



# Investor Education Fund

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October 15, 2007

Ontario Securities Commission  
20 Queen St West, Suite 1700  
Toronto, ON  
M5H 3S8

Re: Comments on Proposal 81-406

To Whom It May Concern,

I am writing on behalf of the Investor Education Fund to provide our opinions of the changes resulting from Proposal 81-406, and the Fund Facts document in particular. We would like to offer our thoughts on the degree of disclosure proposed, client acknowledgement of the document, and opportunities to enhance the information in this document.

I would like to begin by commending the design of the document in terms of both its visual and 'plain language' simplicity. The document manages to include the primary facts needed- including fund facts, compensation details, and risk levels- while still remaining legible. The right amount of information has been included with language that most novice investors will understand. The liberal use of graphics makes the document particularly useful to the average investor. Finally, the information about salesperson compensation is an excellent and a necessary addition to the advisor-investor relationship, as research repeatedly shows that this issue is rarely understood by the average investor.

We also have a few comments about areas to improve the document. It is a very strong starting point, and with a few additions it could be strengthened immeasurably.

Since this is one of the few opportunities for a common message to be sent out to investors, this document could be strengthened with the mention of investor education resources that are available to the average investor. Although this may seem somewhat self-serving (given that we manage one of the most extensive investor education websites in Canada), we know both anecdotally and through research that many investors are less knowledgeable about basic financial planning and investment management than they should be. There are few opportunities to redress this, and a simple mention of an appropriate resource- whichever resource that may be- would be a very strong addition to this document. It would be a well-timed catalyst for investors to learn more about mutual funds and investing, considering that they are already thinking about their financial affairs when they are looking at this document.

I would also like to address the issue of receipt acknowledgement. To ensure that the document is indeed read and understood by the investor, acknowledgement should be



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required at each section (e.g. Fund content, Fund Performance, Risk, Sales Charge and 'Cooling Off'). If correspondence takes place over the phone, it would be the salesperson's responsibility to get taped acknowledgement that each area has been reviewed, or it otherwise would need to be acknowledged electronically or on paper. This would help to ensure that the document has been read and prevents the key messages of this document from being lost.

One of the major issues that investors will have with a document like this is the context in which the information is given. It is difficult for the average uninformed investor to recognize how a fund has performed relative to the sector average, or whether the costs are comparable to similar products. We recommend that you consider adding appropriate averages that compare MERs and returns. The goal of this document is to have investors make informed decisions, and they need to have a basis of comparison to do this effectively.

Finally, we believe that there should be more disclosure about advisor compensation- and particularly about trailer fees- in this document. Trailer fees should be displayed in the context of industry averages so that investors can make the link between costs and return. If trailer fees are higher than either sector or industry averages, then it is hoped that investors will ask appropriate questions about their MER and overall costs of holding this product. This will also hopefully help to reveal conflicts of interest in advisors should they ever arise.

We thank you for the opportunity to offer our comments, and encourage you to speak to us if you have further questions about them.

Sincerely,

Tom Hamza

Investor Education Fund