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April 8, 2004

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
19th floor, Box 55
Toronto, ON, M5H 3S8

and

Denise Brousseau, Secretary
Commission des valeurs mobilières du Québec
800 Victoria Square, Stock Exchange Tower
P.O. Box 246, 22nd Floor
Montreal, Québec H4Z 1G3

Dear Mr. Stevenson & Ms. Brousseau:

Re: NI 81-107

On behalf of Elliott & Page Limited, we would like to provide comments with respect to the proposed National Instrument 81-107 (the "**National Instrument**"), Independent Review Committee for Mutual Funds (the "**IRC**"). Elliott & Page, a wholly owned subsidiary of Manulife Financial, is registered as investment counsel and portfolio manager across Canada. In January 2003, Elliott & Page established its own independent review committee. This committee reviews investment transactions involving the Elliott & Page managed mutual funds and related parties. Such related party transactions include investing in the shares of Manulife Financial.

We believe many of the issues raised in respect of the Concept Proposal remain. Many of the issues relate back to the responsibilities of the IRC. The ability to find appropriate members, the costs to be incurred in respect to the committee and the overall effectiveness of the committee will depend in large measure on the committee's responsibilities.

The existing IRC at Elliott & Page operates well within its defined mandate. A limited number of related party transactions are identified, the benefits to the mutual funds are confirmed and limits, policies and procedures are put in place. Compliance reports are provided monthly and discussed quarterly with the committee. Though the members have not worked in the mutual fund field, they are experienced businesspeople in their own respective right and have indicated that they are comfortable with the narrowly defined issues that they must oversee.

They have indicated they would like to continue to participate in the committee if the expanded governance model is put in place. However they have also raised concerns over their ability to provide recommendations on general business issues. We believe the proposed National Instrument would require the IRC to evaluate and make recommendations on numerous general business transactions resulting in considerable additional costs to the funds with little additional benefit.

If we consider the definitions involved in determining what matters will be reviewed by the IRC, we first have the test "if a reasonable person would question whether a manager has a conflict of interest". Next we have the concept of a conflict being defined as being where the manager "has an interest in the matter that is different from, or conflicts with the best interests of the mutual fund". We are first of all not sure why the reference to conflicts with the best interests is included at all as any interest which conflicts, will be by definition, different from the best interests of the mutual fund. The test then is not whether a reasonable person would believe there is a conflict but whether he "would question" whether the manager's interest in the matter is different than that of the best interests of the mutual fund. We are not familiar with the legal concept of "to question" but it is obviously a much broader class of transactions than those that appear on their face to involve a conflict.

Though it was indicated that the focus of the Instrument is on conflict situations, it is in fact focusing on matters where the interests are simply different. We would also emphasize that it is all such matters which must be referred to the IRC without any requirement of it being material to the mutual fund. The manager then on each matter it deals with in connection with the management of the funds, must consider whether it has an interest that is different from that of the mutual fund before it acts and must then call a meeting to obtain the IRC's recommendation. Any delay in setting up the meeting and having the IRC provide its recommendation would result in a delay in the implementation of the matter. Any change in the management of the fund that saves the manager money or makes it easier to perform its duties could be viewed as reflecting an interest that is different from the best interests of the mutual fund but which would not necessarily conflict with the interests of the mutual fund. Any transaction that increases the sales in the funds and thus increases the potential fees to be earned by the manager would be different from the best interests of the mutual fund, but again would not necessarily conflict with the interests of the mutual fund. The creation of a new fund would appear to again involve different interests, as would the appointment of the manager as the investment advisor or an affiliate to a new fund or one already in existence. The closing of funds or the terminating of funds would require recommendations. One can ask whether the IRC should review the fund line up and consider closing those funds that have below median performance or have increasing MERs due to net redemptions. Here again, the interests of the manager and the mutual funds are different. To this list we need to add all changes to the fund that require unitholder approval which includes mergers, changes in fundamental objectives and a change in auditors of the fund. It would appear that numerous matters must be brought before the IRC that would not be considered by the board of directors as they are part of the normal day-to-day business operations of the mutual fund.

We believe that only matters which a reasonable person would believe would result in a material conflict with the best interests of the mutual fund should be reviewed by the committee. It is our belief that this test should be the only criteria for review and that matters which require unitholder approval should only be reviewed if they involve a material conflict. We would also ask the CSA to consider whether the appointment of the manager or an affiliate as an investment advisor or subadvisor of a fund should be viewed as a conflict situation. In order to make any recommendation on such a matter would involve the IRC in a fundamental

business issue of the Fund. Does the CSA envision the IRC for Elliott & Page recommending a competitor become the subadvisor of one of its funds? What difference is there where a subadvisor is being changed to the manager or an affiliate to where it is appointed in such capacity at the time the fund is created? These are the type of decisions we believe that our IRC feels are outside of their expertise. Does the CSA view the promoter, manager of a fund appointing itself or a sub advisor to the fund as being a problem within the industry that needs the assistance of an IRC? Who are the members of this IRC who have the expertise to provide recommendations to the manager on its appointment as a sub advisor to one of its own family of funds?

The cost/benefit of such a committee has been one of the major issues surrounding the proposal. The greater the responsibilities and potential liability of the members will result in a need to pay higher fees to the members; have more frequent meetings; have management prepare more detailed submissions on each matter; involve outside professionals for advice. We would ask the CSA to consider the costs incurred by investment funds in the United States. The U.S. investment company within Manulife Financial has seen the costs of having independent representation continue to escalate. Presently it pays its independent trustees $55,000 annual retainer plus $7,500 for each quarterly meeting. In addition, it also pays for counsel for the independent trustees and all their travel costs. Errors and omissions insurance is also quite expensive. If the responsibilities of the IRC could be limited to a more defined list of conflict situations, the costs incurred by the funds should be lower.

We also have concerns over the definition of independence used in the Instrument. In particular we do not believe the fact an individual is a director of an affiliate should by itself lead to the presumption that such a person is conflicted. The exemptive relief obtained by Elliott & Page permitting it to invest in Manulife Financial shares did not preclude a director of an affiliate from acting on the required IRC. One member of the present IRC is a director of one of its affiliates and would have to be replaced under the proposed Instrument. Elliott & Page, as part of the Manulife Financial worldwide family of companies will have some difficulty finding qualified individuals under such a test. Manulife Financial and its subsidiaries retain a number of the large accounting and legal firms and use the services of many financial intermediaries. Manulife Financial invests in many of the mutual fund companies around the world. Firms with any business, whether or not material, will be reluctant to act in fear of not meeting the test at the time or in the future. Even where there is no present business dealings individuals are reluctant to act, as it would affect their ability to accept business in the future. As noted earlier it is not only finding independent individuals given the mandate provided it will require finding independent individuals with knowledge of the mutual fund business in order to ensure meaningful recommendations are provided on the business conflicts. We believe the expanded mandate of the IRC will make it very difficult to find such qualified individuals. Retired individuals may be the most appropriate group of individuals to act as members. The degree of responsibility and corresponding potential liability will go a long way in determining their willingness to act on such a committee.

We also believe that if reasonable D&O insurance coverage is not made available, qualified individuals will not be willing to act on such committees especially if the responsibilities remain open ended. The comment of the CSA that D&O insurance should not cover negligence would in our estimation remove any benefit of such insurance and leave the spectre of liability with the individuals. We again do not believe many qualified individuals will assume such a risk and those that do will expect to be compensated accordingly.

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We believe the present Elliott & Page IRC has operated effectively in dealing with specific conflict situations and could also operate to consider similar related party type conflict matters including cross trades or increases in the management fee of the manager. We support this approach in dealing with these identified conflicts. We believe the expansion of the role of the IRC to include business conflicts or change matters which do not involve a conflict situations will create difficulties in finding individuals who are qualified to make such recommendations and will result in significant additional costs to the funds without a corresponding benefit to the funds.

We appreciate having this opportunity of commenting on the Instrument.

Yours truly,

(Signed)
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