



IIROC – FAS Annual Conference

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Promoting **CONNECTIVITY**, **EFFICIENCY** and **CONFIDENCE**
within the investment fund industry

FundSERV Inc.



Our Purpose

To provide ***reliable & resilient*** value-added network & application services for B2B initiatives that minimize risk & promote timely, automated interactions that reduce cost within the Canadian investment fund industry

MISSION



Corporate Profile

- Private Canadian corporation
- 10 shareholders
(Fundcos, Lifecos, service providers, distributors, SRO)
- 400 customers ~ 20,000 desktops
- 100 employees
- \$28M 2007 revenue
 - For-profit / cost-recovery model



Industry Impact

1993

Industry assets < \$40 B

Proprietary systems

- Multiple standards

Lack of scale

- High unit costs
- Uncertain Time
- Systemic risk

Limited access

- to distributors
- to products

Today

Industry assets > \$700B
Seg Funds > \$70B

Industry network

- Single standards

Economies of scale

- 1/10th unit costs
- 1/3rd time
- Managed risks

Full market access

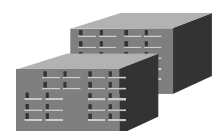
- 250 distributors ~ 50,000 agents
- 150 manufacturers ~ 25,000 funds



Operational Resiliency



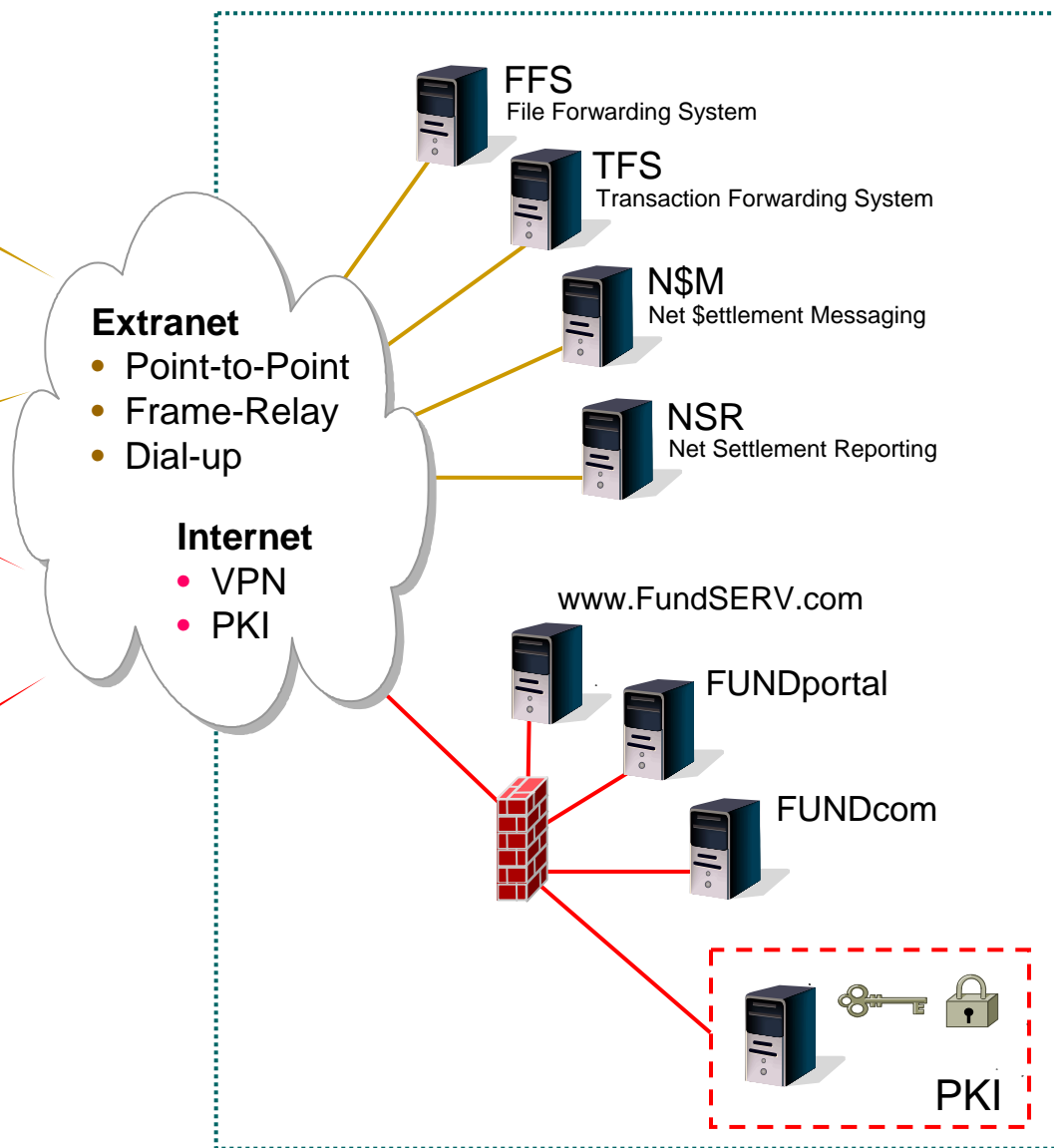
Distributors



Manufacturers

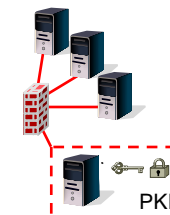


Distributors
Reps
Re-manufacturers



Remote Twin

- Office
- Staff
- Infrastructure
- Systems
- Processes





Well Governed

- Board
 - Sets strategy & monitors performance

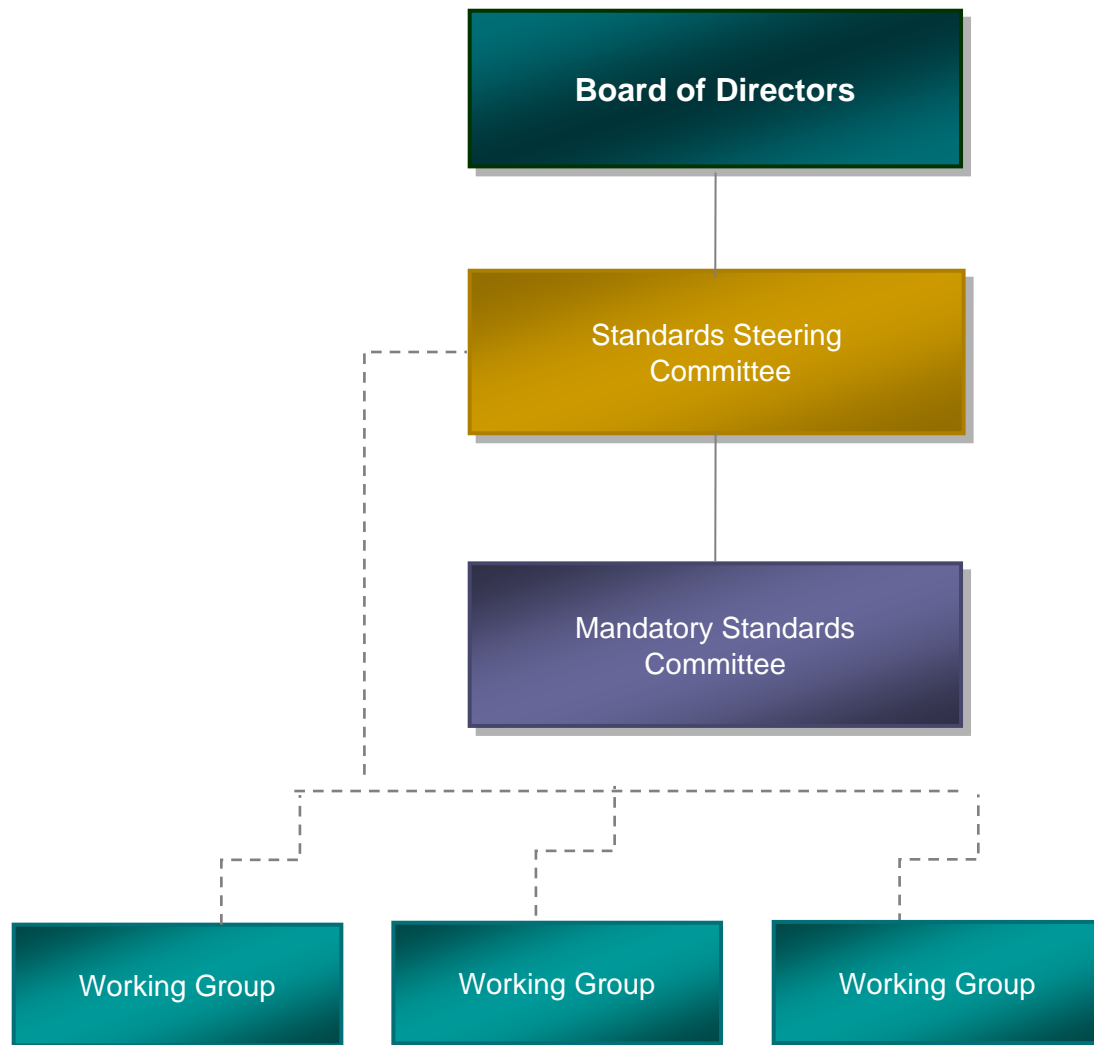
- Standards Steering Committee
 - Selects projects & approves standards

- Working Groups
 - Develop detailed specs

- Management
 - Implements & operates



Customer-Driven





Pricing Model Review

- FundSERV offers 12 services to our customers, however we only charge for 2
 - 80/20 split between Fund Cos and distributors
 - Transactions (charged 100% to Fund Companies)
 - File Transfer (charged at different rates to both counter parties)
 - IIROC distributors fees are 38% of all distributors, however account for 60% of transaction volumes
- Volumes and revenue have increased proportionally over the years
 - Customer Rebates are consistently ~ 25 - 30%



Why Review Pricing?

- Goal is to remain revenue neutral!!
 - Annual increasing rebates but no price breaks
- Rationalize underused services
- Increase automation rates
 - Client Name business
- Proprietary distribution of funds is increasing
 - The bank owned funds now have 45% of assets
- Place a \$ value on our services
 - N\$M, Non Financial messages, Inquiry, Security, BCP



Customer Survey

Key drivers of overall image as defined by survey participants	End Users	Sr. Ops Mgmt
1. overall image	49%	60%
2. overall value	38%	61%
3. products & services	45%	50%
4. communication	53%	45%
5. technical support	54%	N/A



Our Purpose

To be the acknowledged global leader in low-cost, low-risk straight-through-processing for the investment fund industry.

You can help us...

VISION