reduced by any income taxes payable by you. You will be taxable on the dividends and distributions of net income even if you have reinvested them to purchase additional shares, unless your investment is held in a registered tax plan.

The past performance of the Fund does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

This bar chart shows the Fund's annual performance in each of the past ten years. The chart shows in percentage terms how an investment made on January 1 would have increased or decreased by December 31 for each of the ten years, and how the performance varied from year to year.



Annual Compound Returns

The following table shows the Fund's annual compound total return for the periods indicated, as of December 31, 2017, compared to the S&P/TSX Composite Total Return Index.

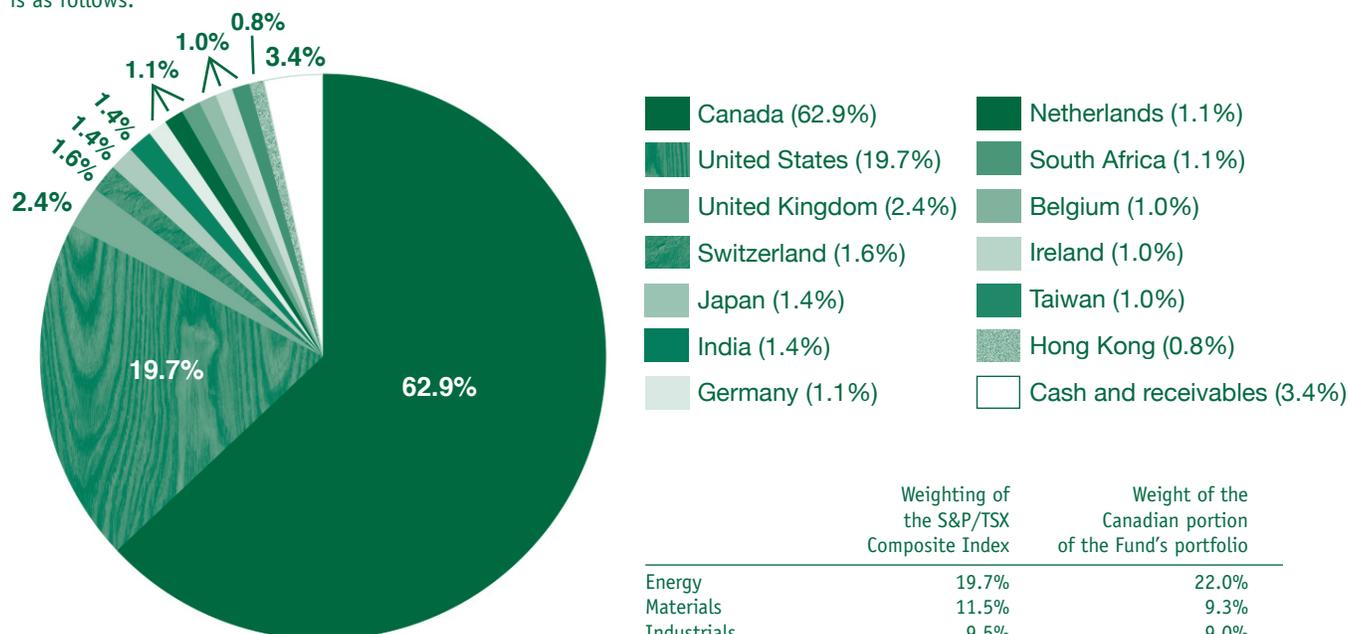
	Past 10 years	Past 5 years	Past 3 years	Past year
Tradex Equity Fund Limited	4.6%	11.1%	8.1%	13.6%
S&P/TSX Composite Total Return Index	4.7%	8.6%	6.6%	9.1%

The S&P/TSX Composite Total Return Index is the recognized standard for measuring the overall performance of the Canadian equity market. The Index covers approximately 95% of Canadian equity market capitalization and assumes the reinvestment of all dividends.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE (continued)

IV. SUMMARY OF INVESTMENT PORTFOLIO

A summary of the net asset value as at December 31, 2017, broken down by the geographic location of the companies in the portfolio, is as follows:



A summary of the sector weighting of the Canadian companies in the Fund's investment portfolio, along with the weighting of each sector in the S&P/TSX Composite Index as at December 31, 2017, is as follows:

	Weighting of the S&P/TSX Composite Index	Weight of the Canadian portion of the Fund's portfolio
Energy	19.7%	22.0%
Materials	11.5%	9.3%
Industrials	9.5%	9.0%
Consumer Discretionary	5.4%	6.1%
Consumer Staples	3.7%	4.1%
Health Care	1.0%	0.9%
Financials	34.6%	35.1%
Information Technology	3.2%	4.7%
Telecommunication Services	4.7%	3.7%
Utilities	3.8%	2.7%
Real Estate	2.9%	2.4%
Total	100.0%	100.0%

The following investments represent the 25 largest holdings of the Fund as of December 31, 2017, shown as a percentage of the Fund's net asset value. The list is of interest only as of the date indicated, as the percentages may have changed, and some or all of the holdings may have been sold and new positions purchased. A quarterly update is available as discussed on the cover page of this document.

Royal Bank of Canada	4.8%	EOG Resources Inc.	1.6%
Toronto-Dominion Bank	4.1%	Manulife Financial Corp.	1.5%
Bank of Nova Scotia	3.4%	Brookfield Asset Management	1.5%
Canadian National Railway Company	3.1%	Nidec Y50	1.4%
Suncor Energy Inc.	2.5%	HDFC Bank Ltd.	1.4%
Enbridge Inc.	2.2%	TJX Companies Inc.	1.3%
Bank of Montreal	2.1%	Intuit Inc.	1.3%
TransCanada Corp.	1.8%	Fortive Corp.	1.3%
Canadian Natural Resources Ltd.	1.7%	First Republic Bank	1.2%
Roche Holding AG Genusschien	1.7%	Danaher Corp.	1.2%
Estée Lauder Class A	1.6%	Deutsche Post AG NPV	1.2%
Canadian Imperial Bank of Commerce	1.6%	Sub-total – largest 25 holdings	48.7%
United Health Group	1.6%	Remaining holdings	51.3%
BCE Inc.	1.6%	Total Investment Portfolio	100.0%

INDEPENDENT AUDITOR'S REPORT



March 26, 2018

Independent Auditor's Report

To the Shareholders of the Tradex Equity Fund Limited ("the Fund")

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position at December 31, 2017 and 2016, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for all years presented, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

STATEMENTS OF FINANCIAL POSITION

<i>As at</i>	Dec. 31, 2017	Dec. 31, 2016
Assets		
Current Assets		
Investments at fair value through profit and loss	\$ 108,280,747	\$ 96,689,357
Cash and cash equivalents	3,760,375	3,545,528
Dividends receivable	212,037	169,649
Accrued interest receivable	431	39
Subscriptions receivable	3,000	7,594
Receivable for investments sold	1,613,564	—
Derivative assets	142,952	34,809
Total Assets	114,013,106	100,446,976
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	204,154	176,562
Payable for investments purchased	1,373,877	2,008
Redemptions payable	—	200
Derivative liabilities	200,165	116,224
Total Liabilities	\$ 1,778,196	\$ 294,994
Net assets attributable to holders of redeemable shares	\$ 112,234,910	\$ 100,151,982
Shares issued and outstanding, end of year (Note 7)	5,740,819	5,731,649
Net assets attributable to holders of redeemable shares per share	\$ 19.55	\$ 17.47

The accompanying notes are an integral part of these financial statements.

Approved by the Board
of Directors of
Tradex Management Inc.,



Patricia Hassard
Director



Karin Zabel
Director

STATEMENTS OF COMPREHENSIVE INCOME *For the years ended December 31*

	2017	2016
Income		
Dividend income	\$ 2,372,538	\$ 2,376,873
Interest income for distribution purposes	1,950	1,152
Securities lending revenue	152,341	56,602
Net foreign exchange gain (loss) on cash	(108,264)	39,544
Derivative income (loss)	323,879	(50,752)
Other income	12,915	—
Other changes in fair value of investments and derivatives		
Net realized gain/loss on sale of investments and derivatives	5,288,698	1,914,489
Net realized foreign exchange gain/loss	103,365	(94,681)
Change in unrealized appreciation (depreciation) on investments and derivatives	6,704,710	7,189,464
	14,852,132	11,432,691
Expenses (Note 6)		
Management fees	827,735	735,443
Investment advisory fees	277,000	253,431
Administration costs	219,000	223,486
Independent review committee	122	74
Audit fees	43,500	44,423
Custodian fees	40,000	34,396
Registration fees and expenses	16,467	16,368
Transaction costs	51,828	57,990
Foreign withholding taxes	66,432	78,323
Expense reductions	(337,418)	(240,916)
	1,204,666	1,203,018
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 13,647,466	\$ 10,229,673
Weighted average shares outstanding during the year	5,751,600	5,807,698
Increase (decrease) in net assets attributable to holders of redeemable shares per share	\$ 2.37	\$ 1.76

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

	For the years ended December 31	
	2017	2016
Net assets attributable to holders of redeemable shares at beginning of year	\$ 100,151,982	\$ 94,577,536
Increase (decrease) in net assets attributable to holders of redeemable shares	13,647,466	10,229,673
Distributions		
Distributions to holders of redeemable shares from net investment income	(1,722,317)	(1,496,409)
Redeemable Shares		
Proceeds from issue of redeemable shares	6,341,002	3,493,841
Reinvestment of distributions	1,687,871	1,466,763
Consideration paid on redemptions of redeemable shares	(7,871,094)	(8,119,422)
	157,779	(3,158,818)
Net assets attributable to holders of redeemable shares at end of year	\$ 112,234,910	\$ 100,151,982

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS *For the years ended December 31*

	2017	2016
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 13,647,466	\$ 10,229,673
Adjustments for:		
Net foreign exchange loss (gain) on cash	4,005	14,624
Net realized (gain) loss on sale of investments and derivatives	(5,288,698)	(1,914,489)
Net change in unrealized (appreciation) depreciation of investments and derivatives	(6,704,710)	(7,189,464)
Purchase of investments	(29,362,630)	(24,121,783)
Proceeds from the sale of investments	29,498,751	28,939,455
Change in non-cash working capital items	(15,188)	(84,204)
	1,778,996	5,873,812
Cash Flows from Financing Activities		
Proceeds from issue of redeemable shares	6,345,596	3,697,995
Distributions paid to holders of redeemable shares, net of reinvested distributions	(34,446)	(29,646)
Consideration paid on redemptions of redeemable shares	(7,871,294)	(8,431,347)
	(1,560,144)	(4,762,998)
Increase (decrease) in cash and cash equivalents during the year	218,852	1,110,814
Foreign exchange loss (gain) on cash	(4,005)	(14,624)
Cash and cash equivalents at beginning of year	3,545,528	2,449,338
Cash and cash equivalents at end of year	\$ 3,760,375	\$ 3,545,528
Interest received	\$ 1,558	\$ 1,198
Dividends received, net of withholding taxes	\$ 2,263,718	\$ 2,266,599

The accompanying notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO *As at December 31, 2017*

Canadian Common Stocks	Number of shares	Average cost	Fair value	% of total fair value
Energy				
ARC Resources Ltd.	11,455	\$ 265,488	\$ 168,961	
Cameco Corp.	20,435	385,641	237,250	
Canadian Natural Resources Ltd.	41,652	1,566,694	1,871,008	
Cardinal Energy Ltd.	100,000	764,657	509,000	
Cenovus Energy Inc.	50,357	714,787	578,098	
Crescent Point Energy Corp.	19,852	645,549	190,182	
Enbridge Inc.	48,429	2,336,840	2,380,770	
Enbridge Income Fund Holdings Inc.	15,000	429,109	447,150	
Kelt Exploration Ltd.	71,000	392,281	510,490	
Painted Pony Energy Ltd.	96,600	527,671	257,922	
Pembina Pipeline Corp.	15,800	505,480	719,058	
Pine Cliff Energy Ltd.	262,400	271,731	120,704	
Raging River Exploration Inc.	61,200	390,171	489,600	
Secure Energy Services Inc.	31,800	386,705	278,568	
Spartan Energy Corp.	82,289	606,057	591,658	
Suncor Energy Inc.	60,788	2,552,494	2,805,366	
Tourmaline Oil Corp.	17,296	571,975	394,003	
TransCanada Corp.	31,854	1,323,332	1,948,828	
Trican Well Service Ltd.	112,370	404,862	458,470	
Vermilion Energy Inc.	6,833	356,227	312,131	
Whitecap Resources Inc.	43,700	307,437	391,115	
		15,705,188	15,660,332	14.5%
Financials				
Alaris Royalty Corp.	18,500	412,580	382,395	
Bank of Montreal	23,181	1,374,482	2,331,777	
Bank of Nova Scotia	46,220	2,324,676	3,749,366	
Brookfield Asset Management Inc., Class 'A'	30,200	614,478	1,652,544	
Canadian Imperial Bank of Commerce	14,595	1,067,167	1,788,471	
Fairfax Financial Holdings Ltd.	600	387,687	401,604	

SCHEDULE OF INVESTMENT PORTFOLIO *As at December 31, 2017*

Canadian Common Stocks	Number of shares	Average cost	Fair value	% of total fair value
Intact Financial Corp.	7,318	455,669	768,317	
Manulife Financial Corp.	64,100	1,185,137	1,680,702	
Power Corp. of Canada	29,600	988,752	958,152	
Royal Bank of Canada	51,500	2,173,331	5,286,477	
Sun Life Financial Inc.	22,062	712,098	1,144,577	
Toronto-Dominion Bank (The)	61,400	1,751,310	4,522,110	
		13,447,367	24,666,492	22.7%
Materials				
Agnico Eagle Mines Ltd.	10,300	456,364	597,812	
Agrium Inc.	5,026	335,683	726,659	
Centerra Gold Inc.	37,400	274,817	240,856	
Detour Gold Corp.	24,100	353,958	356,198	
Franco-Nevada Corp.	4,100	296,695	411,886	
Goldcorp Inc.	33,559	1,271,135	537,951	
Interfor Corp.	8,000	112,114	168,960	
Jaguar Mining Inc.	676,200	221,217	234,432	
Lundin Mining Corp.	30,400	173,460	254,144	
Neo Performance Materials Inc.	23,348	420,264	417,929	
OceanaGold Corp.	87,900	259,776	283,917	
Potash Corp. of Saskatchewan Inc.	33,400	1,322,119	861,052	
Tahoe Resources Inc.	41,400	594,798	249,642	
Teck Resources Ltd., Class 'B'	15,900	540,187	522,633	
Torex Gold Resources Inc.	16,309	324,783	194,566	
Wheaton Precious Metals Corp.	22,207	601,151	617,133	
Yamana Gold Inc.	90,000	411,929	352,800	
		7,970,450	7,028,570	6.5%
Consumer Discretionary				
Aritzia Inc.	23,300	375,108	295,677	
Azure Dynamics Corp.	47,589	453,182	—	
Canadian Tire Corp. Ltd., Class 'A'	3,038	231,952	497,928	
Cara Operations Ltd.	8,600	200,700	223,256	
Magna International Inc.	17,284	408,900	1,231,312	
Restaurant Brands International Inc.	6,800	355,118	525,436	
Shaw Communications Inc., Class 'B'	17,076	350,818	489,910	
Spin Master Corp.	5,700	102,600	307,914	
Stars Group Inc. (The)	11,000	284,579	321,750	
The Intertain Group Ltd.	31,400	396,984	450,590	
Zungui Haixi Corp.	184,673	551,163	—	
		3,711,104	4,343,773	4.0%
Industrials				
Air Canada	15,300	126,517	395,964	
Canadian National Railway Co.	33,260	1,288,340	3,447,399	
Canadian Pacific Railway Ltd.	4,300	825,927	987,538	
SNC-Lavalin Group Inc.	4,600	236,670	262,430	
Stantec Inc.	7,700	238,750	270,732	
StorageVault Canada Inc.	70,000	59,500	184,100	
Thomson Reuters Corp.	6,000	339,270	328,740	
Waste Connections Inc.	9,750	600,703	869,310	
		3,715,677	6,746,213	6.2%
Telecommunication Services				
BCE Inc.	29,055	1,182,336	1,754,341	
Rogers Communications Inc., Class 'B'	13,700	275,644	877,485	
		1,457,980	2,631,826	2.4%
Information Technology				
BlackBerry Ltd.	17,000	208,976	238,680	
Celestica Inc.	18,000	265,341	237,240	
CGI Group Inc., Class 'A'	9,852	354,569	672,892	
Espial Group Inc.	90,000	323,490	180,900	
Open Text Corp.	9,100	406,096	406,861	
Shopify Inc., Class 'A'	2,800	368,522	355,908	
UrtheCast Corp.	400,000	565,217	448,000	
		2,492,211	2,540,481	2.3%
Consumer Staples				
Alimentation Couche-Tard Inc., Class 'B'	14,200	503,748	931,378	
Clearwater Seafoods Inc.	44,600	485,430	326,918	
Cott Corp.	25,000	347,378	524,500	
Jamieson Wellness Inc.	16,000	252,000	357,440	
Loblaws Cos. Ltd.	11,600	660,084	791,352	
		2,248,640	2,931,588	2.7%
Real Estate				
Automotive Properties REIT	26,800	262,869	292,388	
CREIT	6,767	205,619	313,312	
Mainstreet Health Investments Inc.	27,500	357,060	289,330	
Pure Industrial Real Estate Trust	60,000	381,535	406,200	
Tricon Capital Group Inc.	32,000	335,255	369,600	
		1,542,338	1,670,830	1.5%

SCHEDULE OF INVESTMENT PORTFOLIO *As at December 31, 2017*

Canadian Common Stocks (continued)	Number of shares	Average cost	Fair value	% of total fair value
Health Care				
ProMetic Life Sciences Inc.	139,200	\$ 329,498	\$ 180,960	
Valeant Pharmaceuticals International Inc.	7,265	329,486	190,343	
		658,984	371,303	0.3%
Utilities				
Algonquin Power & Utilities Corp.	30,700	344,579	431,642	
Boralex Inc., Class 'A'	17,100	293,569	401,850	
Brookfield Infrastructure Partners L.P.	9,000	462,220	507,420	
Superior Plus Corp.	22,591	175,210	268,155	
TransAlta Renewables Inc.	25,000	363,750	334,750	
		1,639,328	1,943,817	1.8%
Total Canadian common stocks		54,589,267	70,535,225	64.9%
Foreign Common Stocks	Number of shares	Average cost	Fair value	% of total fair value
United States				
Activision Blizzard Inc.	10,131	\$ 555,785	\$ 806,359	
Alphabet Inc., Class 'A'	881	864,208	1,166,553	
Amazon.com Inc.	798	655,815	1,173,079	
Blackstone Group L.P. (The)	24,595	927,880	989,928	
Brookfield Property Partners L.P.	11,000	311,474	306,350	
Citigroup Inc.	4,000	291,791	374,133	
Danaher Corp.	11,516	975,300	1,343,626	
EOG Resources Inc.	12,771	1,416,261	1,732,295	
Estée Lauder Cos. Inc., Class 'A'	11,346	1,245,105	1,814,687	
First Republic Bank	12,439	794,001	1,354,688	
Fortive Corp.	15,304	913,311	1,391,806	
Gartner Inc.	5,816	687,455	900,314	
Intuit Inc.	7,252	954,723	1,438,285	
MarketAxess Holdings Inc.	2,753	639,156	698,160	
Microsoft Corp.	9,953	1,080,100	1,070,184	
Occidental Petroleum Corp.	4,362	414,623	403,880	
Sempra Energy	4,377	640,834	588,262	
SVB Financial Group	4,253	927,065	1,249,739	
TJX Cos. Inc.	15,508	1,487,644	1,490,477	
UnitedHealth Group Inc.	6,368	1,073,960	1,764,689	
		16,856,491	22,057,494	20.4%
Belgium				
Anheuser-Busch InBev NV	7,684	1,186,286	1,079,293	
		1,186,286	1,079,293	1.0%
Germany				
Deutsche Post AG, Registered	21,932	902,325	1,314,854	
		902,325	1,314,854	1.2%
Hong Kong				
AIA Group Ltd.	87,623	761,034	939,602	
		761,034	939,602	0.9%
India				
HDFC Bank Ltd., ADR	12,400	993,658	1,584,710	
		993,658	1,584,710	1.5%
Ireland				
Paddy Power Betfair PLC	7,241	1,180,361	1,084,503	
		1,180,361	1,084,503	1.0%
Japan				
Nidec Corp.	9,015	1,125,128	1,590,030	
		1,125,128	1,590,030	1.5%
Netherlands				
Unilever NV	17,447	1,252,945	1,235,563	
		1,252,945	1,235,563	1.1%
South Africa				
Naspers Ltd., Class 'N'	3,415	658,129	1,197,329	
		658,129	1,197,329	1.1%
Switzerland				
Roche Holding AG Genusschein	5,771	1,964,200	1,835,032	
		1,964,200	1,835,032	1.7%
Taiwan				
Taiwan Semiconductor Manufacturing Co. Ltd., ADR	23,136	743,713	1,153,099	
		743,713	1,153,099	1.1%

SCHEDULE OF INVESTMENT PORTFOLIO *As at December 31, 2017*

Foreign Common Stocks (continued)	Number of shares	Average cost	Fair value	% of total fair value
United Kingdom				
Croda International PLC	3,843	\$ 287,595	\$ 288,538	
InterContinental Hotels Group PLC	15,946	1,015,535	1,277,083	
Rio Tinto PLC, Registered	6,582	347,272	440,344	
St. James's Place Capital PLC	32,107	626,606	668,048	
		2,277,008	2,674,013	2.5%
Total foreign common stocks		29,901,278	37,745,522	35.0%
Transaction costs		(81,000)		
Total portfolio of investments		\$ 84,409,545	\$ 108,280,747	99.9%

The accompanying notes are an integral part of these financial statements.

Schedule 1 - Forward Contracts December 31, 2017

Currency to Deliver	Purchase Amount	Currency	Amount	Settlement Date	Contract Price	Market Price	Appreciation/ (Depreciation)
USD	3,614,000	CAD	4,503,572	12-Jan-18	0.802	0.796	(38,587)
USD	400,000	CAD	513,092	7-Feb-18	0.780	0.796	10,557
USD	3,356,000	CAD	4,252,774	12-Feb-18	0.789	0.796	36,743
USD	400,000	CAD	510,550	12-Feb-18	0.783	0.796	8,043
USD	3,522,000	CAD	4,510,590	15-Mar-18	0.781	0.796	87,609
CAD	6,915,299	USD	5,392,000	7-Feb-18	1.283	1.256	(141,123)
CAD	191,471	USD	150,000	7-Feb-18	1.276	1.256	(3,020)
CAD	846,571	USD	660,000	12-Feb-18	1.283	1.256	(17,435)
							(57,213)

All counterparties to forward contracts have a credit rating of A or higher.

NOTES TO FINANCIAL STATEMENTS *As at December 31, 2017*

1. Background

Tradex Equity Fund Limited ("the Fund") is an incorporated company under the laws of Canada. Tradex Management Inc. is the Manager of Tradex Equity Fund Limited. These financial statements were authorized for issue by Tradex Equity Fund Limited on March 22, 2018.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Financial instruments

The Fund recognizes financial instruments at fair value upon initial recognition. The Fund's investments in derivatives are classified as held for trading and its investments have been classified as fair value through profit or loss (FVTPL). The Fund obligations for net assets attributable to holders of redeemable shares are presented at the redemption amount which approximates fair value. The Fund's accounting policies for measuring the fair value of their investments and derivatives are identical to those used in measuring the net asset value (NAV) for transactions with shareholders. All other financial assets and liabilities, including redeemable shares, are measured at amortized cost.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and liabilities, where the last traded price falls within the day's bid-ask spread. In material circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances. The fair value of any investment to which the

foregoing principle cannot be applied shall be the fair value thereof determined in such a manner as the Manager from time to time provides.

The difference between the fair value of investments and the cost of the investments is included in "change in unrealized appreciation (depreciation) on investments and derivatives" in the Statements of Comprehensive Income.

Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Fair value measurement of derivatives and securities not quoted in an active market

The Fund holds financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability, as appropriate.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. Refer to Note 3 for further information about the fair value measurement of the Fund's financial instruments.

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, Financial Instruments – Recognition and Measurement. The most significant judgments made include the determination that certain investments are held-for-trading and that the fair value option can be applied to those which are not.

Forward foreign exchange contracts

The Fund enters into forward foreign exchange contracts for hedging purposes only. These contracts are limited to the market value of foreign securities owned by the Fund and quoted in that currency or where the underlying exposure is to that currency. Contracts do not exceed three years duration. On a daily basis, the value of these contracts is the gain or loss that would be realized if the positions were to be closed out. This is recorded in "change in unrealized appreciation (depreciation) on investments and derivatives". Upon closing of the contracts, the accumulated gains or losses are reported in "Net realized gain (loss) on sale of investments and derivatives" in the Statements of Comprehensive Income.

Foreign exchange

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing on each valuation day. Purchases and sales of investments, income and expenses are translated into Canadian dollars at the exchange rates prevailing on the respective dates of such transactions.

Realized and unrealized foreign exchange gains (losses) on investments are included in "net realized gain (loss) on sale of investments and derivatives" and "change in unrealized appreciation (depreciation) on investments and derivatives", respectively, in the Statements of Comprehensive Income.

Investment transactions, investment income, expenses and distributions

Investment transactions are recorded on the trade date. Realized gains or losses on security transactions are determined on an average cost basis. Interest income and estimated expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are recognized in the Statements of Comprehensive Income.

The interest income for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds, which are amortized on a straight line basis.

Realized gain/loss on sale of investments and unrealized appreciation/depreciation in investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities, with the exception of zero coupon bonds.

Classification of redeemable shares issued by the Fund

IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them and distribute annual net income for cash or another financial asset be classified as financial liabilities. The Fund's shares do not meet the criteria in IAS 32 for classification as equity and therefore have been classified as financial liabilities.

Net assets attributable to holders of redeemable shares

"Net assets attributable to holders of redeemable shares" is based on the total net assets outstanding as at the end of the year divided by the number of shares outstanding as at that date. The "increase (decrease) in net assets attributable to holders of redeemable shares per share" is based on the increase (decrease) in net assets from operations for the year divided by the weighted average number of shares outstanding over the year.

Soft dollar commissions

In addition to covering brokerage services on security transactions, commissions paid to certain brokers may also cover research services provided to the investment manager. The value of the research services included in the commissions paid by the fund to those brokers was \$1,025 in the year ended December 31, 2017 (\$43 in 2016).

Taxes

Tradex Equity Fund Limited qualifies as a mutual fund corporation for federal income tax purposes. The Fund is subject to tax on taxable dividends received from taxable Canadian corporations. This tax is refundable at a rate determined by a formula when taxable dividends are paid. The Fund is subject to tax on capital gains. However, this tax is refundable if sufficient capital gains are distributed to shareholders, either as capital gains dividends or through the redemption of shares. There was no taxable capital gains distribution in 2017 or 2016.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

As at December 31, 2017, the Fund had no non-capital losses and no capital losses carried forward for income tax purposes.

Goods and services tax (GST) or harmonized sales tax (HST), as applicable, is included in the relevant expense items charged to the Fund.

Accounting standards issued but not yet effective

The International Accounting Standards Board has issued the following standard which, where applicable, has not yet been adopted by the Company:

IFRS 9, Financial Instruments – The final version of IFRS 9, Financial instruments, was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognised in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Manager determined that the impact to the Fund will include additional disclosure related to changes to the classification of certain financial instruments to align with the classification under IFRS 9. Adoption of the standard will not impact net assets attributable to holders of redeemable shares.

3. Classification of financial instruments

The Fund classifies its financial instruments within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2—Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3—Inputs that are not based on observable market data.

The classification of the Fund’s financial instruments within the fair value hierarchy as at December 31, 2017 is as follows:

Level 1 Assets – \$108,280,747 in equities that trade in an active market on a recognized stock exchange and \$3,760,375 in cash and cash equivalents (\$96,689,357 and \$3,545,528, respectively, on December 31, 2016).

Level 2 Assets – Forward foreign exchange contracts with a net unrealized depreciation of \$57,213 (\$81,415 on December 31, 2016) and there were no equities that do not have a quoted price in an observable market (nil on December 31, 2016), representing their fair value.

There were no Level 3 assets on December 31, 2017 or December 31, 2016.

There was no fair value of assets transferred from Level 1 to Level 2 during the year ended December 31, 2017 and year ended December 31, 2016.

4. Management of financial risk

In the normal course of business, the Fund is exposed to a variety of financial risks. The value of investments within the Fund’s portfolio can fluctuate on a daily basis as a result of changes in interest rates, foreign exchange rates, economic

conditions and market and company news related to specific securities within the Fund.

Tradex Equity Fund Limited’s investment objective is to achieve long-term capital appreciation by investing primarily in a diversified portfolio of common shares of Canadian companies plus shares of companies in the United States and other countries. The strategy of the Fund is to build positions in high quality growing companies. To maintain adequate portfolio diversification, thus reducing concentration risk, at least five S&P/TSX Composite Index industry sectors will be represented. Foreign content will represent up to 50% of the total portfolio value.

The Fund’s risk management practice includes the monitoring of compliance to investment guidelines. The Manager manages the potential effects of these financial risks on the Fund’s performance by contracting and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s positions and market events and diversify the investment portfolio within the constraints of the investment guidelines.

(a) Currency risk

Currency risk is the risk that the fair value of, or cash flows associated with, a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Fund.

Currencies to which the Fund had exposure as at December 31, 2017 and December 31, 2016 are as follows (\$’000):

	31-Dec-17	31-Dec-16
US Dollars	19,760	21,549
Euro	3,646	6,188
UK Pounds	3,759	2,726
South African Rand	1,197	1,057
Swiss Franc	1,851	1,122
Japanese Yen	1,590	1,178
Danish Krone	3	928
Hong Kong Dollars	940	451

To partially limit currency risk, the Fund enters into commitments in the form of foreign exchange forward contracts for the sale of US dollars (Note 2). The purpose of these contracts is to partially preserve the fair value of Fund assets by offsetting the impact of increases in the Canadian dollar relative to the US dollar (the underlying foreign currency exposure).

In the case of a decrease in the Canadian dollar relative to the US dollar, foreign exchange forward contracts in place decrease in value while the relative value of the US funds increase.

The Fund’s net foreign currency exposure in Canadian dollars, after giving effect to the notional value of foreign currency forward contracts, at December 31, 2017 and 2016 is as follows (\$’000):

	Foreign currency exposure	Notional value of foreign exchange forward contracts	Net foreign currency exposure
Dec 31, 2017			
US Dollars	26,154	(6,394)	19,760
Dec 31, 2016			
US Dollars	28,967	(7,418)	21,549

As at December 31, 2017, if the Canadian dollar had strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, the Fund's net assets would have increased or decreased, net of foreign currency hedges, by approximately \$1,637,000 (\$1,760,000 2016). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(b) Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The Fund is subject to credit risk arising from foreign currency hedging and securities lending activities. This risk is managed by entering into contracts with creditworthy counterparties subject to minimum credit-rating requirements, by setting limits on the amount of exposure and by requiring collateral of at least 102%. As at December 31, 2017, securities on loan totalled \$6,668,968, whereas collateral held (non-cash) totalled \$7,042,547 (\$7,370,680 and \$7,825,177 2016, respectively).

The tables below show a reconciliation of the gross amount generated from the securities lending transactions of the fund to the revenue from the securities lending disclosed in the Statement of Comprehensive Income as at December 31, 2016 and 2017.

	December 31 2017	% of Gross securities lending revenue
Gross securities lending revenue	309,019	100.0
Withholding taxes	55,121	17.8
Agent fees		
Bank of New York Mellon Corp. (The)	101,557	32.9
Securities lending revenue	152,341	49.3

	December 31 2016	% of Gross securities lending revenue
Gross securities lending revenue	104,018	100.0
Withholding taxes	9,690	9.3
Agent fees		
Bank of New York Mellon Corp. (The)	37,726	36.3
Securities lending revenue	56,602	54.4

(c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when a fund invests in interest-bearing financial instruments. The majority of the Fund's financial assets and liabilities are non-interest bearing. Accordingly, the Fund is not subject to any significant risk due to fluctuations in the prevailing level of market interest rates.

(d) Other market risk

Other market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

As at December 31, 2017 almost all of the Fund's assets were traded on global stock exchanges. If equity prices on global stock exchanges had increased or decreased by 10% as at the

year end, with all other factors remaining constant, assets could possibly have increased or decreased by approximately \$10,828,000 (\$9,669,000 2016). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(e) Liquidity risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to daily cash redemptions of redeemable shares. However, the Manager does not expect significant immediate actual cash outflows, as holders of these instruments typically retain them for a longer period. The shares of the Fund are issued and redeemed on demand at the then current transactional net asset value per share at the option of the shareholder. Liquidity risk is managed by investing the majority of the Fund's assets (if not all of its assets) in investments that are traded in an active market and can be readily disposed. In addition, the Fund aims to retain sufficient cash and short-term investment positions to maintain liquidity, and has the ability to borrow up to 5% of its net assets for the purpose of funding redemptions. All financial liabilities of the Fund mature within the next three months.

(f) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. For a summary of the Fund's concentration risk refer to Summary of Investment Portfolio (page 5) and Schedule of Investment Portfolio.

5. Financial instruments by category

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2017:

Financial Instruments by category as of December 31, 2017			
Assets	Financial assets at FVTPL		Total
	HFT	Designated at inception	\$
Investments	—	108,280,747	108,280,747
Derivative assets	142,952	—	142,952
Total	142,952	108,280,747	108,423,699

Financial Instruments by category as of December 31, 2017			
Assets	Financial assets at Amortized cost		Total
			\$
Cash and cash equivalents	3,760,375		3,760,375
Dividends receivable	212,037		212,037
Accrued interest	431		431
Subscriptions receivable	3,000		3,000
Receivable for investments sold	1,613,564		1,613,564
Total	5,589,407		5,589,407

Financial Instruments by category as of December 31, 2017			
Liabilities	Financial liabilities at Amortized cost		Total
	HFT		\$
Derivative liabilities	(200,165)	—	(200,165)
Total	(200,165)	—	(200,165)

NOTES TO FINANCIAL STATEMENTS

As at December 31, 2017 (cont'd)

Financial Instruments by category as of December 31, 2017		
Liabilities	Financial liabilities at Amortized cost	Total \$
Accrued liabilities	(204,154)	(204,154)
Payable for investments purchased	(1,373,877)	(1,373,877)
Redemptions payable	—	—
Total	(1,578,031)	(1,578,031)

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2016:

Financial Instruments by category as of December 31, 2016			
Assets	HFT	Financial assets at FVTPL Designated at inception	Total \$
Investments	—	96,689,357	96,689,357
Derivative assets	34,809	—	34,809
Total	34,809	96,689,357	96,724,166

Financial Instruments by category as of December 31, 2016		
Assets	Financial assets at Amortized cost	Total \$
Cash and cash equivalents	3,545,528	3,545,528
Dividends receivable	169,649	169,649
Accrued interest	39	39
Subscriptions receivable	7,594	7,594
Total	3,722,810	3,722,810

Financial Instruments by category as of December 31, 2016			
Liabilities	HFT	Financial liabilities at Amortized cost	Total \$
Derivative liabilities	(116,224)	—	(116,224)
Total	(116,224)	—	(116,224)

Financial Instruments by category as of December 31, 2016		
Liabilities	Financial liabilities at Amortized cost	Total \$
Accrued liabilities	(176,562)	(176,562)
Payable for investments purchased	(2,008)	(2,008)
Redemptions payable	(200)	(200)
Total	(178,770)	(178,770)

The following table presents the net gains (losses) of investments and derivatives by category for the years ended December 31.

	Net Gain (Loss)	
	December 31 2017	December 31 2016
Financial assets		
Derivatives	427,244	(145,433)
Investments	14,367,896	11,481,978
Financial liabilities		
Derivatives	—	—
Investments	—	—
Total	14,795,140	11,336,545

6. Management expenses

The Fund retains investment advisory, custodial, professional, management and administrative services. The fees are charged directly to the Fund, as are registration fees and expenses. Tradex Management Inc. (a related party) performs the management services, including the provision of key management personnel, for an annual fee of 0.7% of the Fund's net asset value calculated and accruing daily.

Tradex Management Inc. may from time to time voluntarily waive a portion of its management fees and/or absorb all or a portion of the other expenses of the Fund and/or rebate to the Fund a portion of the fees paid to it by the Fund in the second half annually. This reduces the expenses for the Fund, which in turn reduces its management expense ratio. In 2017, \$337,418 (\$240,916 in 2016) in expenses were reduced by such transactions.

7. Share capitalization

The capital of the Fund is represented by issued redeemable shares that have no par value. They are entitled to distributions, if any, and to payment of a proportionate amount based on the Fund's net asset value per share upon redemption. The Fund has no restrictions or specific capital requirements on the subscription and redemption of shares, other than minimum subscription requirements. The Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings where necessary. The changes in the number of shares during the last two years ending December 31 were as follows:

	2017	2016
Outstanding, beginning of year	5,731,649	5,925,260
Issued for cash	345,129	213,939
Reinvestment of distributions	86,335	83,945
Redeemed	(422,294)	(491,495)
Outstanding, end of year	5,740,819	5,731,649

BOARD OF DIRECTORS AND OFFICERS

Bob Baldwin, *Ottawa, Ont.*
Consultant
Director

Philip E. Charko, *Ottawa, Ont.*
Canada Employment Insurance Financing Board (retired)
Director and Chair

Monique Collette, *Ottawa, Ont.*
Atlantic Canada Opportunities Agency (retired)
Director and Treasurer

Blair R. Cooper, CFA, MBA, *Ottawa, Ont.*
Tradex Management Inc.
Director, President, CFO, CEO

Patricia Hassard, *Ottawa, Ont.*
Privy Council Office (retired)
Director and Secretary

Franklin Blake Johnston, *Ottawa, Ont.*
President, Diligence Public Affairs Inc.
Director

Tom MacDonald, *Ottawa, Ont.*
Global Affairs Canada (retired)
Director

Brien I.R. Marshall, *Ottawa, Ont.*
Tradex Management Inc.
Senior Vice President and Chief Operating Officer

David Plunkett, *Ottawa, Ont.*
Global Affairs Canada (retired)
Director

Hanny Toxopeus, *Ottawa, Ont.*
Association of Professional Executives of the Public Service
of Canada (retired)
Director

Deborah M. Wright, *Gatineau, Que.*
Tradex Management Inc.
Vice President, Operations

Karin Zabel, CPA, CA, *Ottawa, Ont.*
Consultant
Director and Vice Chair

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