



Advancing Standards™

VIA E-MAIL

July 27, 2022

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Nova Scotia Securities Commission
Ontario Securities Commission
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Department of Justice and Public Safety, Prince
Edward Island
Superintendent of Securities, Nunavut

Attention:

Mr. Philippe Lebel
Corporate Secretary and Executive
Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8
comments@osc.gov.on.ca

Re: CSA and CCIR Joint Notice and Request for Comment – Proposed Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, and to Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, and Proposed CCIR *Individual Variable Insurance Contract Ongoing Disclosure Guidance – Total Cost Reporting for Investment Funds and Segregated Funds*

OVERVIEW

The Portfolio Management Association of Canada (**PMAC**), is pleased to have the opportunity to submit the following comments regarding the Canadian Securities Administrators (**CSA**) and CCIR Joint Notice and Request for Comment – Proposed Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, and to Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, and Proposed CCIR *Individual Variable Insurance Contract Ongoing Disclosure Guidance – Total Cost Reporting for Investment Funds and Segregated Funds* (the **Consultation**). All capitalized terms used but not defined in this letter shall have the meaning given to them in the Consultation.

PMAC represents over [310 investment management firms](#) registered to do business in Canada as portfolio managers (**PMs**) with the members of the CSA. In addition to this primary registration, 70% of our members are also registered as investment fund managers (**IFMs**) and/or exempt market dealers (**EMDs**). Some member firms manage large mutual funds or pooled products, and others manage separately managed accounts on behalf of private clients or institutions such as pension plans and foundations. PMAC's members encompass both large and small firms and manage total assets in excess of \$3 trillion.

KEY RECOMMENDATIONS

- 1. Provide investors with total cost information.** We believe that investors want to know three key pieces of information: (1) what their investments are worth today; (2) how much their value increased (or decreased) over time; and (3) how much it cost them to get from A to B. In simple terms, it is about performance versus cost. The easiest way to express the costs is to combine all costs and fees and present them as a percentage of the client's assets. We strongly support reporting all costs of investing as a simple percentage. The Client Focused Reforms include a requirement to consider product costs when selecting products to offer to clients. The importance of communicating about investment costs to clients should continue to be emphasized, and advisers and dealing representatives should receive training on product and total costs, including how to take them into account when making investment decisions and recommending products to clients.
- 2. Consult with independent behavioural science experts to test any reporting templates prior to moving forward.** Investor disclosure should highlight key information: value of investments; performance over time; and cost of investing - preferably on the first page. Additional details can be included in subsequent pages, or on a website. The CSA should determine the

minimum information to be included in client disclosure, and suggest a presentation template based on behavioural research. The presentation of the information will be critical to the success of Total Cost Reporting (TCR).

- 3. Provide investors with information that is consistent and comparable to allow them to evaluate investment advice and services.** There is a gap in the current reporting that needs to be filled to enable a proper comparison between dealers and advisers, and between and among funds and other products. In order for transparency about costs to encourage competition, investors must be able to compare the costs of the products and services they receive so that the comparisons are valid. It is key that the total costs for advice and services be expressed as a percentage, and that the presentation of the information be understandable. Dollars will fluctuate from month to month, year to year, and account to account. Additionally, the dollar amount of costs will be higher as the account value increases. The only constant is the percentage of client assets paid in fees and costs for the products and services received. PMAC believes that including the total costs for advice and services as a percentage, in a format that is understandable to investors, will encourage competition.
- 4. Exclude certain non-individual institutional clients from the proposal.** Certain non-individual institutional clients that do not qualify as permitted clients should be excluded from TCR. These clients have unique reporting requirements that are different from retail investors and this reporting may or may not include TCR. We believe that an exemption is warranted for these types of sophisticated investors, which can negotiate their own terms, and that providing an exemption would balance the regulatory burden in a way that is consistent with the CSA's policy rationale for implementing TCR.
- 5. Revise the implementation plan following consultation with stakeholders.** We believe that TCR should be implemented as soon as possible but acknowledge that significant technological and systems changes are necessary. We do not believe these can be achieved within the timeframe proposed in the Consultation. These changes will require an investment of money and time for registrants and service providers. As described below, we believe that some aspects of the proposals could be simplified to facilitate a faster transition. We believe that it would be advisable to strike an industry working group with representatives from various issuers, dealers, advisers, and service providers to provide additional feedback before the amendments are finalized and to assist with the implementation process.

GENERAL COMMENTS

We support moving forward with full TCR across the industry, and believe that from a policy perspective, the proposed changes are a step in the right direction.

We are delighted and encouraged that the CSA and CCIR are aligned on this initiative. Bringing the disclosure standards for segregated funds up to the same level as investment funds, recognizing the differences in products and distribution channels, is long overdue. This includes the upcoming CCIR response to embedded commissions for segregated funds.

We agree with the objective stated in the Consultation of encouraging competition through increased transparency about costs. Cost transparency will also benefit investors and policyholders. We agree that, consistent with the research carried out by the OSC's Investor Office, the current disclosure does not give investors the full picture of the embedded costs associated with owning investment funds, and is therefore misleading. We believe that clients should receive a single report on an annual basis that includes all fees and costs (the embedded costs of funds and other products, the fees charged by the dealer and any other costs paid by the client) expressed as a combined percentage. In our view this is the only way for investors to truly understand what they are paying for their investment products and services and to enable comparison.

We know from behavioural research that investors do not always read their account statements, and often struggle to understand them. While regulators continue to consider how best to achieve TCR, it is important that advisers and dealing representatives effectively communicate with clients, including with respect to the total costs of products and services. The Client Focused Reforms include a requirement to consider product costs when selecting products to offer to clients. The importance of communicating about investment costs to clients should continue to be emphasized, and advisers and dealing representatives should receive training on product and total costs, and how to take them into account when making investment decisions and recommending products to clients.

We discuss our key recommendations and respond to the specific consultation questions below.

Provide investors with total cost information

Extensive behavioural science research has been published on the topic of account statements. In our view, this research is fundamental to the Consultation and merits additional consideration to assist the CSA and CCIR in achieving the Consultation's desired outcomes.

Most investors want to know, in plain language: (1) what their investments are worth today; (2) how much their value increased (or decreased) over time; and (3) how much it cost them to get from A to B. In simple terms, it is about performance versus cost. The easiest way to express the costs is as a percentage of client assets.

If this information can be reported with reasonable accuracy, we believe it should be. We reiterate that all costs should be included: embedded costs of funds and other products, fees paid to the dealer and all other costs, preferably combined, and reported as a percentage of client assets. Reporting only the embedded costs of investment funds on a monthly/quarterly basis does not give the investor the full picture of what they are paying. The information should be included in the Annual Report on Charges and Compensation so that all costs are reported in one place.

In discussions with our members and other industry associations, it is clear that due to the time and costs involved in implementation, monthly/quarterly reporting will not be possible within the time frames proposed in the Consultation. We therefore recommend annual reporting in a single report (the Annual Report on Charges and Compensation).

Consult with independent behavioural science experts to test any reporting templates prior to moving forward.

Behavioural science research should be leveraged to determine how the information can best be presented, and whether investors will read, understand, and respond by taking action when they receive their account statements and disclosure.

The key information (value of investments, performance over time and cost of investing) should be highlighted in investor disclosure, preferably on the first page. A small percentage of investors will want more details, which can be included in subsequent pages, or on a website. The presentation of this information will be critical to the success of TCR.

We therefore urge the CSA and CCIR to consult with independent behavioural science experts to test any reporting templates prior to implementation. We believe it is preferable for investors, market participants and regulators that this be done right the first time to avoid the confusion and costs of creating multiple versions of reporting templates. Investing the time up front to design the most user-friendly format for these reports will pay dividends going forward. It is confusing to investors to receive new client disclosure. It is also time-consuming and costly for firms and service providers to continually update their client statements and reports. It would be advisable to assess the impact of CRM2 before disclosures are changed again. Adding more pages to client reporting is not the solution. Clear, plain-language information distilled on page one in a way that investors can understand is critical.

Review the international experience

The impacts and outcome of additional disclosure and the format of presentation in other jurisdictions should be studied to determine what lessons can be drawn and improvements made when it comes to a Canadian solution. We encourage a review of the international experience with TCR, including in jurisdictions such as the U.S. and U.K.

We understand that reporting on total costs of ownership (including transaction costs) is required by MiFID II, and that the disclosures are quite standardized. Many UCITS distributors provide total costs of ownership information to clients. Investment advisers must provide costs and charges information to clients at the commencement of the relationship and on a periodic basis thereafter. The information goes beyond the information required in the Canadian FundFacts document and includes all investment service costs and investment product costs. The costs are aggregated and expressed as a percentage of client assets and as a dollar amount. Many firms also provide the breakdown of these costs in addition to the aggregate amount. The information must be obtained from the fund manufacturer by the adviser in order to report to clients. Any third-party costs are itemized separately. The statement is also required to include an illustration of the effects of costs and charges on the client's investment return. However, we also understand that a review of the MiFID II disclosures by the U.K. Financial Conduct Authority (**FCA**) raised many challenges with the disclosures, including with respect to technology upgrades, "it was difficult to get all the required data", and registrants "weren't confident about the accuracy and delivery of the data". These challenges should be considered before implementing the Consultation proposals.¹

Provide investors with information that is consistent and comparable to allow them to compare investment advice and services

Many PMAC members managing segregated accounts for private clients typically charge a management fee at the account or household level, which is a percentage of the client's total assets. For example, the fee may be 1.25% of client assets. This percentage includes all expenses, including pooled fund expenses, which are paid by the manager. The client receives a statement setting out the fees paid to the portfolio manager, expressed as a percentage of their assets, and the performance of the portfolio. We would be happy to provide samples of such statements which provide excellent transparency on performance and costs.

As indicated by the behavioural research cited in the Consultation, in many cases investors are unaware of the embedded costs of the various products they own because these are not included in the Annual Report on Charges and Compensation. It is difficult to compare the fees charged by a portfolio manager to the costs of owning various investments through a dealer. While CRM2 has improved the disclosure in the investment industry, the existing reporting does not allow the client to easily understand what percentage of their assets is going to fees and costs and does not permit a simple comparison between various registrants, insurers, and products.

In order for transparency about costs to encourage competition, investors must be able to compare "apples to apples". We believe that providing investors with the fund-

¹ Please see <https://www.fca.org.uk/publications/multi-firm-reviews/mifid-ii-costs-and-charges-disclosures-review-findings>

level Management Expense Ratio (**MER**) and individual investment costs expressed as a percentage for each investment fund held by the investor will give investors clear and useful information. We are concerned that investors may not understand the significance of the Trading Expense Ratio (**TER**) without additional context. We believe that further consultation on this is warranted.

It is key that the total costs for advice and services be expressed as a percentage. Dollars will fluctuate from month to month, year to year, and account to account. The only constant is the percentage of client assets paid in fees and costs for the products and services received. This is a gap in the current reporting that needs to be filled to allow investors to conduct a useful comparison, which will encourage competition.

We are aware that some dealers already present the total cost information in this manner. Steadyhand, for example, a registered PM/IFM and MFDA dealer, presents the total costs of its funds, expressed as a percentage of client assets, in monthly, quarterly and annual client statements. A sample statement is attached as **Appendix A** (please note that this is not an actual statement, and this version includes additional highlights of the features of the statement). Steadyhand is somewhat unique because they use proprietary product and operate on an “one simple fee” basis, similar to the all-inclusive fees described above for a portfolio manager.

Scope of the proposal

PMAC does not see the rationale for including certain non-individual institutional clients that do not qualify as permitted clients in the TCR proposals. The Permitted Client definition does not capture several non-individual clients that PMAC considers to be “institutional” clients because they meet other criteria common to institutional clients. Based on exemptive relief granted in the past, we believe that the CSA also agrees that these types of non-individual non-permitted clients warrant exemptions for this type of reporting. Examples include:

- Health and welfare trusts (distinct entities under the *Income Tax Act* (Canada));
- Unions and union-related benefit plans;
- Multi-employer benefit plans;
- Some foundations and registered charities;
- Some overflow pension accounts (associated with pension plans, but not pension plans themselves);
- Supplemental employee retirement plans;
- Disability Plans;
- First Nations trust vehicles (i.e., for government monies); and
- Retirement Compensation Arrangements.

These clients have unique reporting requirements that are different from retail investors, which may or may not include TCR, and we believe that an exemption is warranted for these types of sophisticated investors. This exemption will allow

investment firms to tailor reporting to the client's needs or impose a reporting template suitable for retail clients.

Revise the implementation plan following consultation with stakeholders and simplify some requirements

We believe that there will inevitably be implementation issues with respect to the proposals generally. While these issues are not insurmountable, they will require significant technology builds, resources and time. We believe that further consultation on the proposals and the implementation plan will be required to develop an achievable timeframe for implementation.

We have several recommendations that will provide investors with the information they need while simplifying the process of implementing the proposals:

1. Only require annual reporting

As noted above, we do not believe that monthly/quarterly reporting will be possible within the transition period noted in the Consultation. We therefore recommend requiring annual reporting at this time, and suggest the reporting should be included in the Annual Report on Charges and Compensation.

2. Allow IFMs to rely on public disclosure documents and financial statements

We believe that providing information based on the investment fund's most recent Fund Facts/ETF Facts document, prospectus, or management report of fund performance (**MRFP**) (as reported in the fund's Financial Statements) would provide adequate information to investors while mitigating the burden on investment funds of providing the information. We request that the proposals be amended to only require IFMs to use a "reasonable approximation," in situations such as new funds or funds which charge performance fees.

The amount reported to investors based on these disclosures will be an estimate, since the TER, in particular, may change from day to day based on the volume of trading in the fund. The disclosure could be paired with a note indicating to the investor that the amount is an estimate based on expenses for the previous year as reported in the MRFP, and not the actual amount. We believe that this estimate is sufficient for investors to understand the cost and value of the investment advice and services they are receiving.

3. Remove the requirement that the disclosures not be "misleading"

IFMs are already subject to an obligation not to provide misleading information to investors. We believe that the use of the term "misleading" in section 14.1.1(3)(b) places too high a burden that will lead to additional time and expense without significant corresponding investor benefit. Section 14.1.1(3)(b) provides that the fund manager must not rely on the information if to do so "would cause the information disclosed in the statement or report to be misleading". The word "misleading" is subjective and places a significant legal obligation on the IFM to

accurately report the information rather than permitting the use of estimates. We believe this is too high of an expectation that will lead to additional time and expense without significant corresponding investor benefit.

Given that the reported Fund Expense Ratio (**FER**) may be based on information in the previous disclosure, it will be an estimate and not the actual amount paid by each investor. We believe that this estimate is sufficient for investors to understand the cost and value of the investment advice and services they are receiving. The previously disclosed information is the most objective information available, which will provide a measure of consistency, predictability and comparability.

Given that the FER will be an estimate and not the actual amount paid by the investor, the proposed notification language in section 14.17(1)(m) should be changed. As noted above, we urge you to require reporting as a percentage, rather than a dollar amount. We suggest the following changes to the second paragraph:

The number shown here is the **estimated total dollar amount (as a percentage of the value of your account)** you paid in management fees, trading fees and operating expenses for all the investment funds you owned last year. This amount depends on each of your funds' fund expenses and the amount you invested in each fund. Your account statements show the **estimated** fund expenses as a percentage for each fund you hold.

4. Allow the dealer or adviser to rely on the information provided by the IFM and/or available in the IFM's disclosure documents

We agree that the dealer or adviser should be entitled to rely on information in the most recent disclosure documents, as permitted by section 14.17.1(2). However, we do not believe the dealer or adviser should be required to determine whether the information provided under section 14.1.1 is incomplete or would cause information delivered to the client to be misleading, or that the registrant should be required to take steps to obtain the information "by other means". This puts too much responsibility and legal risk on the dealer.

We suggest:

- (a) The dealer or adviser be permitted to rely exclusively on information provided by the IFM and/or information in the IFM disclosure documents; and,
- (b) If the information is not provided or publicly available, no information should be reported and the dealer should be required to indicate the fact that the information is excluded or not reported in the relevant report (similar to section 14.17.1(4) but removing the requirement for the dealer to make a determination as to whether the information is misleading).

This will remove the regulatory burden and legal risk from the dealer of reporting information that will not be 100% accurate and the burden of sourcing information

where none is provided. There is a risk that if the onus is on the dealer to obtain the information, they will decide that the burden is too high and take steps to limit their product shelf to proprietary or related funds, where they can have more insight into the accuracy of the information. We believe this would be an unintended consequence of the Consultation that is detrimental to investor choice and that can be avoided.

We believe that these suggested changes will streamline the process by which information is delivered and will remove some of the regulatory burden imposed by the proposals, as drafted. Given that the information builds on disclosures that are already required to be made, it may allow implementation to proceed at a faster pace.

SPECIFIC CONSULTATION QUESTIONS REGARDING THE PROPOSED SECURITIES AMENDMENTS

1. Do you anticipate implementation issues related to the inclusion of any of the following in the Proposed Securities Amendments,
 - a. exchange-traded funds,
 - b. prospectus-exempt investment funds,
 - c. scholarship plans,
 - d. labour-sponsored funds,
 - e. foreign investment funds?

The CSA's regulatory expectations regarding the cost disclosure for these various types of funds must be clearly expressed and finalized before the implementation process can begin. As noted above, we do not believe that implementation of the proposals can be achieved within the timeframe proposed in the Consultation. Significant technology builds, resources and time will be needed. We believe that it would be advisable to strike an industry working group with representatives from various issuers, dealers, advisers, and service providers to provide additional feedback before the amendments are finalized and to assist with the implementation process.

Although NI 81-102 funds were not included in the consultation question, the following are some issues that have been raised with respect to the proposal for these funds:

Data transmission and technology

Most retail investment funds are currently sold via the Fundserv platform. It is not clear whether Fundserv is the only mechanism by which the FER information can be transmitted, but it may be one option. We note that not all funds are sold through Fundserv, and so more than one solution may be required, including the use of manual processes.

Building solutions and processes for the exchange of the FER information between IFMs and the dealers or advisers has significant time and cost implications. Some commentators have suggested that a 30-month period would be required to build out

these systems.² Although the CSA has made it clear that it expects firms to work on a solution ahead of the proposals being finalized, this does not seem efficient. It is not reasonable to expect firms to spend valuable resources on building a system until the proposals are finalized. We also note that many corporate processes require a rule to be finalized prior to granting budget to work towards implementation.

We also note that many segregated funds invest in mutual funds. It is not clear how the TCR disclosure will be made in this scenario (or by whom). These are details that need to be determined before the mechanism can be established and we believe the industry working group we proposed could be instrumental in crafting a solution.

Trading Expense Ratio

While we believe in full cost transparency, we are uncertain as to whether the TER disclosure will be meaningful and understandable to investors. Because the trading costs are dependent on the fund strategy and other factors, they have a unique impact on performance (more trading may be required to meet the fund's goals and/or achieve better performance and therefore is not necessarily a "negative" cost). We believe that further consultation and study may be warranted to determine how best to present and contextualize this information for investors.

As noted above, including the TER in the FER formula may be problematic for interim statements, as trading expenses can vary from one quarter to the next. From a practical point of view, using the last publicly available information will be less onerous, but will require the use of estimates.

Performance fees

Performance fees may create a distortion in the approximation of the MER. The performance from the previous year may not re-occur and may inappropriately inflate the MER used in the calculation of the FER in the current quarter. We suggest that the CSA provide guidance allowing appropriate adjustments to the FER calculation to account for variation of the performance fee from one year to another. Removing the "misleading" concept and allowing IFMs to rely on the most recently published MER and TER will also help to resolve this issue.

New funds

New funds that do not have the data to report expenses for prior periods will not be able to provide the reporting. One solution may be to not require reporting for new funds until year two.

² See https://www.investmentexecutive.com/inside-track_/paul-bourque/successful-rule-implementation-requires-industry-collaboration/

a. exchange-traded funds

The considerations above also apply to exchange traded funds (**ETFs**). A consistent calculation methodology should also be developed to calculate the full cost of owning an ETF. Another issue is that IFMs do not have visibility as to the identity of individual ETF unitholders. It is therefore not possible to calculate costs at the individual level. As discussed below with respect to prospectus-exempt funds, there is currently no mechanism to transmit information from IFMs to dealers with respect to ETFs, and therefore a new system would need to be created to do so.

b. prospectus-exempt investment funds

We believe that investors should be provided with TCR, regardless of the product or registrant they are dealing with. As noted above, many portfolio managers managing segregated accounts for private clients use a simple percentage fee structure and do not charge embedded costs in their pooled funds. For these portfolio managers, TCR will not be problematic. However, given the wide variety of prospectus-exempt fund structures and features, it is difficult to ascertain whether the proposals can be implemented as drafted for these types of funds. It is also not clear how the information would be transmitted to the dealer and/or adviser for reporting to the client if there are no existing mechanisms. It may be necessary to extend the implementation timeline for certain of these more unique fund structures in order to consult further with issuers, dealers/advisers and service providers such as fund administrators on how TCR can best be achieved.

e. foreign investment funds

Members noted that many funds purchase foreign ETFs (such as U.S. ETFs, which are also commonly sold directly to Canadian investors). These ETFs do not necessarily calculate daily TERs, and their TER and MER calculation methodology would not be the same as the NI 81-106 methodology. Getting the necessary data from non-Canadian funds will be a challenge. If funds are unable to obtain this information from the underlying non-Canadian fund managers, they will not be able to accurately report the expenses for the Canadian fund. This is another example where there is a risk that if the onus is on the dealer to obtain the information, they could decide that the burden is too high and close their shelf to these funds.

One solution would be to provide an exemption from the TCR to allow the NI 81-102 fund to report the total cost, excluding the U.S. ETF (i.e. the total cost would be accompanied by a note indicating that it does not include foreign investment fund total cost, as this is not available). Other reporting exemptions may also be appropriate for individual investors who are directly invested in non-Canadian funds.

2. Would you consider it acceptable if, instead of information about each investment fund's fund expense ratio (MER + TER), the MER alone was disclosed in account statements and additional statements and used in the calculation of the fund expenses for the purposes of the annual report on charges and other compensation?

To the extent possible, all expenses should be disclosed to the investor. The key is presenting the information in a manner that is understandable and meaningful. As noted above, we believe that further consultation is warranted with respect to the presentation of TER information to investors. We believe that investors should be educated with respect to the relationship between the fund expenses and fund performance. As suggested in the Consultation, contextual information regarding the impact of these expenses on fund performance should be provided. We believe that allowing IFMs to rely on the last publicly available MER and TER information is appropriate.

3. For the purposes of subsection 14.14.1(2), is the use of net asset value appropriate, or would it be more appropriate to use the market value or another input? Would it be better to use different inputs for different types of funds?

We believe that the net asset value is appropriate. For many funds, this information is readily available – it is used for investor transactions and audited annually. Fund accounting firms should be able to provide relevant information based on the NAV. To the extent possible, the same information should be required for all funds, to allow for comparability.

We acknowledge that different inputs may be required for some types of funds that do not have NAV information available, but this should only involve exceptional cases where there is no "one-size-fits-all" solution.

4. There is a lack of clarity with respect to the calculations required for fund of funds and the availability of the expense information for these structures. Do you anticipate any other implementation issues related to the Proposed Securities Amendments?

Please see our comments above regarding implementation. We also note that the Consultation's proposed timeline coincides with other regulatory initiatives including the move to T+1 settlement and the TMX/CDS modernization initiatives. This timing will stretch registrants' resources, including with respect to developing new technology solutions.

5. Do you anticipate any issues specifically related to the proposed transition period?

We believe that TCR is an important initiative; however, there is a need to balance the provision of helpful information for investors with the costs of producing and delivering the information. We have provided a number of suggestions to streamline

and/or phase in the transition to TCR which we believe will make the process more efficient, but we do not think it is likely that implementation can occur within the timelines stated in the Consultation.

SPECIFIC QUESTIONS REGARDING THE PROPOSED INSURANCE GUIDANCE

We have no specific comments on this portion of the Consultation.

CONCLUSION

The TCR proposals present an excellent opportunity for the investment and insurance industry to get reporting right for the benefit of investors. Expressing all costs as a combined percentage of client assets is the most effective method to achieve the desired outcomes of the Consultation. A simple report that allows investors to understand their costs of investing and to make an “apples-to-apples” comparison between investment products and services will go a long way to providing desired transparency and competition in the investment industry. In the meantime, advisers and dealing representatives must continue to effectively communicate with clients regarding the costs of investment products and services, and take these costs into account when making investment decisions, in accordance with the Client Focused Reforms.

We value the work of the CSA and CCIR to continually improve existing frameworks to provide transparency and comparability to investors, and we appreciate the opportunity to provide feedback on these proposals.

Please do not hesitate to contact Katie Walmsley at (416) 504-7018 if you have any questions or would like to discuss our comments in more detail.

Yours truly,

PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA

"Katie Walmsley"

Katie Walmsley

President
Portfolio Management Association of
Canada

"Margaret Gunawan"

Margaret Gunawan

Chair, PMAC Industry, Regulation and
Tax Committee

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Limited

cc. Mr. Tony Toy, Policy Manager
Canadian Council of Insurance Regulators
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PMAC - Appendix "A"

Steadyhand

PORTFOLIO STATEMENT
Period from January 1, 2021 to March 31, 2021

Smith Family Sample Consolidated Portfolio
278 BRANT ST
BURLINGTON, ON
L731X4

STEADYHAND INVESTMENT FUNDS INC.
1747 W. 3RD AVE
VANCOUVER, BC, V6J 1K7
PHONE: 1-888-888-3147
FAX: 1-888-888-3148
http://steadyhand.com

**Thanking you
for your loyalty
with lower fees!**

Client Since: June 21, 2007

You've been a client for more than ten years, which means we've reduced your fees by **14%**

Your Accounts

Number	Owner	Type	Market Value as of March 31, 2021 (\$)
9211030	JANE SMITH	RRSP	119,006.21
9321200	JIM SMITH	RRSP	275,356.66
9321548	JANE SMITH	NON-REG	51,044.75
9383446	JIM SMITH and JANE SMITH	NON-REG	10,022.00
9621548	JANE SMITH	TFSA	125,209.47
			\$ 580,639.09



The household view

Consolidated Holdings

Fund	Market Value as of March 31, 2021 (\$)	% of Total	One Simple Fee (%)	Your Fee (%)	Your Fee in Period (\$)
Steadyhand Savings Fund	20,225.07	3.5	0.20	0.13	6.54
Steadyhand Income Fund	57,548.77	9.9	1.04	0.69	94.53
Steadyhand Equity Fund	195,622.64	33.7	1.42	0.94	447.91
Steadyhand Global Equity Fund	62,958.37	10.8	1.78	1.18	177.79
Steadyhand Small-Cap Equity Fund	128,476.74	22.1	1.78	1.18	351.73
Steadyhand Global Small-Cap Equity Fund	115,807.51	19.9	1.78	1.18	329.73
	\$ 580,639.09	100.0 %	1.53 %	1.01 %	\$ 1,408.24

Your all-in fee!

- No other charges
- Taxes included
- After all rebates

Reinvested Fee Reductions in Period: \$ 723.86

Notes:

(1) 'One Simple Fee' is our standard fee before reductions, as a percentage of holdings. 'Your Fee' is the net fee (after rebates) you paid during the statement period. Fee percentage totals are weighted by average AUM of each fund over the period. Fee reduction distributions are reinvested in additional units of the funds you hold. Steadyhand does not charge any administration, transaction, or account servicing fees.

(2) The stated fees cannot be deducted by you for income tax purposes as they have been deducted against income generated within the funds, thereby reducing taxable distributions.

Steadyhand

PORTFOLIO STATEMENT
Period from January 1, 2021 to March 31, 2021

Holdings by Asset Class

Asset Class	Market Value (\$)	% of Total
Cash & Cash Equivalents	43,994.19	7.6
Fixed Income	40,750.28	7.0
Canadian Equity	219,805.21	37.9
U.S. Equity	136,004.38	23.4
Overseas Equity	140,085.02	24.1
	\$ 580,639.09	100.00 %

14.6 %

85.4 %

Your mix of stocks and bonds - hugely IMPORTANT!

Portfolio Activity

	Current Period	YTD	Since Inception
Beginning Value	546,406.42	546,406.42	0.00
Net Contributions*	15,870.01	15,870.01	336,276.03
Gain/Loss	18,362.66	18,362.66	244,363.06
Ending Value	\$ 580,639.09	\$ 580,639.09	\$ 580,639.09

*Net Contributions = contributions - redemptions

Showing you the money! (How much you've made)



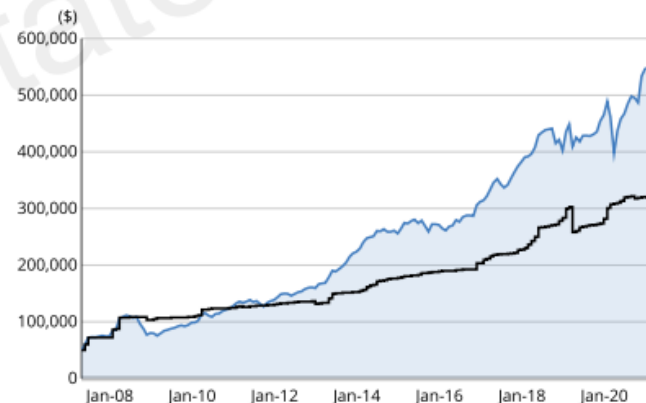
Consolidated Performance

Performance Period	Rate of return (%)
3 Months	3.3
1 Year	38.0
2 Years	9.9
3 Years	6.4
5 Years	8.5
10 Years	8.1
Since Inception	6.9

All performance figures are net of fees. Annualized compound rates of return shown on periods over one year. Consolidated performance is calculated using the money-weighted return method for the accounts in the portfolio.

Note: performance numbers are for illustrative purposes only.

Portfolio History



Market Value

Net Contributions

Performance numbers are based on a consistent industry-wide calculation known as the "money-weighted" method. This method is the best way to understand how your investments have performed because it takes in to account the timing of your personal withdrawals and deposits. The "Rate of return" means the cumulative realized and unrealized capital gains and losses of an investment, plus income from the investment, over a specified period of time, expressed as a percentage.