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GENERAL COUNSEL AND
SENIOR VICE PRESIDENT,
BUSINESS OPERATIONS

July 27, 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
Montréal, Québec H4Z 1G3

**Re: Canadian Securities Administrators (“CSA”) Proposed National Instrument
81-106 (“NI 81-106”) *Investment Fund Continuous Disclosure***

AGF Funds Inc. (“AGF”) are pleased to provide comments in respect of NI 81-106. AGF is one of Canada’s leading independent wealth management companies, offering over 50 mutual funds to Canadian investors. Through its affiliates AGF also provides discretionary investment management advice, offers trust products and operates one of the largest third party back office administration services company in Canada. AGF is supportive of improved continuous disclosure practices for the industry that will foster transparency, accountability and accessibility of information in the marketplace. Ultimately, investor confidence will be strengthened.

AGF appreciates that a number of changes have been made in the current version of NI 81-106 that acknowledge the operational issues that fund managers face. As a member of the Investment Funds Institute of Canada (“IFIC”), AGF participated in IFIC’s review and discussion of NI 81-106. While we support many of the comments made by IFIC in its comment letter on NI 81-106, AGF would like to provide some additional comments.

Timing of Filing Requirements

We continue to have concerns with the proposed requirement to shorten the filing deadline for interim financial statements from 60 days to 45 days. Unlike other reporting issuers, a fund manager must produce financial statements for multiple funds at the same

time. AGF currently has 70 mutual funds. Preparing financial statements and management reports of fund performance (MRFP) for 70 funds takes considerable time and effort not only in the compiling of information but also the design and printing resources, auditor involvement, review by the audit committee and French translation services since many of these resources are limited. We have concerns that the quality of the financial statements and MRFP will suffer as a result of the shortened timeframe. Information included in the financial statements and the MRFP is valuable to investors and advisors in that it supports and expands on the informational value of the published NAVPS. The quality of this information is important.

We acknowledge that NI 81-106 permits the delivery of the financial statements and MRFP within 10 days after the filing of the documents. However, the shortened filing deadlines do still create logistical problems. We support the points raised in IFIC's submission to the CSA on the issue of timing of filing requirements.

Binding of Documents

We continue to believe that the CSA should remove the restrictions on the binding and the intermingling or combining of information within the financial statements and MRFP. We do not believe the current wording of NI 81-106 will achieve the result that the CSA expects, that being to reduce the amount of information being sent to investors. We acknowledge that it would be ideal for investors to receive customized financial statements and MRFP's for the funds that they hold however, at the current time, it is not necessarily cost beneficial in many circumstances to prepare financial statements and MRFP in this manner.

At minimum we suggest that the CSA consider allowing funds to continue to prepare the financial statements of multiple funds in columnar fashion, provided there is a logical reason to combine the information, such as RSP Clone funds or other fund of fund arrangements. In addition we encourage the CSA to consider allowing funds to combine the discussion of risk, trends, etc. in the MRFP where this discussion pertains equally to the funds in question. If necessary, managers could tailor their comments with respect to specific funds within the same commentary. The new requirements of the MRFP require a considerable time commitment of the portfolio advisors and the mutual fund manager, especially in the first few years after the rule becomes effective. Drafting a commentary for 50 mutual funds individually, when the commentary cannot be written until after the period end, is a huge undertaking. If similar funds could be combined for the commentary, especially when certain information will be similar, would help to keep costs and time commitment reasonable.

The fund manager has an obligation to act in the best interests of the fund and that includes minimizing costs. Given the multi-class/series structure of many investment funds, current technology, production costs and distribution channels, what is feasible or practical for one fund complex may not necessarily be for another fund complex. We believe that the fund manager should have the flexibility to bind and intermingle documents of funds, within the same fund complex, in a manner that is best suited to their situation.

Proxy Voting Record

AGF fully supports transparent, meaningful and effective disclosure, however we believe that investors purchase the professional management services that are available to them through investment in mutual funds precisely because they wish to have investment management, proxy voting and other issues addressed for them.

We support the statement by IFIC that proxy voting is a part of the management process that is best dealt with by portfolio advisors, not mutual fund managers. We question the value of having the proxy voting record available on request. It is our experience, based on the number of requests for the statement of portfolio transactions, that very few investors ask for this type of information, especially when the information is so detailed, historical and lengthy. We do not support the filtering of proxy votes between routine and non-routine as most of the existing proxy voting services do not have this type of filter making the process manual. We believe the cost to all securityholders of providing the proxy voting record exceeds the benefits of providing this information to a few.

We believe that if the policies and procedures are clearly summarized in the annual information form and available to investors on request, the investors will have sufficient information on which to base their investment decisions. We are not clear on what additional information is provided by having the complete proxy voting record available. We are of the view that too much information can result in that information that is meaningless to investors. In addition, we are not convinced that the potential benefit of providing the detailed proxy voting record outweighs the cost to investors of producing this record. However, we do support the CSA's recognition that filtering proxy information between routine and non-routine matters is not necessarily beneficial due to the time and cost involved in setting up this type of system.

Delivery

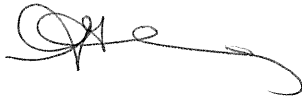
We commend the CSA for re-thinking the delivery requirements to permit standing instructions from investors. We do however ask the CSA to consider one issue.

To avoid additional costs of mailing, we suggest that the CSA permit flexibility in obtaining the standing instruction. Currently NI 81-106 would require that this notice be sent out within 3 months of the effective date of the rule. A mailing that occurs within three months following the first completed fiscal year of the fund would ensure that the securityholders will have received the notice and are able to respond in time for the annual financial statements and MRFP to be delivered. Furthermore, if the notice could be part of an existing mailing, costs to investors of complying with this requirement would be reduced.

Conclusion

We appreciate the efforts of the CSA to make NI 81-106 a workable rule that improves transparency and accessibility of information while still remaining cost effective and practical. Each of these goals have a direct benefit to the securityholders while maintaining investor protection. If you have any questions regarding the foregoing please do not hesitate to contact us.

Yours truly,

A handwritten signature in black ink, appearing to read 'Judy Goldring', with a long, sweeping flourish extending to the right.

Judy Goldring