



October 27, 2011

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Suite 600 250-5th Street SW  
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**Re: Notice and Request for Comment: Proposed NI 51-103 Ongoing Governance and Disclosure Requirements for Venture Issuers and Related Amendments**

I would like to respond to the NI 51-103 proposal and offer feedback from an institutional investor's perspective.

The Fiera Sceptre Inc small cap team currently manages over \$1billion in dedicated Canadian small cap assets. Our mandate is to invest in best of breed companies with a long term investment horizon. We own TSX listed companies but also have exposure to Venture listed companies.

As a bottom up fundamental investment team, access to company information via quarterly and annual financial statements are key sources of information used in our investment analysis. Overall I support more disclosure for all companies to ensure a level playing field for all investors, whether retail or more sophisticated institutional managers.

Although there are many elements of NI 51-103, I would like to focus on the main point of the proposal. Is it appropriate for venture companies to move to semi-annual reporting versus the current structure of quarterly reports? My recommendation is segmented into two categories of Venture companies: Non-Materials companies and Materials companies. My view is a balanced one that incorporates the need of the Venture company and also the requirements of an institutional investor.

Non-Materials Venture Companies

Venture companies by their nature are earlier stage companies with potential for growth and long term capital appreciation. The best laid strategy for the Venture company's business plan can change very quickly with unanticipated events. A company's revenues, cost structure, profitability and balance sheet strength could change materially relative to the management's expectations. The information on their corporate websites is generally adequate but would not keep investors abreast of changes in a timely manner. Disclosure on a semi-annual basis would be too lengthy. *For this reason in addition to others, it is recommended that non-materials Venture companies should continue to report financials and MD&A on a quarterly basis.*



## FIERASCEPTRE

Semi-annual reporting may also result in the unanticipated consequence of a higher cost of capital for the venture company. If the company plans to raise equity 4 or 5 months after the year end financial results, an investor may want to wait for the next semi-annual report to ensure the company's financial results are in line with corporate expectations.

Quarterly filings would also encourage the Venture company to place the internal controls to prepare for a listing on the TSX.

### Materials Venture Companies

The largest industry sector for small cap investors is materials and would probably have the most significant representation of Venture listed companies. These companies are generally represented by metal or gold and precious metal investments. The primary value drivers for these companies are the release of drill hole results, scoping studies, prefeasibility studies or resource updates amongst others. These corporate results are released to the public as the reports are completed and not on a quarterly basis in conjunction with the quarterly financial statement release. *Since these material companies do not have revenues or earnings, semi-annual reporting or perhaps quarterly reporting on a voluntary basis may be a reasonable proposal.*

One of the comments of the proposal is that there are numerous countries which have semi-annual reporting such as Australia and South Africa versus Canada on a quarterly basis. Our opinion is that companies will list on the exchanges that can offer them the best access to a deep and sophisticated investor base in order to raise capital. It is interesting to note that an increasing number of Australian resource companies have chosen to list on the Canadian exchange in addition to their local one. The CEO's of these companies have stated many times that the Canadian investor base and brokerage firms are more supportive of their companies than in their homeland. Clearly, the benefits of access to capital and a strong investor base outweigh the cost of filing additional financial statements.

### Conclusion

I want to thank you for this opportunity to express my opinion on the proposed regulation.

I would like to conclude that the above opinions and comments are from the undersigned and may or may not represent the views of Fiera Sceptre Inc.

Fiera Sceptre is an independent full-service, high quality, strongly capitalized investment management firm with \$30 billion in assets under management. With offices in Toronto, Montreal, Vancouver and Waterloo, Fiera Sceptre counts more than 160 employees, of whom 72 are dedicated investment professionals servicing our diverse clientele of institutional investors, mutual funds, charitable organizations and private individuals.

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