

December 19, 2002

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Securities Commission Branch, New Brunswick
Office of the Attorney General, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Government of Yukon
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West, 19th Floor, Box 55
Toronto On M5H 3S8
E-mail: jstevenson@osc.gov.on.ca

And

Denise Brosseau, Secretary
Commission des valeurs mobilières du Québec
800 Victoria Square, Stock Exchange Tower
P.O. Box 246, 22nd Floor
Montréal Québec H4Z 1G3
E-mail: consultation-en-cours@cvmq.com

Dear John Stevenson and Denise Brosseau

Re: The Canadian Securities Administrators request for comment on Proposed National Instrument 81-106, Investment Fund Continuous Disclosure

Highstreet Asset Management ("Highstreet") would like to thank the Canadian Securities Administrators ("CSA") for the opportunity to comment on the proposed Instrument.

Our general comment is that we support the CSA in your goal to improve and standardize the investment disclosure provided by the Mutual Fund industry. We believe it is important that investors can better understand and evaluate the myriad of investment products available to them and that your initiative is very helpful in this regard.

We also endorse the requirement that all Statements are presented to a Board of Directors or a Trustee for approval.

While we commend the CSA for tackling the job of finding common ground among the many divergent products available and responding in a way that speaks to the various needs of clients we would like to table the following specific comments:

**National Instrument 81-106 Investment Fund Continuous Disclosure
Part 2 Annual Financial Statements**

2.1 Filing of Annual Financial Statements
and

Part 3 Interim Financial Statements

3.1 Filing of Interim Financial Statements

During our brief history we have always prided ourselves on the fast and accurate turnaround of our reports, both statutory and management. However, the revised filing dates for annual and quarterly financial statement reporting would impose a very difficult burden on our operations. The process of compiling the financial information, presenting it to our Board of Directors, translating the documents, printing the reports and mailing them to unit holders within 60 days is a very tight deadline. Within 45 days it is almost impossible. It would be very difficult for us to tell you that we could meet these deadlines with any great certainty.

We would like the CSA to consider extending the proposed annual filing deadline to 120 days from the end of a fund's last financial year and to consider leaving the quarterly filing deadline to be 60 days after the end of the period.

Part 2 Annual Financial Statements

2.2 Delivery of Annual Financial Statements
and

Part 5 Annual Management Report of Fund Performance

2.2 Delivery of Annual Management Report of Fund Performance

While we agree that the decision to elect the frequency and content of mailings is an important right of the registered and beneficial owners, we also feel that they should only have to make this decision once. Our concern here is for the client. First they may feel overwhelmed by having to remake a decision that they have already made and second because the client will ultimately have to bear the expense of restating their requirements. While we have referenced the parts of the Instrument that deal with annual report mailings we also ask that these comments be considered with regard to the election to receive quarterly reporting.

The client at any time has the right to instruct us as to what and when they would like us to report to them.

Part B Content Requirements for Annual Management Report of Fund Performance

Item 1 Management Discussion of Fund Performance

1.6 Forward-Looking Information

We are greatly concerned with the requirement to make any kind of forward-looking comments. Our investment approach is to always construct portfolios which have the highest probability to meet investment objectives regardless of the economic or market outlook. Consequently, we do not make any kind of forward-looking predictions or to stray beyond an analysis of current and historical market conditions.

We are herein requesting that the CSA make this an optional component of the MDFP.

Part C Content Requirements for Quarterly Management Report of Fund Performance

Item 2, Financial Highlights

2.1 Financial Highlights Table and Ratios

Distributions

This section requires a fund to make quarterly updates to the table concerning the source of a fund's distributions. Because the tax status of a fund can only be determined annually, the breakdown of distributions should only be disclosed annually.

In light of this we are asking the CSA to reconsider the requirement to disclose the breakdown of distributions on a quarterly basis.

Portfolio Turnover Rate

The ratio for portfolio turnover rate adds a valuable calculation that discloses volatility, which is an important element of risk for any fund. We are asking for better direction as to how to calculate portfolio turnover for funds that are in part dependent on actively managed derivatives strategies such as our YEARS and YEARS US Trusts. For example, we may write a covered call that is exercised, and then immediately purchase the same underlying asset in order to write another call.

Management Expense Ratio

Trusts such as YEARS and YEARS U.S. calculate a net asset value on a weekly basis. Other trust funds of this nature may make this calculation less frequently. We are asking the CSA to consider providing specific instruction for funds that calculate the NAV on a weekly or less frequent basis in order to report the Management Expense Ratio in a consistent manner.

Item 3 Past Performance

3.1 General (8)

The requirement for the y-axis to start at 0 precludes the presentation of negative returns. We suggest that better wording would be to require the x-axis to intersect the y-axis at 0.

Delivery of Annual Financial Statements and Annual Management Report of Fund Performance

The proposed rules:

**Part 2 Annual Financial Statements 2.2 Delivery of Annual Financial Statements,
Part 5 Annual Management Report of Fund Performance 5.2 Delivery of Annual
Management of Fund Performance**

And

**Form 81-106F1 Contents of Annual and Quarterly Management Report of Fund Performance
Item 2 Front Page Disclosure**

The language in the above referenced rules and Form belie the inter-relatedness of the Financial Statements and the Management Report of Fund Performance. The Management Report of Fund Performance requires a company to state the Summary of Portfolio Investments and the Statement of Financial Highlights that are also contained in the Financial Statements. The Management Discussion of Fund Performance 1.2 Results of Operations may require reference to a fund's other financial statements and that would require restating those other financial statements as well. The purpose of these statements is best served if they are presented in combination with each other.

We would like the CSA to consider permitting the "bundling" of the Annual or Semi-Annual Financial Statements and Management Report of Fund Performance for a fund provided that this information is not bound with that of any other fund.

Once more we would like to thank the CSA for this opportunity. We welcome further discussion on any of the above issues.

Yours truly,



Douglas Crocker
Chief Risk Officer

Highstreet Asset Management Inc.