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October 16, 2009

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, ON M5H 3S8

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Re: Proposed Amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* and Related Instruments

We appreciate the opportunity to provide our comments to the Canadian Securities Administrators ("CSA") with our comments on the CSA's proposed amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* and accompanying Forms and Companion Policy (the "Proposed Instrument").

This letter is submitted on behalf of RBC Asset Management Inc. ("RBC AM") and Phillips, Hager & North Investment Management Ltd. ("PH&N"). RBC AM and PH&N provide a broad range of investment products and services to investors through mutual funds, prospectus-qualified pooled funds and separately managed portfolios. Combined as at September 30, 2009, RBC AM and PH&N have over \$100 billion in IFIC-reported mutual fund assets under management.

As we have indicated in our earlier submissions to the Joint Forum of Financial Market Regulators, RBC AM and PH&N are strongly supportive of the overall goal of this initiative to provide more meaningful information to investors in making their informed decision to invest in a fund. We have participated in and support the proposals outlined in the RBC affiliated distributors submission. We also support the proposals outlined in the submissions of the Investment Funds Institute of Canada.

Below are our responses to the specific issues concerning which industry input is sought.

Issues I(1) and I(2) – Benefits and Costs

The CSA are seeking feedback on whether there is agreement with the stated benefits of the Proposed Instrument as well as with the cost burden that may result. In our view, investors will certainly benefit from efforts to create a plain-language disclosure document in a simple, accessible and comparable format. With the introduction of the concise summary of the mutual fund information, we welcome the corresponding elimination of the obligation for the dealer to deliver the simplified prospectus.

From a fund manager's perspective, we expect the cost burden of the Proposed Instrument to consist of the following: the costs of preparation and maintenance of the Fund Facts, costs of regulatory filings, translation, and production costs. We do not anticipate any cost savings associated with the Proposed Instrument.

Issue II(1) – Updating of Fund Facts Document

The CSA are considering allowing fund managers to provide more current information to investors by not restricting how frequently a fund manager files an updated Fund Facts document. We submit that it would be preferable if the Fund Facts is updated and filed annually and when a material change occurs. A uniform approach to updating of Fund Facts would support comparability of documents which is in the best interest of investors.

Issue III(2) – Waivers or Absorptions

The CSA are considering whether it is more appropriate to require disclosure of the MER without any waivers or absorptions, since there is no guarantee such waivers or absorptions will continue. We do not agree with the suggested approach to require disclosure of the MER without any waivers or absorptions. In our view, the MER should be reported after waivers or absorptions, since these are the actual expenses that unitholders paid.

Issue III(3), III(4), III(5) and III(6) – Risks Disclosure

The CSA are seeking feedback on the flexible approach to risk classification methodology and the appropriateness of the prescribed band for the scale set out in the Fund Facts document. We think that the flexible approach to the risk classification methodology is appropriate. As well, we agree with the prescribed band for the mutual fund's risk scale. For comparability, one methodology for every fund manager would be preferable. Alternatively, all fund managers could be required to use the IFIC risk classification methodology provided that there is certain flexibility for the manager to make properly documented changes, where required. The supplemental description of the key risks associated with an investment in the mutual fund should, in our view, remain in the prospectus rather than being included in the Fund Facts.

Issue III(7) and III(8) – Fund Expenses

The CSA is considering a requirement to provide an illustration of the fund expenses in dollars and cents. As well, a consideration is given to a requirement to disclose the trading expense ratio (TER), in the Fund Facts document.

It seems that the disclosure of fund expenses in percentages would allow for easier comparison. However, we strongly suggest that TER remains in the Management Report of Fund Performance as opposed to the Fund Facts, in the interest of simplicity of the disclosure document.

We thank you for the opportunity to submit our comments. We would be pleased to discuss with you any of the matters outlined in this letter.

Yours truly,

A handwritten signature in black ink, appearing to read "D. Coulter". The signature is written in a cursive style with a prominent initial "D" and a final flourish.

Douglas Coulter
President, RBC Asset Management Inc.