

December 19, 2002

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Securities Administration 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
Ontario Securities Commission
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19th Floor, Box 55
Toronto, Ontario 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
Montreal, Quebec H4Z 1G3
E-mail: consultation-en-cours@cvmq.com

Re: Proposed National Instrument 81-106 – Request for Comments

We are writing on behalf of Altamira Investment Services Inc. and on behalf of National Bank Securities Inc. in response to your request for comments regarding the Canadian Securities Administrators (“CSA”) proposed National Instrument 81-106 Investment Fund Continuous Disclosure (“NI 81-106”).

We have had an opportunity to review the submission of the Investment Fund Institute of Canada (“IFIC”) to the CSA and wish to express our agreement and support of IFIC’s general comments and of the specific comments included in the appendix to IFIC’s submission. In addition, there are a few areas that are of particular importance to us that we wish to address directly.

Quarterly Management Reports

We applaud the CSA’s initiative in allowing investors to choose whether to receive any or all of a fund’s financial statements and management reports of fund performance. While we are pleased with the general direction that the CSA have adopted in NI 81-106 and think that there is potential for some cost savings for mutual funds as a result of generally reduced delivery costs, we are concerned that these cost savings will be significantly reduced by the higher direct costs associated with quarterly reporting. In this regard, we note that a substantial portion of the costs, both in terms of direct costs and human resources, associated with the quarterly and annual management reports relate to the preparation of such reports rather than the delivery. The costs involved in preparing the reports are the same whether they are requested by one unitholder or 200,000 unitholders. Given that such costs are ultimately borne by the unitholders, has the CSA conducted any research to determine whether investors actually need or desire quarterly reports? We question whether investors would find them any more meaningful or useful than semi-annual reports and are concerned that all unitholders will bear these costs when only a few may have any interest in receiving the reports. We agree with IFIC and believe it would be appropriate to limit the frequency of this disclosure to annual and semi-annual reporting for the reasons outlined above as well as those described in the IFIC submission.

Forward-Looking Financial Information

We are concerned about the proposed inclusion of forward-looking financial information. We believe that preparing forward-looking commentary that is meaningful to investors but not misleading will be difficult, at best, and agree with IFIC that it would give rise to significant additional legal costs.

Binding of Financial Statements

We are concerned with the prohibition on binding together financial statements of more than one mutual fund unless all of the information for each fund is presented together. This change would have the effect of significantly increasing the size of the document and will result in increased costs to the mutual funds and ultimately the investors.

In addition, the prohibition on the binding of management reports will lead to duplication of information. We agree with IFIC and believe that there are positive advantages associated with binding management reports of all mutual funds into one document as this manner of presentation can provide investors with a better tool in deciding upon how to build their investment mix. We also note that there are significant costs associated with customization from a fulfillment perspective and we believe it will cost more to individualize mailings of reports on a fund by fund basis depending on which funds a particular investor holds than it would to send reports for all of the funds.

Filing Requirements

The proposal to shorten the time periods for the filing both annual financial statements (from 140 to 90 days after year-end) and interim financial statements (from 60 to 45 days after the end of the interim period), but particularly the latter, is problematic. We strongly recommend that the 60-day deadline for filing interim financial statements be preserved and that the deadline for the filing of quarterly management reports of fund performance be extended to 60 days.

In addition, we do not think that mutual funds should be required to prepare and file quarterly financial statements and we refer to IFIC's comments on this point.

We thank you for the opportunity to comment on the Proposal. Should you have any questions with respect to our comments, please do not hesitate to call the undersigned at (416) 507-7324.

Yours truly,

Jacqueline Gardner
General Counsel & Secretary
Altamira Investment Services Inc.

c. *Suzanne Côté, VP, Legal Affairs and Compliance, National Bank of Canada*