

**Board of Governors
for
Investment Funds Managed By
CI Investments Inc.
and
United Financial Corporation**

December 23, 2008

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Office of the Attorney General, Prince Edward Island
Nova Scotia Securities Commission
Financial Services Regulation Division, Newfoundland and Labrador
Registrar of Securities, Department of Justice, Northwest Territories
Registrar of Securities, Legal Registries Division, Yukon Territory
Registrar of Securities, Legal Registries Division, Nunavut

Delivered to:

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Dear Sirs/Mesdames:

RE: CSA Notice 81-318 Request for Comment on Proposed Framework 81-406 *Point of Sale Disclosure for Mutual Funds and Segregated Funds*

As members of the Board of Governors for the investment funds managed by CI Investments Inc. and United Financial Corporation (collectively, the Funds), we wish to provide the Canadian securities administrators with our views on the implementation issues related to the above-noted Framework. We appreciate the CSA's efforts in soliciting feedback on implementation issues relating to mutual funds prior to publishing a draft rule and/or amended legislation.

Our comments are made from our perspective as members of the Board of Governors for the Funds, which is a body established to provide independent oversight over the management and

administration of the Funds by the applicable fund manager-members of the CI Financial Group. We act as the independent review committee for the Funds, with the mandate required of IRCs by National Instrument 81-107, in addition to our role as the Board of Governors. Accordingly, we are providing these comments with a view to the best interests of the Funds, and by extension, the investors in the Funds. The members of the Board of Governors are each independent from the companies in the CI Financial Group and we are providing these comments independently from the CI Financial Group.

As the Board of Governors of the Funds, we have the following comments on the Framework:

1. Clear, concise and readily accessible information about mutual funds is essential, however the Framework will not enhance this objective

We are in firm support for clear, concise and readily accessible disclosure about mutual funds, including the Funds. However, we believe the proposals set out in the Framework, when layered on top of the existing disclosure system set out in National Instrument 81-101, will not enhance this objective.

Many participants in the mutual fund industry, including the fund managers in the CI Financial Group have spent considerable efforts in ensuring that their fund prospectus and continuous disclosure documents are clear, concise and are readily available through Internet postings. These documents are supplemented in the case of the Funds, by short web-based outlines of essential “at a glance” information about each Fund. For the Funds, these documents are called “Fund Facts”. We expect that dealers, advisors and investors access these documents using the Internet if they wish more information about a specific Fund.

Because of the wide-spread availability of the above-noted documents for the Funds, we do not see the need to add to the complexities of the mutual fund regulatory regime and the additional costs of compliance inherent with any additions to that regime, by a mandatory, inflexible “Fund Facts” document that must be physically delivered (whether in paper or electronically) to investors prior to an initial purchase.

Investors in mutual funds, including the Funds, are entitled to have access to information about the specific fund in which they wish to invest, which should include the essential facts of the fund, as well as information about the on-going operations of the fund, including its financial condition, performance and changes over time. The regulatory regime should recognize to a much greater extent than proposed in the Framework the electronic availability of disclosure documents and investors ready access to those documents.

We also strongly believe that the current simplified prospectus and annual information form regime established under National Instrument 81-101 needs significant reform to reduce the duplication and unnecessary information contained in those documents.

2. Framework focuses on mutual funds, which is inconsistent with the regime applicable to other securities

We do not understand why the disclosure regime proposed by the Framework is considered necessary for mutual funds, while other like products can be sold to investors without the

requirement to deliver any disclosure document. The securities regulatory regime for mutual funds far exceeds the regulation of other securities and we find it curious that the regulators believe that an additional disclosure step is required before investors can make an initial investment in a mutual fund. When securities are traded on a stock exchange, investors can acquire these securities on the professional advice of their advisor. We fail to understand the differences inherent in a mutual fund that necessitates the additional step of a Fund Facts (per series and per fund) being delivered to an investor prior to the investment being completed.

3. Framework will have greater impact on some distributors than others

The Framework does not distinguish between the different distribution channels for mutual funds and accordingly will have a disproportionate impact on certain distributors over others. By extension, the Framework will have a disproportionate impact on the mutual funds and their investors that rely on those distributors.

A significant distribution channel is through bank branches. The compliance systems for bank-owned distributors, coupled with the often face-to-face in person meetings between bank personnel and investors, means that we can expect that these distributors would be able to comply with the Framework without undue difficulty.

A significant portion of Canadian mutual funds are distributed through third party distributors that are unrelated to the fund manager which may deal with their clients by telephone or via some other non-face-to-face communications. We expect that these distributors will find it more cumbersome to comply with the Framework. The Framework will disproportionately impact mutual funds and their investors, such as the Funds and investors in the Funds, that distribute through these distributors, as well as those dealers and their representatives. An unfortunate consequence of the Framework would be if third party distributors curtailed the number of mutual funds that they permitted to be on their “shelf” because of the compliance difficulties inherent with the Framework. Given the potential that the distribution channels available for the Funds and their investors would be impacted negatively, we believe that the Framework is not in the best interests of the Funds and their investors.

4. Costs of the Framework to mutual fund investors will exceed the benefits of the Framework to those investors and mutual funds

We believe that implementation of Fund Facts regime for mutual funds as set out in the Framework can be expected to result in increased costs for mutual fund investors without, from any practical perspective, achieving any measurable benefits such as investors making better informed investment decisions. Importantly, the content of the proposed Fund Facts will not allow an investor to understand his or her investment options, given that each Fund Facts will cover only a specific series or class of a specific mutual fund. We do not believe that it is realistic to expect that an investor base his or her decision on the information provided in a Fund Facts, given his or her reliance on the recommendations of a professional advisor. Accordingly, we do not see any benefits for the Framework to investors or to mutual funds that will offset the additional costs that will be inherent in the proposed regime. Mutual funds and their investors will bear the increased costs of compliance with the regime, including the costs associated with

the production, printing and distribution of the Fund Facts and the increased compliance costs that can be expected to arise for registered dealers and their representatives¹.

5. **Framework undermines the role of a dealer and an advisor**

The Framework would require a representative of a dealer to give an investor a Fund Facts on an initial purchase of a mutual fund where the representative has recommended that the investor acquire the securities of the applicable fund. No such delivery is required where the investor asks to invest in the securities of the applicable fund (the purchase is “investor-initiated”) or where the investor already holds securities of the fund. We find this requirement for advance delivery of a Fund Facts to be somewhat illogical when the trade is “advisor-initiated”. In our view, this delivery requirement appears to undermine the investor’s reliance on professional advice being provided by the representative. Securities regulation imposes considerable obligations on dealers and their representatives when making investment recommendations, including “know-your-client”, suitability and “know-your-product”. These obligations are designed to ensure that investment recommendations are suitable for the particular investor having regard to his or her specific circumstances. In our view, there is a danger that the Framework will encourage investors to make investment decisions without the benefit of professional investment recommendations or to simply disregard professional advice and make decisions based on their review of the Fund Facts provided to them. We believe that this would be a retrogressive step and one that is certainly not in the best interests of investors.

We hope that our comments are considered helpful to the CSA. **In closing, we wish to reiterate our support for clear, concise and readily accessible disclosure about mutual funds for investors. We commend the CSA for embarking on this project to re-consider the current disclosure system for mutual funds.**

We would be pleased to meet with you to elaborate on our comments. Please contact our Chair, Mr. Stuart P. Hensman at 416-815-2279 and s.hensman@att.net.

Yours very truly,

Members of the Board of Governors
for the investment funds managed by
CI Financial Inc. and United Financial Corporation

Stuart P. Hensman (Chair)

William Harding

Christopher Hopper

Sharon Ranson

¹ We note that the Funds pay a fixed administration fee to their applicable fund managers in exchange for which the applicable fund manager produces the disclosure documents for the Funds. Accordingly, the regime proposed by the Framework can be expected to increase costs for the applicable fund managers, which will reduce the profits available for the public shareholders of CI Financial Income Fund, being the parent entity of the applicable fund managers.