



ONE CANADA CENTRE, 447 PORTAGE AVENUE, WINNIPEG, MANITOBA R3C 3B6

MURRAY J. TAYLOR  
President and  
Chief Executive Officer

**BY ELECTRONIC MAIL: [jointforum@fsco.gov.on.ca](mailto:jointforum@fsco.gov.on.ca)**

October 15, 2007

Mr. Neil Mohindra  
Acting Policy Manager  
Joint Forum Project Office  
5160 Yonge St.  
Box 85, 17<sup>th</sup> Floor  
North York, ON M2N 6L9

Dear Sir:

**Re: Joint Forum Proposed Framework 81-406, IFIC Comments**

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We are pleased to provide comments on behalf of Investors Group Inc. and its subsidiaries in response to the request for comments by the Joint Forum of Financial Market Regulators ("Joint Forum") with respect to the *Proposed framework 81-406, Point of sale disclosure for mutual funds and segregated funds* ("Proposal") released for comments on June 15, 2007.

### **Investors Group – Company Summary**

Investors Group is a leader in providing personal financial planning services to approximately one million Canadians through a network of over 4,000 consultants working out of 89 regional offices. Amongst a variety of financial products we offer an exclusive family of mutual funds and an exclusive family of segregated funds.

Through our subsidiaries, Investors Group is registered in several capacities with most members of the Joint Forum, the Mutual Fund Dealers Association ("MFDA") and the Investment Dealers Association ("IDA"), including in the categories of investment counselor/portfolio manager, Insurance distributor, mutual fund dealer and investment dealer.

Investors Group is a member of the IGM Financial Inc group of companies, the country's largest manager and distributor of mutual funds and other managed asset products, with over \$124 billion in total assets under management. IGM Financial subsidiaries also include Mackenzie Financial Corporation (including MRS Inc.) and Investment Planning Counsel Inc.. IGM Financial is a member of the Power Financial Corporation group of companies.

## **Investment Fund Institute of Canada**

Investors Group is a member of the Investment Fund Institute of Canada (“IFIC”) and we support the recommendations and observations presented in the IFIC comment letter filed with the Joint Forum on October 2, 2007. Due to the detailed nature of the IFIC submission we have decided to be selective in our response dealing with issues of particular applicability to Investors Group.

### **Overall Comments on the Proposed Framework in 81-406**

Investors Group fully supports a regulatory framework that will provide for more meaningful and timely disclosures to clients and prospective clients. We strive to provide our clients with the best possible information to discuss their financial planning investment needs.

We support the regulatory direction taken by the Joint Forum that will allow for a simpler and more meaningful disclosure document (“Fund Facts”) for clients. We commend the Joint Forum for developing an approach which will be considered and implemented concurrently for both mutual funds and segregated funds.

However, the Proposed Framework requires further thought in regard to:

- fund family vs. specific fund information,
- co-ordination with the Client Relationship Model implications for account opening for new clients, and
- delivery requirements for subsequent transactions within a fund family.

We believe there are effective modifications to the Proposed Framework which would improve the desired communication and delivery of information to investors rather than some aspects of the current proposal which will actually inhibit investors from making their desired transactions in a timely and efficient manner.

We recommend that a formal steering committee be set up immediately - representing key securities regulators, SRO members from the IDA and MFDA and senior business leaders. This group would be given the task of considering the input received on this proposal and developing a final proposal which can be effectively implemented.

### **Recommended improvements to the Proposal**

Disclosure proposed on the second page of Fund Facts relating to the pricing options and compensation will not be understood by investors and will create inaccuracies if presented at the individual fund level. The creation of a one or two page Fund Family document, similar to the Key Facts document already envisioned for segregated funds in the Proposal, would result in more meaningful and timely disclosure to clients. The Fund Family document coupled with an

abridged one page Fund Facts would reach the Joint Forum's goal of allowing investors to easily compare their choices amongst all available mutual funds and segregated funds.

At Investors Group, when a Consultant first deals with a new client, there is an extensive financial planning review often done over several hours on the first visit. This would be the ideal time to share our Fund Family document for our exclusive family of funds. In this context our Consultant would explain how our pricing structure works, how he/she is compensated together with all other relevant account opening information. At the same time, we would provide a one page Fund Facts document for each of our funds providing the investor with a clear overview of the funds available to them now and into the future.

Based on the provision of this information at the outset of our relationship with a new client, we believe subsequent deposits to funds they already hold units in and/or transfers to funds, for which they already have the Fund Facts documents, should be permitted without having to provide further sets of these documents. However, we do believe it would be helpful to provide continuous access to the most current version of the Fund Family document and the Fund Facts on a publicly available website and we would also provide the most current version of the Fund Facts as an additional document mailed out with any transaction confirmation.

Our clients are currently quite satisfied with the service we offer and the opportunities they have to invest funds in our mutual fund family. We come to this conclusion through a review of our record low redemption rates, sequential surveys conducted with our investors and the absence of any significant level of complaints. Our 12 month redemption rate for long term mutual funds was 7.4% in our most recent published results at the end of June, 2007. More than half of these redemptions represent regular RRIF or non-registered periodic income programs where mature clients are using their investments to support their income needs. We believe that we can continue to serve our clients effectively with the introduction of the Proposed Framework provided the enhancements recommended in our letter and in the IFIC submission are incorporated in further drafts.

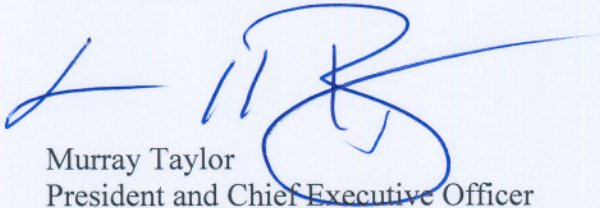
## **Summary**

We are confident that the challenges emerging from the Proposed Framework will be addressed carefully by the Joint Forum. We remain available to support the Joint Forum with this initiative through direct individual meetings with Investors Group if that would be helpful in understanding our business. But we also encourage the Joint Forum to create the Implementation Steering Committee recommended by IFIC.

Although the Proposed Framework includes segregated funds in addition to mutual funds we do see the potential for significant arbitrage in favour of less regulated and often more risky products such as Principal Protected Notes (PPNs), Hedge Funds, Exchange Traded Funds, individual stocks, etc. Although we at Investors Group are not active in these other products areas, we believe the inevitable arbitrage will diminish the use of mutual funds in general which is not in the public interest.

Thank you again for allowing us the opportunity to provide comments on this Proposed Framework for point of sale disclosure. We trust the final result of your consultations and considerations will be an improved version that will serve the interests of Canadian investors effectively. If you have any comments or questions on our recommendations, please do not hesitate to contact me.

Yours truly,

A handwritten signature in blue ink, consisting of a stylized 'M' followed by a large, circular flourish that ends in a long horizontal stroke extending to the right.

Murray Taylor  
President and Chief Executive Officer