



Tradex Management Inc.

Strategic Direction & Key Business Strategies

Tradex Board of Directors

June 23, 2006



Strategic Direction

Approximately 6 years ago, Tradex adopted a Strategic Direction which led it to become a full fledged mutual fund dealer in Ontario and Quebec. At that time, the following Mission and Vision statements were developed:

➤ **Mission:**

To provide past and present public sector employees and their families with an unbiased, cost-effective, trustworthy source for a complete range of consistent, high-performance mutual funds and related services.

➤ **Vision:**

Being the best informed, approachable, no fee mutual fund dealer available to past and present public sector employees and their families.



Key Strategies

A. Growth -- Focus on two distinct markets:

- Systematic Savings Market---small, regular purchases of the Tradex and other Funds (which hopefully grow into large amounts).
- Larger Investment Portfolios---transfers-in of larger existing portfolios, mainly from existing clients.

B. Service -- Focus on “continuous improvement”:

- This includes a continuous focus on meeting the needs of our clients, building strong relationships with our suppliers, meeting the requirements of our regulators, building a strong management team, improving internal systems & control and having strong corporate governance practices.



Systematic Savings Plan Market

- Strategy continues to be to get regular savers who will be long-term clients and who will grow with Tradex.
- Focus is on the RRSP and RESP markets because this money is more stable than non-RRSP money (higher RRSP limits should help as public sector employees typically have little RRSP room).
- Good progress is being made in this area:
 - Letter writing program has produced reasonable results, but we have not had a major break-through.
 - Insert in Professional Association of Foreign Service Officers publication has been productive.
 - Will also attempt to get greater “endorsement support” from existing Members.
- Note that we continue to face strong competition from the major banks who are now very active in the mutual fund industry.



Portfolio Transfer-in Market

- We have been very successful in this segment---fastest growing part of Tradex.
- This was a key strategic decision taken 5-6 years ago which has proven to be a very wise decision.
- In addition to bringing in new money, also reduces redemptions of Tradex funds by strengthening existing relationships.
- Labour intensive, requires a good deal of time to develop contacts and to properly service clients. Also requires sophisticated sales force, which we are fortunate to have.
- The revenue from this segment goes a long way in paying for our overhead expenses. Also, it allows us to give better overall service to our current Members as we can offer them far greater choice.
- Communications message highlighting the “Advantages of holding all your mutual funds through Tradex”, continues to be best marketing “hot button” we’ve uncovered (in addition to the Tradex Investment Savings Account).



Continuous Improvement

While Tradex does not formally follow the National Quality Institute (NQI) Strategic Quality Approach, a number of aspects of our strategic focus can be analyzed in this framework, including:

- Fostering good corporate governance and setting strategic direction.
- Focusing on the customer (our Members), the market and product knowledge.
- Building a strong management team.
- Improving internal processes (including meeting the requirements of our regulators).
- Building strong relationships with suppliers and business partners.
- Focusing on sales and financial performance.



Ongoing Objectives

- Grow Tradex through new Members and providing good service, advice & performance to existing Members.
- Keep expenditures as low as reasonably possible.
- Ensure that Tradex maintains a high level of Member satisfaction and Member communication.
- Continue to build a strong management team and a positive work environment.
- Build and maintain strong relationships with third party suppliers.
- Be in complete compliance with the requirements of the OSC, QSC, MFDA and our external auditors.
- Oversee continued improvement in our internal controls and systems.
- Foster good overall corporate governance practices.