

2023 Tradex EQUITY Fund Limited



Annual Management Report of Fund Performance

and

Annual Financial Statements



December 31, 2023

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**.

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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 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 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.

/s/Blair Cooper

Blair Cooper
President and CEO

March 27, 2024

/s/Karin Zabel

Karin Zabel
Chair and Director



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the year ended December 31, 2023

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 Trdex Equity Fund Limited increased in value by 9.5% during 2023 compared to an increase of 11.8% in its benchmark, the S&P/TSX Total Return Index.

The first quarter of 2023 began with a welcomed revival in stocks and bonds. The impact of monetary policy tightening, fears of COVID-related turmoil, and an anticipated winter European energy crisis faded in the rear-view as sentiment improved. However, the rally was short lived as by February, the market was feeling the effects of persistent inflation, with stocks down after earnings fell flat. First Republic Bank was the largest detractor from performance as the collapse of Silicon Valley Bank (SVB) caused a sudden loss of depositor and investor confidence. After a challenging 2022, global equity markets finished the first half of 2023 on a strong note. However, the vast majority of the market's overall gain were driven by only seven US stocks (Microsoft, Alphabet, Amazon, Nvidia, Apple, Tesla, and Meta). In Canada, investors continued to focus on macroeconomic factors in the second quarter, including inflation and interest rates. A historic surge in immigration has supported consumption and overall economic growth while playing a crucial role in stabilizing housing. After three consecutive quarters of positive performance, global equity markets failed to extend their year-to-date gains into the third quarter as they contended with

stubborn inflation, the prospect of higher-for-longer interest rates, a fragile Chinese economy, and earnings risk associated with a potential recession. Canadian stocks performed well in Q4 despite lagging the S&P 500 Index. Information technology stocks benefited from continued economic resilience, robust growth expectations, and a potential for growth from Artificial Intelligence (AI).

At year-end 58% of the value of the Fund's investment portfolio was in Canadian equities, with 30% US and 10% non-North-American (versus 59%, 26% and 15%, respectively, at the start of the year). The number of companies held in the Canadian portion of the portfolio decreased from 89 to 84 while the number of foreign positions increased from 40 to 41. 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 largest holdings; Royal Bank of Canada, with all 5 of Canada's largest banks held collectively representing over 11% of the fund's net asset value. 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 Canadian market underperformed the foreign markets or more precisely the "magnificent 7" mega-cap US stocks over the year. Throughout the year PH&N hedged in the range of 20-40% 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 14 to 17. In addition, a summary of the weighting of the Fund's assets in various geographies appears under the heading "Summary of Investment Portfolio".

In 2023 there was a decrease in the number of shares outstanding while the Fund's total net asset value increased from \$139.5 million at the start of the year to \$140.5 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 increased to 1.18% in 2023 from 1.02% in 2022 (Morningstar reports that the median MER for Canadian focused equity funds is 2.28%). This was achieved

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE *(continued)*

in part because Tradex Management Inc. was able to rebate a total of \$178,992 in its management fees to the Fund in 2023 (\$453,413 in 2022). There was no capital gain distribution at the beginning of 2023, while at the end of the year an ordinary dividend of 48 cents per share was paid to shareholders.

Recent Developments

In mid-January 2024 there was 13.4 cents in capital gains distribution paid to shareholders of the Fund.

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 0.7% of the Fund's net asset value, calculated and accruing daily. This amounted to \$1,094,406 in 2023 (including HST) and represents 59% 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.

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 2023, \$178,992 in expenses were reduced for the Fund through such transactions (\$453,413 in 2022).

Other Expenses

The other expenses incurred by the Fund in 2023 amounted to \$755,505 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 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 Share ⁽¹⁾ For the five years ended December 31

	2023	2022	2021	2020	2019
Net assets per share, beginning of year	\$ 24.19	\$ 29.17	\$ 24.10	\$ 21.69	\$ 17.93
Increase (decrease) from operations:					
Total revenue	\$ 0.66	\$ 0.63	\$ 0.64	\$ 0.61	\$ 0.52
Total expenses	\$ (0.33)	\$ (0.29)	\$ (0.30)	\$ (0.24)	\$ (0.24)
Realized gains (losses) for the year	\$ 1.18	\$ 0.68	\$ 1.59	\$ 0.18	\$ 0.30
Unrealized gains (losses) for the year	\$ 0.75	\$ (5.08)	\$ 3.54	\$ 2.18	\$ 3.55
Total increase (decrease) from operations (2)	\$ 2.26	\$ (4.06)	\$ 5.47	\$ 2.73	\$ 4.13
Distributions to investors:					
From dividends	\$ 0.48	\$ 0.46	\$ 0.41	\$ 0.38	\$ 0.37
From capital gains	\$ —	\$ 0.48	\$ —	\$ —	\$ —
Total Annual Distributions (3)	\$ 0.48	\$ 0.94	\$ 0.41	\$ 0.38	\$ 0.37
Net assets per share, end of year	\$ 25.99	\$ 24.19	\$ 29.17	\$ 24.10	\$ 21.69

(1) The information for 2019-2023 is derived from the Fund's audited annual financial statements.

(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	2023	2022	2021	2020	2019
Total net asset value, end of year (000's)	\$ 140,523	\$ 139,483	\$ 166,836	\$ 135,625	\$ 123,505
Weighted average net asset value (000's)	\$ 140,385	\$ 147,605	\$ 154,276	\$ 120,181	\$ 117,716
Number of shares outstanding, end of year	5,406,290	5,766,079	5,719,834	5,626,761	5,693,582
Management expense ratio (1)	1.18%	1.02%	1.00%	1.03%	1.10%
Management expense ratio before waivers or absorptions (1)	1.31%	1.32%	1.25%	1.30%	1.30%
Trading expense ratio (2)	0.03%	0.01%	0.03%	0.02%	0.02%
Portfolio turnover rate (3)	25.99%	20.02%	17.57%	17.13%	13.79%
Net asset value per share, end of year	\$ 25.99	\$ 24.19	\$ 29.17	\$ 24.10	\$ 21.69

(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.

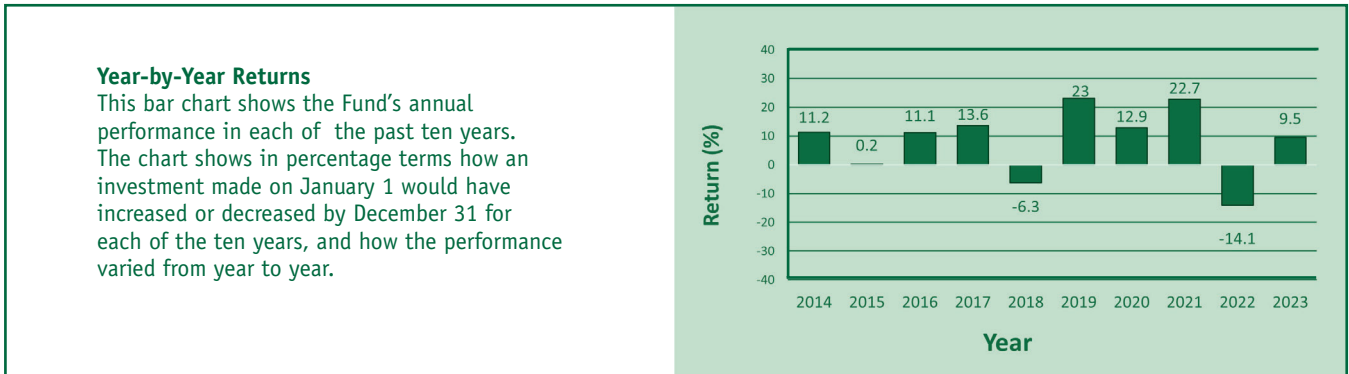
ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE *(continued)*

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 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.



Annual Compound Returns

The following table shows the Fund's annual compound total return for the periods indicated, as of December 31, 2023, compared to the S&P/TSX Composite Total Return Index.

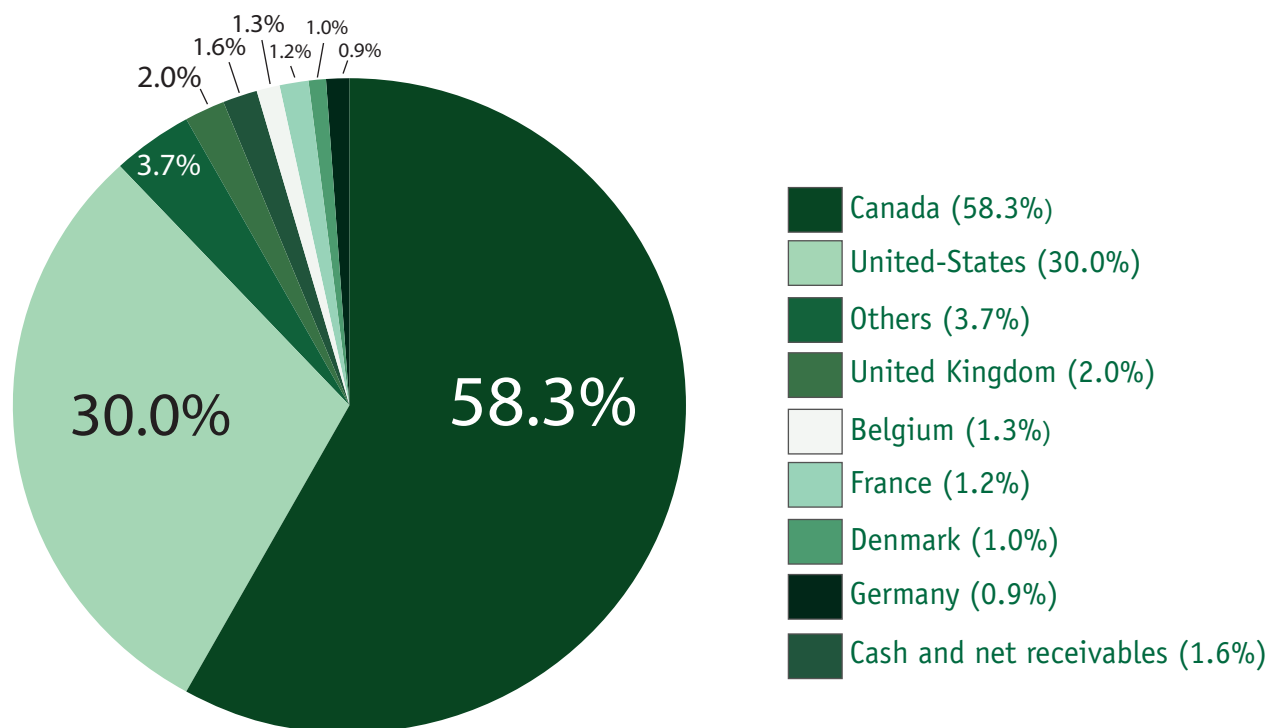
	Past 10 years	Past 5 years	Past 3 years	Past year
Tradex Equity Fund Limited	7.8%	9.9%	4.9%	9.5%
S&P/TSX Composite Total Return Index	7.6%	11.3%	9.6%	11.8%

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 investment portfolio as at December 31, 2023, broken down by the geographic location of the companies in the portfolio (as a percentage of net asset value), is as follows:



The following investments represent the 25 largest holdings of the Fund as of December 31, 2023, 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	4.0%	Fortive Corp	1.6%
Toronto Dominion Bank	3.2%	Alimentation Couche-Tard Inc	1.5%
Shopify Inc.	2.8%	T-Mobile US Inc	1.5%
Microsoft Corp	2.6%	NVIDIA Corp	1.4%
Canadian Natural Resources Ltd	2.4%	AutoZone Inc	1.4%
Bank of Montreal	2.2%	Taiwan Semiconductor Co Ltd	1.4%
UnitedHealth Group Inc	2.1%	Salesforce Inc	1.4%
Enbridge Inc	2.0%	Bank of Nova Scotia	1.3%
Amazon.com Inc	1.9%	Anheuser-Busch InBev SA/NV	1.3%
Brookfield Corp	1.8%	Safran SA	1.3%
Canadian National Railway Co	1.8%	Procter & Gamble Co	1.3%
Canadian Pacific Kansas City Ltd	1.7%	Sub-total – largest 25 holdings	47.2%
Alphabet Inc	1.7%	Remaining holdings	52.8%
Visa Inc	1.6%	Total	100.0%



Independent auditor's report

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

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, 2023 and 2022, 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, 2023 and 2022;
- the statements of comprehensive income for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable shares 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.

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.

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



Other information

Management is responsible for the other information. The other information comprises the December 31, 2023 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.

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.

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 27, 2024

STATEMENTS OF FINANCIAL POSITION

<i>As at</i>	December 31, 2023	December 31, 2022
Assets		
Investments at fair value through profit and loss	\$ 138,542,530	\$ 138,307,805
Cash and cash equivalents	1,187,362	999,867
Dividends receivable	305,813	357,681
Accrued interest receivable	—	8
Subscriptions receivable	8,740	12,159
Derivative assets	779,117	108,332
Total Assets	140,823,562	139,785,852
Liabilities		
Accounts payable and accrued liabilities	275,310	249,145
Redemptions payable	—	6,500
Distributions payable to holders of redeemable shares	4,325	4,219
Derivative liabilities	20,562	43,002
Total Liabilities	\$ 300,197	\$ 302,866
Net assets attributable to holders of redeemable shares	\$ 140,523,365	\$ 139,482,986
Shares issued and outstanding, end of year (Note 5)	5,406,290	5,766,079
Net assets attributable to holders of redeemable shares per share	\$ 25.99	\$ 24.19

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

Approved by the Board
of Directors of
Tradex Equity Fund Limited

/s/Philip E. Charko

Philip E. Charko
Director

/s/ Christine Allison

Christine Allison, FCPA, FCA
Director

STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31

	2023	2022
Income		
Dividend income	\$ 3,604,660	\$ 3,548,631
Interest income for distribution purposes	94,425	32,991
Securities lending revenue	17,318	5,559
Net Foreign exchange gain (loss) on cash	(16,058)	33,682
Derivative income (loss)	(310,068)	(1,890,494)
Other income	—	581
Other changes in fair value of investments and derivatives		
Net realized gain on sale of investments and derivatives	6,891,412	5,842,164
Net realized foreign exchange (loss)	(17,027)	(20,207)
Change in unrealized appreciation (depreciation) on investments and derivatives	4,202,622	(29,270,335)
	14,467,284	(21,717,428)
Expenses		
Management fees (Note 6)	1,094,406	1,143,112
Investment advisory fees	329,056	354,300
Administration costs	292,670	327,500
Independent review committee	221	203
Audit fees	72,320	58,400
Custodian fees	27,120	39,000
Registration fees and expenses	18,898	18,241
Transaction costs	37,095	20,641
Foreign withholding taxes	157,117	140,074
Interest expense	—	16,725
Expense reductions	(178,992)	(453,413)
	1,849,911	1,664,783
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 12,617,373	\$ (23,382,211)
Weighted average shares outstanding during the year	5,583,618	5,756,863
Increase (decrease) in net assets attributable to holders of redeemable shares per share	\$ 2.26	\$ (4.06)

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

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

Year ended December 31

	2023	2022
Net assets attributable to holders of redeemable shares at beginning of year	\$ 139,482,986	\$ 166,836,066
Increase (decrease) in net assets attributable to holders of redeemable shares	12,617,373	(23,382,211)
Distributions		
Distributions to holders of redeemable shares from net investment income	(2,569,333)	(2,612,552)
Distributions to holders of redeemable shares from net realized capital gains	—	(2,753,669)
	(2,569,333)	(5,366,221)
Redeemable shares transactions		
Proceeds from issue of redeemable shares	4,112,220	7,431,317
Reinvestment of distributions	2,459,324	5,200,699
Consideration paid on redemptions of redeemable shares	(15,579,205)	(11,236,664)
Net increase (decrease) from redeemable shares transactions	(9,007,661)	1,395,352
Net assets attributable to holders of redeemable shares at end of year	\$ 140,523,365	\$ 139,482,986

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

STATEMENTS OF CASH FLOWS

Year ended December 31

	2023	2022
Cash flows from operating activities		
Increase (decrease) in net assets attributable to holder of redeemable shares	\$ 12,617,373	\$ (23,382,211)
Adjustments for:		
Foreign exchange loss (gain) on cash	16,058	4,824
Net realized (gain) loss on sale of investments and derivatives	(6,891,412)	(5,842,164)
Net change in unrealized (appreciation) depreciation of investments and derivatives	(4,202,622)	29,270,335
Purchase of investments	(36,042,643)	(28,386,090)
Proceeds from the sale of investments	46,208,727	30,889,985
Change in non-cash working capital items	78,041	(1,577)
	11,783,522	2,553,102
Cash flows from financing activities		
Proceeds from issue of redeemable shares	4,115,639	7,603,258
Consideration paid on redemptions of redeemable shares	(15,585,705)	(11,421,250)
Distributions paid to holders of redeemable shares, net of reinvested distributions	(109,903)	(233,995)
	(11,579,969)	(4,051,987)
Increase (decrease) in cash and cash equivalents during the year	203,553	(1,498,885)
Foreign exchange loss (gain) on cash	(16,058)	(4,824)
Cash and cash equivalents at beginning of year	999,867	2,503,576
Cash and cash equivalents at end of year	1,187,362	999,867
Interest received	\$ 94,433	\$ 33,000
Interest paid	\$ —	\$ 16,725
Dividends received, net of withholding taxes	\$ 3,499,411	\$ 3,408,380

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

SCHEDULE OF INVESTMENT PORTFOLIO *As at December 31, 2023*

Canadian Common Stocks	Number of shares	Average Cost	Fair Value	% of total fair value
Agnico Eagle Mines Ltd.	23,063	\$ 1,095,585	\$ 1,675,527	
Alimentation Couche-Tard Inc.	27,359	752,416	2,134,823	
Allied Properties Real Estate Investment Trust	12,871	414,276	259,737	
AltaGas Ltd.	18,330	356,971	509,941	
ARC Resources Ltd.	8,800	194,542	173,097	
ATS Corp.	10,421	230,548	595,144	
AutoCanada Inc.	14,887	325,005	340,913	
Bank of Montreal	22,788	1,804,010	1,792,972	
Bank of Nova Scotia	27,798	1,632,426	2,987,724	
BCE Inc.	20,872	933,602	1,088,893	
Boyd Group Services Inc.	1,400	354,954	389,886	
Brookfield Corp.	47,168	669,618	2,506,979	
CAE Inc.	8,949	282,912	255,941	
Cameco Corp.	18,620	681,071	1,063,761	
Canadian Apartment Properties REIT	9,823	478,442	479,362	
Canadian Imperial Bank of Commerce	25,582	1,292,526	1,632,132	
Canadian National Railway Co.	14,962	775,961	2,491,921	
Canadian Natural Resources Ltd.	38,221	1,419,006	2,320,738	
Canadian Pacific Kansas City Ltd.	22,136	1,084,841	3,317,965	
Cenovus Energy Inc.	35,000	869,861	772,800	
CGI Inc.	7,408	354,592	1,051,566	
Chartwell Retirement Residences	32,777	347,715	384,146	
Choice Properties Real Estate Investment Trust	18,701	192,971	260,879	
Constellation Software Inc.	275	762,271	903,449	
Constellation Software Inc., Warrants, 2040-03-31	150	-	-	
Copperleaf Technologies Inc.	23,218	325,779	140,237	
Coveo Solutions Inc.	15,634	234,510	150,086	
Descartes Systems Group Inc.	6,113	279,491	680,560	
Dollarama Inc.	11,058	565,154	1,055,928	
Element Fleet Management Corp.	11,200	247,296	241,472	
Enbridge Inc.	56,917	2,649,899	2,714,941	
Enerplus Corp.	14,850	191,936	301,604	
First Quantum Minerals Ltd.	40,708	1,125,833	441,682	
FirstService Corp.	2,452	260,113	526,322	
Fortis Inc.	7,132	371,965	388,765	
Franco-Nevada Corp.	4,169	324,830	611,884	
Granite Real Estate Investment Trust	4,514	350,987	344,328	
Hydro One Ltd.	9,000	343,440	357,300	
Imperial Oil Ltd.	10,980	719,738	828,770	
Intact Financial Corp.	6,540	815,306	1,333,244	
Interfor Corp.	12,535	234,964	294,322	
InterRent Real Estate Investment Trust	23,458	237,907	310,349	
K92 Mining Inc.	19,986	120,039	130,109	
Keyera Corp.	15,895	349,575	509,117	
Killam Apartment Real Estate Investment Trust	15,880	267,659	285,205	
Kinaxis Inc.	2,820	286,574	419,362	
Labrador Iron Ore Royalty Corp.	8,217	213,602	262,122	
Lightspeed Commerce Inc.	14,373	716,837	399,857	
Loblaw Cos Ltd.	6,490	359,878	832,537	
Lundin Mining Corp.	30,947	189,345	335,465	
Magna International Inc.	11,282	426,590	1,698,064	
Manulife Financial Corp.	57,994	1,339,181	221,128	
Maple Leaf Foods Inc.	8,761	267,594	883,268	
National Bank of Canada	9,400	693,131	949,400	
Neighbourly Pharmacy Inc.	15,932	306,031	267,498	
Nutrien Ltd.	18,826	1,270,354	1,405,361	
OceanaGold Corp.	57,517	167,890	146,093	
Onex Corp.	4,720	322,143	436,742	
Open Text Corp.	11,961	544,818	666,108	
Pan American Silver Corp.	18,373	472,942	397,408	
Pan American Silver Corp., Rights, 2029-02-22	41,400	-	28,251	
Pet Valu Holdings Ltd.	9,591	236,799	276,029	
Power Corp. of Canada	24,576	821,824	931,185	
PrairieSky Royalty Ltd.	17,240	392,507	399,968	
Premium Brands Holdings Corp.	5,198	482,790	488,768	

SCHEDULE OF INVESTMENT PORTFOLIO *As at December 31, 2023*

Canadian Common Stocks (continued)	Number of shares	Average Cost	Fair Value	% of total fair value
RB Global Inc.	3,220	\$ 275,882	\$ 285,517	
Restaurant Brands International Inc.	5,757	390,289	596,022	
Rogers Communications Inc.	16,163	589,156	1,002,591	
Royal Bank of Canada	41,323	1,952,272	5,537,282	
Shopify Inc.	37,650	1,818,478	3,883,974	
SSR Mining Inc.	14,754	336,316	209,802	
Sun Life Financial Inc.	20,841	827,799	1,432,194	
Suncor Energy Inc.	30,980	1,176,810	1,315,101	
TC Energy Corp.	25,223	1,071,242	1,305,542	
Teck Resources Ltd.	21,294	720,214	1,192,677	
TELUS Corp.	50,324	1,193,899	1,186,640	
Thomson Reuters Corp.	7,306	416,080	1,415,391	
Torex Gold Resources Inc.	14,815	269,572	216,595	
Toronto-Dominion Bank	51,439	2,383,041	4,404,207	
Tourmaline Oil Corp.	11,948	472,191	711,981	
Tricon Residential Inc.	28,621	310,863	345,169	
Waste Connections Inc.	8,196	622,327	1,621,661	
Wheaton Precious Metals Corp.	19,565	561,572	1,278,964	
WSP Global Inc.	4,340	556,488	806,112	
Total Canadian Common Stocks		52,777,864	81,228,557	58.6%

Foreign Common Stocks	Number of Shares	Average Cost	Fair Value	% of total fair value
United States				
Alphabet Inc.	12,428	\$ 1,068,684	\$ 2,300,371	
Amazon.com Inc.	13,114	1,212,449	2,640,211	
American Water Works Co Inc.	4,860	913,150	849,980	
AutoZone Inc.	580	1,438,344	1,987,112	
Blackstone Inc.	8,076	430,009	1,400,986	
CSX Corp.	24,374	1,076,660	1,119,727	
Deere & Co.	500	249,750	264,923	
EOG Resources Inc.	8,668	1,456,629	1,389,173	
Equinix Inc.	271	279,129	289,206	
Fortive Corp.	22,421	1,663,313	2,187,465	
HCA Healthcare Inc.	3,959	1,516,870	1,419,950	
Home Depot Inc.	2,851	1,273,899	1,309,165	
Intuit Inc.	1,984	1,543,308	1,643,138	
MarketAxess Holdings Inc.	3,218	1,112,719	1,248,713	
Micron Technology Inc.	5,984	531,938	676,668	
Microsoft Corp.	7,304	1,263,497	3,639,370	
Morgan Stanley	12,384	1,485,268	1,530,175	
Netflix Inc.	2,484	1,456,871	1,602,525	
Newmont Corp.	5,927	257,610	325,059	
NVIDIA Corp.	3,050	480,254	2,001,379	
Procter & Gamble Co.	8,933	1,822,347	1,734,542	
Salesforce Inc.	5,408	1,444,604	1,885,623	
T-Mobile US Inc.	9,928	1,601,194	2,109,152	
UnitedHealth Group Inc.	4,169	1,095,465	2,908,285	
Visa Inc.	6,602	1,995,518	2,277,532	
		28,669,479	40,740,430	29.4%
Belgium				
Anheuser-Busch InBev SA/NV	20,642	2,069,253	1,763,974	
		2,069,253	1,763,974	1.3%
Bermuda				
Brookfield Infrastructure Partners LP	10,752	300,327	449,004	
		300,327	449,004	0.3%
Denmark				
Novo Nordisk A/S	9,829	1,266,055	1,346,420	
		1,266,055	1,346,420	1.0%
France				
Safran SA	7,505	1,485,121	1,750,578	
		1,485,121	1,750,578	1.3%
Germany				
Deutsche Post AG	18,864	827,756	1,237,723	
		827,756	1,237,723	0.9%

SCHEDULE OF INVESTMENT PORTFOLIO *As at December 31, 2023*

Foreign Common Stocks (continued)	Number of Shares	Average Cost	Fair Value	% of total fair value
Hong Kong				
AIA Group Ltd.	113,814	\$ 1,319,623	\$ 1,314,278	
		1,319,623	1,314,278	0.9%
Ireland				
Kerry Group PLC	6,176	1,143,862	710,624	
		1,143,862	710,624	0.5%
Japan				
Astellas Pharma Inc.	49,898	956,249	790,593	
MISUMI Group Inc.	12,506	436,224	280,826	
		1,392,473	1,071,419	0.8%
Luxembourg				
Eurofins Scientific	5,652	478,320	487,625	
		478,320	487,625	0.4%
Norway				
Equinor ASA	31,100	1,204,953	1,306,655	
		1,204,953	1,306,655	0.9%
Taiwan				
Taiwan Semiconductor Manufacturing Co., Ltd.	14,000	1,202,476	1,929,269	
		1,202,476	1,929,269	1.4%
United Kingdom				
Croda International PLC	5,203	437,979	443,777	
Endeavour Mining PLC	12,224	282,408	363,908	
InterContinental Hotels Group PLC	11,280	787,162	1,350,750	
Legal & General Group PLC	247,004	1,206,572	1,047,539	
		2,714,121	3,205,974	2.3%
Total foreign common stocks		44,073,819	57,313,973	41.4%
Transaction costs		(101,177)		
Total portfolio of investments		96,750,506	138,542,530	100.0%

SCHEDULE OF INVESTMENT PORTFOLIO *As at December 31, 2023*

Summary of Investment Portfolio

All portfolio categories are included in the following table :

Portfolio by Category	Percentage of Portfolio (%)	
	As of December 31, 2023	As of December 31, 2022
Canada	58.6	58.8
United States	29.4	26.9
Belgium	1.3	1.8
Bermuda	0.3	0.4
France	1.3	-
Denmark	1.0	0.4
Finland	-	0.7
Germany	0.9	0.8
Hong Kong	0.9	1.4
Ireland	0.5	0.6
Japan	0.8	0.8
Luxembourg	0.4	-
Netherlands	-	0.3
Norway	0.9	0.9
Switzerland	-	2.0
Taiwan	1.4	1.5
United Kingdom	2.3	2.7
	100.0	100.0

Schedule 1 - Forward Contracts December 31, 2023

Currency to Deliver	Purchase Amount	Currency	Amount	Settlement Date	Contract Price	Market Price	Appreciation/ (Depreciation)
CAD	46,162	USD	34,000	09-Jan-24	1.358	1.325	(1,116)
CAD	51,537	USD	38,000	09-Jan-24	1.356	1.325	(1,191)
USD	5,115,000	CAD	6,937,439	09-Jan-24	0.737	0.755	160,642
USD	33,000	CAD	43,561	09-Jan-24	0.758	0.755	(158)
USD	2,753,000	CAD	3,750,784	09-Jan-24	0.734	0.755	103,336
CAD	249,551	USD	184,000	22-Mar-24	1.356	1.323	(5,960)
USD	100,000	CAD	133,008	22-Mar-24	0.752	0.756	651
USD	5,424,000	CAD	7,381,847	22-Mar-24	0.735	0.756	200,924
USD	100,000	CAD	137,714	24-Jan-24	0.726	0.755	5,242
USD	600,000	CAD	821,955	24-Jan-24	0.730	0.755	27,141
USD	95,000	CAD	130,371	24-Jan-24	0.729	0.755	4,525
CAD	373,776	USD	273,000	24-Jan-24	1.369	1.325	(12,137)
USD	4,814,000	CAD	6,653,943	24-Jan-24	0.723	0.755	276,656
							758,555

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

1. General information

Tradex Equity Fund Limited (the Fund) is mutual fund corporation incorporated under the Canada Business Corporations Act. The address of its registered office is 340 Albert Street, Suite 1604, Ottawa, Ontario, K1R 7Y6.

The Fund'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.

Tradex Management Inc. is the Manager and the Trustee of the Fund. The Fund's investment activities are managed by PH&N, RBC Global Asset Management 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 27, 2024.

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) *Standards and amendments to existing standards effective January 1, 2023*

The Fund adopted the following:

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*. These amendments did not impact the accounting policies applied in the preparation of these financial statements. However, the amendments require entities to disclose their material rather than their significant accounting policies, and as such, the Fund has made certain amendments to their accounting policy disclosures.

- *Definition of Accounting Estimates (Amendments to IAS 8)*. The amendment to IAS 8 clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. There was no material impact on the Fund as a result of adopting this amendment.

(b) *New standards, amendments, and interpretations effective after January 1, 2024.*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2024, and have not been early adopted in preparing these financial statements. None of these 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 shares denominated in Canadian dollars. The primary activity of the Fund is to invest primarily in closed-end funds whose investments are principally in a diversified portfolio of common shares of Canadian companies plus shares from companies in the United States and other countries. 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 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 (loss) on sale of investments and derivatives" and "Change in unrealized appreciation (depreciation) on investments and derivatives", 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 objective. Consequently, all investments are measured at fair value through profit or loss.

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.

(ii) Financial Liabilities

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

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.

(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 price 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.

(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

NOTES TO FINANCIAL STATEMENTS *As at December 31, 2023 (cont'd)*

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 amortized cost. The other receivables balance is held for collection.

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 shares

The Fund issues redeemable shares, which are redeemable at the holder's option and have identical rights. Such shares are classified as financial liabilities. Redeemable shares 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 shares. Shares are redeemable daily.

The redeemable shares are carried at amortized 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 shares 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 shares with the total number of outstanding redeemable shares 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

Interest is recognized on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents.

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, 2023 and 2022.

	December 31, 2023	% of Gross lending revenue
Gross securities lending revenue	29,863	100.0
Withholding taxes	(600)	(2.0)
Agent fees		
RBC IS	(11,945)	(40.0)
Securities lending Revenue	17,318	58.0

	December 31, 2022	% of Gross lending revenue
Gross securities lending revenue	8,660	100.0
Withholding taxes	(128)	(1.5)
Agent fees		
Bank of New York Mellon Corp. (The)	(886)	(10.2)
RBC IS	(2,087)	(24.1)
Securities lending Revenue	5,559	64.2

2.11 Transaction costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund, 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 \$2,492 in the year ended December 31, 2023 (\$882 in 2022).

2.13 Distribution payable to holders of redeemable shares

Distributions to holders of redeemable units are recognized in the statement of changes in net assets attributable to holders of redeemable shares when they are authorized. The distributions on the redeemable shares are recognized in the statement of changes in net assets attributable to holders of redeemable shares.

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

Income not distributed is included in net assets attributable to holders of redeemable shares. Movements

in net assets attributable to holders of redeemable shares are recognized in the statement of changes in net assets attributable to holders of redeemable shares.

2.15 Taxation

The Fund qualifies as a mutual fund corporation for federal income tax purposes. 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.

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. The fund paid \$nil of taxable capital gains distribution in 2023. (\$2,753,669 in 2022)

The Fund may incur 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, 2023, the Fund had no capital losses and no non-capital losses carried forward for income tax purposes (nil and nil as at December 31, 2022).

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 may 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 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.

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 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 securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain.

As at December 31, 2023, 98.4% of the Fund's assets were traded on global stock exchanges (99.1% as at December 31, 2022). If equity prices 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 \$13,854,000 (\$13,831,000 on December 31, 2022). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

To mitigate price risk the Fund will diversify its portfolio by both sector and geographical exposure. Furthermore, a minimum five industry sectors will be held and the month end market value of any one holding in the portfolio must not exceed 10% of the Fund's market value. While the Fund will generally be fully invested, should market conditions temporarily deteriorate, up to 30% of the portfolio could be converted to cash or short-term investments.

The Fund is also exposed to derivative risk through foreign exchange forward contracts. To limit the price risk

NOTES TO FINANCIAL STATEMENTS *As at December 31, 2023 (cont'd)*

associated with foreign exchange forward contracts, such contracts are limited to the market value of the foreign securities own by the Fund and quoted in that currency or where the Fund's underlying exposure is to that currency.

(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.

Currencies to which the Fund had exposure as at December 31, 2023 and 2022 are as follows (\$'000):

	31-Dec-23	31-Dec-22
US Dollars	18,262	16,216
Euro	5,960	5,775
UK Pounds	2,842	3,284
Danish Krone	1,346	597
Hong Kong Dollars	1,314	1,917
Norwegian Krone	1,308	1,275
Japanese Yen	1,071	1,157
Swiss Franc	18	2,800

To partially limit foreign currency risk, the Fund enters into commitments in the form of foreign exchange forward contracts for the sale of U.S. dollars only, as a material portion of the Fund's foreign currency exposure is in U.S. dollars. 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 U.S. 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, 2023 and 2022 is as follows (\$'000):

	Foreign Currency Exposure	Notional value of foreign exchange of forward contracts	Net foreign currency exposure
Dec 31, 2023 U.S. Dollars	42,782	(24,520)	18,262
Dec 31, 2022 U.S Dollars	39,495	(23,279)	16,216

As at December 31, 2023, 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 \$1,606,000 (\$1,651,000 on December 31, 2022). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(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 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.

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 shares. The shares of the Fund are issued and redeemed on demand at the then current net asset value per share at the option of the shareholder.

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.

NOTES TO FINANCIAL STATEMENTS *As at December 31, 2023 (cont'd)*

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%. The securities lending agent indemnifies the Fund for any shortfall.

As at December 31, 2023, securities on loan totalled \$4,125,284, whereas collateral held (non-cash) totalled \$4,207,795 (\$4,182,745 and \$4,266,404 on December 31, 2022, 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 risk is summarized in the table below:

As at	December 31, 2023	December 31, 2022
Canada	58.6%	58.8%
United States	29.4%	26.9%
United Kingdom	2.3%	2.7%
Taiwan	1.4%	1.5%
Blegium	1.3%	1.8%
France	1.3%	-
Denamrk	1.0%	0.4%
Germany	0.9%	0.8%
Hong Kong	0.9%	1.4%
Norway	0.9%	0.9%
Others	2.0%	4.8%

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, 2023 and 2022.

December 31, 2023

('000)	Level 1	Level 2	Level 3	Total
Equities	138,515	28	-	138,543
Cash & cash equivalents	1,187	-	-	1,187
Forward foreign exchange contracts assets	-	779	-	779
Forward foreign exchange contracts liabilities	-	(21)	-	(21)
Total	139,702	786	-	140,488

December 31, 2022

('000)	Level 1	Level 2	Level 3	Total
Equities	138,276	32	-	138,308
Cash & cash equivalents	1,000	-	-	1,000
Forward foreign exchange contracts assets	-	108	-	108
Forward foreign exchange contracts liabilities	-	(43)	-	(43)
Total	139,276	97	-	139,373

There were no transfers between levels during the period ended December 31, 2023 and 2022.

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

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

(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 investor(s) with professional investment management services and commit to its investor(s) 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.

(c) 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.

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

5. Redeemable units

The capital of the Fund is represented by issued redeemable shares that have no par value. Holders of shares 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 ended December 31 were as follows:

	2023	2022
Outstanding, beginning of year	5,766,079	5,719,834
Issued for cash	164,049	282,079
Reinvestment of distributions	94,617	199,290
Redeemed	(618,455)	(435,124)
Outstanding, end of year	5,406,290	5,766,079

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 May 1, 1988 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 0.7% 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 2023, \$178,992 (\$453,413 in 2022) 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, 2023, the following fees (excluding applicable taxes) were paid or payable to PricewaterhouseCoopers LLP: fees for audits of financial statements were \$41,900 and fees for other services were \$13,300.

BOARD OF DIRECTORS AND OFFICERS OF THE MANAGER

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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

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.*
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Director and Vice-Chair

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Senior Vice President and Chief Operating Officer

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

Irit Weiser, *Ottawa, Ont.*
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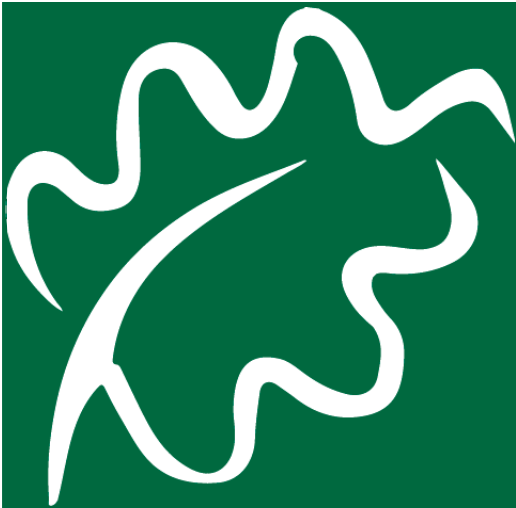
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We encourage you to visit
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