

June 4, 2002

Ms. Rebecca Cowdery
Manager, Investment Funds Regulatory Reform
Ontario Securities Commission
20 Queen Street West, 19th Floor
Toronto ON M5H 3S8

Dear Ms. Cowdery:

Re: Concept Proposal 81-402
“Striking a New Balance: A Framework for
Regulating Mutual Funds and their Managers”

We have examined the above mentioned document as well as the OSC staff paper on The Canadian Mutual Fund Industry. This letter is in response to your invitation to comment thereon.

As we indicated to you when you interviewed us in our offices on June 12, 2001, we do not offer complex mutual fund products. We have seven open-ended mutual funds which are managed primarily for the Mulvihill Wealth Management division for high net worth clients. We do not market these funds directly to individuals, but only through certain dealers. Total assets are \$71 million as of May 31, 2002. To put this in context, our total assets under management are about \$4.5 billion. Accordingly, it is not relevant for us to comment in detail on each and every one of the 39 Issues for Comment of the Concept Proposal.

Our general reaction to the proposals for a governance agency is that the implementation of such a regime will impose an undue burden in terms of additional administrative costs, increased time demands on staff resources. We also believe that we are likely to face serious difficulties in recruiting qualified and available members for a governance agency.

The adoption of these proposals would force us to re-evaluate the business strategy of maintaining our mutual funds.

We would be pleased to meet with you again to discuss these issues.

Yours truly,
MULVIHILL CAPITAL MANAGEMENT INC.

John P. Mulvihill
Chairman, President, Chief Executive Officer
And Secretary-Treasurer