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Re: Mutual Fund Facts Disclosure at Point of Sale

The Canadian Advocacy Council¹ for Canadian CFA Institute² Societies (the CAC) appreciates the opportunity to comment on the Canadian Securities Administrator's request for feedback on the proposed amendments to Point of Sale Disclosure Materials for Mutual Funds as stated in an open letter dated August 12, 2011.

We support initiatives that advance the transparency and availability of important investor information and therefore support the Fund Facts process as it will help retail investors make better, more informed

¹ The CAC represents the 12,000 Canadian members of CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. See the CAC's website at <http://www.cfaadvocacy.ca/> Our Code of Ethics and Standards of Professional Conduct can be found at <http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx>.

² CFA Institute is the global association for investment professionals. It administers the CFA and CIPM curriculum and exam programs worldwide; publishes research; conducts professional development programs; and sets voluntary, ethics-based professional and performance-reporting standards for the investment industry. CFA Institute has more than 110,000 members, who include the world's 90,000 CFA charterholders, in 135 countries and territories, as well as 135 affiliated professional societies in 58 countries and territories. More information may be found at www.cfainstitute.org.

investment decisions. We have looked at several fund company documents and are generally impressed with the results.

There are three considerations we would like to note:

1. A primary concern of many retail investors is “risk.” Risk can be difficult to comprehend for investors, many of whom don’t know the difference between systematic and non-systematic risk. Fund Facts should disclose the length and duration of the biggest declines over the most recent one-year, three-year, five-year and ten-year period for both the fund and/or its benchmark. We believe that these measurable facts and figures provide more meaningful information to investors than a fuzzy description like “medium risk.”

Standardizing this approach relative to a benchmark and including it in Fund Facts is imperative to helping investors better assess a fund or investment’s riskiness and will help them better determine whether a particular fund is suitable for them.

2. Fund Facts should be distributed at the investment dealer level directly to the purchaser of the funds or investments within 2 days of the sale as is the current prospectus requirement.
3. We also believe that the goals that the Fund Facts initiative seeks to achieve would be better realized in a regulatory environment where investment advisors had a fiduciary duty to their clients. The fact that clients cannot rely upon their advisors for unbiased advice or to act in the client’s best interests, rather than that of the advisor or his dealer, is the underlying problem that a worthwhile initiative like Fund Facts is trying to fix.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us at chair@cfaadvocacy.ca on this or any other issue in future.

(Signed) Keith Summers

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