



PHILLIPS, HAGER & NORTH
Investment Management Ltd.

Investment Management Presentation to

**Tradex Equity Fund
Annual General Meeting**

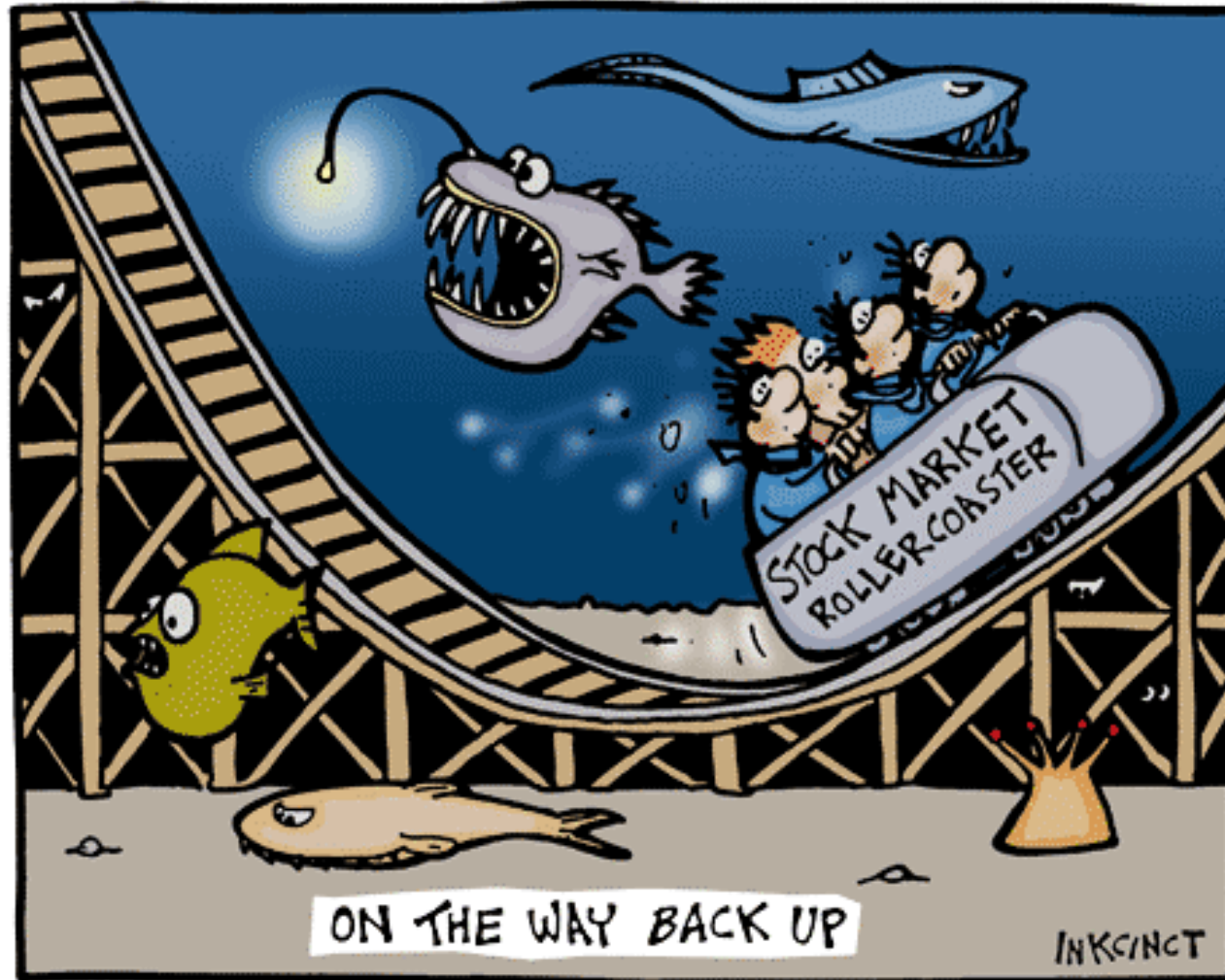
April 29, 2009

Presented by: Paul Balfour, Vice President


Est.1964



Sometimes the Bottom is Further Down Than You Think!



2008-676 © INKCINCT Cartoons www.inkcinct.com.au



Tradex Equity Fund Limited

Average Annual Compound Rates of Return March 31, 2009

| | 3 Mos % | 1 Yr % | 3 Yrs % | 5 Yrs % | 10 Yrs % | Since Inception % |
|--------------------------------|-------------|--------------|--------------|------------|-------------|-------------------------|
| Tradex Equity Fund Ltd. | -3.8 | -37.6 | -15.2 | 4.6 | 1.0 | 9.0 |
| Median Canadian Equity Fund* | -4.1 | -30.4 | -10.4 | -0.5 | 3.3 | |
| S&P/TSX Total Return Index | -2.0 | -32.4 | -7.8 | 2.8 | 4.9 | |
| S&P 500 Index (C\$) | -10.9 | -24.1 | -10.8 | -5.6 | -4.7 | |

* Source: Globefund



Addressing the Shortfall – People

Dan Chornous, Chief Investment Officer

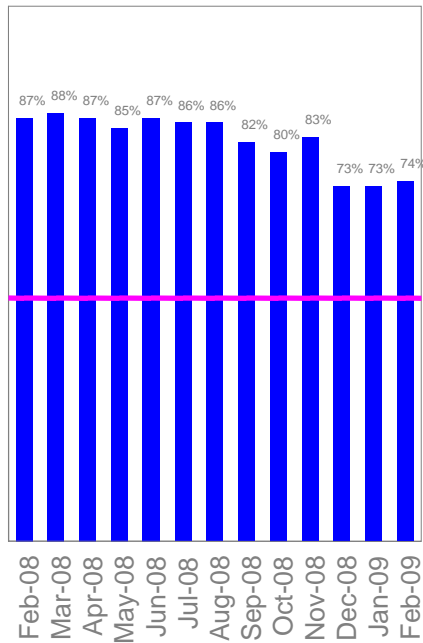
- Began career managing money at Great West Life
- Former Managing Director of Research & Chief Strategist at RBC Capital Markets
- Became CIO at RBC Asset Management in 2002 and PH&N early 2008
- Six years ago, RBC AM had a low percentage of its investment fund assets in the top 2 quartiles over 5 years; today it is 85%
- Dan undertook a thorough review of PH&N's philosophy, style, process risk budgeting and personnel



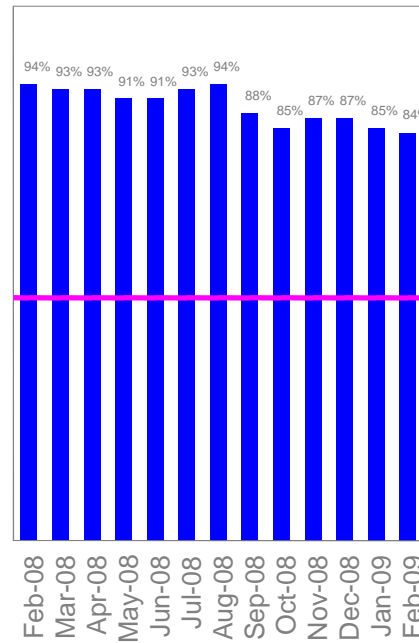
The Theory in Practice - Credibility

RBCAM Quartile Ranking by Assets – February 2009

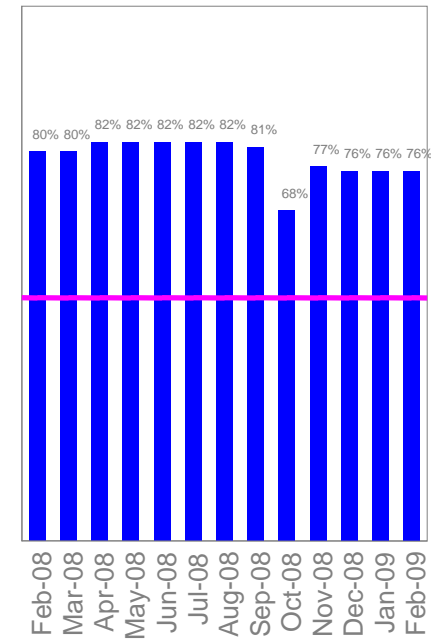
Percentage of Assets in 1st & 2nd Quartile
3 Year Rate of Return



Percentage of Assets in 1st & 2nd Quartile
5 Year Rate of Return



Percentage of Assets in 1st & 2nd Quartile
10 Year Rate of Return



Is it Being Fixed?

Significant Actions to Date

People

- Andrew Sweeney, formerly Beutel Goodman & M.K. Wong added to team in June 2007
- Doug Stadelman, formerly Cypress Capital, added to team in November 2007, became Acting Co-Head June 2008
- Chris Cumming (Technology, Healthcare) left PH&N in July 2008
- Andy MacDonald (Energy) replaced by Gordon Gee, the number one ranked energy analyst in Canada
- Warner Sulz becomes lead manager of Tradex Equity Fund May 2009, Carl Lytollis will lead effort on international component.

Process

- Strengthened risk controls
- 3-D Process – a notable record for early identification of problematic stocks
- Improved transparency of individual accountability



Tradex Equity Fund Limited

Performance Update to April 24, 2009

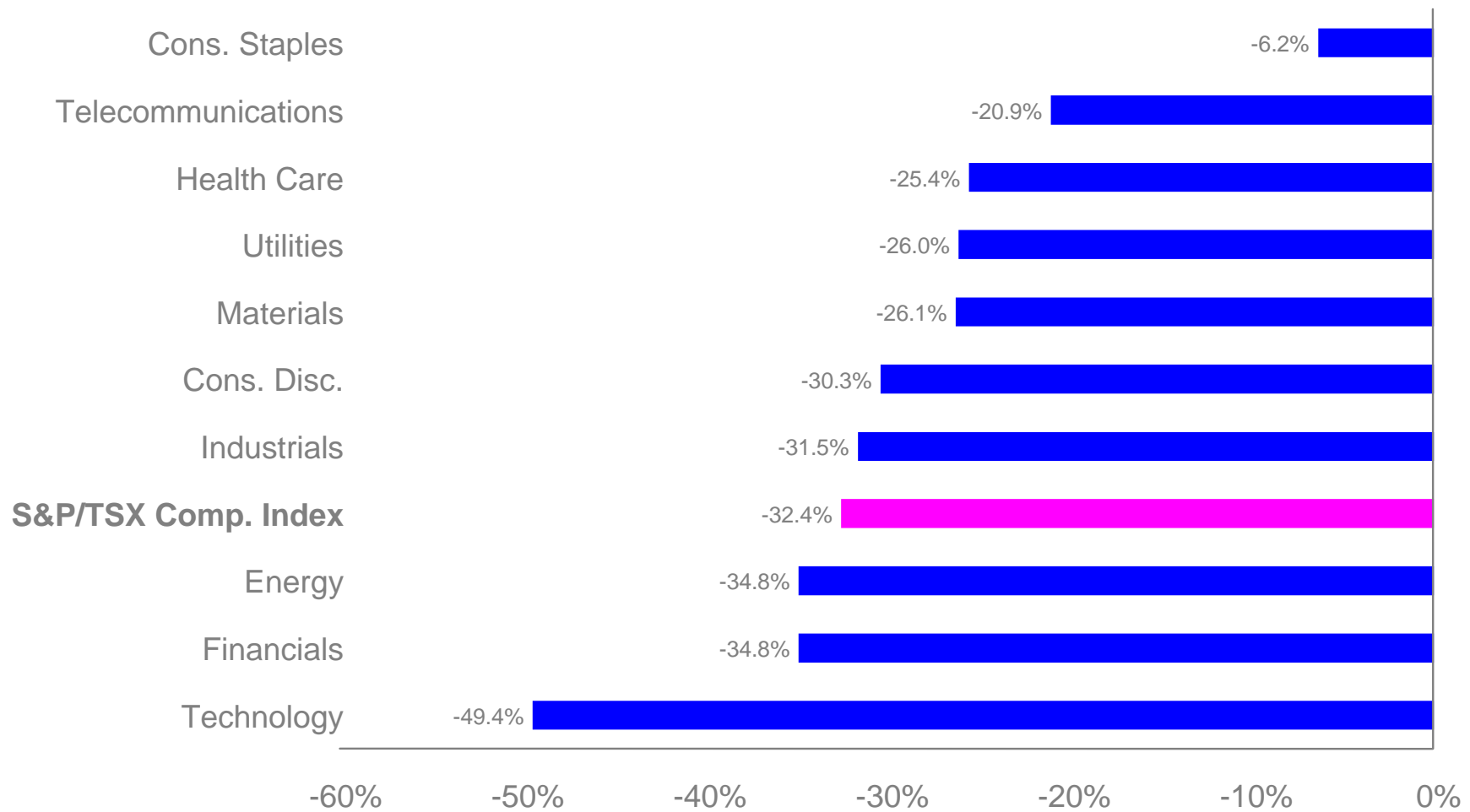
| | Month to Date % | Year to Date % |
|--------------------------------|--------------------|-------------------|
| Tradex Equity Fund Ltd. | 12.8 | 8.6 |
| Median Canadian Equity Fund | 7.1 | 3.5 |
| S&P/TSX Total Return Index | 9.7 | 7.5 |



S&P/TSX Performance

One Year Ended March 31, 2009

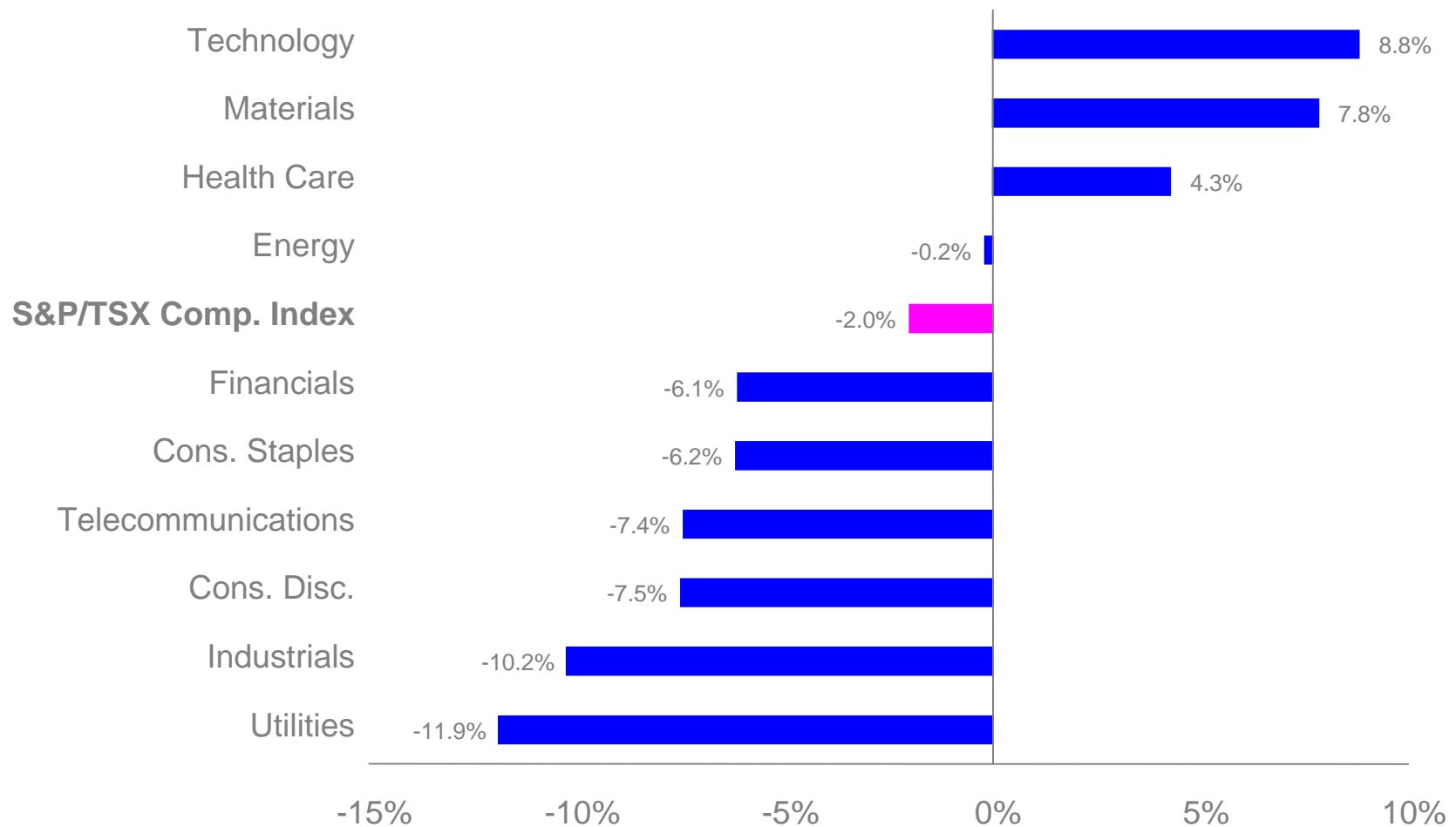
Performance of S&P/TSX Industry Sectors



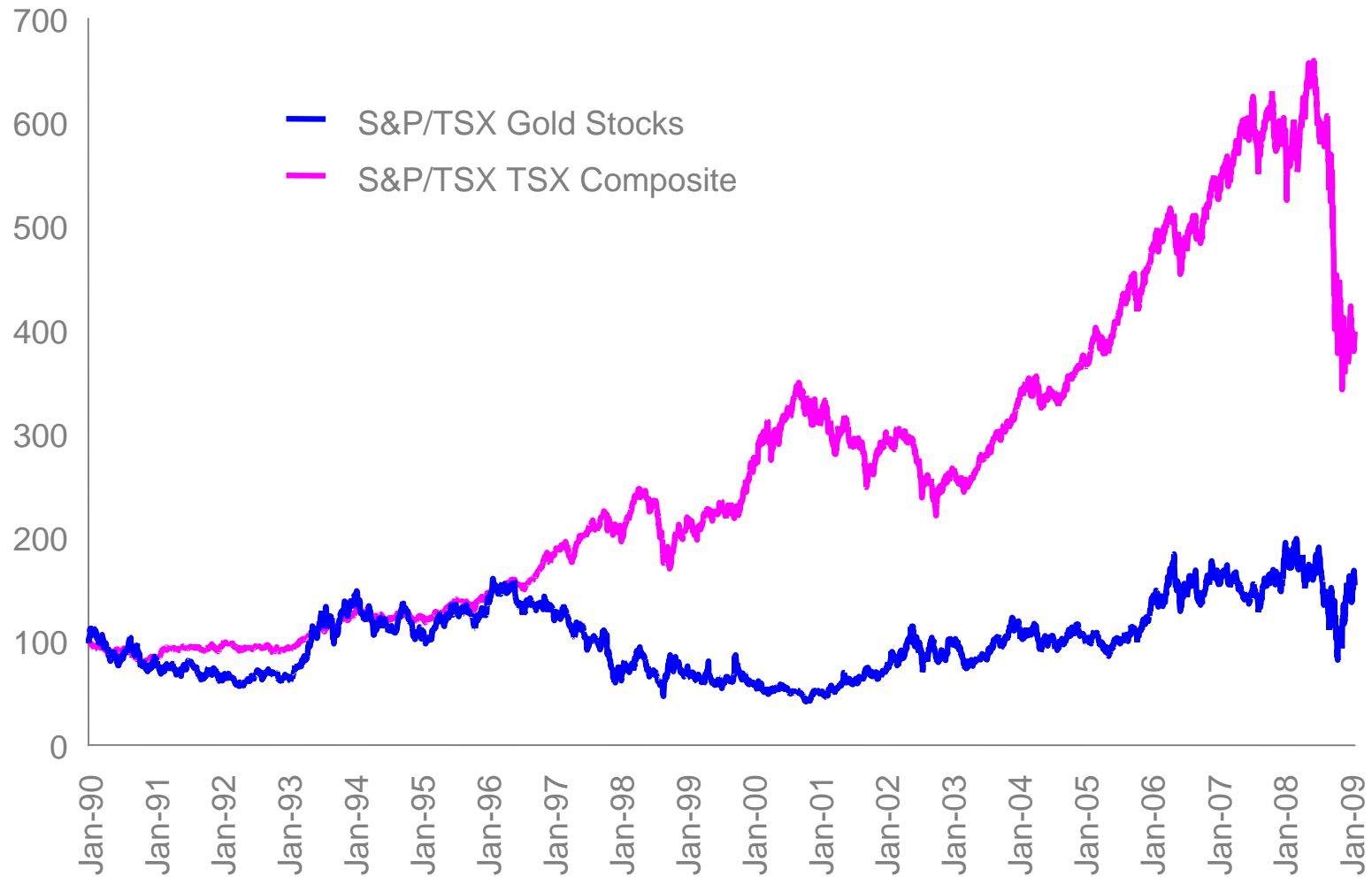
S&P/TSX Performance

Quarter to March 31, 2009

Performance of S&P/TSX Industry Sectors



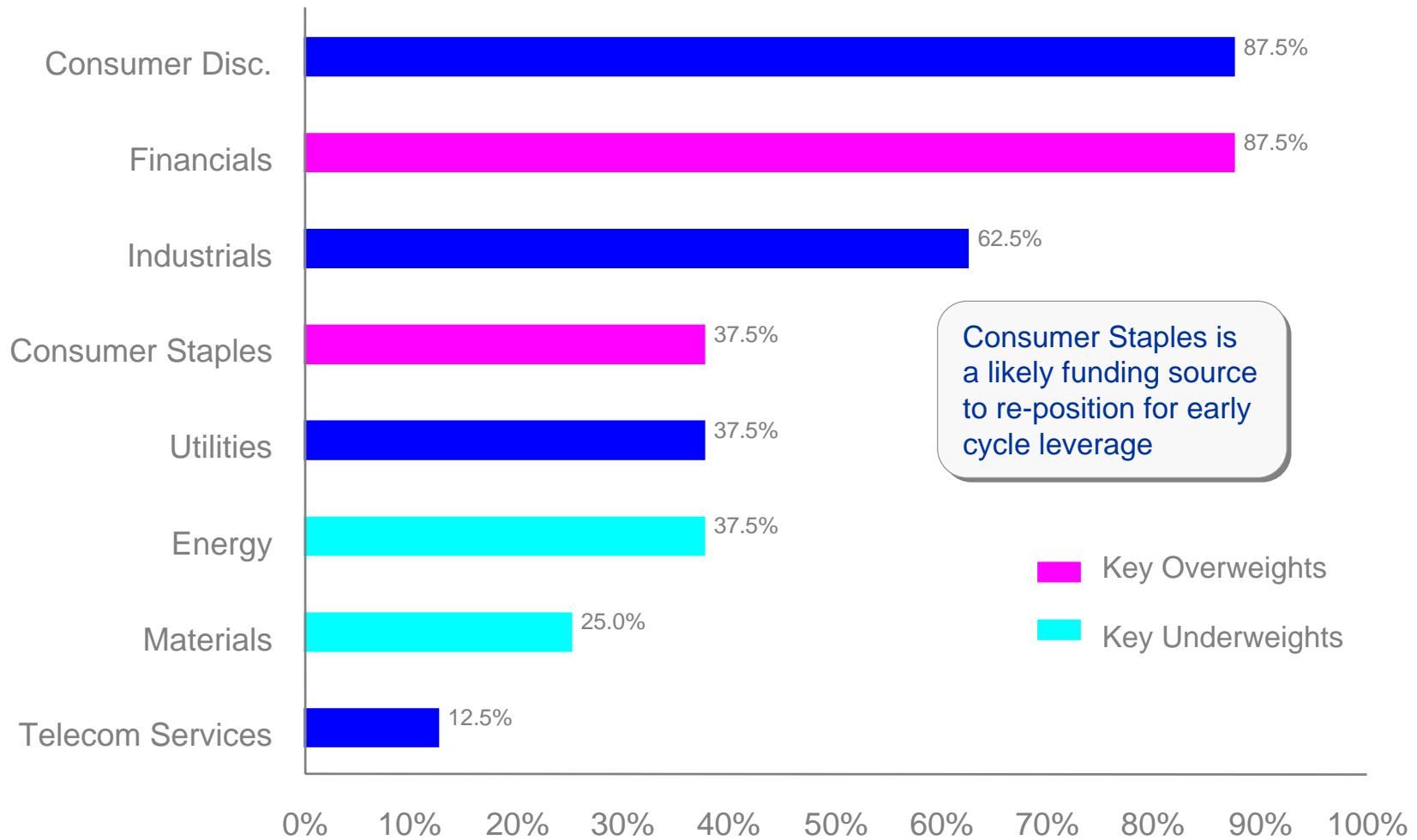
Why Not Own Gold Stocks?



Canadian Equity - Strategy

Financials & Consumer Discretionary Lead in S&P/TSX Recoveries

Financials & Cons. Disc. Lead First Year of New TSX Bulls '57 – '03



Key Overweights
Key Underweights

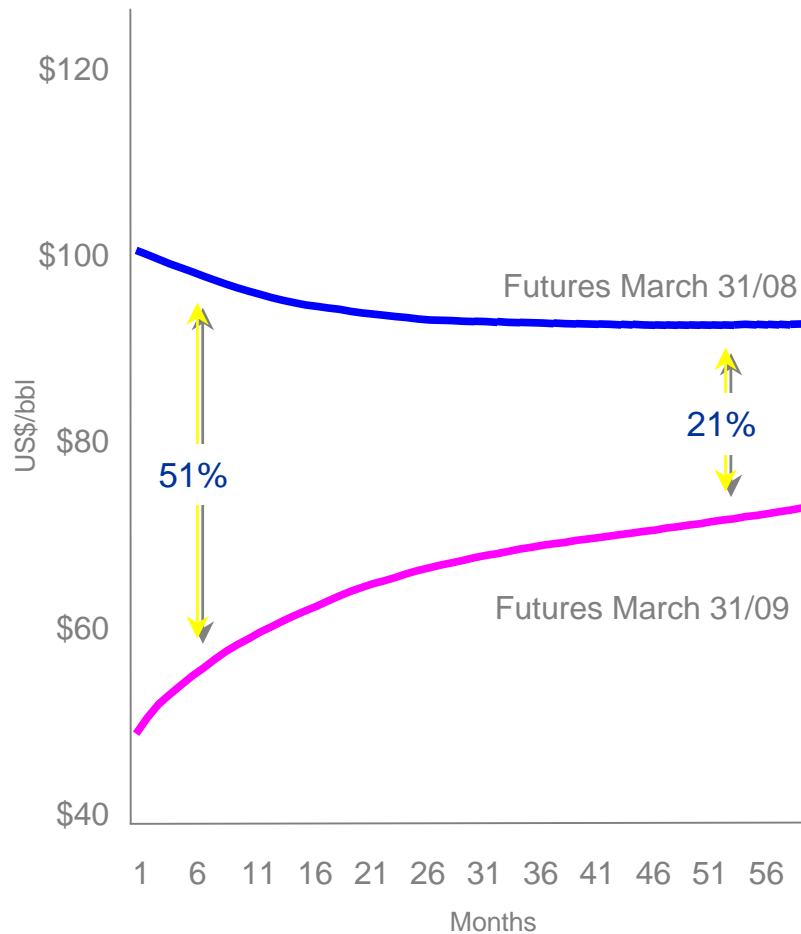
Source: BMO Capital Markets



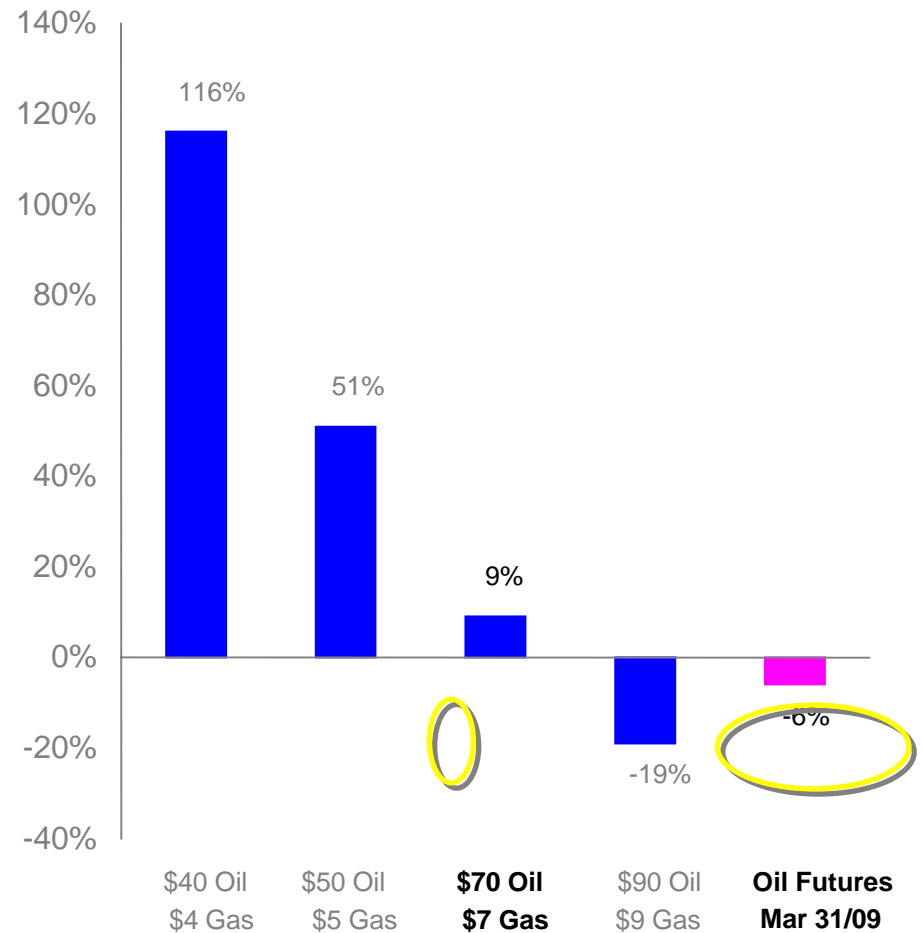
Canadian Equity – Strategy

Oil Stocks are Still Discounting Optimistic Crude Prices

Spot Oil Prices Have Fallen Far More than Futures

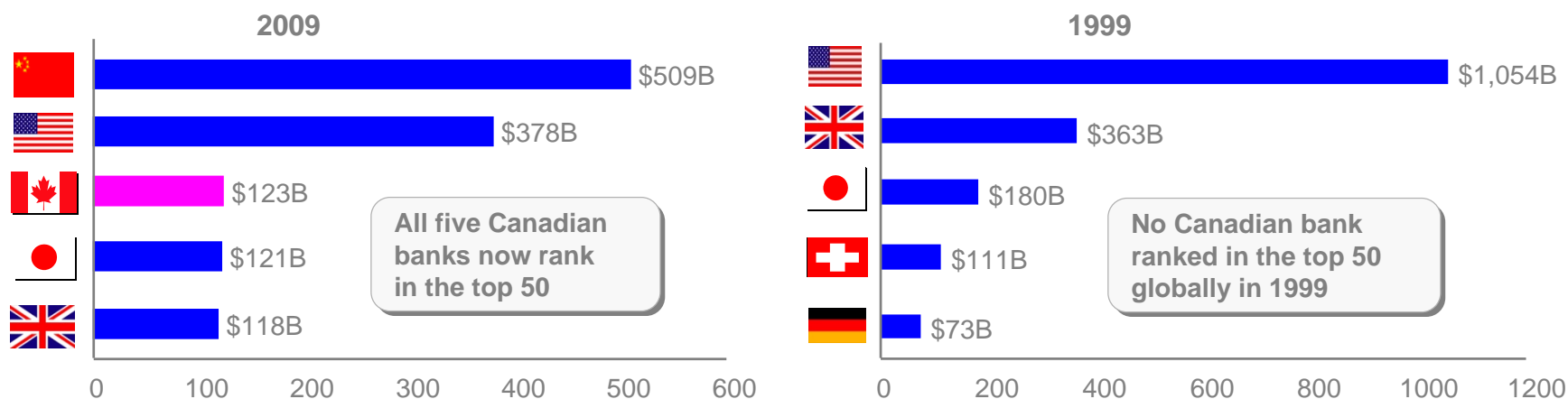


Oil Stocks at a Premium/Discount to NAV



Canadian Banks – Beacons of Stability in the Global Banking System

Top Global Banking Systems – Based on Global Top 50 Bank Market Caps

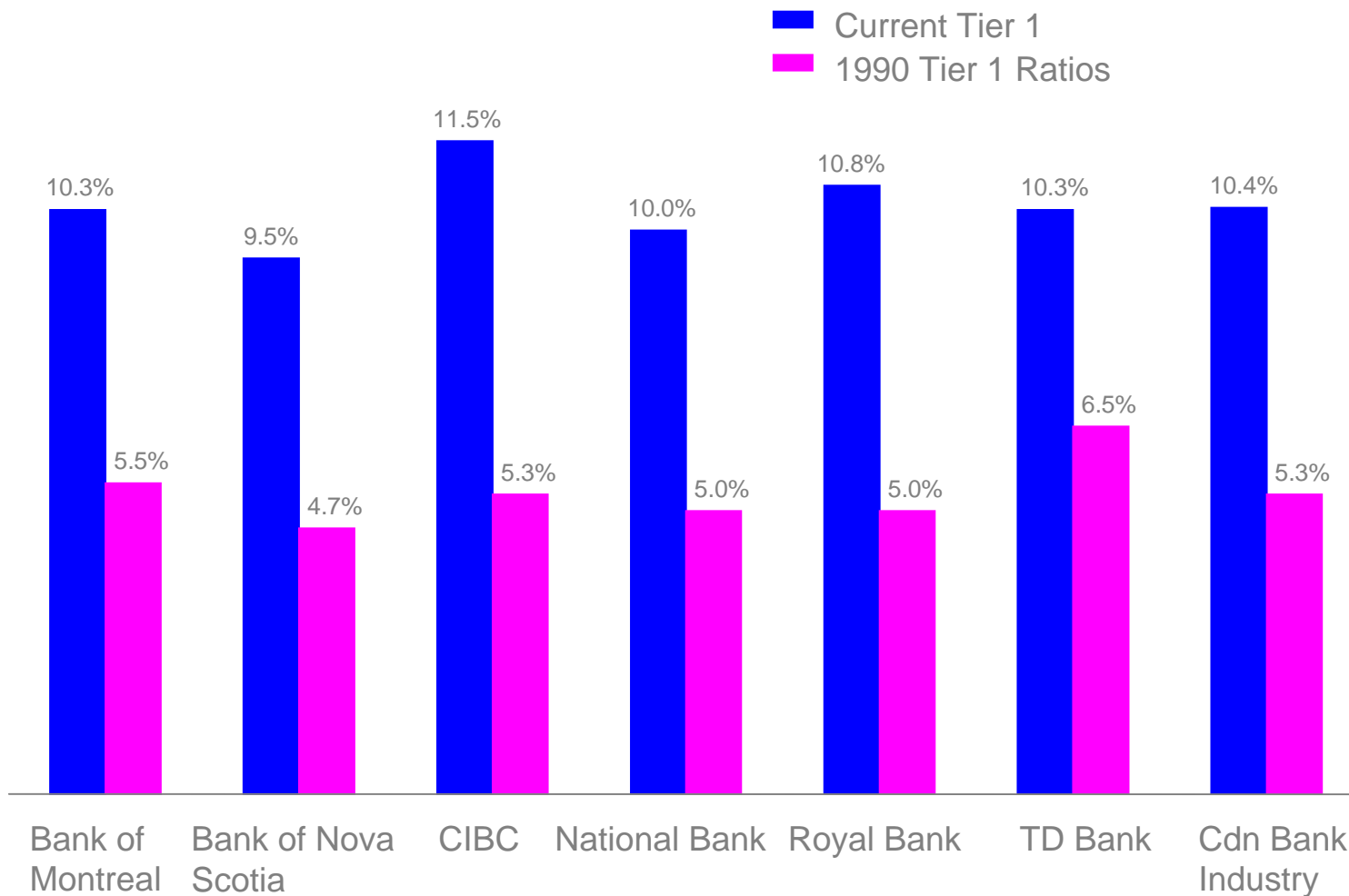


Canadian Banking system now 3rd largest globally by market cap (FT Top 50 Rankings)

- ✓ A decade ago...no Canadian bank made the Top 50...now all 5 make the list
- ✓ One (RBC) is now ranked in the Top 10 globally
- ✓ Our bank credit ratings are among the best in the world – only 6 banks’ ratings exceed TD, RY, BNS
- ✓ Canadian banks global importance has risen dramatically
- ✓ Global organic growth opportunities have never been better for Canadian banks



Bank Capital Strength – Nearly Double 1990s Crisis



* Tier 1 Capital – permanent capital as % of risk adjusted assets. 80% is required to be common equity (excluding prefs.)



Canadian Equity – Market Overview

Putting the Current S&P/TSX Bear Market in Context

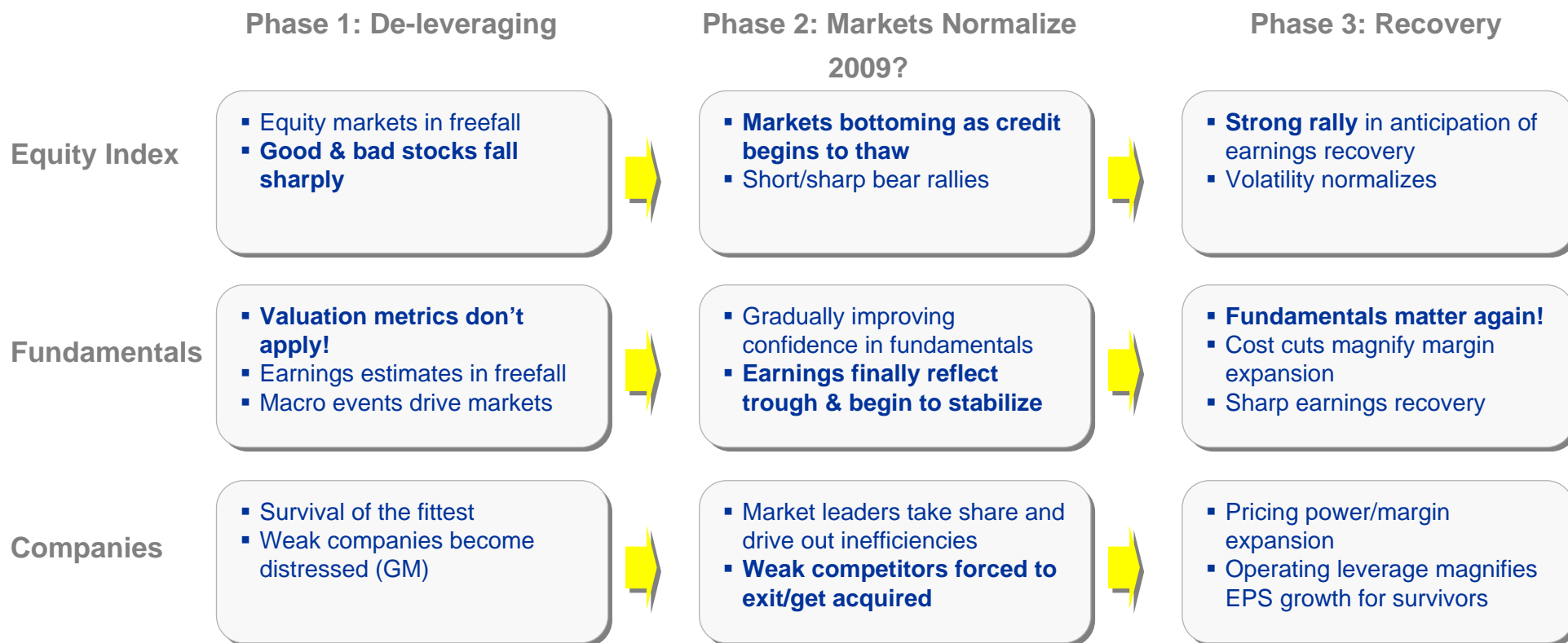
| Market Top | Market Bottom | Peak to Trough Decline (%) | Duration in Months |
|----------------|-------------------------|----------------------------|--------------------|
| Aug. 2000 | Sep. 2002 | -45.1 | 25 |
| Apr. 1998 | Aug. 1998 | -27.8 | 4 |
| Aug. 1989 | Oct. 1990 | -23.2 | 14 |
| Jul. 1987 | Nov. 1987 | -26.1 | 4 |
| Nov. 1980 | Jun. 1982 | -43.1 | 19 |
| May. 1976 | Nov. 1976 | -14.5 | 6 |
| Oct. 1973 | Sep. 1974 | -37.0 | 11 |
| Sep. 1967 | Jun. 1970 | -40.0 | 18 |
| Jan. 1966 | Sep. 1966 | -17.1 | 8 |
| Dec. 1961 | Jun. 1962 | -18.4 | 6 |
| May. 1957 | Dec. 1957 | -28.7 | 7 |
| AVERAGE | 1957-2000 | -29.2 | 11 |
| CURRENT | Mar 03/09 trough | -50.1 | 8 |
| | Mar 31/09 | -42.1 | 9 |

Source: UBS



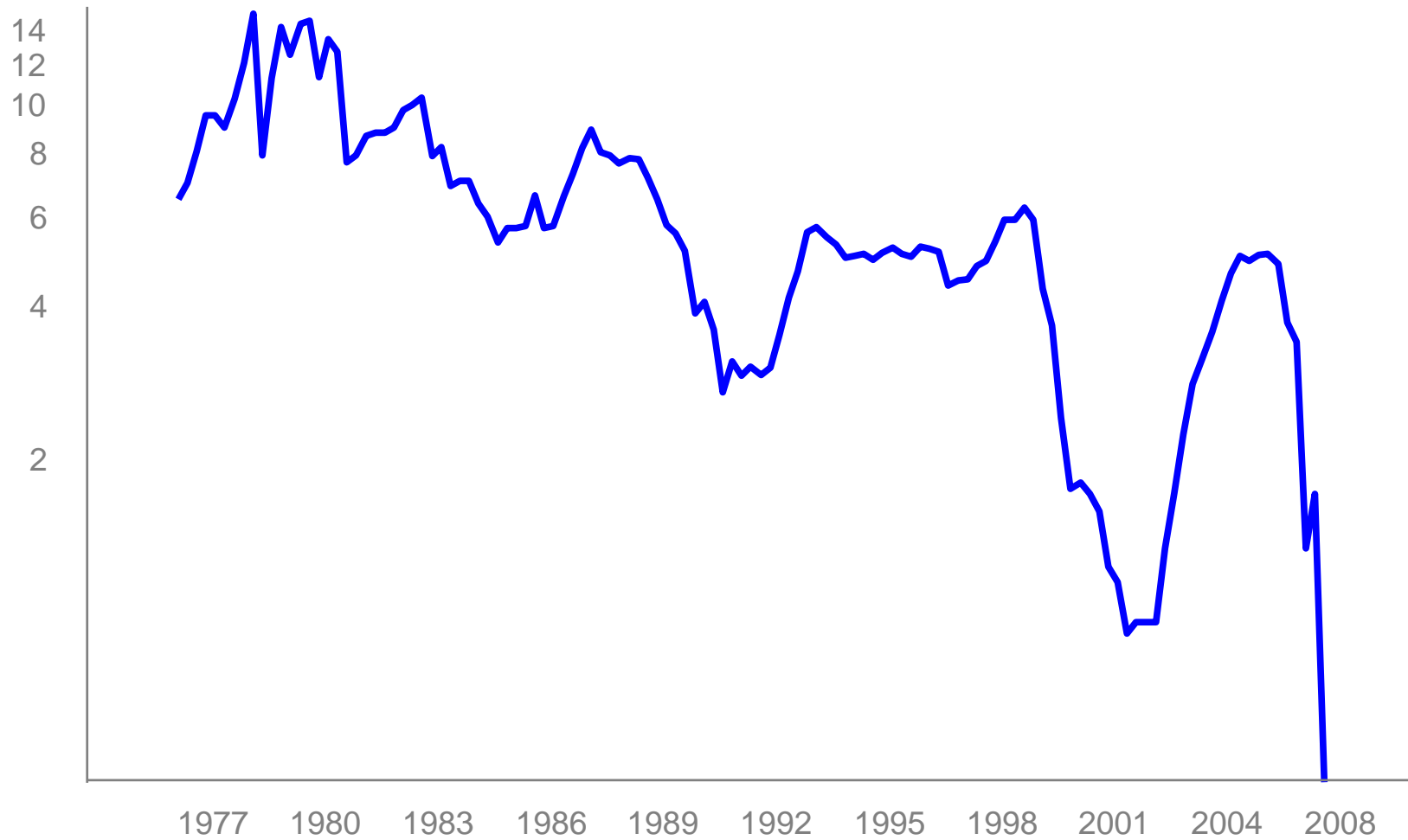
Canadian Equity – Outlook

Looking Across the Valley



Periods of Extreme Fear

U.S. 3-Month Treasury Bills



Periods of Extreme Fear

DJIA 1935-1955



Periods of Extreme Fear

U.K. Stock Prices 1935 - 1945

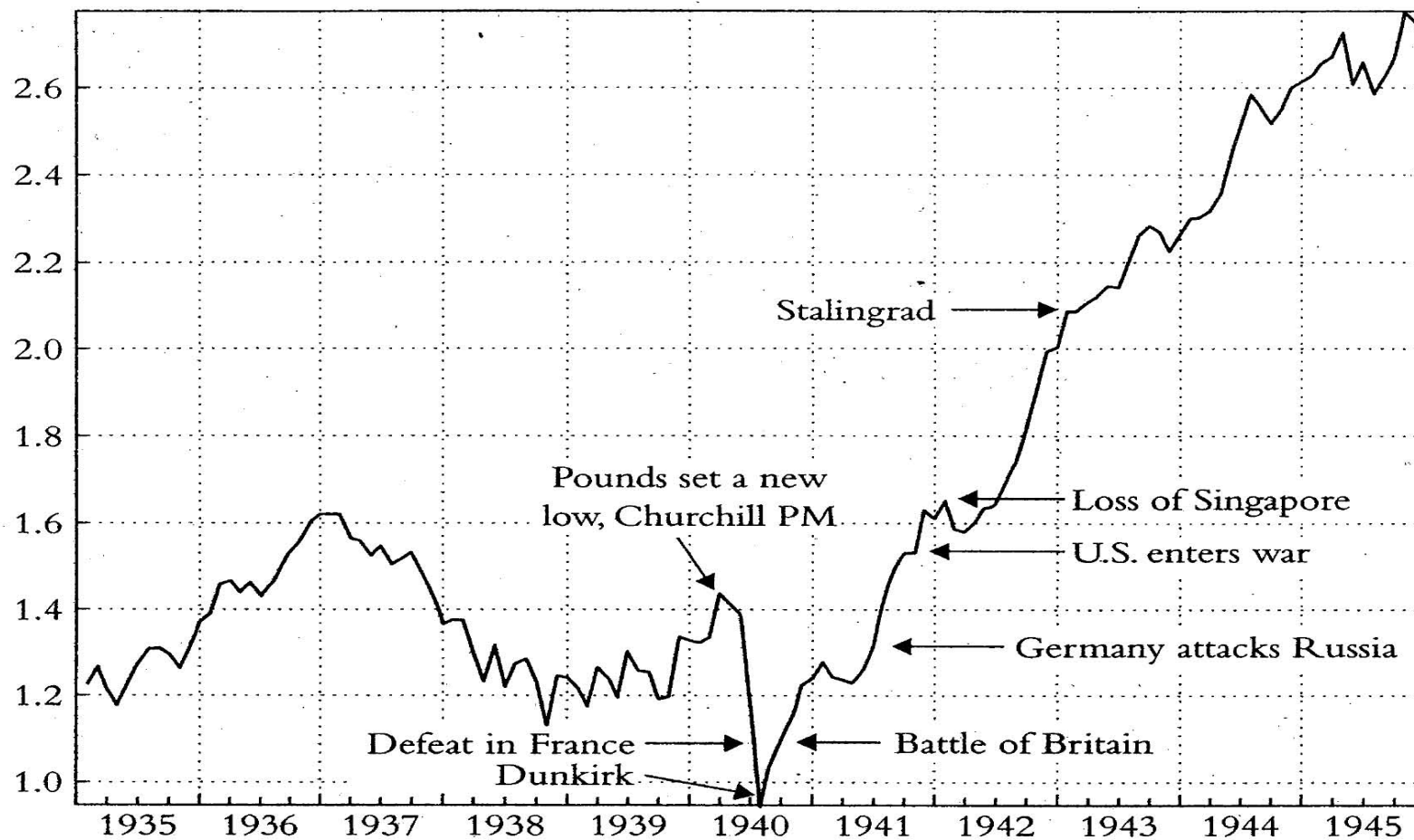


Figure 3.6 U.K. Stock Prices: 1935–1945

DATA SOURCE: Citigroup.



Thoughts From Omaha

“The investment world has gone from under pricing risk to overpricing it. This change has not been minor; the pendulum has covered an extraordinary arc.”

- Warren Buffett, February 2009



Summary

- Equity portfolios defensively positioned in stable, quality companies at reasonable valuations.
- Process, risk controls strengthened by RBCAM resources
- Historically, turbulent times offer the next great opportunities e.g.:
 - Canadian banks
 - Consumer stocks?



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