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March 29, 2007

Ms. Heidi Franken  
Co-Chair of the CSA's Prospectus Systems Committee  
Ontario Securities Commission  
20 Queen Street West, Suite 1900  
Toronto, Ontario, M5H 3S8

Dear Ms. Franken,

I am writing to provide the CSA with Tradex Management Inc.'s comments on the proposed amendments to National Instrument 41-101. Tradex is one of the oldest mutual fund companies in Canada and therefore has a very strong interest in ensuring that capital markets in Canada operate efficiently and that there is a high level of investor confidence.

Our comments relate specifically to Appendix I, Schedule 1 of NI 41-101 whereby there is a proposed consequential amendment to NI 81-101 Mutual Fund Prospectus disclosure such that paragraph 2.7 is added as follows:

“Review of unaudited financial statements---Any unaudited financial statements included in or incorporated by reference in a simplified prospectus must have been reviewed in accordance with the relevant standards set out in the Handbook for a review of financial statements by the mutual fund's auditor or a public accountant's review of financial statements.”

In 2006 the Tradex Funds paid the following audit fees (figures include GST and are rounded):

	<u>Audit Fee</u>	<u>Cost in terms of MER</u>
Tradex Equity Fund Limited	\$33,000	2.5 basis points
Tradex Bond Fund	\$ 8,500	8.0 basis points
Tradex Global Equity Fund	\$ 9,000	10.6 basis points

We estimate that the incremental cost associated with the proposed requirement that all interim financial statements be “reviewed” by our auditor would be approximately 40% of the cost of the annual audit. Therefore, the estimated cost to the Tradex Funds would

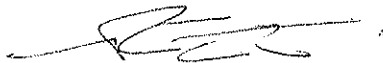
be approximately \$20,000 per year. Depending on the individual mutual fund, this would translate into an increase of 1.0 to 4.2 basis points per year in the MER for the Tradex Funds.

Based on the estimated cost for Tradex, we further estimate that adoption of this proposal would cost the Canadian mutual fund industry (mutual fund investors) several million dollars each year. Thus, we believe that the overall benefit to Canadian investors (and the Canadian financial services sector) from this proposal would be far less than the cost of implementing it since we believe that the proposal would do very little to enhance investor protection in Canada.

Furthermore, from a public policy point of view, Tradex believes that the millions of dollars in additional costs that would be incurred each year as a result of this proposal could be far better spent on other initiatives such as, for example, contributing to an Investor Protection Plan for mutual fund investors. Therefore, we would recommend that a full cost/benefit analysis be conducted regarding the economic benefits of this proposal versus other proposals that would improve investor protection.

For the above reasons, we would ask that the CSA reconsider the proposal to require all interim financial statements for mutual funds to be "reviewed" by an audit firm. In our view, the money that mutual fund groups would have to spend on this proposal could be used much more efficiently and effectively for other initiatives that would enhance the integrity of the Canadian financial services sector.

Yours truly,



Robert C. White  
President  
Tradex Management Inc.