

September 6, 2012

By e-mail: comments@osc.gov.on.ca

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

Autorité des marchés financiers
Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
New Brunswick Securities Commission
Nova Scotia Securities Commission
Ontario Securities Commission
Registrar of Securities, Prince Edward Island
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

Dear Sir or Madam:

RE: CSA Notice and Request for Comment
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 (2nd Publication)

I am a Canadian citizen and investor in the Canadian stock market, and wish to submit the following suggestion/comment regarding the above:

In order for potential and existing investors to make informed decisions and assess the overall risk of investing in a particular mutual fund, it is very important that they know whether the portfolio managers who are responsible for managing the fund, and their family members, are invested in the fund. This disclosure will give an indication of the following important risk factors:

Portfolio Managers' Risk Comfort

- The overall risk of the mutual fund and whether those responsible for managing the fund are comfortable with that level of risk is an important consideration.

- There are many risks with mutual funds that are never communicated to investors, possibly because it is not logistically feasible to do so. Nevertheless these risks are very important for investors to determine the overall risk of the mutual fund they are invested in or considering investing in. The portfolio managers would be aware of these risks and be able to assess the impact these risks might have on the performance of the fund, but an investor would not be aware of these risks and therefore not able to assess the impact. *Whether the portfolio managers and their families are invested in the mutual fund is a “proxy” for investors to assess the impact of risks that have not been communicated to them.*

Portfolio Managers’ Confidence in their Abilities/Skills to Achieve Positive Performance

- The confidence the portfolio managers have in their abilities and skills to achieve positive performance results for the fund is an important consideration. Whether they and their families are invested in the fund they manage is an indication of the confidence the portfolio managers have in themselves.

Portfolio Managers’ Commitment to Positive Performance

- The level of commitment to the performance of the fund by the portfolio managers is an important consideration. Whether they and their families have “skin in the game” is an indication of their commitment to achieving positive performance for the fund.
- If the portfolio managers and/or their families are invested in the fund, they will experience the same gains and losses that other investors/clients will experience which will impact the portfolio managers’ commitments to managing the fund.

Whether the portfolio managers and/or their families are invested in the mutual fund they manage is a “proxy” for the risk factors: how comfortable the portfolio managers are with the overall risk of the mutual fund; their confidence in their abilities/skills; and their commitment to achieving a positive performance for the mutual fund investors. This is very important information which will assist potential and existing investors in assessing the overall risk of investing in a particular mutual fund.

Given the importance of this information in assessing the risk of the mutual fund, it should be reflected in an easily visible section of the “FUND FACTS” sheet, such as in the “Quick Facts” section. Alternatively, it could be included in the” risk” or “performance” sections.

An example of how the information could be presented is as follows:

Portfolio Manager	Amount invested in mutual fund			
	\$0	\$1 - \$9,999	\$10,000 - \$29,999	\$30,000 +
Portfolio Manager “A”		X		
- family	X			
Portfolio Manager “B”	X			
- family			X	

If you have any questions about the above suggestion/comment, please don't hesitate to contact me. My contact information is below.

Sincerely,

A handwritten signature in blue ink that reads "Heather L. Scherloski". The signature is written in a cursive style with a small dot at the end.

Heather Scherloski
2405 W Serene Ave Unit 946
Las Vegas, Nevada
U.S. 89123
Ph. (808) 228-6995
hscherloski@yahoo.ca