



September 6, 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  
Superintendent 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

The Secretary  
Ontario Securities Commission  
20 Queen Street West, Suite 1903, Box 55  
Toronto, ON M5H 3S8

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

**Re: Proposed changes to National Instrument 81-101 Mutual Fund Prospectus Disclosure, Form 81-101F3 and Companion Policy 81-101CP Mutual Fund Prospectus Disclosure**

PFSL Investments (Canada) Ltd., a mutual fund dealer, and PFSL Fund Management Ltd., an investment fund manager, both members of the Primerica Canada Financial Services Group of companies (“Primerica” and “we” and “our”) are pleased to submit comments to the Canadian Securities Administrators (the “CSA”) with respect to the second publication of 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*. It is our belief that open consultations among policy makers, regulators and industry participants is the cornerstone of a well-functioning financial services

industry and we are pleased that the CSA continues to consider external concerns and recommendations in the development of key regulatory initiatives.

Primerica dedicates its efforts to providing middle-income families with access to simple, yet essential financial products and services through one of the nation's largest mutual fund-licensed sales forces. We consider our dedication to this segment of the Canadian population one of our distinguishing features since they are often overlooked by other financial service providers. It is with a perspective that has been enriched by our experience servicing middle-income investors, with a focus on preserving their access to affordable financial products and services, that we submit our response.

Primerica supports providing investors with clear, simple and transparent point of sale disclosure that accurately describes the features and benefits of financial products. We believe the format of the current fund facts document meets that objective.

Primerica is concerned with the timing and scope of the proposed amendments to the fund facts document. The current version, released in 2011, is just beginning to be circulated to the investing public. Given that the fund facts document has been in use for only a short period of time, Primerica believes that it would be premature to make changes to the form of document without meaningful feedback as to its effectiveness.

Notwithstanding this, we submit the following comments with regard to the specific changes contemplated by the proposal.

### **1. What does the fund invest in?**

We believe that the addition of specific percentages for the top 10 holdings is unnecessary and could potentially lead investors to incorrect conclusions about their investments. These percentages change every day due to market fluctuation, and periodically due to trading activity. Presenting specific percentages for holdings of a fund would provide an inaccurate impression of stability in the portfolio.

We also believe that the requirement to include a pie chart showing the breakdown of the investment mix by industry is unnecessary as it duplicates the specific information given in the corresponding table. The removal of the pie chart results in a more concise document, one of the objectives at the outset of these proposals.

### **2. What are the risks of this fund?**

Under the proposed amendments, four risk factors would be required to be disclosed in the fund facts document with a cross reference to the simplified prospectus. Disclosing only four risk factors does not provide a complete set of risk disclosures as compared to the prospectus document, which may confuse the investor due to its oversimplification.

### **3. How has the fund performed?**

**a. Guaranteed Investment Certificate (“GIC”) Disclosure**

The comparison of mutual fund performance to a GIC, which is theoretically a lower risk investment, is being proposed as a method of highlighting the risks of investing in a mutual fund. The addition of GIC returns to the performance chart does not enhance investors’ understanding of the risks of the product and may have the opposite effect by doubling the amount of information on the chart, which takes away focus from the performance information of the fund itself.

In addition, while a GIC is fundamentally different product than a mutual fund, it competes with mutual funds for savings dollars. Prescribing disclosure regarding a competitive product is commercially unfair. The requirement to show GIC returns and comparisons should be removed.

**b. Worst 3 Month Return**

The obligation to disclose the worst 3 month return in the performance section of the fund facts document unduly emphasizes short-term volatility, and provides no counterbalance showing the potential for upside performance. In addition, mutual funds by nature are long-term investments and therefore we believe that any highlighting of worst returns should be over a 12 month period at a minimum. We believe that the period under review should be limited to the 10 year time horizon shown in the performance chart. Funds of a much longer duration may be at a significant disadvantage because of the greater chance that those funds at some point more than 10 years ago fell into a significant down-turn situation.

**4. How much does it cost?**

We do not believe that it is necessary to specifically point out that trailer commissions may create a conflict of interest for a mutual fund dealer. The Mutual Fund Dealers Association of Canada (“MFDA”) has well defined rules and regulations that govern the management of conflict of interest as it applies to the distribution of mutual fund products. Since the MFDA has a well thought out and robust system in place to govern the activities of a mutual fund dealer and has required disclosures to protect investors, we do not believe that additional disclosure is necessary.

Primerica appreciates the opportunity to provide comments to the CSA. We look forward to being part of a meaningful dialogue between the CSA and industry to ensure that the interests of Canada’s middle market and small individual investors are protected.

Please accept our offer of assistance in any public policy initiatives that will strengthen Canadians access to sound financial services.

Sincerely,

Original signed by

John A. Adams, CA  
Chief Executive Officer