September 19, 2001

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 Yukon Territory
Registrar of Securities, Government of Nunavut

c/o John Stevenson, Secretary
Ontario Securities Commission
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and to:

Claude St. Pierre, Secretary
Commission des valeurs mobilieres du Quebec
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Montreal, Quebec
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claude.stpierre@cvmq.com

Dear Sirs/Mesdames:

Re: Proposed National Instrument 81-104 and
Proposed Companion Policy 81-104CP, Commodity Pools

In June, 2000, the Canadian Securities Administrators ("CSA") republished for comment proposed National Instrument 81-104, Commodity Pools, ("Proposed National Instrument") and proposed Companion Policy, 81-104CP ("Proposed Companion Policy") (collectively, the "Proposed Instruments"). The Proposed Instruments contain amendments introduced by the CSA after consideration of comments from industry participants.

In earlier drafts, AGF Funds Inc. ("AGF") provided comments to the CSA on the Proposed Instruments. AGF distributes over 50 mutual funds and is the manager/trustee of the AGF Managed Futures Fund (formerly, the 20/20 Managed Futures Fund), a commodity pool fund (the "Fund").

As manager/trustee of the Fund, we appreciate the efforts of the CSA in seeking comments from industry participants and in its willingness to listen to such comments. In response to the specific request for information from the CSA, and following our review of the amendments in the Proposed Instruments, we provide you with the following submissions.

Submissions

Part 4, Section 4.1, Proficiency and Supervisory Requirements

As the CSA is aware, there has been much discussion about the additional proficiency and supervisory requirements set out in the Proposed Instruments. We continue to be of the view that any additional requirements are not reflective of the nature of the product and how the product is managed, but serves only to unfairly disadvantage commodity pools within the distribution channels. In this regard, we support the earlier submissions made by Mr. John DiTomasso, fund manager of the AGF Managed Futures Fund dated December 1, 1999 and Ms. Lata Casciano's submissions to the CSA dated October 6 and December 13, 1999 on this issue (copies attached –enclosures by Mail).

Notwithstanding the above, however, we understand and appreciate the amendments the CSA has made to these provisions. To the extent therefore, that the CSA will require additional proficiency standards, we support the less onerous requirements set out in the amendments in the Proposed Instruments.

As a final comment, however, we believe that representatives who currently trade and hold assets in commodity pools ought to be grandfathered under the Proposed Instruments. The requirement to obtain new qualifications will be new to many provinces across Canada. In addition, the imposition of these requirements by the CSA has been uncertain in light of the on-going discussions and anticipated amendments of the Proposed Instruments. Accordingly, many representatives will not have had an opportunity to obtain the necessary qualifications within the time frame stipulated by the CSA. To now require additional proficiency requirements within the tight time line of six months, may effectively result in the representative being forced to unwind their client holdings without regard to the best interests of the clients. This, of course, would be very detrimental to the client. We urge the CSA to consider some form of grandfathering, or permit a longer period of time for representatives to obtain the new qualifications.

Part 9, Continuous Disclosure

Regarding the issue of disclosure of the statement of investment portfolio, our manager advises us that it is a long-standing practice in the managed futures industry not to make public specific details of positions held within a commodity pool. There are a number of reasons for this, including the size of the market, and the liquidity of the market, which in fact result in less disclosure being better long-term protection for the investor. It is submitted that less disclosure, specifically not requiring a detailed statement of investment portfolio, avoids the risk that the commodity pool may be preyed upon by other interests who would be aware of the pools need to unwind positions before expiry of the contracts or options. We would therefore, ask that the CSA consider deleting this requirement.

Specific Questions of the CSA

i. Incentive Fees

Incentive fees are commonly calculated with reference to a benchmark. For commodity pools, generally speaking, a broad benchmark does not exist as most futures funds may employ a variety of strategies, both long and short, in various commodity markets. In these cases, a more customized benchmark may be appropriate, or a more traditional reference, such as the 90-day T-bill rate may be used.

It is our view that disclosure of any incentive fee and its calculation is appropriate. We do not believe that complete exemption from section 7.1 of NI 81-102 is necessarily appropriate, given that most incentive fees do reference some benchmark, and this disclosure is valuable from an investor's perspective. However, section 7.1 of NI 81-102 should be modified for the purposes of the Proposed Instruments to allow the use of customized benchmarks, or traditional benchmark, whichever may best suit the product. Disclosure can be made which describes the benchmark, any incentive fees and their calculations.

Risk Measures

We have been advised that there is no standardized measure of risk that would provide meaningful disclosure in a prospectus. The suggestion that additional risk disclosure would be important is centered on a perception that futures are necessarily more volatile than other financial instruments. We do not believe that commodity pools are sufficiently different from conventional mutual funds in their risk profile to warrant the disclosure of such standardized measure of risk. We do believe that risk controls should be disclosed in the prospectus. However, where such controls are not easily quantifiable, the requirement to disclose same would, in our opinion, cause greater confusion and uncertainty in the product.

Risk of Loss of Limited Liability

The disclosure of the potential loss of limited liability would occur in sufficiently narrow and extreme circumstances that a general disclosure on the front page of a prospectus would only create unwarranted confusion and misunderstanding of the risks of a commodity pool. In addition, as a manager, this type of disclosure would unfairly highlight commodity pools as a riskier product, which as stated above, is not necessarily true.

We appreciate the efforts of the CSA to encourage industry participation and comment. We thank you for your time in considering our submissions. Should you have any questions arising out of our submissions, please feel free to contact the writer.

Yours very truly,

(*Signed)*

Judy Goldring
Vice President and General Counsel

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