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September 5, 2012

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
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8

and

Me 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

Dear Sirs/Mesdames:

Re: CSA Notice and Request for Comment dated June 21, 2012 - Proposed Amendments for Implementation of Stage 2 of Point of Sale Disclosure for Mutual Funds (Second Publication)

Thank you for the opportunity to provide comments to the Canadian Securities Administrators (“CSA”) on the proposed amendments for *Implementation of Stage 2 of Point of Sale Disclosure for Mutual Funds: Proposed Amendments to National Instrument 81-101 Mutual Fund Prospectus Disclosure, Form 81-101F3 and Companion Policy 81-101CP Mutual Fund Prospectus Disclosure and Consequential Amendments* (collectively, the “Proposed Amendments”), published on June 21, 2012.

Sun Life Global Investments (Canada) Inc. (“SLGI”) is registered as an investment fund manager, adviser (portfolio manager), commodities futures manager and mutual fund dealer. Currently, SLGI manages 35 open-ended mutual fund trusts (the “Funds”) and investors have entrusted SLGI with over \$5B of mutual fund assets under management. Each of the Funds is subject to NI 81-102. SLGI is a member of the Sun Life Financial group of companies.

As a member of the Investment Funds Institute of Canada (“IFIC”), SLGI participated in IFIC’s review and discussion of the Proposed Amendments. While SLGI is very supportive of many of the comments made in IFIC’s comment letter on the Proposed Amendments, SLGI would like to provide several additional comments.

Fund Codes

We are strongly supportive of the proposal to permit all recognized and publicly available identification codes to be disclosed at the top of the first page of a Fund Facts document. This will help avoid confusion among dealers, advisors and clients, especially in the case of funds that have multiple series/classes in distribution.

Extension to the Time Frame for Certain Information

We applaud the proposed change to 45 days from 30 days, but would strongly suggest that 60 days is both more efficient and desirable. A 60 day period is more consistent with the 60 day requirements applicable to interim financials, interim management reports of fund performance and quarterly summaries of portfolio holdings. The reasons for these documents having a 60 day period (data collection, dissemination and verification) are just as valid with respect to the production of Fund Facts.

Requirement to Include a List of No More Than 4 Main Risks of the Fund

We noted your specific request for comments on this Proposed Amendment. For a number of reasons, we do not believe that this proposed change to Fund Facts will assist investors in better understanding the risks associated with investing in a particular fund.

First, there are no regulatory or industry standard naming conventions, nor definitions, for the various types of risk that may be associated with investment in a particular mutual fund. Each investment fund manager names and describes, in detail, the various risks applicable to the funds that it manages in the simplified prospectus. Similarly or identically named risks across companies do not necessarily have similar descriptions or definitions. Requiring fund managers to list a few “main” risks, without any context or meanings, will be of low value to investors when comparing Fund Facts for similar funds

across different companies. We also do not believe that shortened narratives or summaries of risk categories should be in the Fund Facts document unless, at a minimum, such narratives or summaries are based upon industry standard definitions.

Second, many funds have multiple risks that may be applicable – in some cases 10 or more. Fund managers and their portfolio advisors carefully review a fund’s fundamental investment objective and investment strategies to determine what risks may exist from time to time in connection with a particular fund’s portfolio. These risks have been listed and are described in detail in the simplified prospectus. However, the listing of risks in the simplified prospectus does not mean that all such listed risks exist at all times; rather, the risks are identified as potentially existing in light of a fund’s investment objective, permitted strategies and anticipated holdings.

It is quite possible, if not probable, that the main risks for a fund will vary over time, despite staying within the fundamental investment objective(s) and the investment strategies outlined in the simplified prospectus. Requiring a point-in-time identification of up to 4 “main” risks for a fund may be inappropriate, especially when considering that with the passing of a short period of time these risks may shift in importance and/or relevance. In such a case, because the fund’s objective and strategies remain unchanged, there would be no requirement to update the Fund Facts document, yet the main risks that are listed in the Fund Facts would be out of date - and therefore of little value to, and possibly misleading to, investors.

By way of example, many balanced funds have varying target levels of fixed income and equity securities. Both equities and fixed income instruments have their own unique risks. At a moment in time, one can envisage a balanced fund that is heavily weighted (although still within disclosed targets) towards equities. This would suggest that the main risks disclosed in the Fund Facts should focus on equities-related risks. However, several months later, a portfolio adviser may shift the weightings (again, still within disclosed targets) to being heavily invested in fixed income securities. The risks for the fund would change, and the previously-disclosed main risks in the Fund Facts would now be out of date, with no requirement to update the Fund Facts because no material or fundamental change has occurred in the fund.

Finally, as the Fund Facts document is an offering document, we are very concerned that liability may attach for not providing in Fund Facts a set of defined and detailed descriptions of all of the potential risks related to an investment in a fund. Because of the unlimited space that can be devoted to such descriptions in a simplified prospectus, that document remains the appropriate place for such disclosures.

Because of the concerns highlighted above, we respectfully submit that a simple cross-reference to the risks section of the simplified prospectus will be more useful and informative for investors and will help reduce confusion. Such a cross reference will also reduce the possibility that fund managers will be held liable for incomplete descriptions of risks that may exist in connection with an investment in a fund.

Comparison of Fund Performance vs. One-Year GIC

We noted your specific request for comments on this Proposed Amendment and do not believe that it will appropriately assist investors in assessing the performance of a fund relative to its associated risk.

A GIC is a deposit instrument and is not comparable to products such as mutual funds. The Proposed Amendments do not include any disclosure requirements for GICs (such as penalties for withdrawals prior to maturity or risks related to GICs) that may allow investors to compare mutual funds more fully

with GICs in order to determine which investment is more suited to his or her needs. We note that paragraph 15.3(1)(c) of National Instrument 81-102 (and related discussion in paragraph 13.1 (7) of the Companion Policy) permits comparison of the performance of a mutual fund to a benchmark or other investment in sales communications, but only if certain prescribed requirements are met, including, but not limited to, clear explanations of any factors necessary to make such comparisons fair and not misleading. We submit that such requirements for sales communications should be no less applicable to regulatory documents that contain comparisons. The Proposed Amendment, however, does not contain similar requirements for such explanations. We also respectfully submit that the additional “form” statements proposed in the Proposed Amendment (i.e. that “the fund may have a higher return in some years and lose money in others”) are insufficient for ensuring that comparisons are fair and not misleading.

Mutual funds are generally considered, and are marketed as, long(er)-term investment vehicles. A comparison against a short term security that does not provide any diversification is not helpful for investors and may actually steer investors towards a product that will not assist them in reaching their financial goals.

As for whether listing other benchmarks may be appropriate for Fund Facts, we note that management reports of fund performance already contain this information, together with information that describes a fund’s recent performance against such benchmarks. Directing investors to this more detailed information will be more helpful than comparisons with a single short term product that may itself be ill-suited for an investor’s financial goals and/or needs.

In addition, the bar chart performance disclosure in a Fund Facts document already discloses when a fund’s annual performance may result in an investor losing money, and the listing of GIC returns beside such performance will, in our opinion, be of little value.

Worst Three Months Return

We do not believe that the Proposed Amendment that will require the disclosure of a fund’s worst three months is helpful to investors, nor does it accurately inform investors of the possibility of loss of investing in a fund, for the following reasons:

- A loss may have been attributable to an investment strategy that is no longer followed by a fund;
- A loss may have been attributable to a former portfolio advisor of the fund, but who no longer manages the fund;
- Past performance is not necessarily indicative of future performance – likewise, past poor performance (over a very short term) is also not necessarily indicative of future poor performance;
- Older funds are more likely to have a quarter in their performance history that is more negative than the worst quarter for newer funds – this results in an unfair comparison between funds;
- A fund’s worst one year return is already shown in the annual return tables and charts;

- Different series or classes of a fund often have different inception dates – and this is already reflected in the different performance disclosed by each series or class in the applicable Fund Facts document. Varying inception dates for series and/or classes of a fund will result in different (sometimes radically different) worst three month periods, which will be confusing to investors when they are considering investing in a fund;
- As mentioned earlier in the GIC discussion, a three month period is very short-term. Mutual funds are designed, managed and marketed as long(er) term investments and pointing out a short term return may unduly influence an investor in their evaluation of the overall performance and/or suitability of the fund for their particular financial needs and goals; and
- Displaying a fund's worst three month return in isolation from the performance of other relevant information for the same period (e.g. benchmarks, peer funds, markets generally) provides very little context for whether the performance of a fund is positive or negative on a relative basis. A fund that loses 10% in a three month period may actually be a good investment if the benchmark market or other investments declined to an even greater degree. We submit that the best place for these comparisons remains the management reports of fund performance.

If the Proposed Amendment relating to the worst three month performance is not deleted and remains in the final version of the rule, we request that a fund should have the option to also show its best three month return, plus appropriate benchmarks, in order to provide context and more complete information to investors.

Flexibility re Disclosure of Material Changes

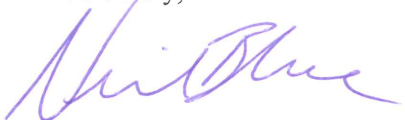
As a company that recently dealt with this issue (in the context of fund mergers), we applaud the Proposed Amendment to permit disclosure of material changes affecting a fund. However, rather than having a mandated section and location for such disclosure, our view is that investment fund managers should have the flexibility to determine where disclosure is best placed. There may be instances where a material change will naturally fit in one of the already-existing sections of Form 81-101F3. Alternatively, there may be instances where significant space may be required in order to describe a material change. Often the end of a Fund Facts contains some white space that might offer an excellent location for disclosure; however, we believe that managers are best suited for identifying the most appropriate and/or relevant location for disclosure.

Effective Date/Implementation of Stage 2

We support and highly prefer an implementation process which, following the end of a transition period, permits existing mutual funds to amend their Fund Facts as at the earliest of a material change or the filing of the pro forma renewal prospectus. We would submit that a transition period of one year would be more desirable and appropriate since some of the new Proposed Amendments require systems and data changes.

We thank you for the opportunity to comment on the Proposed Amendments. Please do not hesitate to contact us if you have any questions or wish to discuss our comments in more detail.

Yours truly,



Neil Blue
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c.c. R. Headrick, President
L. Mann, Chief Financial Officer
V. Kwan, Chief Compliance Officer