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MURRAY J. TAYLOR
President and
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October 19, 2009

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
Nova Scotia Securities Commission
Registrar of Securities, Prince Edward Island
Superintendent of Securities, Newfoundland and Labrador Securities Commission
Superintendent of Securities, Government of Yukon Territory
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

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

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

Dear Sir/Medame:

**RE: CSA NOTICE AND REQUEST FOR COMMENTS ON IMPLEMENTATION OF
POINT OF SALE DISCLOSURE FOR MUTUAL FUNDS (THE "2009 NOTICE")**

We are writing in connection with the request for comments issued by the Canadian Securities Administrators (CSA) on June 19, 2009 regarding the proposed point of sale disclosure (POS Proposal) for mutual funds.

Information about Investors Group Inc.

Investors Group Inc. serves approximately one million Canadians through its network of over 4,500 advisors, who provide personal financial planning services and product recommendations to our clients. Amongst a variety of financial products we offer an exclusive family of mutual funds and an exclusive family of segregated funds with assets under management of over \$56 Billion at Sept 30, 2009. Through our subsidiaries, Investors Group is registered in several capacities with the Mutual Fund Dealers Association of Canada ("MFDA") and the Investment Industry Regulatory Organization of Canada ("IIROC"). Investors Group is a member of the IGM Financial Inc. and Power Financial Corporation group of companies.

Our more detailed responses to the CSA's specific Issues for Comment can be found in the Issues for Comment attachment to this letter. However, we would summarize our responses as follows:

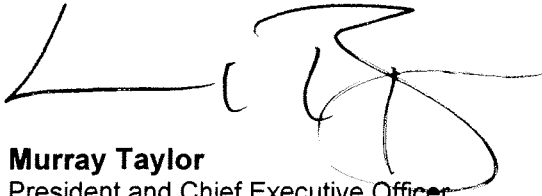
- We support the fundamental objective shared by the CSA and the industry that investors be fully informed when making their investment decisions, and are pleased with the CSA's acceptance of earlier recommendations for early adoption of the Fund Facts document by allowing mutual fund companies to substitute the Fund Facts document in lieu of the simplified prospectus during an initial Transition Period utilizing existing delivery mechanisms.
- We are pleased to see additional flexibility by allowing delivery of the Fund Facts document with the Trade Confirmation in instances where the investor expressly communicates they want the purchase to be completed immediately, and it is not reasonably practicable for the dealer to deliver or send the Fund Facts before the purchase is completed, as this will reduce investor frustration.
- We support the current draft wording which exempts the pre-trade delivery of the Fund Facts for subsequent purchases of existing funds held by the investor, with the right for the investor to request annual delivery of the current Fund Facts.
- Ideally, investors would have been better served by a review of all disclosure documents prior to the introduction of the Fund Facts document. We understand this was not feasible at this time. However, we strongly recommend that the content and timing of information in the Fund Facts be made consistent with other continuous disclosure documents, such as the Simplified Prospectus (SP), Annual Information Form (AIF) and Management Reports of Fund Performance (MRFPs).
- **We continue to be perplexed by the exemption in this draft (and its predecessor) for pre-delivery of the Fund Facts to investors requesting execution only transactions or investor initiated transactions. In the absence of an advisor, we believe the public policy need for these investors to be properly informed about a fund is even greater. No satisfactory explanation has been given by the CSA to this concern.**

We have reviewed the submission provided by the Investment Funds Institute of Canada (IFIC) and support the detailed recommendations they have made, many of which go into great detail on technical matters which will serve to make the Fund Facts document, its maintenance and its delivery more effective for investors.

We appreciate having this opportunity to share our views regarding the POS Proposal, and would be pleased to discuss any of these concerns with you at your convenience.

Yours truly,

INVESTORS GROUP INC.

A handwritten signature in black ink, appearing to read 'Murray Taylor', with a large, stylized flourish at the end.

Murray Taylor
President and Chief Executive Officer
MJT/DE

ISSUES FOR COMMENT

I) ISSUES FOR COMMENT ON THE NOTICE AND REQUEST FOR COMMENT

1. **We seek feedback on whether you agree or disagree with our perspective on the benefits of the Instrument. We particularly seek feedback from investors.**

We agree that the provision of more concise information about a mutual fund will be helpful for investors and that substitution of this document for the delivery of the Simplified Prospectus will reduce certain printing and mailing costs for the industry. However, we also believe that the overly prescriptive approach to delivery and the unfair treatment of investors in different situations such as order execution trades vs. advisor assisted trades, or mutual funds vs. other financial products, will create significant frustrations, without plausible answers, for many investors and their advisors. This level of frustration may significantly defeat the intended benefits from the perspective of the investor.

2. **We seek feedback on whether you agree or disagree with our perspective on the cost burden of the Instrument. Specifically, we request specific data from the mutual fund industry and service providers on the anticipated costs and savings of complying with the Instrument for the mutual fund industry.**

As indicated by IFIC, many aspects of the POS Proposal need to be clarified to provide a reliable cost estimate. Currently, we anticipate that the industry will have to engage in a widespread systems overhaul at significant additional cost. Without further clarification, other aspects of the Rule (such as offering the Annual Delivery option at the client account level vs. by Fund or series) could also greatly inflate costs.

There will also be economic costs associated with investor frustration regarding the prescriptive delivery requirements which places our industry as a whole at a competitive disadvantage with other financial products. These long-term structural disadvantages could prove much more costly relative to any incremental benefits.

Also, to reduce investor frustration, and to reduce the costs associated with the compilation of the Fund Facts document, we also urge the CSA to mandate that all information contained in the Fund Facts be the same as that used in the fund's most recently filed MRFP. Otherwise, information within the Fund Facts that is compiled at different dates will be confusing, and could be misleading to the unwary reader. More generally, we strongly recommend that the CSA ensure that the content and timing of information required in the Fund Facts be made consistent with other existing continuous disclosure documents as this will significantly impact the costs associated with the POS Proposal.¹

¹ We have reviewed and highly support IFIC's submission to the CSA as regards the creation of an 'expanded simplified prospectus' that would merge much of the AIF disclosure into the simplified prospectus and eliminate the AIF. There are also many other aspects of disclosure (for example, in the MRFPs) that are now made redundant with the Fund Facts document, and certain disclosure items (such as the Financial Highlights tables in the MRFPs) could be moved and placed instead in the expanded simplified prospectus.

II) ISSUES FOR COMMENT ON THE INSTRUMENT

- 1. We are considering allowing fund managers greater flexibility to provide more current information to investors, by not restricting how frequently a fund manager may file an updated fund facts document. What are your views? How would this impact compliance with the requirement to deliver the most recent filed fund facts document?**

As noted by IFIC, updating makes it more difficult for dealers to ensure that they are referencing the most current Fund Facts document. The enormous amount of time, effort and resources engaged in the compiling, editing, translation and approval of the Fund Facts largely precludes our ability to update the Fund Facts for each of the more than 150 mutual funds (and over 450 series) we offer, especially because we do not think that it is practical to update the Fund Facts of some funds (or series) and not others.

We are also concerned that filing the Fund Facts more often than once per year will result in greater investor confusion and frustration because it is inconsistent with information in other disclosure documents. As proposed, the Fund Facts document may already contain performance information that is less recent than the similar performance information in the same fund's annual MRFP which is already available.² This can be avoided by extracting information from the fund's most recently filed MRFP. Therefore, we recommend that the Fund Facts be filed annually with updates only as required to reflect changes in fund objectives, fees or other disclosures that now require a prospectus amendment.

Updating more frequently than annually would also make compliance with Annual Delivery more onerous.

- 2. The intention of the requirement to 'bring the fund facts document to the attention of the purchaser' is to link for the investor the information in the fund facts document to a particular purchase. In subsection 7.3(3) of the Companion Policy we have provided guidance on this requirement. Is this guidance sufficient?**

We fully support IFIC's concerns that there is no precedent in the current disclosure regime similar to 'bring the fund facts document to the attention of the purchaser.' We also believe that the meaning of a 'link' to the investor's purchase is unclear, and that the guidance in section 7.7(2) is too narrow in scope. We recommend that dealer responsibilities be fulfilled by delivery of the Fund Facts document by the methods now proposed.

- 3. In response to comments, we are considering requiring delivery of the fund facts document for subsequent purchases – either in instances where the investor does not have the most recently filed fund facts document, or in all instances with the confirmation of trade. What are your views? Would this approach make it easier to comply with the delivery requirements?**

We agree with the current proposed requirements in the POS Proposal for subsequent purchases.

² The financial year end for our mutual funds is March 31st. Pursuant to the Annual MRFP requirements (i.e. item 4 of Part B in Form 81-106F1), performance information is compiled as at March 31st, and the MRFP is required to be filed on SEDAR no later than 90 days thereafter (i.e. by June 29th). In comparison, under "Past Performance" in the Fund Facts (Item 4 in Part II) similar performance information must be compiled as at the most recent preceding calendar year-end (i.e. 3 months earlier than the Annual MRFP), although the Fund Facts itself will be posted publicly on or after June 30th (i.e. after the MRFP is posted on SEDAR) in conjunction with the release of Final Receipt for the renewal prospectus filings for our funds. Hence, the Fund Facts (which most likely will become available in July) will contain performance information that pre-dates the similar performance information in the same fund's annual MRFP which is available in June.

What if this could result in the removal of the annual option to receive a fund facts document? Would this approach be more useful for investors? More practical for dealers?

The proposed Annual Delivery option is preferable than having a Fund Facts delivered with subsequent purchases. With respect to the Annual Delivery option, we recommend:

- i) Delivery of Updates: Only the most recent version of the Fund Facts document found on SEDAR, or another central repository that provides access to the Fund Facts, at (or within a reasonable number of days prior to) the time of the annual mailing (and not necessarily the version filed - and receipted - with the simplified prospectus) should be delivered;
 - ii) Date of Annual Delivery: Dealers should be permitted to select a date during the year for annual delivery that is most beneficial to both investors and the Dealer; and
 - iii) Delivery Option at Client Account Level: Annual Delivery should apply at the client account level (as is the case for MRFPs and financial statements), and not at the individual fund (or series) level. Otherwise this would require an enormous increase in systems capacity and will result in increased costs.
 - iv) Annual Delivery after Transition Period: Annual Delivery should not be implemented until after the transition period expires (to ensure that all Fund Facts are available).
- 4. In response to the comments, we are considering allowing delivery of the fund facts document with the confirmation of trade in instances where the investor expressly communicates they want the purchase to be completed immediately and it is not reasonably practicable for the dealer to deliver or send the fund facts document before the purchase is completed. We request comment on this approach.**

We agree with this approach as it decreases investor frustration in these circumstances.

If we made this change, what information should an investor receive before the purchase? In addition to the delivery of the fund facts document with the trade confirmation, we think that at least some type of oral communication about the fund facts document would be necessary. What specific information should be conveyed in each instance to satisfy this aspect of delivery? Are there alternatives to this approach?

We recommend that all investors should be informed of the existence of the Fund Facts document at (or before) making the purchase decision. Basic information about a fund, such as its objective, strategies, nature of its holdings, fees and recent performance, can easily be communicated orally by an advisor in order to assist an investor with making an informed purchase decision in circumstances where the investor expressly communicates they want to immediately complete their purchase and it is not reasonably practicable to deliver the Fund Facts before the purchase.

5. **In response to the comments, we are proposing some limited binding of fund facts documents. In section 4.1.5 of the Companion Policy we have provided guidance on this provision. Is this guidance sufficient? Do you agree with this approach?**

We recommend that the restrictions on binding be removed provided that the manager and/or dealer (as applicable) complies with the general principles of simplicity, accessibility and comparability. We disagree with the presumption in section 4.1.5(1) of the Companion Policy that no more than about 10 Fund Facts can be bound together without obscuring these principles, given that each Fund Facts must follow the same format and information requirements. As an example, it would be more confusing to require a dealer to deliver several separate documents when an investor is considering a diversified portfolio of five or six funds among a potential list of 15-20 funds.

We suggest clarification that the Trade Confirmation may precede the Fund Facts document when they are bound together (as indicated in section 5.4(4)(b) of NI 81-101), as this is not clear now since the Trade Confirmation is among the documents listed in section 5.4(3) that must be placed after the Fund Facts in the same package.

6. **Is the transitional period for delivery of the fund facts document appropriate? If no, what period would be appropriate and why?**

We fully support a Transitional Period, but given the extent of the outstanding issues, including those associated with pre-trade delivery, dates of information required in the Fund Facts document and other operational considerations outlined in detail by IFIC and highlighted in our response, we are not in a position to comment on the adequacy of the Transition Period until we have an opportunity to review the next draft of the POS Proposal.

7. **Depending on the comments we receive, we may decide to proceed with finalizing some parts of the Instrument while continuing to consult on other parts. For example, we may be able to move forward sooner with the requirement to prepare and file a fund facts document and have it posted to the websites. If this were to occur, we would provide a reasonable transition period before anyone has to comply with the fund facts document requirements and we would consider a shorter transitional period for delivery. What are your views on this approach? What period would be appropriate?**

We concur with IFIC's recommendation that fund managers be required to produce and make available under current delivery mechanisms the Fund Facts document within 12 months of the MRFP date for each fund following the effective date of the final Rule.

III) ISSUES FOR COMMENT ON FORM 81-101F3 CONTENTS OF FUND FACTS DOCUMENT

1. In response to comments, we have provided some flexibility in the proposed amendments to National Instrument 81-101 Mutual Fund Prospectus Disclosure for a fund facts document to be attached to, or bound with, one or more fund facts documents of other mutual funds. To date, however, we have not seen a simple fund facts document that contains multiple class or series disclosure that meets the principle of providing investors with information in a simple, accessible and comparable format as set out in Framework 84-406: Point of Sale Disclosure for Mutual Funds and Segregated Funds (Framework).

For us to consider allowing flexibility to permit a single fund facts document per mutual fund, we request sample fund facts documents that demonstrate multiple class or series information presented in a manner consistent with the principles of the Framework.

We recommend that the rule be clarified to confirm that the requirement to file a Fund Facts document apply only to retail series since the Fund Facts document is intended for retail purchasers. For example, several of our funds offer series exclusively for investment within a fund-of-funds structure for which a Fund Facts would serve no useful purpose.

As suggested by IFIC, we believe that the CSA should adopt a flexible approach that permits dealers and fund managers to determine whether and when it is appropriate to combine more than one series within the same Fund Facts document, based on the principle that more than one series should only be combined when those series are substantially comparable for purposes of allowing an investor to make an investment decision, and are all available to the investor through the dealer that is delivering the Fund Facts document. This agrees with the SEC's 'summary prospectus' approach³ where the SEC states:

"As proposed, the instructions will permit a fund with multiple share classes, each with its own cost structure, to present the summary information separately for each class, to integrate the information for multiple classes, or to use another presentation that is consistent with disclosing the summary information in a standard order at the beginning of the prospectus. ... We are not requiring the integration of information for multiple classes of a fund... We are retaining flexibility in this area because we believe that whether a multiple class presentation is helpful or overwhelming depends on the particular circumstances."

In addition to our earlier recommendation that information used in the Fund Facts be compiled from the fund's most recently filed MRFP, our recommendations on the Fund Facts document are as follows:

- i) Document Date is Misleading: No other information contained in the Fund Facts is specifically as at the date required for the Fund Facts document. Given that some of this information changes on a day-to-day basis, this could be misleading and confusing to investors. This can be resolved by using the information from the most recently filed MRFP and using the same 'as at' date in the Fund Facts document.
- ii) Information Within 30 Days is Unworkable: The Fund Facts requires approval by the boards of the issuer, principal distributor and manager. The requirement for some information to be compiled within 30 days does not provide sufficient time to compile, edit, review (and translate) the documents for each series, and to seek the necessary management and board approvals. Most information systems are designed to provide this information as at a quarter or month-end, which means that

³ The U.S. Securities and Exchange Commission's (SEC) rule (Release 33-8998) regarding "Enhanced Disclosure and new Prospectus Delivery Option for Registered Open-end Management Investment Companies" (the "SEC Release") issued on January 13, 2009, at page 23.

this concern will be exacerbated when the Fund Facts is filed mid-month, since additional time will be required to run ad-hoc (mid-month) reports unless the fund waits until a month-end to obtain this information (which further cuts-down the time available to complete the approval process.) It is crucial that the Fund Facts document not mandate that this information be within any period less than 60 days in order to provide sufficient time for the necessary compilation and approvals, however, we feel strongly that for consistency with other disclosure documents, and to minimize confusion within the document, all data should be derived from the fund's most recently filed MRFP.

- iii) Consistency between the CSA Requirements and CCIR Requirements: The Fund Facts disclosure document proposed for segregated funds under Canadian Life and Health Insurance Association (CLHIA) Guideline G2: *Individual Variable Insurance Contracts relating to Segregated Funds* differs in many significant ways from the equivalent mutual funds version of the same investment mandate, such as in the risk disclosure section. We are hopeful that many of these inconsistencies, where unnecessary, are inadvertent and will likely be rectified when the next version of the POS Proposal is released for comment. If these differences persist, however, they will be confusing to investors when comparing mutual funds and segregated funds - especially where they are versions of the same investment mandate as is the case with the IG/GWL Segregated Funds that invest exclusively in other Investors Group Funds. The CSA should seek uniformity and harmonization with the Canadian Council of Insurance Regulators (CCIR) to minimize differences between the mutual fund and segregated fund versions of their corresponding Fund Facts documents.⁴
- iv) Rationalize Top 10 Holdings: The requirement to include a fund's top 10 holdings from the Fund Facts will result in this information being filed five different times (or 7 times counting the Statement of Investments in the financial statements). We note that the SEC does not require similar disclosure in its Summary Prospectus requirements.⁵ Alternatively, if the Fund Facts document continues to require a summary of the fund's investment portfolio, it should be taken from the fund's most recently filed MRFP or subsequent quarterly investment portfolio summary (if more recent), and the corresponding requirement to produce the same information in that MRFP or investment portfolio summary (as applicable) should be eliminated⁶.
- v) Do not mandate a Flesch-Kincaid (F-K) Grade Level Requirement: Reference to the F-K grade level of 6.0 is too prescriptive and should be deleted (as should the corresponding letter certification required in section 2.3 - *Supporting Documents* in NI 81-101). The required content in the Fund Facts document does not lend itself to grade level 6 or lower. We agree that the disclosure should be written in simple, jargon-free language, but the requirement to write at the F-K grade level of 6 will not be conducive for shorter explanations, which will make adherence to the length restrictions more difficult. Further, the F-K level for the same document is often different depending upon the software that is used, and the F-K level for the French translation may be different from the English version.

With these concerns in mind, we concur with IFIC's recommendation that the Fund Facts be drafted in plain language, consistent with existing disclosure practices, and that the Companion Policy indicate that the manager will, on a best efforts basis, achieve a standard of readability as close to a

⁴ For example, we notice that the words "These expenses reduce the returns you get on your investment" are mandated in item 4(1) of the Fund Facts document are not included in the mandatory language for the segregated fund version of Fund Facts in Part H of CLHIA Guideline G2. For competitive reasons, these words should likewise be deleted here too.

⁵ The SEC Release at page 28 states: "We are persuaded by the commenters who pointed out the limited utility of the proposed top 10 holdings list. Commenters expressed the view that top 10 holdings information may mislead investors because the top 10 holdings may not accurately represent a fund's overall holdings and because the top 10 holdings information may become stale. Commenters also pointed out that portfolio holdings information is already widely available through other sources, such as shareholder reports and other Commission filings, as well as fund Web sites and sales materials."

⁶ During the discussions with the CSA prior to the finalization of NI 81-106, the industry expressed its grave concerns about the necessity to provide quarterly portfolio holdings reports, and referenced leading research studies that suggested disclosure of such information could be detrimental to funds. At that time the CSA agreed that it would not be necessary for funds to report their holdings earlier than 60 days from any quarter-end.

6.0 F-K grade level as reasonably possible, subject to any mandated constraints such as required sections and wording. We also recommend that manufacturers be required to evidence that a process exists for compliance with the plain language requirement consistent with worldwide practice, rather than requiring certification of the grade level for each Fund Facts document.

vi) **Format:** We suggest that the items be arranged in a manner that groups information common to all series of the same fund in one place, and series specific information separately. This approach will assist with the development of a common template that a manager could use for each fund regardless of the number of series offered by the fund. Alternatively, funds should be provided with the ability to organize the information required by the form in a fashion that they determine is most functional and user friendly.

2. We 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. Do you agree with this approach?

The most recently reported MER, net of any fee waivers or absorptions, is the most appropriate (and accurate) reflection of a fund's MER, and will match the performance information contained in the Fund Facts document. No other form of MER reporting should be considered.

3. In response to comments, including concerns raised by investors and the Investment Funds Institute of Canada (IFIC) of the use of its risk scale, we are proposing for the manager to identify the mutual fund's risk level on a prescribed scale set out in the fund facts document, based upon the risk classification methodology adopted by the manager.

We request comment on whether this approach achieves our objective to provide investors with a simple and comparable presentation of the level of investment risk associated with the mutual fund. Are there alternatives to achieve this objective?

We concur with IFIC's recommendation that the risk disclosure required to be provided in the Fund Facts document be the same as that provided in the simplified prospectus, in the interest of providing investors with a simple and comparable presentation of the level of investment risk.

IFIC's *Recommendations for Fund Managers Regarding Fund Volatility* (the "IFIC Guide") remains the best methodology for disclosing volatility risk and has gone a long way towards standardizing risk disclosure in fund prospectuses and improving comparability across funds in the industry, but it was never intended to be used by dealers, advisors (or investors) as a proxy for suitability.

We share IFIC's concern that inclusion of the risk level scale will likely exacerbate the misguided tendency of investors to equate volatility with overall risk tolerance suitability, which could lead to improper investment decisions that may in fact increase the risks associated with the investor's overall portfolio.

Accordingly, if the CSA chooses to proceed with the proposed risk scale, we recommend that the Fund Facts be changed to refer to the fund's 'volatility' rather than its 'risk', as this will be much more in tune with the year-by-year performance data included in the Fund Facts (which itself is a graphic representation of volatility).

4. **We would like feedback on whether the band we've prescribed for the scale is appropriate. Are there better ways to describe the range of investment risk for a mutual fund?**

We concur with IFIC's position that the proposed risk scale may exacerbate the commonly confused concepts of fund volatility and overall investor risk tolerance suitability. As recommended by IFIC, we recommend changing the nomenclature of the risk bands to those currently used to describe the 6 risk bands in the IFIC Guide (being 'Very Low Volatility', 'Low Volatility', 'Below Average Volatility', 'Average Volatility', 'Above Average Volatility' and 'High Volatility'). We also suggest that the Fund Facts include a reference to the fact that volatility alone is not determinative of the overall suitability of owning a fund.

5. **We recognize that managers with similar type mutual funds may adopt different methodologies to identify the mutual fund's risk level on the scale prescribed. We would like your view on whether this will detract from our objective to provide a simple and comparable presentation of the level of investment risk. Should we consider requiring a particular type of risk classification methodology be used? If so, what methodology would be appropriate?**

Yes, we recommend that IFIC's volatility classification methodology as a common framework for all funds, but that this should not be mandatory for the reasons indicated by IFIC, and it is important that the Fund Facts clearly refer the investor to the simplified prospectus for more complete disclosure of the key risk factors associated with an investment in the fund.

6. **In response to comments we are considering allowing the disclosure in this section to be supplemented with a brief description of the key risks associated with an investment in the mutual fund. We request feedback on this approach. Should we limit this risk disclosure? If so, how?**

We recommend that wording be added to the Fund Facts document that directs the investor to the more detailed discussion of risk in the simplified prospectus. We do not believe that additional narrative of the key risks in the Fund Facts will meet the goals of facilitating concise disclosure and comparability between funds.

We also disagree with the negative focus in the Fund Facts document which requires disclosure about the persons for whom the fund is unsuitable, unlike the segregated fund version which we find to be much more balanced. We urge the CSA to conform its requirements with the G2 Guidelines, which are stated as follows:

"Provide details regarding the type of investor the segregated fund would be suitable for stating the advantages and any necessary cautions or warnings. Suitability should be tied to the fundamental investment objective of the fund and *risk* category assigned in Item 5 ("How *risky* is it?") above."⁷

⁷ As indicated in our response to comment #3 above, we suggest that references be made to 'volatility' instead of to 'risk'.

7. **To better convey the impact on the investor of sales charges and ongoing fund expenses, we are considering requiring an illustration of the amounts payable in dollars and cents. What are your views?**

The description of operating costs should include a separate reference to taxes, so that it reads as follows: "These are the costs of the fund, including taxes such as GST/HST, but other than trading costs".

We do not believe that inclusion of an illustration of the amounts payable in dollars and cents provides a better means to convey the impact on the investor of sales charges and ongoing fund expenses. It is more important to ensure that annual fees paid directly to the dealer by investors (or transactional fees on competing products) are considered when making comparisons to the fees charged by mutual funds. Specific reference should be made to these dealer and transactional fees (which are often negotiated with the investor) to ensure that a fair comparison is made with series that charge lesser management fees.

8. **We are also considering whether to require disclosure in the fund facts document of the trading expense ratio (TER), to provide investors with a more complete picture of the costs associated with an investment in a mutual fund. We request feedback on this proposal.**

We are opposed to the disclosure of the trading expense ratio (TER) in the Fund Facts document because it is a difficult concept to explain in a concise fashion within the space limitations of the Fund Facts document. Instead, we recommend that trading expenses be identified as an additional source of cost associated with a mutual fund and that the investor should be referred to the MRFP where more fulsome disclosure of the TER is provided.