August 1, 2000

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario M5H 3S8

Attention: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
The Manitoba Securities Commission
Ontario Securities Commission
Office of the Administrator, New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland
Securities Registry, Government of the Northwest Territories
Registrar of Securities, Government of the Yukon Territory
Registrar of Securities, Government of the Nunavut Territory

Regarding: National Instrument 81-104 and Companion Policy 81-104CP – Commodity Pools Requests for Comment

Dear Sirs / Mesdames:

We are writing in response to the publication of revised NI 81-104 Commodity Pool and Companion Policy 81-104CP (the "Proposed Instrument"). We have had an opportunity to review NIN#2000/19 and the Summary of Comments discussion papers in detail and are generally supportive and in agreement with the changes that have been made as a result of submissions by the existing Commodity Pools as well as the CSA Responses to those comments.

Our primary concern with the original instrument was the additional proficiency requirements mandated for distributors of Commodity Pools. While we are pleased to see that the requirements of section 4.1 have been reduced and that special allowances have been made for SRO members, we maintain that additional educational requirements should not be imposed on distributors of Commodity Pools that trade only in permitted derivatives on recognized futures exchanges, even though they can trade them otherwise than in accordance with applicable mutual fund policy. In particular, we feel that the course requirements provide no additional level of protection for investors in a mutual fund such as the one we advise, the Horizons Mondiale Hedge Fund (the "Fund").

The mandate of the Fund is to seek consistently attractive risk-adjusted returns regardless of the direction of equity markets. To achieve this goal, we have developed quantitative, computer-driven trading strategies which exploit trends across global equity and currency markets. Importantly, a main goal of our portfolio modelling process is to reduce the exposure to both short and long-term market risk for our investors. In fact, over the period that we have advised the Fund (October 1997 to July 2000), its monthly standard deviation of returns (a conventional measure of risk) has been only 2.07%, compared to 5.84% for the TSE 300.

MONDIALE ASSET MANAGEMENT LTD.
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From a regulatory standpoint the Fund is National Instrument 81-102 compliant except that it has the potential to use leverage and the ability to short futures contracts without taking an offsetting option position. However, leverage is typically employed on less than 5% of trading days and is used only by adding positions in uncorrelated areas so the Fund is not exposed to a leveraged position in any single asset class. Where leverage is used it is limited to a maximum ratio of 1.5 to 1. Further, each of our positions is allowed a predetermined maximum loss, and when a position crosses this threshold, it is immediately closed out. As such, carrying a short position entails no greater risk than carrying a long position.

In addition, our Fund employs only standardized derivatives that are issued by clearing corporations and traded on recognized exchanges. The derivatives used are based entirely on underlying financial instruments and not commodities. As the majority of our trading strategies revolve around broad based equity market indices, derivatives have become the financial instrument of choice for efficient execution. It is important to note that a vast majority of mutual funds governed by National Instrument 81-102 use derivatives for the exact same reasons we do; namely the efficient and timely execution derivatives afford the manager in balancing their fund's exposure to underlying financial markets.

We recognize the challenge of producing a document applicable to all funds with Commodity Pool classification, and we are pleased to see that efforts have been taken to ensure the Proposed Instrument is fair in its general application. As noted in Appendix A Comment 10, specific funds that may not fall into the general applicability of the proposed National Instrument may apply for exemptive relief from specific provisions such as Section 4.1 under Section 11.1. We feel this provision is of utmost importance in dealing with Mutual Funds on a case-by-case basis where the general provisions may be inapplicable or unwarranted as the circumstances dictate; however, we submit that section 4.1 be further amended to eliminate the additional proficiency requirements in circumstances where the mutual fund is National Instrument 81-102 compliant except for the ability to use limited leverage. It is our opinion that under these circumstances the additional proficiency requirements are not necessary.

Thank you very much.

Yours truly,

Vince Grdina
President, Mondiale Asset Management Ltd.

cc: Fred Cleutinx, First Horizon Capital Corporation
Edward A. Bence, Lang Michener Lawrence & Shaw
Claude St. Pierre, , Commission des valeurs mobilières du Québec
Noreen Bent, British Columbia Securities Commission
Wayne Alford, Alberta Securities Commission
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