

2024

# Tradex BOND Fund



## Annual Management Report of Fund Performance

and

## Annual Financial Statements



December 31, 2024

You may get a copy of the Fund's Simplified Prospectus, 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 Plus website at **www.sedarplus.ca**.

**Tradex Management Inc.**  
340 Albert Street, Suite 1604  
Ottawa, Ontario  
K1R 7Y6

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## TRADEX BOND FUND STATEMENT OF MANAGEMENT'S RESPONSIBILITY

To our unitholders,

The accompanying Management Report of Fund Performance and Financial Statements have been prepared by Tradex Management Inc., the Manager and Trustee of **Tradex Bond Fund**, and approved by the Manager'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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and include certain amounts that are based on estimates and judgements. The material 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 Manager-Trustee of the Fund. They have audited the Financial Statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the Financial Statements.

*/s/Blair Cooper*

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Blair Cooper  
President and CEO

*/s/Tom MacDonald*

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Tom MacDonald  
Chair and Director

March 26, 2025



# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

## for the year ended December 31, 2024

### I. MANAGEMENT DISCUSSION OF FUND PERFORMANCE

#### Investment objectives and strategies

The Fund's objective is to achieve a combination of income and long-term capital preservation by investing primarily in a diversified portfolio of investment grade Canadian bonds. In addition, up to 30% of the portfolio may be invested in income producing equity securities, such as common shares of Canadian companies that pay dividends, real estate investment trusts, preferred shares and income trusts. The average term to maturity of the bond portfolio must be greater than three years.

The Portfolio Manager utilizes interest rate anticipation and credit sector and security selection strategies in the context of a long term, bottom-up, value oriented approach. The approach to fixed income securities is based upon an overall forecast derived from both macroeconomic and technical analysis with the selection of bonds based upon optimal risk/return characteristics. The equity portion of the Fund is a diversified portfolio of companies selected to enhance the yield of the Fund with the intention to reduce the negative impact on the portfolio's market value should interest rates rise.

#### Risk

During the reporting period, there were no significant changes to the investment objectives and strategies that affected the Fund's overall risk level. The risks of investing in the Fund remain as discussed in detail in the Fund's most recent Simplified Prospectus.

The Fund is suitable for investors who have a medium to long term investment horizon, want a regular income from their investment and are seeking a diversified income fund that will provide moderate capital growth.

#### Results of Operations

An investment in Tradex Bond Fund increased in value by 8.6% in the year ended December 31, 2024 compared to an increase of 4.2% in its benchmark, the FTSE Canada Universe Bond Total Return Index.

The first quarter of 2024 continued the trend of stronger economic data than the market had priced in. Market forecasts had been consistently expecting a dramatic slowdown, a reduction in inflation, and cuts to central bank policy rates since 2022. However, in North America, growth continued to grind out gains, employment markets remain healthy, inflation remains sticky, and policy rates remain at their peaks. During the quarter, interest rates across the yield curve moved higher as the market digested the reality of the persistence of the economic strength and that interest rate moves from late last year got a little ahead of the data. As the second quarter of 2024 progressed,

the economic data released was more mixed but remained consistent with a positive growth environment supported by a solid consumer base. For the first month of the quarter, interest rates continued their march higher with the latter two months displaying increased volatility as the markets digested the inconsistent but still strong, on average, economic data. Across the yield curve, most Canadian interest rates finished the quarter relatively unchanged, except short term impacted by the Bank of Canada's (the BoC) rate cut. As we continue to move through 2024, the broad economic environment remains somewhat unchanged from the previous quarter. Overall global growth remained in positive territory, continuing to be led by the U.S. economy. Inflation was much lower in many global economies so far in 2024 than in 2022 and 2023. In Canada, the latest measure of annual total inflation fell back down to 2%, which is right at the BoC's target for the first time in over three years. As 2024 ended, the general trends in the broad economic environment remained more or less in place. Overall global growth remained in positive territory, continuing to be led by the resilient US economy. And while the rate of change in global inflation slowed later in the year, the outright rate of inflation sat at a much lower level than what we witnessed through 2023 and early 2024. Government of Canada bond yields decreased during the year, as seen in the following table:

Term to maturity	Record Lows	Yield Dec. 30/22	Yield Dec. 30/23	Yield Sep. 27/24	Yield Dec. 31/24
2 years	0.15%*	4.06%	3.88%	2.91%	2.93%
3 years	0.18%*	3.82%	3.67%	2.84%	2.87%
5 years	0.30%**	3.41%	3.17%	2.73%	2.96%
10 years	0.43%**	3.30%	3.10%	2.95%	3.23%
30 years	0.71%***	3.28%	3.02%	3.13%	3.33%

Record (50 years or more) low rates: \*Feb. 1/21, \*\*August 4/20, \*\*\* March 9/20

Quarterly distributions totaled 30.3 cents per unit during 2024 from Canadian dividends and interest income. At year-end the net asset value of the Fund stood at \$24.5 million compared to \$22.8 million at the end of 2023. There was an increase in the number of units outstanding during the year as reinvested distributions offset net redemptions of the Fund. The Fund's management expense ratio (MER) decreased to 1.09% in 2024 from 1.21% in 2023 (Morningstar reports that the median MER for Canadian fixed income funds is 1.29% and Canadian Fixed Income Balanced 1.85%).

The yield on the Fund's overall portfolio was 3.9% as at December 31st, as shown in the following table, while the yield on the FTSE Canada Universe index was 3.6%.

	Government Bonds	Corporate Bonds	Preferred Shares	Common Shares, Trusts, REIT's	Weighted average total
Yield*	3.5%	4.0%	6.0%	4.0%	3.9%

\*The gross estimated annual yield for one year is calculated before fees and taxes

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE *(continued)*

A summary of the Fund's overall portfolio allocations during the review period is shown in the following table:

	Dec. 31, 2024	June 30, 2024	Dec. 31, 2023
Government of Canada bond	17%	17%	17%
Provincial/municipal bonds	22%	23%	23%
Corporate bonds	<b>33%</b>	<b>32%</b>	<b>32%</b>
Common Shares, REITs & Income Trusts	<b>12%</b>	<b>13%</b>	<b>15%</b>
Preferred shares	<b>13%</b>	<b>14%</b>	<b>12%</b>
Cash and receivables	3%	<b>1%</b>	1%
Total	100%	100%	100%

For purposes of diversification, at year-end the portfolio mix included 10 individual issues of corporate bonds, 16 preferred shares issues and equity shares in 32 firms (consisting of common shares, REITs and Income Trusts). The duration (a measure of portfolio term to maturity and sensitivity to interest rate changes) of the fixed income portion of the Fund started the year approximately 0.3 years shorter than the FTSE Bond Universe Index and the portfolio ended the year 0.2 lower at 7.1 years duration versus the FTSE 7.3 years positioned to benefit relative to the benchmark from a rising interest rate environment. The Fund's tactical asset class allocation continues to emphasize higher yielding preferred and common shares.

### Recent Developments

US Tariffs - There may be varying impacts on the securities held by the Fund dependent on the nature of specific tariffs and their duration.

### Related Party Transactions and Management Fees

Tradex Management Inc. is the manager of the Fund and, as such, is responsible for directing the business, operations and affairs of the Fund. It performs this duty for an annual fee of 0.6% of the Fund's net asset value, calculated and accruing daily. This amounted

to \$158,425 in 2024 (including HST) and represents 61% of the total expenses paid by the Fund. 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 unitholders and potential unitholders. Tradex Management Inc. receives no additional fees or commissions for being the Fund's principal distributor.

Since Tradex Management Inc. operates on an "at cost" basis, when financial conditions permit, for the benefit of its investors, 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 2024, \$95,937 in expenses were reduced for the Fund through such transactions (\$81,360 in 2023).

### Other Expenses

The other expenses incurred by the Fund in 2024 amounted to \$196,164 and were paid to third party suppliers, governments and regulatory authorities. These represent investment advisory fees (paid to Foyston, Gordon & Payne Inc.), administrative fees paid for fund accounting, the registrar function and other related activities (paid to RBC Investor Services, FundSERV Inc., and various other suppliers), costs of the independent review committee, audit fees (paid to PricewaterhouseCoopers LLP), custodian fees (paid to RBC Investor Services), 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 statements of comprehensive income on page 11.

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE *(continued)*

### 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 Unit <sup>(1)</sup> For the five years ended December 31

	2024	2023	2022	2021	2020
Net assets per unit, beginning of year	\$ 10.85	\$ 10.48	\$ 12.02	\$ 11.51	\$ 11.04
Increase (decrease) from operations:					
Total revenue	\$ 0.42	\$ 0.42	\$ 0.38	\$ 0.38	\$ 0.38
Total expenses	\$ (0.12)	\$ (0.13)	\$ (0.12)	\$ (0.11)	\$ (0.11)
Realized gains (losses) for the year	\$ 0.09	\$ 0.08	\$ 0.09	\$ 0.17	\$ (0.08)
Unrealized gains (losses) for the year	\$ 0.53	\$ 0.29	\$ (1.63)	\$ 0.34	\$ 0.54
Total increase from operations (2)	\$ 0.93	\$ 0.66	\$ (1.28)	\$ 0.78	\$ 0.73
Distributions:					
From investment income	\$ 0.11	\$ 0.11	\$ 0.12	\$ 0.12	\$ 0.11
From dividends	\$ 0.19	\$ 0.18	\$ 0.16	\$ 0.14	\$ 0.16
Total Distributions (3)	\$ 0.30	\$ 0.29	\$ 0.28	\$ 0.26	\$ 0.27
Net assets per unit, end of year	\$ 11.47	\$ 10.85	\$ 10.48	\$ 12.02	\$ 11.51

(1) The information for 2020-2024 is derived from the Fund's audited annual financial statements.

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

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

Ratios and Supplemental Data	2024	2023	2022	2021	2020
Total net asset value, end of year (000's)	\$ 24,483	\$ 22,847	\$ 23,301	\$ 28,173	\$ 25,920
Weighted average net asset value (000's)	\$ 23,501	\$ 22,716	\$ 25,384	\$ 27,061	\$ 24,822
Number of units outstanding, end of year	2,133,881	2,105,842	2,222,959	2,343,325	2,252,327
Management expense ratio (1)	1.09%	1.21%	1.06%	0.90%	0.95%
Management expense ratio before waivers or absorptions (1)	1.49%	1.57%	1.44%	1.19%	1.22%
Trading Expense Ratio (2)	0.01%	0.01%	0.00%	0.01%	0.03%
Portfolio turnover rate (3)	18.83%	9.90%	12.03%	12.52%	40.30%
Net asset value per unit, end of year	\$ 11.47	\$ 10.85	\$ 10.48	\$ 12.02	\$ 11.51

(1) Management expense ratio is based on total expenses (excluding broker commission 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 the 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 performance of a Fund.

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE *(continued)*

### III. PAST PERFORMANCE

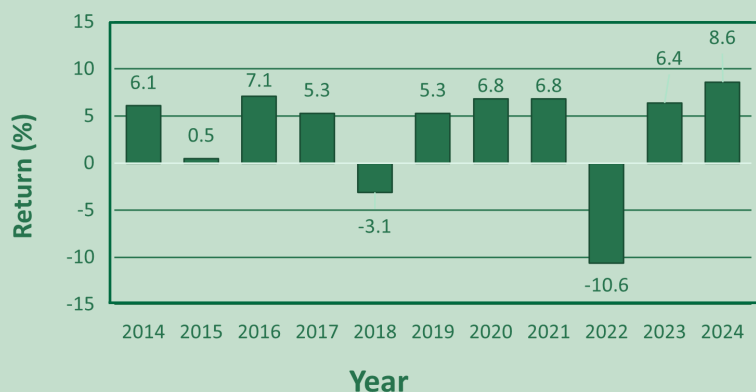
The past performance of the Fund is set out in the Year-by-Year Returns and Annual Compound Returns chart and table. All performance returns:

- are calculated as of December 31 of each year;
- assume all distributions made by the Fund were reinvested without charge to purchase additional units of the Fund; and
- are not reduced by any income taxes payable by you. You will be taxable on the distributions of net income even if you have reinvested them to purchase additional units, 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, 2024, compared to the FTSE Canada Universe Bond Index.

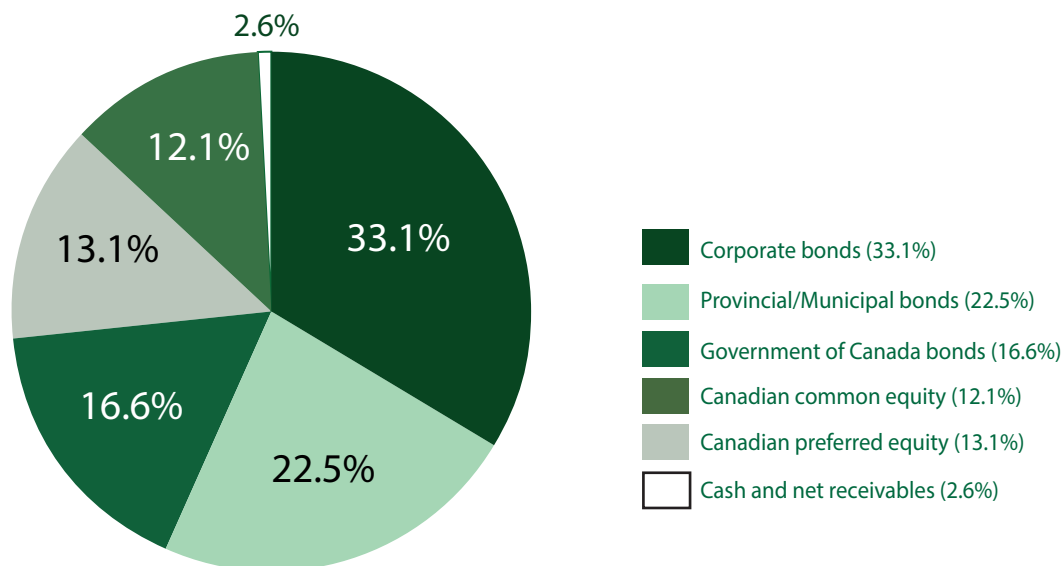
	Past 10 years	Past 5 years	Past 3 years	Past year
Tradex Bond Fund	3.2%	3.4%	1.1%	8.6%
FTSE TMX Canada Universe Bond Index	2.0%	0.8%	-0.6%	4.2%

The FTSE Canada Universe Bond Index is the broadest and most widely used measure of total return for the Canadian bond market, covering over 1,000 marketable Canadian bonds with term to maturity of more than 1 year. The Index is comprised of Canadian federal, provincial, municipal and corporate bonds rated BBB or higher. Bonds are weighted on a market value basis, including accrued interest.

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE *(continued)*

### IV. SUMMARY OF INVESTMENT PORTFOLIO

A summary of the investment portfolio as at December 31, 2024, broken down by the category of issuer, is as follows:



The following investments represent the 25 largest holdings of the Fund as of December 31, 2024, 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.

Government of Canada, 3.50%, December 01, 2045	6.2%	Empire Life Insurance Co. (The), 2.024% September 24, 2031	2.7%
Royal Bank of Canada, 4.632%, May 1, 2028	5.3%	Province of Saskatchewan, 2.75%, December 02, 2046	2.5%
Bank of Montreal, 2.37%, February 03, 2025	5.3%	Fortis Inc., 6.51%, July 04, 2039	2.2%
Province of Ontario, 2.60%, June 02, 2025	5.2%	Province of Ontario, 2.90% December 02, 2046	2.1%
Province of British Columbia, 3.20%, June 18, 2044	4.9%	Teranet Holdings L.P, 5.75%, December 17, 2040	2.1%
Toronto-Dominion Bank, 5.177%, April 9, 2034	4.1%	Enbridge Pipelines Inc., 4.33%, February 22, 2049	1.9%
Province of Alberta, 2.90%, September 20, 2029	3.9%	Royal Bank of Canada	1.2%
Government of Canada, 1.75%, December 1, 2053	3.9%	Province of Alberta, 3.10%, September 20, 2029	1.0%
Toronto-Dominion Bank, 4.68%, January 8, 2029	3.6%	Fairfax Financial, Preferred, Series E	0.9%
CPPIB Capital Inc., 3.00%, June 15, 2028	3.6%	Fairfax Financial, Preferred, Series G	0.9%
Canadian Imperial Bank of Commerce, 2.00%, April 17, 2025	2.9%	Capital Power, Series 1	0.8%
Province of Saskatchewan, 3.05 %, December 02, 2028	2.9%	<b>Sub-total – largest 25 holdings</b>	<b>75.7%</b>
PSP Capital Inc., 2.05%, January 15, 2030	2.8%	<b>Remaining holdings</b>	<b>24.3%</b>
Bell Canada, 3.80%, August 21, 2028	2.8%	<b>Total</b>	<b>100.0%</b>





## Independent auditor's report

To the Unitholders and Trustee of Tradex Bond Fund (the Fund)

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2024, and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### What we have audited

The Fund's financial statements comprise:

- the statements of financial position as at December 31, 2024 and 2023;
- the statements of comprehensive income for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### Independence

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP  
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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## **Other information**

Management is responsible for the other information. The other information comprises the Annual Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
March 26, 2025

## STATEMENTS OF FINANCIAL POSITION

<i>As at</i>	December 31, 2024	December 31, 2023
<b>Assets</b>		
Investments at fair value through profit and loss	\$ 23,794,401	\$ 22,649,721
Cash and cash equivalents	600,116	107,492
Dividends receivable	16,347	20,334
Accrued interest receivable	124,303	105,384
Subscriptions receivable	114	—
<b>Total Assets</b>	<b>24,535,281</b>	<b>22,882,931</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	34,588	36,324
Redemptions payable	18,000	—
<b>Total Liabilities</b>	<b>52,588</b>	<b>36,324</b>
Net assets attributable to holders of redeemable units	\$ 24,482,693	\$ 22,846,607
Units issued and outstanding, end of year (Note 5)	2,133,881	2,105,842
<b>Net assets attributable to holders of redeemable units per unit</b>	<b>\$ 11.47</b>	<b>\$ 10.85</b>

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

Approved by the Board  
of Directors of  
Tradex Management Inc.,  
Trustee for Tradex Bond  
Fund

*/s/Philip E. Charko*

Philip E. Charko  
Director

*/s/Christine Allison*

Christine Allison, FCPA, FCA  
Director

## STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31

	2024	2023
<b>Income</b>		
Dividend income	\$ 333,241	\$ 357,415
Interest income for distribution purposes	567,764	526,111
Securities lending income	5,628	3,494
Other changes in fair value of investments		
Net realized gain on sale of investments	180,395	170,218
Net change in unrealized appreciation on investments	1,128,139	633,013
	2,215,167	1,690,251
<b>Expenses</b>		
Management fees (Note 6)	158,425	152,529
Investment advisory fees	40,112	38,420
Administration costs	109,376	113,112
Independent review committee	169	221
Audit fees	18,531	21,470
Registration fees and expenses	16,459	18,898
Custodian fees	10,056	11,526
Transaction costs	1,461	1,660
Expense reductions	(95,937)	(81,360)
	258,652	276,476
<b>Increase in net assets attributable to holders of redeemable units</b>	<b>\$ 1,956,515</b>	<b>\$ 1,413,775</b>
<b>Weighted average units outstanding during the year</b>	<b>2,111,973</b>	<b>2,147,264</b>
<b>Increase in net assets attributable to holders of redeemable units per unit</b>	<b>\$ 0.93</b>	<b>\$ 0.66</b>

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

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

*Year ended December 31*

	2024	2023
<b>Net assets attributable to holders of redeemable units at beginning of year</b>	\$ 22,846,607	\$ 23,300,599
<b>Increase in net assets attributable to holders of redeemable units</b>	1,956,515	1,413,775
<b>Distributions</b>		
Distributions to holders of redeemable units from net investment income	(638,184)	(610,506)
<b>Redeemable unit transactions</b>		
Proceeds from issuance of redeemable units	1,873,162	559,018
Reinvestment of distributions	610,222	583,652
Consideration paid for redemptions of redeemable units	(2,165,629)	(2,399,931)
<b>Net increase (decrease) from redeemable unit transactions</b>	\$ 317,755	\$ (1,257,261)
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>	\$ 1,636,086	\$ (453,992)
<b>Net assets attributable to holders of redeemable units at end of year</b>	\$ 24,482,693	\$ 22,846,607

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

## STATEMENTS OF CASH FLOWS

*Year ended December 31*

	2024	2023
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 1,956,515	\$ 1,413,775
Adjustments for:		
Net realized (gain) on sale of investments	(180,395)	(170,218)
Net change in unrealized (appreciation) of investments	(1,128,139)	(633,013)
Purchase of investments	(5,005,730)	(2,229,867)
Proceeds from the sale of investments	5,169,584	3,454,315
Change in non-cash working capital items	(16,668)	18,764
<b>Net cash from operating activities</b>	<b>795,167</b>	<b>1,853,756</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of redeemable units	1,873,048	559,144
Consideration paid for redemptions of redeemable units	(2,147,629)	(2,399,931)
Distributions paid to holders of redeemable units, net of reinvested distributions	(27,962)	(26,893)
<b>Net cash from financing activities</b>	<b>(302,543)</b>	<b>(1,867,680)</b>
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>492,624</b>	<b>(13,924)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>107,492</b>	<b>121,416</b>
<b>Cash and cash equivalents at end of the year</b>	<b>\$ 600,116</b>	<b>\$ 107,492</b>
Interest received	\$ 548,845	\$ 535,131
Dividends received, net of withholding taxes	\$ 337,228	\$ 364,283

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

## SCHEDULE OF INVESTMENT PORTFOLIO *As at December 31, 2024*

Bonds	Par value	Average Cost	Fair value	% of total fair value
<b>Federal</b>				
Canadian Government Bond 1.75% 01/12/2053	1,356,000	\$ 963,644	\$ 961,395	
Canadian Government Bond 3.50% 01/12/2045	1,486,000	1,711,511	1,525,413	
CPPIB Capital Inc. 3.00% 15/06/2028	882,000	913,033	879,431	
PSP Capital Inc. 2.05% 15/01/2030	736,000	729,914	694,591	
		4,318,102	4,060,830	17.1%
<b>Provincial/Municipal</b>				
Province of Alberta 2.90% 20/09/2029	975,000	974,460	962,907	
Province of Alberta 3.10% 01/06/2050	292,000	315,048	241,059	
Province of British Columbia 3.20% 18/06/2044	1,395,000	1,442,995	1,199,521	
Province of Ontario 2.60% 02/06/2025	1,281,000	1,296,171	1,278,470	
Province of Ontario 2.90% 02/12/2046	639,000	637,318	518,715	
Province of Saskatchewan 2.75% 02/12/2046	776,000	776,084	610,530	
Province of Saskatchewan 3.05% 02/12/2028	701,000	749,213	699,325	
		6,191,289	5,510,527	23.2%
<b>Corporate</b>				
Bank of Montreal 2.37% 03/02/2025	1,294,000	1,309,835	1,292,768	
Bell Telephone Co of Canada or Bell Canada 3.80% 21/08/2028	687,000	714,259	686,885	
Canadian Imperial Bank of Commerce 2.00% 17/04/2025	713,000	733,574	710,292	
Empire Life Insurance Co. 2.024% 24/09/2031	677,000	672,164	655,412	
Enbridge Pipelines Inc. 4.33% 22/02/2049	507,000	520,984	456,261	
Fortis Inc. 6.51% 04/07/2039	456,000	614,420	542,441	
Royal Bank of Canada 4.63% 01/05/2028	1,255,000	1,290,291	1,296,294	
Teranet Holdings LP 5.75% 17/12/2040	515,000	536,862	510,681	
Toronto-Dominion Bank 4.68% 08/01/2029	850,000	858,256	880,628	
Toronto-Dominion Bank 5.18% 09/04/2034	975,000	1,001,842	1,015,129	
		8,252,487	8,046,791	33.7%
Total bonds		18,761,878	17,618,148	74.0%

Equities	Number of shares	Average cost	Fair value	% of total fair value
<b>Canadian Common Equity</b>				
Atco Ltd.	2,235	\$ 85,268	\$ 106,341	
Bank of Montreal	1,310	162,035	182,811	
Bank of Nova Scotia	2,287	150,326	176,534	
Bird Construction Inc.	1,312	11,986	34,191	
Canadian Imperial Bank of Commerce	1,710	88,269	155,490	
Canadian National Railway Co.	383	48,098	55,907	
Canadian Natural Resources Ltd.	3,560	54,044	157,992	
Canadian Tire Corp. Ltd.	567	81,332	85,741	
Cenovus Energy Inc.	2,536	62,362	55,258	
Cogeco Inc.	1,418	81,712	83,618	
Empire Co., Ltd.	2,204	77,973	96,734	
Enbridge Inc.	1,385	54,215	84,499	
Exco Technologies Ltd.	8,771	81,366	65,870	
Fairfax Financial Holdings Ltd.	50	51,439	100,000	
Gildan Activewear Inc.	882	33,050	59,667	
Hydro One Ltd.	730	17,400	32,317	
IGM Financial Inc.	1,522	54,521	69,875	
Imperial Oil Ltd.	2,189	141,791	193,924	
Manulife Financial Corp.	985	21,457	43,498	
North West Co Inc.	2,489	61,491	122,260	
Nutrien Ltd.	710	39,056	45,667	
Open Text Corp.	1,613	88,728	65,617	
Power Corp. of Canada	3,982	104,600	178,553	
Quebecor Inc.	2,325	68,311	73,238	
Rogers Communications Inc.	2,173	135,774	96,025	
Royal Bank of Canada	1,641	142,475	284,418	



## SCHEDULE OF INVESTMENT PORTFOLIO *As at December 31, 2024*

<b>Equities (continued)</b>	<b>Par Value</b>		<b>Average cost</b>		<b>Fair value</b>	<b>% of total fair value</b>
Sienna Senior Living Inc.	2,872	\$	41,746	\$	44,861	
Suncor Energy Inc.	3,376		103,251		173,223	
Tourmaline Oil Corp.	1,329		76,734		88,405	
Transcontinental Inc.	5,500		106,529		102,135	
Wajax Corp.	1,482		21,340		31,063	
Winpak Ltd.	1,128		48,075		53,839	
			2,396,754		3,199,571	13.5%

<b>Canadian Preferred Equity</b>	<b>Number of shares</b>		<b>Average cost</b>		<b>Fair value</b>	<b>% of total fair value</b>
BCE Inc., Preferred, Series 17	11,415	\$	153,520	\$	177,389	
BCE Inc., Preferred, Series 19	11,343		158,346		175,817	
Brookfield Corp., Preferred, Series 13	14,829		125,603		180,617	
Brookfield Office Properties Inc., Preferred, Series GG	11,615		166,410		194,551	
Brookfield Office Properties Inc., Preferred, Series II	12,158		233,165		193,312	
Brookfield Renewable Partners LP., Preferred, Series 13	8,137		198,712		190,975	
Capital Power Corp., Preferred, Perpetual	11,570		191,737		199,583	
Enbridge Inc., Preferred, Series 7	8,776		124,763		180,435	
Fairfax Financial Holdings Ltd., Preferred, Series E	10,219		155,076		230,949	
Fairfax Financial Holdings Ltd., Preferred, Series G	9,854		122,740		217,970	
Great-West Lifeco Inc., Preferred, Series I	7,552		161,850		145,074	
Intact Financial Corp., Preferred, Class A Series 1	9,249		168,138		197,744	
Pembina Pipeline Corp., Preferred, Series 1	8,048		125,858		187,036	
Sun Life Financial Inc., Preferred, Series 4	7,228		154,284		146,078	
Toronto-Dominion Bank/The., Preferred, Series 1	7,308		179,265		171,007	
Toronto-Dominion Bank/The., Preferred, Series 5	7,472		161,061		188,145	
			2,580,528		2,976,682	12.5%
<b>Total Equities</b>			4,977,282		6,176,253	26.0%
<b>Transaction costs</b>			(5,592)			
<b>Total portfolio of investments</b>		\$	23,733,568	\$	23,794,401	100.0%

### Summary of Investment Portfolio

All portfolio categories are included in the following table :

<b>Portfolio by Category</b>	<b>Percentage of Net Assets (%)</b>	
	<b>As of December 31, 2024</b>	<b>As of December 31, 2023</b>
Corporate Bonds	33.7	32.2
Federal Bonds	17.1	17.8
Provincial / Municipal Bonds	23.2	24.0
Canadian Common Equity	13.5	13.3
Canadian Preferred Equity	12.5	12.7
	100.0	100.0

## NOTES TO FINANCIAL STATEMENTS *As at December 31, 2024*

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### 1. General information

Tradex Bond Fund (the Fund) is an unincorporated trust formed under the laws of the Province of Ontario. The address of its registered office is 340 Albert Street, Suite 1604, Ottawa, Ontario, K1R 7Y6.

The Fund's objective is to achieve a combination of income and long-term capital preservation by investing primarily in a diversified portfolio of investment grade Canadian bonds. In addition, up to 30% of the portfolio may be invested in income producing equity securities, such as common shares of Canadian companies that pay dividends, real estate investment trusts, preferred shares and income trusts. The average term to maturity of the bond portfolio must be greater than three years.

Tradex Management Inc. is the Manager and the Trustee of the Fund. The Fund's investment activities are managed by Foyston, Gordon & Payne Inc. (The Investment Manager), with the administration delegated to RBC Investors Services.

The Fund is restricted to current and former Canadian public servants and their families mainly from Canada.

These financial statements were authorized for issue by the Board of Directors on March 26, 2025.

### 2. Material accounting policies

The material accounting policies applied in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

##### (a) *New standards amendments and interpretations to existing standards effective January 1, 2024*

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2024 that have a material effect on the financial statements of the Fund.

##### (b) *New standards, amendments, and interpretations issued but not yet applied by the Fund*

i) *Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026).*

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. Among other amendments, the IASB clarified the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.

(ii) *IFRS 18 – Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)*

The IASB issued the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- the requirement to determine the most useful structured summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Fund is currently assessing the effect of the new standard on the Fund.

No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Fund.

#### 2.2 Foreign currency translation

##### (a) *Functional and presentation currency*

The Fund's investors are mainly from Canada, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The primary activity of the Fund is to invest in Canadian income generating securities. The performance of the Fund is measured and reported to investors in Canadian dollars. Management considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency.

##### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets

## NOTES TO FINANCIAL STATEMENTS As at December 31, 2024 (continued)

and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Realized and unrealized foreign exchange gains (losses) on investments are included in "Net realized gain on sale of investments" and "Net change in unrealized appreciation on investments", respectively, in the statements of comprehensive income.

### 2.3 Financial assets and financial liabilities at fair value through profit or loss

#### (a) Classification

##### (i) Financial Assets

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund obligations for net assets attributable to holders of redeemable units 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 unitholders. All other financial assets and liabilities, including redeemable units, are measured at amortized cost.

##### (ii) Financial Liabilities

The Fund's policy requires the Investment Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

#### (b) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognized on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognized in the statement of comprehensive income within dividend income when the Fund's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Fund, and the amount of the dividend can be measured reliably. Interest on debt securities at fair value through profit or loss is recognized in the statement of comprehensive income.

#### (c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on 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 bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine 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.

If a significant movement in fair value occurs subsequent to the close of trading on the year end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Fund's valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations.

## NOTES TO FINANCIAL STATEMENTS *As at December 31, 2024 (continued)*

### *(d) Transfers between levels of the fair value hierarchy*

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

### 2.4 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### 2.5 Other receivables

Other receivables are recognized initially at fair value and are subsequently measured at amortised cost. The other receivables balance is held for collection. Other receivables consist of Dividends receivable, Accrued interest receivable and Subscriptions receivable.

### 2.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with a bank or such other deposit taking institution, including the Custodian or its Affiliates, and brokers and other short-term investments in an active market with original maturities of three months or less and custodian overdrafts. Custodian overdrafts, if any, will be shown in current liabilities in the statement of financial position.

### 2.7 Redeemable units

The Fund issues redeemable units, which are redeemable at the holder's option and have identical rights. Such units are classified as financial liabilities. Redeemable units can be put back to the Fund at any dealing date for cash equal to a proportionate share of the Fund's net asset value attributable to the units. Units are redeemable daily. The redeemable units are carried at amortised cost which corresponds to the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the share back to the Fund.

Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's net asset value per share at the time of issue or redemption. The Fund's net asset value per share is calculated by dividing the net assets attributable to the holders of each class of redeemable units with the total number of outstanding redeemable units for each respective class. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per share for subscriptions and redemptions.

### 2.8 Interest Income

The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Funds, accounted for on an accrual basis. Zero coupon bonds are purchased at a discount and are amortized over the term of the bond.

### 2.9 Dividend income

Dividend income is recognized when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Fund, and the amount of the dividend can be measured reliably.

### 2.10 Security Lending Income

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 the years ended December 31, 2024 and 2023.

	December 31, 2024	% of Gross lending revenue
Gross securities lending revenue	9,381	100.0
Withholding taxes	-	-
Agent fees		
RBC IS	(3,753)	(40.0)
Securities lending Revenue	5,628	60.0

	December 31, 2023	% of Gross lending revenue
Gross securities lending revenue	5,826	100.0
Withholding taxes	(2)	-
Agent fees		
RBC IS	(2,330)	(40.0)
Securities lending Revenue	3,494	60.0

### 2.11 Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in the statement of comprehensive income.

### 2.12 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 \$198 in the year ended December 31, 2024 (\$117 in 2023).

## NOTES TO FINANCIAL STATEMENTS *As at December 31, 2024 (continued)*

### 2.13 Distribution payable to holders of redeemable units

Distributions to holders of redeemable units are recognized in the statement of changes in net assets attributable to holders of redeemable units when they are authorized and no longer at the discretion of the Fund. The distributions on the redeemable units are recognized in the statement of changes in net assets attributable to holders of redeemable units.

### 2.14 Increase/decrease in net assets attributable to holders of redeemable units from operations

Income not distributed is included in net assets attributable to holders of redeemable units. Movements in net assets attributable to holders of redeemable units are recognized in the statement of changes in net assets attributable to holders of redeemable units.

### 2.15 Taxation

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada) and distributes all of its net taxable income with the intent to not be subject to income tax.

The Fund is in substance not taxable and therefore does not record deferred income tax assets or liabilities in respect of temporary differences or losses available to be carried forward.

As at December 31, 2024, the Fund had \$nil non-capital losses and \$25,283 in capital losses carried forward for income tax purposes (\$nil and \$193,934, respectively, as at December 31, 2023). Capital losses may be carried forward indefinitely to be applied against future capital gains.

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

## 3. Financial risk

### 3.1 Financial risk factors and capital risk management

The Fund is exposed to a variety of financial risks, which include market risk (including price risk, foreign currency risk, cash flow and fair value interest rate risk), liquidity risk, credit risk and concentration risk.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential

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

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions.

The manager is responsible for managing the Fund's capital, which is its NAV and consists primarily of its financial instruments.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

#### 3.1.1 Market risk

##### (a) Price risk

Price 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, credit risk or foreign 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.

The Fund is exposed to equity and debt securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain.

As at December 31, 2024 approximately 26% of the Fund's investment portfolio was traded on a recognized stock exchange (26% as at December 31, 2023). If equity prices on 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 \$618,000 (\$587,000 as at December 31, 2023). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Debt security price risk is mitigated through active management of a diversified portfolio of fixed income securities. In normal circumstances, the target allocation to Government bonds (including issued or guaranteed by Canada, municipalities and the Provinces) will be approximately one-third (33%) of the portfolio. The portfolio manager may, at its discretion, alter the portfolio weighting to be closer to the FTSE Canada Universe Bond Index at any time. Eligible fixed income investments include bonds, debentures, notes, coupons, residuals and



## NOTES TO FINANCIAL STATEMENTS *As at December 31, 2024 (continued)*

other evidence of indebtedness of Canadian or foreign issuers, whether denominated and payable in Canadian dollars or a foreign currency, mortgage-backed securities, asset-backed securities, floating rate notes, private placements, real return bonds, extendible/retractable bonds, and other fixed income oriented securities. Private placements over \$100 million in issue size may be included in the Fund as long as the securities have received an investment grade rating from a recognized credit rating agency, and an expected liquid market for the securities is maintained by a recognized broker/dealer.

### *(b) Foreign currency risk*

Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognized monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk.

Where equity securities are quoted in currencies other than the Canadian dollar, the price initially expressed in foreign currency and then converted into Canadian dollars will also fluctuate because of changes in foreign exchange rates.

The Fund did not have exposure to foreign currency risk as all monetary and non-monetary assets denominated in Canadian dollars, the functional currency at December 31, 2024 and 2023.

### *(c) Cash flow and fair value 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 Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing level of market interest rates.

As at December 31, 2024 and 2023, the Fund's exposure to debt instruments by maturity was as follows (\$'000):

Maturity Date	31-Dec-24	31-Dec-23
Less than 3 years	3,282	5,386
3-5 years	5,405	2,041
Greater than 5 years	8,931	9,350

As at December 31, 2024, if the prevailing interest rates had been raised or lowered by 0.25%, assuming a parallel shift in the yield curve, with all other factors remaining constant, net assets could possibly have decreased or increased, respectively, by approximately \$314,000

(approximately \$295,000 as at December 31, 2023). The Fund's interest rate sensitivity was based, portfolio weighted, on duration. In practice, actual results may differ from this sensitivity analysis and the difference could be material. As at December 31, 2024 and 2023 the Fund had no exposure to floating rate bonds.

### **3.1.2 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are issued and redeemed on demand at the then current net asset value per unit at the option of the unitholder.

Liquidity risk is managed by investing the majority (if not all) of the Fund's 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.

### **3.1.3 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 fair value of debt securities includes consideration of the credit worthiness of the debt issuer.

As at December 31, 2024 approximately 87% of the Fund's investment portfolio was invested in debt securities and preferred shares (86% on December 31, 2023), with the remaining 13% invested in Canadian equity securities (14% on December 31, 2023).

As at December 31, 2024 and December 31, 2023, the Fund's credit risk exposure for bond securities and preferred shares, grouped by credit ratings, is listed in the following table (for a listing by the type of issuer as at December 31, 2024 see the schedule of investment portfolio):

As a percentage of Net Assets		
Credit Rating	31-Dec-24	31-Dec-23
AAA	17%	18%
AA	22%	16%
A	20%	30%
BBB	13%	9%
Pfd - 2	4%	5%
Pfd - 3	6%	7%
Pfd - 4	2%	0%

## NOTES TO FINANCIAL STATEMENTS *As at December 31, 2024 (continued)*

The Fund is also subject to credit risk arising from 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%. The securities lending agent indemnifies the Fund for any shortfall.

As at December 31, 2024, securities on loan totalled \$6,719,302, whereas collateral held (non-cash) totalled \$6,853,692 (\$7,000,911 and \$7,140,934 as at December 31, 2023, respectively).

### 3.1.4 Concentration risk

The 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. Financial instruments in the same category have similar characteristics and may be affected similarly by changes in economic or other conditions. The Fund's concentration risks is summarized in the table below:

As at	December 31, 2024	December 31, 2023
Corporate Bonds	33.7%	32.2%
Federal Bonds	17.1%	17.8%
Provincial / Municipal Bonds	23.2%	24.0%
Canadian Common Equity	13.5%	13.3%
Canadian Preferred Equity	12.5%	12.7%

### 3.2 Fair value estimation

#### *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 following tables illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2024 and 2023.

#### December 31, 2024

('000)	Level 1	Level 2	Level 3	Total
Equities	6,176	—	—	6,176
Cash & cash equivalents	600	—	—	600
Bonds	—	17,618	—	17,618
Total	6,776	17,618	—	24,394

#### December 31, 2023

('000)	Level 1	Level 2	Level 3	Total
Equities	5,873	—	—	5,873
Cash & cash equivalents	107	—	—	107
Bonds	—	16,777	—	16,777
Total	5,980	16,777	—	22,757

There were no transfers between the levels within the fair value hierarchy during the years ended December 31, 2024 and 2023.

### 4. Critical accounting estimates and judgements

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

#### (a) Fair value measurement of derivatives and securities not quoted in an active market

If 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

## NOTES TO FINANCIAL STATEMENTS *As at December 31, 2024 (continued)*

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 3.2 for further information about the fair value measurement of the Fund's financial instruments.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

### (b) IFRS 10 'Consolidated Financial Statements'

In determining whether the Fund exhibits instances of control or significant influence, IFRS 10 "Consolidated Financial Statements" provides an exception to any financial statement consolidation requirements for entities that meet the definition of an "investment entity". Amongst other factors, the Fund meets the definition of investment entity as it obtains funds from one or more investors for the purpose of providing those investors with professional investment management services and commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

### 5. Redeemable units

The capital of the Fund is represented by issued redeemable units that have no par value. Holders of units are entitled to distributions, if any, and to payment of a proportionate amount based on the Fund's net asset value per unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscription and redemption of units, 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 ended December 31 were as follows:

	2024	2023
Outstanding, beginning of year	2,105,842	2,222,959
Issued for cash	168,347	52,563
Reinvestment of distributions	54,429	55,391
Redeemed	(194,737)	(225,071)
Outstanding, end of year	2,133,881	2,105,842

### 6. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Fund is managed by Tradex Management Inc (The Manager) an investment management company incorporated under the Canada Business Corporations Act. Under the terms of the management agreement dated September 7, 1989 (as amended) the Fund appointed Tradex Management Inc as a Manager to provide management services, including the provision of key management personnel, for an annual fee of 0.6% of the Fund's net asset value, calculated and accrued 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 2024, \$95,937 (\$81,360 in 2023) in expenses were reduced by such transactions.

### 7. IESBA DISCLOSURE

In compliance with the International Ethics Standards Board for Accountants' ("IESBA") Code of Ethics for Professional Accountants, the auditor is required to publicly disclose the audit and non-audit fees charged to public interest entities, including the Fund, on an annual basis.

In connection with the audit of the financial statements of the Fund for the year ended December 31, 2024, the following fees (excluding applicable taxes) were paid or payable to PricewaterhouseCoopers LLP: fees for the audits of financial statements were \$13,350 and fees for other services were \$3,050.



## BOARD OF DIRECTORS AND OFFICERS OF THE MANAGER

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**Christine Allison, FCPA, FCA** *Ottawa, Ont.*  
*MD Financial Management (retired)*  
*Director*

**Bob Baldwin**, *Ottawa, Ont.*  
*Consultant*  
*Director*

**Natalya G. Calabina, CPA**, *Ottawa, Ont.*  
*Tradex Management Inc.*  
*Chief Financial Officer*

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

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

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

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

**Tom MacDonald**, *Ottawa, Ont.*  
*Global Affairs Canada (retired)*  
*Director and Vice-Chair*

**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*

**Irit Weiser**, *Ottawa, Ont.*  
*Department of Justice (retired)*  
*Director and Corporate Secretary*

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

## CORPORATE AND UNITHOLDER INFORMATION

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### REGISTRAR

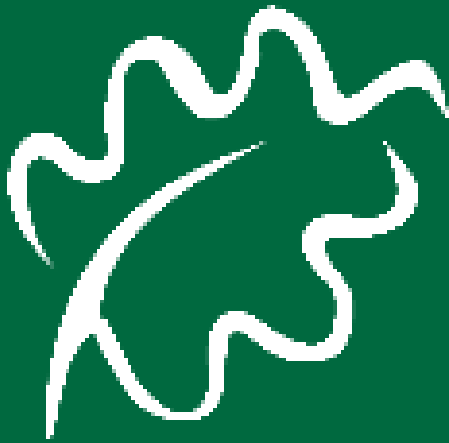
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