

----- Original Message -----      **Parts 1 and 2.**      **Parts 1 to 11 @ [www.investorism.com](http://www.investorism.com)**  
From: [Joe Killoran](#)  
To: [Jon \(FP\) Chevreau](#)      Financial Post  
Sent: Wednesday, June 20, 2007 2:00 PM      **UPDATED: October 15, 2007**

Subject:      **Critique of the Joint Forum's 2-page  
NI 81-406 Point-of-Sale Fact Sheet**

**The Joint Forum of Canadian Financial Market  
Regulators' 2-page Fund Facts POS document:**

- is not as interactive educating – it is not as interactive decision facilitating as my own Sept. 1994 *investorism* thesis – my financial literacy interactive educating point-of-sale (POS) thesis -- the key being the “six-sigma” achieving educating / decision facilitating merits that are inherent in my point-of-sale 1-pagers, my:

✓ **Checklist POS 1-pager:**

@ [www.investorism.com/disclosure.pdf](http://www.investorism.com/disclosure.pdf)

**Redemption / Switch Disclosure POS 1-pager:**

@ [www.investorism.com/rsdd0210.pdf](http://www.investorism.com/rsdd0210.pdf)

*and*

**Advisor PROFILE POS 1-pager:**

@ [www.investorism.com/profile.pdf](http://www.investorism.com/profile.pdf)

The “six-sigma” achieving key is that the financial advisor and their “sheeple” J.K. to Grade 12/13 core curriculum uneducated in financial literacy consumer / investor client(s) are required -- where appropriate -- to interact together while they are filling-in-the-blanks with all of the required decision facilitating and safety protection enhancing information:

- this interactive process of the financial advisor and their consumer / investor client(s) filling-in-the-blanks achieves the educating thesis contained in the:

**Ancient Chinese Proverb:**

**Tell me and I forget.**

**Show me and I remember.**

**Involve me and I understand.**

**COMPARE: this to our medical well-being practitioners**

- our highly educated plus *highest* Hippocratic Oath *calling* and pledging physicians have:
  - a minimum 7 years of university education
  - + a year of internship
  - + extra years of specialist education and training
- our highly educated physicians are qualified to educate their patients about their medical well-being – about their deserved, needed and GOC delivered better health education and prevention practices.

**THE *investorism* identified problem: the lion's share of our financial advisors**

- **our financial well-being practitioners:**
  - are **not** required to obtain any required university or college degree !!
  - **are minimum package products – funds only – licensed** – they are actually **not licensed** to give any financial advice whatsoever on the individual financial components within a fund:

- they are **not** licensed to dispense any advice whatsoever on the individual stocks, bonds, options, derivatives, sophisticated hedging schemes, short positions, leverage positions, etc., within the fund !!

**FACT:** Our medical well-being Hippocratic Oath pledging physicians are required to remain arm's length from both:

- the ownership of the medical labs where they send our specimens for testing, and
- the pharmacies where we might take their prescribed prescriptions to be filled.

**NOTE:** we take the prescriptions that our physicians prescribe to an arm's length Health Watch Pharmacist\*\* who fills, dispenses and ensures / insures that this new prescription drug will not cause any adverse affects / effects or reactions with other prescription drugs that we are taking that they have dispensed to us from either this physician or another physician specialist that we might be receiving care from.

\*\* Our Health Watch Pharmacists are required to have a minimum five (5) years of university education.

**WHY** then do our 13 multiplicity: 10 provincial and 3 territorial securities commissions allow:

- our no minimum university or college education degree required financial advisors – the lion's share who are minimum packaged products only licensed – give them the ability to recommend / prescribe / sell and dispense their employer's in-house proprietary funds **versus** more appropriate / fiduciary advice required arm's length third (3rd) party funds?

**The Know Your Client (KYC)** suitability section on my POS Checklist 1-pager is an extremely important item based upon the significant number of case study complaints surfacing from impropriety and illegality abused investors where either the advisor advice rendered and / or the product(s) prescribed, sold and dispensed by the financial advisor did not meet their consumer / investor client's KYC suitability criteria.

**ALSO:** Not one of my following 15 numerical fund decision facilitating, advisor advice confirming / validating and KYC safety protection enhancing numerics on my financial literacy interactive point-of-sale Checklist 1-pager are to be found anywhere on the Joint Forum's 2-page Fact Sheet. **Why not?**

1. **Alpha:** \_\_\_\_\_
2. **Beta:** \_\_\_\_\_
3. **Correlation Benchmark:** \_\_\_\_\_
4. **Downside Risk:** \_\_\_\_\_
5. **Downside Frequency:** \_\_\_\_\_
6. **Downside Magnitude:** \_\_\_\_\_
7. **Jensen's Measure:** \_\_\_\_\_
8. **Mornigstar Rating:** \_\_\_\_\_
9. **Mean:** \_\_\_\_\_
10. **R-Squared:** \_\_\_\_\_
11. **Sharpe Ratio:** \_\_\_\_\_
12. **Skewness:** \_\_\_\_\_
13. **Sortino Ratio:** \_\_\_\_\_
14. **Standard Deviation:** \_\_\_\_\_
15. **Treynor's Measure:** \_\_\_\_\_

## **RAISON D'ÊTRE: Validating Fund Numerics**

My esteemed father-in-law, a retired ophthalmologist who is also a retired Professor Emeritus @ the UWO Medical School and a Past-President of the College of Physicians and Surgeons of Ontario – “**he’s a vision...ary**” – taught me 18 years ago to always arrange with my family doctor to have my blood, urine and now that I'm 56 turning 57, my prostate specimen tests, etc., taken 5-7 days before my annual medical so that my doctor has my specimen test results numerics in his hands during my annual medical.

**WHY?** so that we can talk face to face about each of these *Health Education and Protection* numeric numbers and I can be educated on and about what better health protection and prevention practices plus changes, etc., that I must make to my diet, physical exercise, sleep, etc., in order to enhance, improve and preserve my medical well-being:

- In order to extend the quality and duration of my life.

**PARALLEL:** None of my 15 financial decision facilitating, advisor advice confirming, safety protection enhancing and KYC suitability — know and confirm the investor’s best interests needs are being met — no fund numerics whatsoever can be found anywhere on the Joint Forum's 2-page point-of-sale Fact Sheet. **WHY not?**

**investorism AUTOPSY:** because the lion's share of our no university or college education degree required and minimum package products funds only licensed financial advisors:

- **don't know what** these fund numerics are
- **don't know when** – haven’t been taught – when and how to use these fund numerics as a financial well-being practitioner, and they definitely

- **don't know how** to explain these fund numerics to their "*sheeple*" uneducated in financial literacy consumer / investor clients.
  - in the same or similar way and manner that our highly educated Hippocratic Oath pledging family doctor – our medical well-being specialists – can and do explain the numerics on our blood test results, our urine test results, a man's prostate test results, a woman's mammogram test results, etc.

### **The Sales Charges Section on the Joint Forum's 2-page POS Fact Sheet is:**

- **deficient, confusing, incomplete – there is no correlation whatsoever to the fund administrative ordering number system:**
  - **it's actually "asymmetric information" facilitating and perpetuating – and this egregious abuse is being proposed by government civil servants !!**

**NOTE:** the Joint Forum's 2-page POS Fact Sheet reads verbatim,

- **"Ask your adviser to tell you the sales charge on the amount you're buying."**

**Da:** My teenage children in Grades 11 & 12 can see right through this scam – my teenagers know our securities regulators — our civil servants — are mandated to **EDUCATE** us (that our financial regulators suffer from a dyslexia – *they get their "mords wixed"* – they can only define this as **FACILITATE DECISION MAKING**) and

**PROTECT** investors have actually designed and proposed the Joint Forum's 2-page POS Fact Sheet to:

- purposely create a lack of “six-sigma” uniform and required POS consistent transparencies that will never ever be the same from one advisor to the next advisor!!

**NOTE: everybody at our securities commissions and in our fund industry knows that every mutual fund and segregated fund has at least three (3) – if not four (4) or five (5) industry assigned transaction numbers that are used depending upon the point-of-sale commission that the financial advisor has sold:**

- i. Service Charge (SC) front-end load**
- ii. No-load to Low-load**
- iii. Level Load 4**
- iv. DSC - deferred sales charge**
- v. Series "F" units with no-trailer fees**

**It also appears that our civil servants have failed to read and comprehend Section 9.2, in Glorianne Stromberg's October 1998 “*Investment Funds in Canada and Consumer Protection: Strategies for the Millennium*” Report:**

### **“Reducing the Knowledge Gap”**

The single most important thing that could be done to benefit the consumer/investor would be to reduce the knowledge gap - i. e. the gap between those who know and those who do not. This knowledge gap, which economists refer to as “informational asymmetry”, usually operates to the disadvantage of the consumer/investor. The need for reducing the knowledge gap was highlighted in the observations of Keith P. Ambachtsheer<sup>43</sup> during his testimony on November 18, 1997 at the hearings to examine the state of the financial system in Canada (Institutional Investors) held by the Standing Senate Committee on Banking, Trade and Commerce. Mr. Ambachtsheer said:

***“The key thing I would look for in hiring a third party outside investment counsellor would be the alignment of economic interests. ... Once you go to a third party, whether it is investment counselling or most of the mutual funds, there is an interesting dichotomy of economic interest in the sense that these businesses are owned by other people who are trying to maximize their own bottom lines. They are in the business of running that business, and they are looking at revenues, less costs, equaling their profits. **There is a question as to whether there is a clarity of economic interest between serving the customers well and how they enhance their own bottom lines.*****

***In theory, the market should work these things out, but unfortunately, this is an area of great informational asymmetry where the sellers know a lot more about the nature of the product and what the services are than the buyers generally. Economics tell us that when you have informational asymmetry, generally the outcome is low quality products at too high a price. That is one of the challenges - namely, how do you deal with great informational asymmetry typically between the buyers of investment management services and the sellers of investment?*** I do not have an obvious answer to that other than raising the general level of clarity about what the product is producing and a level of understanding of capital market efficiency.”<sup>44</sup> (Emphasis added)

Until we address this knowledge gap, the consumer/investor will remain seriously disadvantaged in being able to participate in the marketplace as a fully-informed person able to assess on a continuing basis his or her needs and the best means of meeting them.

Until the knowledge gap is closed other regulatory strategies aimed at consumer protection will not be fully effective. This has serious implications for governmental social, economic and retirement policies. It has serious implications for the efficacy (from both a national and global perspective) of the operation of the desired free market economic system and for the desire to provide the least restrictive regulatory alternative necessary for investor protection.

<sup>43</sup> Keith P. Ambachtsheer is an economist and President of KPA Advisory Services Inc., a pension fund advisory firm in Toronto, Canada.

<sup>44</sup> See page 23 of the transcript of the evidence for November 18, 1997 presented to the Standing Senate Committee on Banking, Trade and Commerce during its Hearings to Examine the State of the Financial System in Canada (Institutional Investors).



**AND NEVER EVER FORGET:** the three amigo unlicensed mutual fund seminar “shills”:

- Brian Costello, Garth Turner and mail order dr. Jerry White
  - these unlicensed seminar “shills” were actually allowed to tell the core curriculum uneducated in financial literacy “sheeple” consumer / investors @ their FREE seminars – that were 100% paid for by the fund companies with names like Trimark, Templeton, Mackenzie, Fidelity, etc.
  - these unlicensed seminar “shills” were actually allowed by our multiplicity securities regulators to tell their audiences that were full of uneducated in financial literacy seniors, retirees, etc.:

**“Don’t worry – the fund company pays the 5% DSC (deferred sales charge) point-of-sale commission to your financial advisor for you!”**

- with no mention whatsoever by the unlicensed seminar “shills” that this 5% POS commission paid up-front by the fund company to their financial advisor would actually be recovered by the fund company from their “sheeple” hides – plus a “tied advice / tied sale” trailer fee commission that the fund company continued to pay your financial advisor each year in order to keep you invested in funds – by the fund company charging a significantly higher than required annual MER – usually a minimum 2.50% or significantly higher MER than a more reasonable and acceptable MER below 2.00%, and:
  - the early redemption fee penalty that the investor would be required to pay if they needed to redeem this fund purchase prior to the 7-9 year required holding period for the DSC Sold fund to mature and not incur any DSC early redemption penalty fees, or

- their financial advisor recommends a Redemption of this fund and a Switch of the proceeds to another fund prior to the 7-9 year DSC penalty period maturing without providing their client with a DSC early redemption penalty rebate.

**FACT:** our 13 multiplicity securities regulators — our 10 provincial and 3 territorial commissions — have blessed and approved the formerly illegal practice of commission rebating for mutual funds !!

**FACT:** there is never any *FREE* lunch in the fund industry !!

The “sheeple” @ those supposedly FREE fund company sponsored seminars were never told that the sponsoring fund company was paying the unlicensed seminar “shill” from \$5,000 to \$10,000 for their 60 to 90 minute presentation to congregate the “sheeple” consumer / investors so that they could be sheared buck naked !!

Without required Full, True and Plain documented in black and white disclosures @ POS of all of the salient dollars and cents amounts – both the percentage amounts & their reciprocal ~~\$\$\$.~~ amounts of the transaction being clearly written down @ point-of-sale – it becomes a:

- "He said / she said" problem

for any resulting OBSI investigation, industry arbitration or mediation hearing *and / or* a civil court action rather than it being a precise black and white – no grounds for any interpretation errors – adjudication decision,

- but this can only happen IF all of the salient transaction percentage and reciprocal dollars and cents (\$\$\$.¢¢) amounts are required and clearly documented in black and white on the point-of-sale document.

**investorism SOLUTION:** goes beyond this could be confusing to the consumer / investor listing of the actual administrative processing transaction code number on its 13 year old interactive fill-in-the-blanks POS 1-pager:

1. it lists the 5 POS advisor remuneration schemes:

Front-end load, No-load - Low-load, DSC, Level Load 4 and Series "F" Units ways in which a mutual / segregated fund can be bought / \$OLD.

2. it then requires all of the actual POS salient transaction details – financial advisor POS commission with on-going trailer / service fee + extra fees / commissions + increasing trailer fee commission + + to be clearly filled-in on my 1-page POS document.

*and* with all of this salient transaction info details being clearly listed on my interactive POS 1-pager, it can never be an unclear "he said / she said" dispute between the financial advisor and their "sheeple" consumer / investor client.

## **ADVISOR PAYOUT PORTION OF GROSS COMMISSIONS**

There is no transparency whatsoever on the Joint Forum's 2-page POS Fact Sheet about:

1. the **gross** point-of-sale \_\_\_% and **\$\$\$.cc** amount of any applicable front-end load *or* DSC POS commission charged by / paid to the advisor,

***or***

the initial **net** \_\_\_% **payout** and **net \$\$\$.cc amount** of the total point-of-sale commission that the financial advisor earns from their employer.

2. the **on-going annual MER** \_\_\_% amount and its **initial reciprocal \$\$\$.cc amount** based upon the initial point-of-sale gross transaction purchase amount.

***and***

3. the **on-going annual** \_\_\_% and **\$\$\$.cc amount** of the **"Tied Advice / Tied Sale" trailer / service fee commission component of the MER** that's paid to the securities dealer,

***and***

the **advisor's** \_\_\_% **grid payout** of the total trailer / service fee commission component of the annual MER.

### **Bottom lines:**

1. **the Joint Forum's 2 page POS Fact Sheet document:**

- i.) fails to force the consumer / investor deserved / required and needed interactive fund educating, decision facilitating, advice validating, safety protection enhancing, fairer play / field leveling / competition stimulating, governance and industry integrity building interaction between the financial advisor and their consumer / investor client.

ii.) lacks the *investorism* filling-in-the-blanks financial literacy educating / decision facilitating thesis -- it's my Sept. 1994 antidote educating and decision facilitating / validating process that cures "asymmetric information:"

- those with less education and knowledge usually end up paying more for goods and services than those with education and knowledge !!

iii.) lacks the ✓ **Checklist** filling-in-the-blanks safety protection enhancing completion that we require a pilot to complete prior to take off -- and remember the pilot actually takes off in the plane with his / her passengers !

iv.) lacks the same ✓ **Checklist** features that a chartered accountant – an auditor is required to complete prior to signing off on a financial audit.

## 2. What do consumer / investors actually see and learn in the Joint Forum's 2-page Fact Sheet?

What education level Rubric does the Joint Forum's 2-page Fact Sheet actually achieve . . .

*versus*


my 13 year old, September 1994,  
*investorism* interactive POS 1-pagers?

# "The question is not what you look at but what you see."

---HENRY THOREAU

**3. WHO** was on the Joint Forum committee – other than civil servant defenders of securities industry's status quo – civil servants who are required to defend, soften and bury – it's really called cover-up -- previous accountability mandate failures by our 13 multiplicity Canadian securities regulators to EDUCATE and PROTECT consumer / investors:

- **who** was actually on the Joint Forum's 2-page POS Fact Sheet committee representing:
  - i. financial literacy educators from our world renowned University Business Schools?
  - ii. qualified investor advocates, with related employment experiences similar to *or* superior to my own:
    - as a full service licensed market registrant (stock broker) – I attended the Merrill Lynch Wall Street training school for 4 weeks in March 1984 – I was required by Merrill Lynch to pass both U.S. NYSE and Canadian market registrant exams in order for me to have my full service stock broker + options + RR, etc. securities license sponsored by Merrill Lynch Canada.
    - I also have significant experience teaching students in classrooms – approximately 1,200 days over the last nine (9) years supply teaching students from J.K. to Grade 12 in addition to my teaching five sections of 3<sup>rd</sup> Year Corporate Finance at Wilfrid Laurier & York Universities.
  - iii. consumer / investor clients themselves?

**NOTE:** My 2004 request for funding from the OSC funded Investor Education Fund -- so that I could focus group test my own 1994 investorism interactive educating / decision facilitating  **Checklist** point-of-sale 1-page pioneering thesis was denied.

**FACTS:**

I officially submitted my *investorism* point-of-sale financial literacy educating thesis to the OSC on October 16, 1996.

The OSC -- which 100% funds the Investor Education Fund -- is itself a participating member with the FSCO in the Joint Forum of Canadian Financial Market Regulators.

**NOTE: the following brand new August 29, 2007, terms of funding high hurdles that . .**

**. . . the OSC's 100% funded Investor Education Fund has released and posted**

@

<http://www.investored.ca/en/aboutinvestoreducationfund/sponsorshipprograms/Pages/default.aspx>

## **Our Investor Education Funding Program**

The Investor Education Fund (IEF) seeks partners to develop financial literacy programs in our communities. We are looking to improve the financial capabilities of targeted groups that have an identifiable need for extra assistance in learning how to manage their financial or investment matters.

**We seek out projects and educational initiatives by non-profit, community-based organizations and educational institutions.** To be considered, these initiatives must contribute measurably to the development of consumers' financial and investment know-how. The expected results from each project must be clear and measurable.

### **Funding Priorities**

All funding requests must pass the Fund's Merit Assessment process. Priority is given to proposals that accomplish one or more of the following objectives:

1. Develop financial education products or resources relevant to the needs of the target population's members and constituents
2. Work with community groups to instruct or distribute educational products or resources related to financial literacy
3. Develop the skills, knowledge or abilities of retail investors
4. Promote financial and investment literacy programs in schools, for adult learners, or the educational system in general.

A strong preference will be given to projects in Ontario that will improve the long term financial literacy of Ontarians in a measurable way, but the IEF will also give consideration to projects that are national in scope.

Past projects have benefited groups such as students, the elderly, new Canadians, people with learning or physical disabilities, the financially disadvantaged, and other similar groups.



## Deadline for Applications to the Investor Education Fund

We accept and review applications twice per year:

- April 15 and **October 8**.

**1-full service financial advisor who  
understands / uses fund numerics to  
enhance his clients' financial well-being:**

----- Original Message -----

**From:** [Joe Killoran](#)

**To:** [Jon \(FP\) Chevreau](#)

**Sent:** Wednesday, June 20, 2007 3:08 PM

**Subject: John Caspar, a CIBC Wood Gundy full service – fully licensed stock broker – can read, interpret and he prescribes and sells investment funds based upon the numerics on *investorism's* Checklist POS 1-pager.**



## It's All Greek To You

By [John Caspar](#)

**June 2002**

Oh, I know what you're thinking. You're thinking that if you could only understand the language those investment geeks use when they talk about vehicles like mutual funds, you could be a better consumer and investor. Well, you're right. So I'm going to provide you with your own personal investment Rosetta Stone to translate it all for you. Now, this is not to imply that you need to read and write Greek and have lots of arcane knowledge in order to have a successful portfolio. You don't. In fact, having such knowledge doesn't mean you'll even do better than if you didn't. As with any other area of life, though, being better informed can only help you. Here, then, is your "Print 'n Save Guide" to understanding some of the most commonly used terms in mutual fund performance and risk management. Don't hurt yourself.

## **Alpha**

Also known as the Jensen, Alpha represents a fund manager's ability to beat a benchmark. Calculated on a 3-year basis, the formula for Alpha is:

(Return minus Risk Free Rate)

minus [Beta \* (Benchmark minus Risk Free)]. Higher is better.

## **Beta**

Here's another one of those "Is-That-A-Fraternity-Name?" stats. Beta measures the sensitivity of a fund's performance to moves in the benchmark index against which the fund is measured. The greater the value of beta, the more risky the fund is compared to the index. A portfolio with a beta equal to 1.0 has the same risk as the index; betas less than 1.0 indicate less risk; betas greater than 1.0 have more risk.

## **Correlation**

Correlation, which ranges from minus 1 to 1, measures the performance relationship between two funds. A high correlation between two funds would indicate that the inclusion of both funds within a single portfolio would result in redundancy, and provide very little diversification. You'd have more stuff, not more performance or risk management. On the other hand, two funds that exhibit weak correlation would add diversification and reduce risk in a portfolio.

## **Downside Risk (Downside Deviation)**

The true measure of a fund's risk, downside risk measures what investors can expect to earn should the fund not achieve some specified target rate of return. For our discussion from here on, we'll assume that target to be 10%. Downside risk should be subtracted from the target return. If a fund has a downside risk of 8, then, when the fund doesn't achieve the target return of 10%, we would expect the fund to average 2% (10 minus 8) during a 12-month period.

## **Downside Frequency**

This indicates how often the fund failed to achieve the target 10% rate of return measured on a rolling annual basis.

## **Downside Magnitude**

Subtracted from the target 10%, this figure reflects a theoretical worst-case scenario to define the extent to which the fund could drop. A very high number indicates that the drop could potentially be substantial.

## **Mean**

A fund's mean is its average monthly return.

## **R- Squared**

This measure ranges from 0 to 1 and reflects the percentage of a fund's movement that is explained by movements in the benchmark index. An R-squared of 1 means that all of a fund's movements are directly related to movements in the benchmark index. An R-squared of 0.45 means that 45% of a fund's movements are explained by benchmark movements.

## **Sharpe Ratio**

This measure defines how much risk is assumed by the manager. The ratio also determines if the manager is achieving excessive returns over a risk-free rate of return like those provided by T-bills.

## **Skewness**

I'm almost scared to tell you about this one. Remember the bell curve? That's a regular, symmetrical bell shaped distribution of results. Skewness is a measure that indicates the degree of asymmetry of a fund's distribution around its mean. Positive skewness indicates a distribution with a right tail extending toward positive values. Negative skewness indicates a distribution with a left tail extending toward negative values.

## **Sortino Ratio**

This ratio is the standard "Post-Modern Portfolio Theory" measure of risk-adjusted returns. It measures how many units of return in excess of 10% are provided per unit of downside deviation / downside risk.

## **Standard Deviation**

Standard deviation is a statistical measure of risk reflecting the extent to which rates of return for an asset or portfolio may vary from period to period. It also indicates the dispersion of monthly returns around the average return. The larger the standard deviation is, the greater the range of possible returns and the more risky the asset or portfolio becomes.

There. Now you're armed and ready to speak the language of investment fund analysis. In the spirit of full disclosure though, please be aware that sharpening your statistics vocabulary may help you understand some of the tools used in investment analysis, but overuse of that vocabulary can leave you standing by yourself at parties.

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**Caspar, John (CIBC)**

**E-mail Address(es):**

[john.caspar@cibc.ca](mailto:john.caspar@cibc.ca)

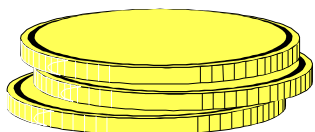
**Business Information:**

**Office: 604-688-2111**

**Phone: 604-806-5552**

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**AN: Educating, decision facilitating, advice validating, safety enhancing . .**



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## KNOW YOUR CLIENT SUITABILITY: A\$SET MIX + RISK\$ versus REWARD\$

I / We understand that \_\_\_\_\_ fund investment strategies range from conservative low to aggressive high risk. I / We have \_\_\_ personally determined and established or I / we have discussed, determined and established with \_\_\_ my / our investment advisor, my / our overall investment, objectives, needs and \_\_\_\_\_ fund RISK/REWARD tolerances as follows:

A\$SET MIX	RISK\$ vs. REWARD\$
___ % Value	___ % Invest. Grade
___ % Growth	___ % Good Quality
___ % Income	___ % Speculative
___ % Momentum	___ % High Risk
100 % Total	100 % Total

**Fund Name:** \_\_\_\_\_ **Managed By:** \_\_\_\_\_ **Since:** \_\_\_ / \_\_\_ / \_\_\_

I/We acknowledge that I/we have received from my/our financial products salesperson, fee advisor, fund distributor, etc., the \_\_\_ page Simplified Prospectus for \_\_\_\_\_ Fund(s).

PERFORMANCE COMPARISON TO THE END OF: M M M / 2 \_ \_ \_

Fund being recommended / purchased: \_\_\_\_\_: \_\_\_% 1 YR, \_\_\_% 2 YR, \_\_\_% 3 YR, \_\_\_% 5 YR  
 Benchmark comparable index to fund: \_\_\_\_\_: \_\_\_% 1 YR, \_\_\_% 2 YR, \_\_\_% 3 YR, \_\_\_% 5 YR

### 15 MOST COMMON INVESTMENT FUND RISK v. REWARD\$ NUMERICAL TERM\$ & ANALYSIS\$ CRITERIA

- |                                 |                               |
|---------------------------------|-------------------------------|
| 1. Alpha: _____                 | 9. Mean: _____                |
| 2. Beta: _____                  | 10. R-Squared: _____          |
| 3. Correlation Benchmark: _____ | 11. Sharpe Ratio: _____       |
| 4. Downside Risk: _____         | 12. Skewness: _____           |
| 5. Downside Frequency: _____    | 13. Sortino Ratio: _____      |
| 6. Downside Magnitude: _____    | 14. Standard Deviation: _____ |
| 7. Jensen's Measure: _____      | 15. Treynor's Measure: _____  |
| 8. Mornigstar Rating: _____     | 16. Other _____: _____        |

## TRAN\$ATION: CO\$T\$ + ADVI\$OR REMUNERATION & INV. POLICY STMT

**PO\$ Transaction Charge:**  
 \_\_\_% F-E Service Charge \$ \_\_\_\_\_  
 \_\_\_% No-Load; Low-Load \$ \_\_\_\_\_  
 \_\_\_% D\$C\* rear-end load \$ \_\_\_\_\_  
 \_\_\_% Level Load 4\* D\$C \$ \_\_\_\_\_  
 \_\_\_% Series "F" Units \$ \_\_\_\_\_  
 a D\$C\* begins @ \_\_\_% on the: \_\_\_ Book Value or \_\_\_ NAV falling to zero % after \_\_\_ Year\$.  
**❶ D\$C Rebate** \_\_\_% \$ \_\_\_\_\_  
**❷ Admin. Cost To Buy:** \$ \_\_\_\_\_  
**❸ Monthly Account Fee:** \$ \_\_\_\_\_  
**❹ Early Withdrawal Penalty:** is \_\_\_% within \_\_\_ days.  
**❺ Direction\$ To Sell Must Be received by:** \_\_\_ Phone, \_\_\_ Fax \_\_\_ E-mail before \_\_\_: \_\_\_ M to obtain same day closing price  
**❻ Admin. Cost To Sell:** \$ \_\_\_\_\_

**Management Expense Ratio (MER):** The fund manager deducts an annual MER of \_\_\_% on a pro-rata basis before the fund's NAV is calculated. **The fund manager pay\$ a Trailer Fee Commission of \_\_\_% from the MER to your advisor.**  
**❶ MER/Trailer Fee Rebate** \_\_\_%  
**❷ D\$C\* trailer ▲ to** \_\_\_% in Yr. \_\_\_  
**❸ EXTRA Advisory Fee\$:** Fund of fund\$/Wrap: \_\_\_%  
**❹ MER Performance Bonu\$:** \_\_\_% above \_\_\_ benchmark.  
**❺ This is an** \_\_\_ Arm's Length or a \_\_\_ Proprietary Fund.

\$tmt of Investment Policy:	As At
<b>A\$set Mix Guideline Range\$</b>	___ / ___ / ___
Cash	___ to ___ %
Fixed Income*	___ to ___ %
CDN Equities	___ to ___ %
Intern. Equities	___ to ___ %
Real Estate	___ to ___ %
Derivatives	___ to ___ %
Max. Short Sales to	___ %
Max. Leverage to	___ %
Portfolio Turnover: ___% / Yr.	
<b>Unit Value\$</b>	<b>*Fixed Income</b>
Book \$	Av. Term
NAV \$	Duration
% Capital	Min. Cr. Rating
Gains ___%	

ACKNOWLEDGMENT INITIALS \_\_\_\_\_ MM/DD/YR \_\_\_\_\_

10-15-07

**“Better disclosure induces ‘investorism’ and enhances industry integrity!”**

① **Educating the differences between “Mutual” “Segregated” “Wrap” “Pooled” “Hedge”, “ETF”, etc. funds:** “Caveat emptor” is not good enough when consumer /investors have never been taught their now needed “Financial Literacy Survival” skills during their core curriculum. Financial products are **not all** created equally: they do **not all** meet the same regulatory rules, regulations, terms and / or FINE PRINT EXCEPTION(S) conditions!

**The antidote cure:** “point-of-being-SOLD / purchase” fill-in-the-blanks educating 1-pagers !!

② **There is a “Need To Know” both the Fund’s Taxable Book + NAV Market Unit Values:** With two-thirds of the monies invested in Canadian investment funds being taxable investments (*i.e.* only one-third are tax shielded RRSP, RPP, RRIF, DPSP, RESP, etc.), the treatment of capital gains by Canada Revenue Agency triggers the fiduciary need for securities distributors & financial advisors to disclose both *market* and *book* values: it’s the annual capital gains pay me in advance surprise! This CRA caveat must become a point-of-sale imperative !!

③ **There are conflicts of interests “Tied Advice” issues in the “trailer fee commission:** IF fund companies and distributors were required to show the dollars (\$\$) and cents (¢¢) amounts of the MERs deducted + the trailer fee commission components of the MER paid to whom NAME on consumer/investors quarterly statements + a financial advisor’s employer remuneration payout grid levels + how a particular fund’s trailer fee-compares to the high, low, median, and average category ranges + any advisor trailer based retirement gratuity formula(s) + the low trailers paid on money market funds, etc., consumer / investors would clearly see the “*tied advice / tied sale*” skewing issues !!

④ **Relative v. Absolute Fund Manager Performance Remuneration Bonus Formula:** Prospectuses rarely disclose the relative formula(s) that may be / are used by a fund company to calculate a fund manager’s market performance based remuneration bonus! These formulas are usually based on a fund manager’s ability to beat a peer group and / or portfolio related market indices, *i.e.* if the comparable S&P TSX Small Cap Index is minus (-) 30% and the fund is only minus (-) 25% = **earns** the fund manager a 100% performance bonus !!

⑤ **The Undisclosed Cumulative Power, Politics & Governance Vote That Investment Funds Are Allowed:** We give discretion to a fund manager to invest our sacred retirement savings — our “*financial euthanasia avoiding*” savings in order to achieve above average returns with limited risk while also providing us with a simplified prospectus, audited statements, quarterly portfolios, trading records, an Annual Information Statement, etc. **BUT:** nowhere in the prospectus do our securities regulators require the fund manager to disclose when they vote the “**material fact**” common stock shares that are owned by a fund’s unitholders. Nor is there any requirement that the fund manager must disclose how many shares they vote, how and why on specially designated issues and proposals !!

**A CONSERVATIVE ACTUARIAL  
ASSET MIX LIFECYCLE GUIDELINE**

YEARS BEFORE RETIREMENT	GROWTH (EQUITY)	GROWTH & FIXED INCOME	BONDS / FIXED INCOME	SHORT-TERM ASSETS
0 - 5 YEARS	10%	20%	55%	15%
5 - 10 YEARS	20%	25%	40%	15%
10 - 15 YEARS	30%	30%	30%	10%
15 - 20 YEARS	50%	20%	20%	10%
20+ YEARS	60%	15%	15%	10%

**GOC BOND DURATION VOLATILITY**

<u>10 YEAR PAR GOC BOND</u>		
INTEREST YIELD	DURATION	NAV/MKT VALUE
RISE 2% to 7.36%	7.21	86.75
COUPON 5.36%	7.48	100 PAR
FALL 2% to 3.36%	7.75	116.00
<u>20 YEAR PAR GOC BOND</u>		
INTEREST YIELD	DURATION	NAV/MKT VALUE
RISE 2% to 7.80%	9.66	82.00
COUPON 5.80%	10.44	100 PAR
FALL 2% to 3.80%	11.22	123.75
<u>30 YEAR PAR GOC BOND</u>		
INTEREST YIELD	DURATION	NAV/MKT VALUE
RISE 2% to 7.58%	11.44	78.00
COUPON 5.58%	13.37	100 PAR
FALL 2% to 3.58%	15.50	133.25