GOODMAN & COMPANY

September 24, 2010

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
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

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

c/o M[e] Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z1G3

Dear Members of the Canadian Securities Administrators:

Re: Notice of Proposed Amendments to National Instrument 81-102 – *Mutual Funds* ("NI 81-102") and to National Instrument 81-106 – *Investment Fund Continuous Disclosure* and Related Consequential Amendments (collectively, the "Proposed Amendments")

We are writing in response to your request for comments on the Proposed Amendments. We appreciate the opportunity to submit the following comments on behalf of Goodman & Company, Investment Counsel Ltd. ("Goodman & Company", "we" or "us").

Goodman & Company is a leading Canadian asset management company tracing its roots back more than 50 years. Goodman & Company offers a wide range of wealth management solutions through financial advisors. These include the mutual funds, hedge funds and closed-end

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investment trusts of Dynamic Funds, the portfolio solutions of the Marquis Investment Program, the flow-through limited partnerships of CMP™ and Canada Dominion and the high-net worth investment counsel of Goodman Private Wealth Management. Goodman & Company is a wholly owned subsidiary of DundeeWealth Inc.

Our comments are as follows:

Definition of Index Participation Unit

We agree with the expansion of a mutual fund's ability to invest in index participation units that forms part of the Proposed Amendments. However, we believe that the extension of the definition to include securities traded on a stock exchange in the United Kingdom, in addition to the United States and Canada, does not go far enough. We respectfully request that the definition of "index participation unit" be further extended to include securities that trade on stock exchanges in Hong Kong, Germany, Singapore or any other jurisdiction whose markets are well recognized and regulated. We previously received exemptive relief to enable us to purchase a specific index exchange-traded fund that trades in Hong Kong, and it would be advantageous to be able to purchase such securities without the need for specific relief in each individual case. We consider such an extension of the definition of "index participation unit" to be consistent with the apparent intent of the definition, which is to include securities that are traded on stock exchanges in jurisdictions whose markets are subject to regulatory oversight, such as the United States, Canada and, as set out in the Proposed Amendments, the United Kingdom.

Short Selling

While we are supportive of the expansion of the short selling provisions of NI 81-102 as set out in the Proposed Amendments, we believe that the inclusion of index exchange-traded funds ("Index ETFs") within the definition of "specified derivative" would enhance the ability of mutual funds to engage in short selling of Index ETFs for hedging purposes. Since index participation units, which include Index ETFs, are excluded from the definition of "specified derivative" it would be necessary to carve Index ETFs out of the excluded index participation units in order to accomplish this objective. We would therefore propose that the definition of "specified derivative" be amended as follows (added language underlined for emphasis):

> "specified derivative" means an instrument, agreement or security, the market price, value or payment obligations of which are derived from, referenced to or based on an underlying interest, other than
>
> …
>
> (c) an index participation unit, excluding securities of index exchange-traded funds,
>
> …

It is our view that selling Index ETFs short serves as a useful hedging tool because it provides a very effective, liquid and low-cost hedge comparison with use of other derivatives that are considered specified derivatives for hedging purposes, such as futures and options. Unfortunately, however, short selling of Index ETFs is currently only possible subject to limitations under NI 81-102 that are designed to regulate short selling for speculative purposes rather than for the purpose of hedging. The effect of these restrictions is to limit the ability of mutual funds to sell Index ETFs short for hedging purposes. The inclusion of Index ETFs within the definition of "specified derivative", therefore, would engage Section 2.9 of NI 81-102 so that short selling of Index ETFs for hedging purposes would not be subject to the restrictions related to concentration, control and illiquid assets in sections 2.1, 2.2 and 2.4, respectively, and short selling of Index ETFs would be governed by Section 2.7 of NI 81-102, which addresses transactions in specified derivatives for hedging purposes. The end result of this change would be to expand the ability of mutual funds to sell Index ETFs short and to thereby take advantage of an effective hedging alternative.

We appreciate the opportunity to comment on the Proposed Amendments, and look forward to a continuing dialogue regarding these matters and how best to shape the regulatory requirements for mutual funds. Should you have any questions or wish to discuss any of the foregoing comments, please do not hesitate to contact the undersigned.

Yours very truly,

(signed) *"Bruno Carchidi"*

Bruno Carchidi
Senior Vice President, Compliance and Chief Compliance Officer
Goodman & Company, Investment Counsel Ltd.