



2 Queen Street East, Twentieth Floor  
Toronto, Ontario M5C 3G7  
www.ci.com

Telephone: 416-364-1145  
Toll Free: 1-800-268-9374  
Facsimile: 416-364-6299

November 1, 2007

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

Joint Forum of Financial Market Regulators  
c/o Mr. Neil Mohindra  
Acting Policy Manager  
Joint Forum Project Office  
5160 Yonge Street  
Box 85, 17<sup>th</sup> Floor  
North York, Ontario  
M2N 6L9

Dear Ladies and Gentlemen:

**Re: Proposed Framework 81-406**

Thank you for inviting interested parties to submit comments to the Joint Forum of Financial Market Regulators (the “**Joint Forum**”) on Proposed Framework 81-406 – Point of Sale Disclosure for Mutual Funds and Segregated Funds (the “**Proposed Framework**”).

**Background to the CI Financial Group**

CI Investments Inc. (“**CI**”) and its affiliates (collectively, the “**CI Financial Group**”) are the managers of a wide range of investment products and services, including mutual funds and segregated funds. As of September 30, 2007, CI and its affiliates had aggregate assets under management of approximately \$69 billion. The CI Financial Group also includes several registered investment dealers and mutual fund dealers, including Assante Financial Management Ltd., Assante Capital Management Ltd. and Blackmont Capital Inc., which had aggregate assets under administration of approximately \$27.5 billion as of September 30, 2007.

As a result of the size and breadth of investment products and services provided by the CI Financial Group, CI has significant experience dealing with current disclosure requirements for mutual funds and segregated funds from the perspectives of both the fund managers and the fund distributors. We are pleased to draw upon such experience in order to provide you with our comments below on the Proposed Framework.

## General Comments on the Proposed Framework

### *Comment #1: Clarify the Joint Forum's view of the role of the financial advisor and improvements to investment decision-making*

Canadian securities regulators have, on many past occasions, noted that a large proportion of investments in mutual funds represent the retirement savings of individuals. For this reason, Canadian securities regulators have developed extensive regulations for the mutual fund industry to safeguard those retirement savings.

Part of the “safety net” provided to mutual fund investors is the general securities law requirement that mutual fund purchases must be made through an appropriately registered dealer, generally after consultation with a trained registered salesperson. Securities legislation imposes several proficiency requirements to ensure that registered salespersons are educated in the field of personal investing. Securities legislation also requires that registered salespersons ask appropriate questions to get to “know their client” and recommend to their client only investments which are suitable for those clients. This requires a knowledge of the mutual funds and related features that are available to investors and matching those investment options to the needs of investors. This expertise is sufficiently complex that registered salespersons generally are required by securities legislation to be engaged full-time in their professions.

The Proposed Framework strikes us as somewhat contradicting - and possibly undermining - the goal of encouraging investors to seek professional investment advice. The Proposed Framework may instead encourage investors to second-guess the investment recommendations provided by their financial advisors and even encourage investors to not seek professional advice at all.

This does not seem to be the most appropriate method to address the concerns expressed in the Proposed Framework. The Proposed Framework notes the following:

1. Overall knowledge by investors of basic investment concepts is low.
2. Many investors are overconfident and overestimate their investment knowledge and abilities.
3. About one-half of adult Canadians have serious problems dealing with printed materials or can deal only with simple reading tasks.
4. To address some of these issues, point of sale disclosure should be written at a Flesch-Kincaid grade level of 5.0.

It seems to us that, in order to address these concerns, the Proposed Framework must either (a) significantly increase the investment knowledge and abilities of Canadian investors, or (b) continue encouraging investors to seek professional investment advice.

We do not believe that the Proposed Framework increases the investment knowledge and abilities of Canadians. The Fund Facts do not explain fundamental concepts such as equity v. fixed income investments, balancing risk v. potential return, how to assess one's own tolerance for volatility, and constructing a diversified investment portfolio. We find it curious that the Joint Forum has abandoned the standardized consumers' guide since this document would have addressed most directly the fundamental concerns that many Canadian investors lack sufficient knowledge and understanding of basic investment concepts and are overconfident concerning their level of knowledge.

More generally, several decisions concerning the Proposed Framework appear to have been based upon investor preferences rather than investor needs. For example, if the Joint Forum has concluded that most Canadian lack sufficient basic investment knowledge, we do not understand how the Joint Forum can act upon investor feedback that they do not want the Proposed Framework to include the standardized consumers' guide. Likewise, the Joint Forum has acted upon input from investors that they wish to receive past performance, top 10 holdings and sector weighting information. However, securities legislation has consistently maintained that undue reliance should not be placed on past performance information and has required the inclusion of disclaimers to that effect. Likewise, we are uncertain how investors will utilize information concerning top 10 holdings and sector weightings if investors lack sufficient knowledge to assess the merits of such investments. Investors may instead be drawn to funds that include holdings in issuers which the investors recognize or in industries with which the investors have a personal affinity, rather than because of the merits of those investments. Consequently, by including past performance, top 10 holdings and sector weighting information in the Fund Facts, the Proposed Framework may encourage investors to base their investment decisions on this information, thereby increasing the overconfidence of Canadian investors in their ability to make sound investment decisions concerning funds.

Accordingly, our comments are that before proceeding further with the Proposed Framework, the Joint Forum should:

- (a) consider the role of financial advisors in the selection and monitoring of investments by Canadian investors and comment on how the Proposed Framework is expected to support the goal of encouraging investors to seek professional investment advice; and
- (b) conduct analysis into whether the Fund Facts would result in investors making better investment decisions, or simply encourage investors to make decisions based on past performance, name recognition of top 10 holdings, and sector affinities.

***Comment #2: Compare to the regulation of trading in non-mutual fund securities and reconsider the need to deliver point of sale disclosure***

While we support initiatives to better inform and protect investors in funds, we are concerned by the growing discrepancy between the regulation of investment funds and the regulation of

trading in non-mutual fund securities. Increasing the regulation of funds necessarily triggers increased costs for investors and complexity for dealers. It is not clear that the benefits of the increased regulation outweigh the increased cost. We note that the Proposed Framework does not include a detailed cost/benefit analysis.

We question whether securities regulators should begin focusing attention on their regulation of trading in non-investment fund securities. By increasing the cost and complexity of selling funds (including the risks to dealers for non-delivery of Fund Facts), the Proposed Framework could have the effect of encouraging Broker Dealers to trade in securities of issuers that are not funds (particularly for secondary market trading) where the cost and complexity are lower. We believe that new regulations for funds should not be disproportionate with investor protection in other areas of the capital markets that would encourage “regulatory arbitrage” whereby Broker Dealers are encouraged to sell non-fund securities.

More generally, we believe that the Joint Forum should reconsider the need for any point of sale disclosure. We note that for secondary market trading in non-mutual fund securities, there is no requirement to deliver any documentation to the investor concerning the potential investment. The investor simply relies upon the investment advice of their financial advisor. Since mutual funds are more diversified, and subject to significantly greater regulation than, other investments, there is merit in the argument that no point of sale disclosure should be required. We are not proposing that the obligation to create and maintain a prospectus be eliminated. We instead propose that, like much other current information concerning a mutual fund that is available simply upon request, the simplified prospectus, Fund Facts or other documentation which the Joint Forum considers most useful to investors be available upon request. This also would acknowledge the reality that most Canadian obtain information through electronic means (particularly the internet), which would have the effect of lowering costs and reducing the environmental impact of paper-based documents.

Accordingly, our comments are that before the Joint Forum proceeds with introducing the Proposed Framework, the Joint Forum should:

- (a) undertake an analysis which compares the regulation of trading in investment fund securities and non-investment fund securities that considers at least the following issues:
  - (i) disclosure provided at the point of sale;
  - (ii) transparency of dealer compensation; and
  - (iii) scope and nature of remedies available to investors; and
- (b) consider and comment on the need for any point of sale disclosure for investments in funds given the absence of equivalent requirements for secondary market trading in other securities, and the cost and environmental impact of continuing to require paper-based disclosure.

We believe that the analysis described above would help place the Proposed Framework into a broader context.

***Comment #3: Changing the methodology for delivering prospectuses***

When an investor makes an initial investment in a mutual fund, securities legislation currently requires that the investor receive both a confirmation of trade and a copy of the simplified prospectus of the mutual fund. The confirmation of trade generally is required to be sent by the investor's dealer "promptly" following the transaction, and the prospectus is required to be sent by the investor's dealer within two days following the transaction.

Registered dealers that are members of the Mutual Fund Dealers Association ("**Mutual Fund Dealers**") generally maintain an inventory of mutual fund prospectuses for this purpose and mail simplified prospectuses to their clients with the confirmation of trade. Registered dealers that are members of the Investment Dealers Association of Canada ("**Broker Dealers**") generally have relationships with ADP Canada Employer Services ("**ADP**") whereby ADP, as agent for the Broker Dealer, mails simplified prospectuses to clients with the confirmations of trade. Managers of mutual funds typically provide ADP with electronic copies of simplified prospectuses which ADP prints before mailing.

Current securities legislation generally provides investors with a two day "cooling off" right which commences when the investor receives the simplified prospectus. If the simplified prospectus is delivered late or not at all, the investor may have a right to rescind his or her purchase at a date well after the purchase was made. However, the straightforward delivery requirements in current securities legislation, combined with easily bound prospectus documents and well-established delivery procedures, generally are successful at ensuring that investors receive simplified prospectuses in a timely manner. As well, any error in delivery can be effectively cured by delivering the simplified prospectus at a later date and allowing the cooling-off period to run its course.

The Proposed Framework appears to eliminate the possibility of curing a failed delivery through late delivery of the relevant document. Instead, the Proposed Framework stipulates that investors would have a never-ending right to rescind their purchases at their original cost, together with any fees they paid, if the Fund Facts were not delivered prior to the purchase, even if the Fund Facts are delivered at a later date.

This proposed change substantially increases the risk that investors will exercise cooling-off rights due to an error by the dealer in meeting its delivery obligations since the error can never be fixed. It also increases the risk that investors will attempt to hold the mutual fund or its manager responsible for the dealer's failure to deliver the Fund Facts. These risks are heightened by the fact that the Proposed Framework would require substantial changes to current delivery systems of dealers. Since most Broker Dealers have outsourced this function to ADP, Broker Dealers would need to make substantial changes to their current delivery systems since ADP currently has no way of knowing that it should send Fund Facts to an investor until after the purchase order has been communicated. While Mutual Fund Dealers are in a better position than Broker

Dealers to deliver Fund Facts prior to making an investment decision, they too would need to modify their delivery systems substantially in order for Fund Facts to be provided at a different stage than confirmations of trade.

In our view, the changes described above expose mutual funds and their managers to an unreasonable amount of risk for a failed delivery by dealers. The Proposed Framework also does not stipulate that managers of mutual funds are entitled to recoup the compensation they paid to dealers for purchases that subsequently are rescinded.

Accordingly, if the proposed delivery obligation and cooling-off right are retained in the Proposed Framework, our comments are the following:

- (a) The Proposed Framework should include a feature which enables dealers to cure a failure to delivery Fund Facts, rather than create a perpetual cooling-off right.
- (b) The Proposed Framework should make clear that investors do not have recourse to the mutual fund or its manager for any loss the investor suffers by exercising the cooling-off right. The only obligation of the mutual fund and its manager would be to process the rescission as a redemption at the then prevailing net asset value per unit of the mutual fund. To the extent that the value of mutual fund securities has declined since the date of purchase, the investor's only recourse for such decline and the return of dealer compensation would be against the investor's dealer.
- (c) The Proposed Framework should include a requirement for dealers to return to mutual fund managers any compensation previously paid by a mutual fund manager in respect of a purchase order that is later rescinded by the investor.

***Comment #4: Single fund/class formatting for Fund Facts***

The Proposed Framework envisions that a separate Fund Facts sheet would be prepared for each class of securities of the same fund. The Proposed Framework also would preclude multiple Fund Facts sheets from being bound together in a common booklet. We believe that these proposals will lead to confusion, logistical difficulties and delivery errors.

Investing in mutual funds involves making a choice between different mutual funds and purchase options that are offered. We believe that the most meaningful way for investors to make that choice is to be presented with all the options that are available to them. While we acknowledge the Joint Forum's concern that investors may not read Fund Facts if they are assembled in a lengthy booklet, we believe that an equally significant concern is the risk of an investor selecting an incorrect mutual fund or purchase option because the investor was not aware of all the available investment options.

For example, many managers offer more than one Canadian equity mutual fund for investment. However, if an investor is provided with the Fund Facts for only one such mutual fund, how will

the investor determine that there isn't another Canadian equity mutual fund offered by the manager that is more suitable for the investor? Likewise, how will the investor determine which class of securities of a mutual fund is most suitable if the investor is provided with the Fund Facts for only one such class? We note that in the context of financial statements and management reports of fund performance, National Instrument 81-106 contemplates that these documents can include disclosure concerning more than one class of securities of the same fund, and requires that they include an explanation of various differences between the classes. By requiring that a fund have separate Fund Facts for each class of securities, the Joint Forum would be adopting a position that is inconsistent with National Instrument 81-106.

For these reasons, we believe that the Proposed Framework risks increasing the frequency of investors making an incorrect investment decision. The Proposed Framework makes several general references to the role of the adviser in the sales process. We believe that one such role can be to bring to the attention of an investor the relevant Fund Facts in a larger document that includes information concerning all mutual funds and classes of securities that are available. In this way, all investment alternatives will be readily available to the investor who, with the assistance of his or her financial adviser, can be referred to the Fund Facts that may be of most interest to the investor.

The Proposed Framework also will create logistical issues for the parties that are delivering the Fund Facts. It is very common for mutual fund managers to offer a range of mutual fund choices. It also is common for mutual funds to offer multiple (often three or more) classes of securities. The CI Financial Group funds, for example, currently includes more than 150 mutual funds, each offering multiple classes of securities, and more than 200 segregated funds. Using these figures for illustration purposes, preparing separate Fund Facts (in English and French) under the Proposed Framework for each class of securities of each fund will result in approximately 2,500 different Fund Facts relating to the CI Financial Group funds. This multiplicity of documents will increase the risk of a dealer providing the incorrect Fund Facts to an investor.

Based on the reasons provided above, our comments are the following:

- (a) funds should continue to be permitted to prepare a single Fund Facts document which incorporates information concerning all classes of securities offered by the fund; and
- (b) funds should continue to be permitted to bind their Fund Facts documents with those of other funds under common management.

***Comment #5: Reduce duplication***

A significant amount of the information in the Fund Facts already is contained in the management reports of fund performance and quarterly portfolio disclosure, namely: total value of the fund, MER, top 10 holdings, industry allocation of investment portfolio, year-by-year returns, and 10-year compound return. We believe this creates unnecessary duplication and will

result in many investors receiving the same information twice: once as point of sale disclosure and again as continuous disclosure. It also places a burden on the mutual fund's manager to prepare multiple reports which provide much of the same information.

Accordingly, our comment is that management reports of fund performance and quarterly portfolio disclosure should be eliminated. To the extent that the Joint Forum believes that these documents provide important information not currently included elsewhere, such information can be transferred to either the Fund Facts (if sufficiently important) or the annual and interim financial statements (if less important).

***Comment #6: Clarify the delivery obligations for segregated funds***

We find that there is some ambiguity concerning the extent to which the Proposed Framework intends to change the delivery obligations relating to segregated funds. Currently, purchasers receive the information folder of segregated funds only at the time the segregated fund contract is purchased. It is unclear whether the Proposed Framework expects investors to receive Fund Facts with every subsequent deposit into their contract. If so, this would materially change the manner in which subsequent deposits are made into segregated fund contracts. We request clarification on this issue.

**Specific Comments on Fund Facts**

We applaud the effort of the Joint Forum to revisit the fund-specific point of sale disclosure provided to investors. We agree that some information in a simplified prospectus may not be of interest to many investors.

However, we believe that several items included in the Fund Facts are either irrelevant or misleading, as summarized below.

1. **Date fund created:** We believe this information is irrelevant. The length of time that a fund has been in operation has no bearing on its performance or suitability for investors. Investors may be misled into concluding that a fund which has been in existence for a longer period of time somehow is more successful and/or more suitable for the investor than a fund which has been in existence for a shorter period of time.
2. **Total value:** We believe the total net asset value of a fund is irrelevant. For the same reasons given above for a fund's creation date, investors may conclude incorrectly that a larger fund somehow is more successful and/or suitable for the investor than a smaller fund. If this information is retained, we believe that the Joint Forum should comment on how this information should be calculated and disclosed, given that mutual funds currently are calculating their net asset values using two methodologies: one which applies section 3855 (*Financial Instruments - Recognition and Measurement*) ("Section 3855") of the Handbook of the Canadian Institute of Chartered Accountants for purposes of financial statements, and another which does not apply Section 3855 in all other contexts.



3. **Annual expenses:** We agree that a fund's management expense ratio ("MER") is critical information for investors. However, we would point out that the model Fund Facts assumes that the mutual fund can simply state a single percentage. When a manager absorbs some of the expenses of a mutual fund in order to reduce its MER, National Instrument NI 81-106 requires that the MER be accompanied by additional disclosure of the MER prior to such adjustment. We would like elaboration concerning how the Joint Forum proposes to address those circumstances.
4. **Risk assessment:** We disagree with the proposal that risk disclosure be based upon a publication by the Investment Funds Institute of Canada ("IFIC"). IFIC is not a self-regulatory organization under securities laws and therefore is not ultimately accountable to the Canadian securities regulators for its decisions. Also, membership with IFIC is not mandatory and mutual fund managers that are not members of IFIC would be at a disadvantage to managers that are IFIC members since the former are not necessarily included in IFIC's decision-making process.
5. **Suitability information:** Like the corresponding requirements for Part B of a simplified prospectus, we believe this disclosure is potentially misleading and dangerous. It encourages investors to consider each investment individually, rather than constructing a diversified portfolio which includes several investments with different risk/return profiles. Research has demonstrated that a diversified portfolio is less volatile and achieves better returns over the long term than a less diversified, more highly concentrated portfolio. The template Fund Facts discloses, for example, that an investor should not invest in XYZ Canadian Equity Fund if the investor needs a steady source of income. However, a Canadian equity fund easily could be a suitable holding for the investor as part of a larger diversified portfolio as a hedge against increasing interest rates which would reduce the value of the fixed income investments held by the investor.

This disclosure also assumes that investors have a level of understanding of basic investment concepts which the Proposed Framework suggests may not currently exist. For example, investors may need a better understanding of volatility, market cycles and investment horizons in order to understand the significance of making a "long-term" investment. As well, the concept of tolerance for volatility is relative: one investor can "handle the ups and downs of the stock market" only because, by comparison, another investor cannot. Individual investors likely do not have a sufficiently broad understanding of the volatility tolerance scale to assess where they fit within that scale. These are areas where the professional advice of a financial advisor can be most valuable.

Further, the Proposed Framework would create ambiguity concerning the role of a fund's manager in ensuring that investors make suitable investments. Relevant investment considerations for investors can vary greatly based on, among other criteria, the personal circumstances of each investor and the other investments that he or she holds. Fund managers generally are not in a position to capture this information and make investment recommendations to investors. Instead, securities legislation recognizes that financial advisors have the proximity to the investor that is necessary to ensure that each

investment decision is suitable for that investor. The disclosure proposed in the template Fund Facts increases the perception that fund managers are providing investment advice to investors, which could lead to greater liability for fund managers.

6. **Cost of investment:** In our view, the proposed disclosure concerning how much it costs to invest in a mutual fund has been overly simplified to the point of being unworkable.

First, mutual fund purchase options often are not as simple as the example in the template Fund Facts. Many mutual funds offer a second, “low-load” deferred sales charge option and/or a “no-load” purchase option.

Second, investors typically want to know when a deferred sales charge will not apply. The Fund Facts do not explain, for example, an annual “10% free” redemption right which is common in the mutual fund industry. As well, deferred sales charges typically are not charged for various kinds of switches between mutual funds.

Third, the calculation of deferred sales charges often is not as simple as what is included in the Fund Facts. For example, many managers calculate deferred sales charges based on the original cost of the securities redeemed, rather than their market value at the time of redemption. These deferred sales charges sometimes are subject to adjustments based on the extent to which the investor has previously exercised a 10% free redemption right and/or received distributions in cash rather than automatically reinvested the distributions in additional mutual fund securities.

Fourth, of equal importance to investors are other charges they may incur. These include short-term trading fees, fees for additional services, and reclassification fees. The Fund Facts do not contemplate any of these other charges.

In order to address all of the comments above to the point where investors are not misled by partial information, considerably more information would need to be included in Fund Facts about the costs of investing. This information might be both technical and lengthy.

7. **What the fund invests in:** A description of how a mutual fund invests its assets arguably is the single most important information for deciding whether a mutual fund is suitable for an investor. However, the Fund Facts propose to reduce this information to a single sentence and disclose only what the mutual fund invests in, without explaining how or for what purpose. Investment objectives and strategies are the primary difference between mutual funds. Deleting this information will result in a large number of mutual funds becoming indistinguishable from each other, thereby encouraging investors to base their investment decisions on other, less relevant information. We do not believe, for example, that investors should place undue emphasis on a mutual fund’s past performance record, current top 10 holdings or current sector weightings, none of which are a reliable indicator of the mutual fund’s suitability, future investments and future performance.

8. **Dealer compensation:** We believe that the Fund Facts take a step backwards in providing investors with meaningful information concerning how their advisor is compensated. Current securities legislation requires that a mutual fund prospectus disclose the percentage sales commission paid by the manager to dealers who sell a mutual fund on a deferred sales charge basis, as well as details of the trailer commission paid by the manager to dealers. The Proposed Framework appears to remove this disclosure and replace it with suggestions that each investor ask his or her financial advisor for information concerning the advisor's compensation. This is unlikely to occur. A relationship of trust typically exists between an investor and his or her financial advisor which discourages investors from inquiring about their advisor's compensation.

We also believe that the Fund Facts are misleading when they include the statement that commissions are part of a mutual fund's expenses. When an investor purchases mutual fund securities on an initial sales charge basis, the investor – not the mutual fund or its manager – pays the sales commission to the dealer and the commission is not borne in any manner by the mutual fund, directly or indirectly. Regarding other compensation paid by managers to dealers (such as commissions on deferred sales charge purchases and trailer fees), National Instrument 81-105 clearly prohibits a mutual fund from paying any compensation to dealers. We believe that it would be inaccurate and confusing for investors if Fund Facts suggested that mutual funds pay for dealer compensation. This could lead some investors to mistakenly conclude that dealer compensation costs are borne by mutual funds in addition to the management fees out of which they are paid. We believe that a clear explanation of the relationship between the dealer and the manager would be useful to investors. For example, where appropriate, it should be clear that the investor's advisor does not work for the fund's manager.

9. **Missing information:** We have identified information currently not included in the Fund Facts which, based on our experience, is as important to investors as the information currently contained in the Fund Facts. This currently omitted information includes the following:
- (a) who is eligible to purchase each class of securities;
  - (b) the ability to switch to other mutual funds, any fees payable at the time of the switch, and any tax liabilities that may be triggered by the switch; and
  - (c) optional services that are available (such as periodic purchase and redemption plans).

### Specific Comments on Key Facts

We support the attempt of the Joint Forum to provide a summary disclosure of the key terms of an individual variable insurance contract (“IVIC”). However, the sample Key Facts included in the Proposed Framework fails to address the inherent complexity of IVICs.

For example, there is significant variation within the segregated funds industry concerning which types of maturity guarantees, death benefit guarantees and reset features are provided by the insurer and the terms of those guarantees. Guarantees and features often are subject to complex calculations and adjustments. Delivering Key Facts should not expose an insurer to liability in the event that the investor fails to review the detailed terms of the IVIC and thereby misunderstands the terms of his or her investment.

IVICs increasingly are offering additional terms and features which are not contemplated by the Key Facts (such as guaranteed minimum withdrawal benefits). To the extent that the Key Facts are intended to summarize the most important terms of the IVIC, we believe that Key Facts should have the flexibility to summarize those terms.

### **Responses to Specific Questions in the Proposed Framework**

#### ***Questions 4 and 5:***

We believe that the proposed delivery options will add steps and complexity to the process of making an investment decision, thereby delaying the ability of an investor to submit a purchase order and increasing the risk of error in the delivery of documents. Consistent with our comments above, we believe that investors should be encouraged to seek and rely on investment advice from professional financial advisors. For this reason, we believe it should be sufficient for investors if Fund Facts are accessible electronically through an internet website.

#### ***Question 6:***

We do not anticipate a significant difference in cost due solely to the timing of delivery. We do, however, believe that annual printing costs will increase dramatically. As indicated in our comments above, all prospectus delivery obligations currently are fulfilled with delivery of the confirmation of trade after the purchase order is made. Under the Proposed Framework, we theoretically would need to provide each financial advisor with at least one copy of each Fund Facts they may wish to provide to their clients before making an investment decision. CI Financial Group funds currently are sold by more than 10,000 financial advisors, therefore requiring an initial print run of more than 25 million documents, which would need to be replenished and periodically updated throughout the year. Registered dealers also will incur significant costs developing new systems and printing documents in order to ensure that Fund Facts are delivered prior to submitting purchase orders and that proof of such delivery is obtained.

#### ***Question 8:***

As discussed above, IVIC contracts are quite complex. The nature of the guarantees, benefits and optional features of IVICs vary significantly between insurers such that Fund Facts cannot adequately provide all relevant information. For this reason, we believe that providing recourse based on misrepresentation in Fund Facts of segregated funds will be of marginal benefit since most material information will not be contained therein.

***Question 9:***

As stated above, we believe that the Proposed Framework is over-simplifying the investment process by assuming that all information which is material to investors can be included in a document that is limited to two pages. In our view, this will lead to greater misunderstandings by investors and disagreements concerning the terms of their investments.

***Question 10:***

Since annual compound returns and management expense ratios are calculated by reference to particular years (calendar or fiscal), we do not anticipate updating this information with interim financial statements and management reports of fund performance. We believe that placing undue emphasis on top 10 holdings and sector weighting information is inherently misleading since investors may presume that this information will be representative of the fund's investment portfolio in the future. Consequently, we disagree with the proposal that Fund Facts should be updated more frequently than annually (other than upon the occurrence of a material change).

We trust that you will find the foregoing comments of assistance in your continuing consideration of the Proposed Framework. We would be pleased to provide further comments on the Proposed Framework in the future.

Yours truly,

**CI INVESTMENTS INC.**



David C. Pauli  
Executive Vice-President and  
Chief Operating Officer