



Desjardins
Fédération des caisses
du Québec

Membre de
l'Association
internationale des
banques coopératives

Membre de la
Confédération
internationale des
banques populaires

August 27, 2007

CANADIAN SECURITIES ADMINISTRATORS

M^e Anne-Marie Beaudoin
Directrice du secrétariat
Autorité des marchés financiers
Tour de la Bourse
800, Square Victoria
Case postale 246, 22^e étage
Montréal (Québec) H4Z 1G3

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

Re: Proposed Amendments to National Instrument 81-106 *Investment Fund Continuous Disclosure*, Form 81-106F1 and Companion Policy 81-106CP *Investment Fund Continuous Disclosure* and Related Amendments

Dear Madam,
Dear Sir,

Further to the Notice and Request for Comment published by the Canadian Securities Administrators (CSA) on June 1, 2007, we are pleased to provide you with our comments as to the Proposed Amendments to *National Instrument 81-106 Investment Fund Continuous Disclosure*, Form 81-106F1 and Companion Policy 81-106CP *Investment Fund Continuous Disclosure* and related amendments (hereinafter collectively referred to as the "Proposed Amendments").

Our comments are as follows:

1. Financial Highlights (Form 81-106F1 Part B, Item 3, para. 3.1)

Following the application of s. 3855 of the CICA Handbook, National Instrument 81-106 was amended to specify that the brokerage commissions must be reported on a separate line in the income statement of the financial statements. Furthermore, a note to the financial highlights must indicate the following: "This information is derived from the Fund's audited annual financial statements". With a view to keeping the same disclosure in the table of financial highlights, we would propose reporting brokerage commissions on a separate line under "Unrealized gains (losses)" in the financial highlights. We believe that consistency between the disclosure of brokerage commissions adopted for the income statement and the disclosure of the same commissions in the financial highlights requires that a "Brokerage commissions" line should appear in the financial highlights.

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Siège social
100, avenue des Commandeurs
Lévis (Québec) G6V 7N5
(418) 835-8444 - 1 866 835-8444
Télécopieur : (418) 833-5873
www.desjardins.com

2. Trading Expense Ratio (Form 81-106F1 Part B, Item 3, para. 3.1)

According to the Proposed Amendments, "If an investment fund invests in securities of other investment funds, trading expense ratio (must be calculated) using the methodology required for the calculation of the management expense ratio in section 15.2 of the Instrument".

As updated data are generally unavailable with respect to the trading expense ratio of most of the underlying funds, we believe that the calculation will provide no more than a rough approximation of the trading expense ratio of the investment fund. For example, the Desjardins Select American Equity Fund, whose year-end is September 30th, holds shares of the Fidelity Growth America Fund, whose year-end is June 30th. For the Desjardins Select American Equity Fund, the calculation of the trading expense ratio will be based on the trading expense ratio as at June 30th of the underlying fund, which will cause distortions because of the different dates. Furthermore, certain funds hold many funds whose year-end dates are different, and the calculations will have to be based on ratios as at such different dates.

We submit that the proposed calculation will not provide the accurate results expected, and that the calculation of the trading expense should continue as before for all investment funds, including funds of funds.

3. Calculation of the Management Expense Ratio (Companion Policy 81-106, s. 10.1(2))

In their letter dated December 2006, members of the IFIC taskforce commented on the possibility of excluding interest expense from the calculation of the management expense ratio. The Companion Policy Amendment Instrument makes no mention of this subject. We wish to reiterate our support for such IFIC proposal and submit that you should take it into consideration.

4. Statement of Investment Portfolio (National Instrument 81-106, Part 3, s. 3.5(8.1))

The Proposed Amendments to National Instrument 81-106 require investment funds which invest substantially all of their assets in only one underlying fund to disclose all the holdings of such underlying fund in the statement of investment portfolio. Considering that the top 25 positions held by the underlying fund and the summary of the investment portfolio are already disclosed in the management report of fund performance, we propose that such 25 top positions and such summary of investment portfolio be disclosed in the financial statements of the dominant fund. The important information would thereby be disclosed to the reader without involving additional costs for the unit holders. This new requirement does in fact entail substantial costs. On the one hand, the files containing the portfolios which are transmitted to us by the underlying funds must be amended to ensure that disclosure is identical to that of the portfolios produced for our own funds (name of securities, formats, etc.) On the other hand, as regards our funds held by outside funds, we will have to prepare portfolios on a quarterly basis whereas portfolios are currently being prepared on a bi-annual basis (for our financial statements), but the 25 top positions and the summary of investment portfolio are already being prepared on a quarterly basis (no additional cost).

We wish to thank you for giving us this opportunity to express our point of view on the Proposed Amendments. Needless to say that, should you require, we are at your disposal to discuss the foregoing.

Best regards

Vice-President Government Relations
Desjardins Group,

A handwritten signature in black ink, appearing to read 'Yves Morency'. The signature is stylized with a large, sweeping initial 'Y' and a long horizontal stroke at the bottom.

Yves Morency