

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
Nova Scotia Securities Commission

Registrar of Securities, Prince Edward Island
Superintendent of Securities, Newfoundland
and Labrador Securities Commission
Superintendent of Securities, Government of
Yukon Territory
Superintendent of Securities, Government of
the Northwest Territories
Superintendent of Securities, Nunavut

Attention:

Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, ON M5H 3S8
Email: jstevenson@osc.gov.on.ca

and

M^e 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
Email: consultation-en-cours@lautorite.qc.ca

Dear Sir/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 (“NI 81-101”), Form 81-101F3 (“Fund Facts” document) and COMPANION POLICY 81-101CP (THE “Proposed Amendments”)

Thank you for providing the opportunity to offer comments regarding the Proposed Amendments as outlined by the Canadian Securities Administrators (CSA) on June 21, 2012. We believe the point-of-sale initiative is important to investors and our industry, so we appreciate the creation of this forum to table our thoughts and concerns.

With more than \$59 billion in assets under management (as at July 31, 2012), Mackenzie Financial Corporation (Mackenzie Investments) is one of Canada’s largest independent investment managers. We distribute our investment services through multiple distribution channels to both retail and institutional investors. Mackenzie Investments is a wholly owned subsidiary of IGM Financial Inc., which is a member of the Power Financial Corporation group of companies.

Mackenzie supports and is fully aligned with the comments made by the Investment Funds Institute of Canada (IFIC) regarding the aforementioned Proposed Amendments.

Key Points

Before discussing specific facets of the Proposed Amendments, we would like to convey the following general points:

- We believe investors should have ample opportunity to assess the utility of the current Fund Facts document before proceeding with further changes. To date, there has been limited distribution of the Fund Facts. Since the document was created for investors, their feedback should carry the most weight. Implementing more changes at this time is premature, potentially confusing and will delay the rollout of Fund Facts. The CSA should take steps to permit the existing Fund Facts to be sent to clients with trade confirmations so that investors begin to experience the current material.
- The original intent of this document, at the request of the Joint Forum, was to provide investors with succinct, easy-to-read facts about the funds they are considering to purchase. With the Proposed Amendments, these one-page double-sided documents will start resembling Fund Facts brochures. **It is imperative to keep the Fund Facts as concise, user friendly and one double-sided page**, containing only key information to assist decision making. Also, given the shifting demographics, fonts must be maintained at a reasonable size, which makes it even more important to include only essential content. “Information creep” is a serious concern as proposals arise to inundate investors with more and more information.
- In our view, there is a shift to placing more emphasis on the increasing need to focus on portfolio creation, portfolio risk and overall portfolio returns, rather than exclusive focus on more detailed individual product risk and return. With advanced portfolio construction techniques and strategies, it is becoming less relevant and useful to consider single mutual funds in isolation against a benchmark or risk-free rate of return. One fund may exhibit certain characteristics and entail certain risks, but in the context of two or more products, the overall portfolio characteristics may change because of the way the products work each other in a diversified portfolio, to mitigate the risk characteristics.
- We are aware that many investors make purchases in multiple funds at the same time within this strategy. If the Fund Facts is expanded as proposed, the package that the investor receives will be doubled in size, increasing costs and potentially deterring investors from reviewing the documents.

- Mackenzie supports the CSA's proposal to mandate delivery of the Fund Facts in lieu of the simplified prospectus. We also agree it is prudent to allow for data that is within 45 days from the date of the Fund Facts, rather than the current standard of 30 days, although for reasons set forth in Appendix "B" we believe that 60 days would be a more appropriate time frame since it better coincides with the prospectus renewal process.
- In our view, a six-month transition period is far too short to accurately incorporate, layout and translate content changes for so many Fund Facts; at Mackenzie we produce 4,857 pages (including Fund Facts created for funds we sub-advise). There needs to be a reasonable window (i.e., at least 18 months) within which fund companies can properly implement any significant revisions. Six months may be reasonable for mandatory delivery to clients of the Fund Facts in their current Stage 1 format, without the yet to be finalized Stage 2 changes incorporated. And to reiterate our first point, no sweeping changes should occur until after investors have had the chance to review, use and comment on these documents

Regarding specific aspects of the Proposed Amendments, we have focused on three areas where we have great concern and believe there is potential to create considerable investor confusion.

1. The need to apply consistency to the risk disclosure section (Item 4 of Part 1 – Risks)

Providing more information about risk, without the proper context and explanation, can be confusing for investors. We believe that listing three or four key risks – which in itself is a highly subjective exercise that will be executed differently across fund companies and even among funds in the same company – without adequate descriptions will not serve investors well and may leave companies open to civil liability if a particular risk is excluded and later proves to be material. The most accurate and robust characterizations of risk appear in the simplified prospectus, an easily accessible document.

We support referencing the risk/return relationship, but believe that moving the Risk section before the Past Performance section (now Item 5 of Part 1) – which by necessity, due to space constraints, will likely mean it will extend onto a different page – is a step backwards. In our view, risk should be discussed in the context of performance and we suggest the disclosure concerning Risk should be better integrated with the Past Performance.

Also, with respect to the volatility grid we recommend the CSA adopt the standardized rating methodology used by IFIC for purposes of the risk level classification chart rather than leave each manager to its own interpretation of where a fund sits in the volatility spectrum. The risk level classification chart used by IFIC is objective and consistent because it attaches specific numbers to each category within the chart (see following example).

Low	Low to medium	Medium	Medium to high	High
Typical range of variability in annual returns:				
up to +/- 6%	+/- 6% to 11%	+/- 11% to 16%	+/- 16% to 20%	more than +/- 20%

We strongly urge the CSA to adopt IFIC’s logical and consistent risk level classification methodology so there is one industry-wide standard for assessing risk that allows investors to make easier and more accurate risk comparisons.

To further facilitate investor comprehension, the rating scale could be accompanied by a simple explanation (similar to that already found in the prospectuses of many funds), such as the following:

“This means that a fund with a medium risk and having an expected average annual return of 5% may expect its returns to vary between -11% and +21% each year under normal circumstances.”

We submit that this will be easily understood by investors and provides a useful measure of risk that is objective, comparable between funds and relates to the performance disclosure.

2. Caution on adding GIC returns and a worst three-month return to the performance section (Item 5 of Part 1 – Past Performance)

The Fund Facts should be focused on the fund itself and not relative measures; meaningful comparisons come into play when considering two or more similar funds. We understand the desire to supply investors with a “safe investment” benchmark so they can determine whether a certain fund’s return potential justifies whatever added risk they might incur. However, the objectives, structure, composition and time horizon of the fund included in the document are decidedly different than the characteristics of a GIC. In fact, employing a benchmark of any type when considering a single fund out of context of an investor’s overall portfolio characteristics is unnecessary and potentially misleading. Without a holistic view of each account in its entirety, the inclusion of a relative benchmark may lead investors to imprudently fixate on certain aspects of their portfolio and draw the wrong conclusions related to risk and return characteristics.

Regarding the proposed amendment to state a fund’s worst three-month performance, we do not advocate its inclusion because its focus is short term, out of context and will cause confusion because the worst three-month performance likely does not match the risk level classification disclosure under Item 4 of Part 1.

The current format, wherein historical average returns and calendar-year returns are displayed, will work best to manage investors' expectations and offer a fair, balanced representation of the fund's performance characteristics without including exceptional, grossly atypical return figures that were generated at some point in the lifetime of the fund.

3. Trailing commissions (Item 1.3(7) of Part II – Costs of Buying, Owning and Selling the Fund)

We do not believe there is a conflict of interest regarding trailing commission payments made from a fund manufacturer to a dealer firm, and such a blanket statement to that effect should not appear in the Fund Facts. Investment funds have no involvement in the remuneration arrangements between dealers and their advisors. Including a conflict statement in all Fund Facts would also be problematic because there exist series of mutual funds where distribution fees are embedded and series (i.e., fee for service) where distribution fees do not apply. Further, this form of potential conflict disclosure is not required for other products such as segregated funds, deposits or structured products commonly utilized in an investor's portfolio along with mutual funds. So investors may mistakenly believe that embedded distribution costs are only associated with mutual funds, which is clearly not the case, and is misleading to potential investors and unfair to product manufacturers. For these reasons, we believe the statement should be deleted in its entirety even if the statement is qualified (i.e., "may create a conflict of interest").

4. Other items

As noted above, we believe integrating the risk disclosure and past performance information Items 4 and 5 of Part 1 better supports the objectives of the Fund Facts document. In Appendix "A" of this letter you will find a sample illustration of how this could be done. In addition, Appendix "B" of this letter provides more detailed technical comments and suggestions on the Proposed Amendments.

To conclude, we believe some of the Proposed Amendments will enhance the user experience for investors and help them better decide on future fund purposes. Where our view differs from those expressed in the Proposed Amendments, we have voiced our opinion.

Once again, thank you for the invitation to provide feedback and taking the time to review our suggestions. Should you have any questions about our comments, do not hesitate to ask.

Sincerely,



Charles R. Sims, FCA
President and Chief Executive Officer
Mackenzie Financial Corporation

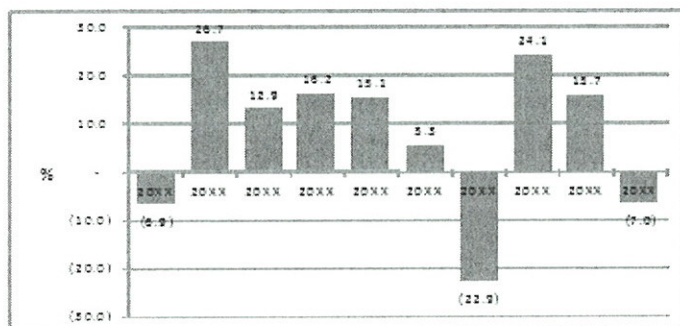
APPENDIX "A"

Illustration of Integration of (Items 4 and 5 of Part I) Risk and Past Performance Disclosure

How has the fund performed?

Year by Year returns

This chart shows how this series of the fund has performed over the past 10 years



Things you should know

- This chart does not tell you how the fund will perform in the future.
- The series' returns are after expenses have been deducted.
- Your actual after-tax return will depend on your personal tax situation.

Average return

- A person who invested \$1,000 in the series 10 years ago would have \$1,930 as of May 31, 20XX. This is equal to an annual compound return of about 6.8%.

What are the risks of this fund?

All investments involve risks. Understanding those risks can help you choose the right fund for you. To understand risk better, you may also want to look at the specific risks for this fund and how they could affect its value. For a full list of these risk factors and details about them, see the Risk section of the fund's simplified prospectus.

Variability of returns

When you invest in a fund, the value of your investment can go down as well as up. In some cases the changes in value may be large and can happen quickly. The manager is required to rate the level of risk in its funds on a scale that ranges from Low to High.

The manager assesses the level of risk mainly based on the range of past returns for this fund and similar funds (referred to as volatility or variability). The risk category shown for this fund may change over time. The lowest category does not mean there is no risk. A fund that is rated on the low end of the scale can still lose money.

This fund's rating:

Low	Low to medium	Medium	Medium to high	High
Usual range of variability in annual returns:				
up to +/- 6%	+/- 6% to 11%	+/- 11% to 16%	+/- 16% to 20%	more than +/- 20%

A fund assessed as low risk typically has returns that vary within a narrow range while a fund categorized as high risk typically has returns that can vary more from year to year. For example, a "low" rating means that a fund with an expected long term annual return of 5% could usually expect its annual returns to vary between -1% and +11% each year under normal circumstances. This series has a medium level of variability in its returns:

- The series' value decreased in three of the last 10 years.
- The worst rolling 12 month return in the last 10 years was -24.7% in the 12 months ended November 30, 2008.
- The best rolling 12 month return in the last 10 years was 24.7% in the 12 months ended June 30, 2010.

Appendix “B”

Additional ‘Technical’ Comments

In addition to the issues discussed in the body of our comment letter, we would make the following more detailed comments on specific items:

- Order of items - better use of whitespace (General Instruction #8): It is critical that the Fund Facts not exceed two pages in order for it to meet the Joint Forum’s objective as a concise user-friendly document. Funds should be provided more flexibility to re-arrange content to make better use of ‘white-space’ to help shorten the document. In our ‘mock-ups’ of the proposed changes, it was apparent that the length of the document will exceed two pages (especially the French translation), unless the available spacing can be better managed by moving the order of items, contrary to general instruction #8 which forbids doing so. For example, we suggest the ordering of only items 1, 2 and 3 in Part I (Introduction, Quick Facts and Investments of the Fund, respectively) be mandated. With this in mind, we suggest that new General Instruction 8.1 permit disclosure of material changes (such as mergers, change in objectives, etc.) to be made *either* in the most relevant section of the fund facts, or in a separate section under the heading “Other important information,” which can be located anywhere within the document where space permits.
- References to name of the manager: The name of the manager is required to be disclosed at the Top of page 1 (Item 1(b) – Part I), and now again in the table under ‘Quick Facts’ (proposed change to Item 2 –Part I). In several instances the wording changes require that the name of the manager be inserted (i.e. Items 4(2) and 4(5) in Part I; Item 1.3(7) in Part II; Item 3(1) in Part II; etc.). Repetition of the name of the manager in these (and other) areas is redundant, does not add clarity and makes the use of a generic template more complicated. (Also, where the efficient use of space is important, insertion of the full name of the manager is an important consideration!) Therefore, we suggest that the prescribed wording simply reference the word ‘manager’ rather than the specific name of the manager other than at the first instance where the name of the manager is referenced in the document. (Similarly, we suggest that the word ‘series’ instead of ‘fund’ be used throughout the document where appropriate when a fund offers more than one series: i.e., Item 4(5) in Part I references ‘specific risks for this fund’, but different series of the same fund may have different risks – such as where foreign currency risk may/may not apply when one series of a fund is hedged and the other is not.)
- Information within 60 days instead of 45 days: The changes allowing data to within 45 days (instead of the current 30 days) for Items 2, 3 and 4 of Part I are positive as this will facilitate data gathering and validation processes, and will permit funds more flexibility to file their final prospectus renewals up to 10 days after the lapse date. Currently, as it is more practical to gather data as at a month-end, and as the final prospectus cannot be filed more than 3 business days after the date of its execution, most funds must date their

final prospectuses as at a month-end and request that their final Receipts be withheld until commercial copies become available. We suggest increasing the period to 60 days so as to provide greater flexibility.

- Investments of the Fund (Item 3 of Part I): Item 3(4)(a) will require disclosure of the percentage of net assets represented by each of the fund's top 10 positions. We concur that this will provide a greater understanding of diversification. Accordingly, we suggest that the requirement in Item 3(4)(c) to provide the total number of positions should be deleted to save space, both because it does not provide key information, and because it is often inaccurate as there is no industry consensus with respect to the methodology used for counting certain derivative and swap positions.

More importantly, the 45 day period now proposed for this information in instructions #4 and #9 of this Item may violate the portfolio disclosure policies of many managers (which are often IRC approved) in view of the new disclosure of percentage holdings by position. We remind the CSA that extensive representations were made by the industry when NI 81-106 was adopted, and again when the Fund Facts requirements were under discussion during Stage 1, that funds should not be required to disclose their portfolio holdings earlier than 60 days. The 60 day period currently applies for purposes of the Quarterly Portfolio Disclosure Statement in section 6.2(2) of NI 81-106, and should apply for these purposes as well.

- Fund codes (Item 1(c.1) of Part I): We agree with allowing use of Fund Codes, but we question the CSA's new requirement that they be 'recognized and publicly available', rather than simply maintaining that they be suitable to the needs of each fund and its dealers. We note that certain fund companies use codes for tracking and identification purposes that may not necessarily be considered as widely 'recognized and publicly available'.
- Quick facts (Item 2 of Part I): Only key information needed to assist an investor to make a purchase decision should be included in the Quick Facts section in order to keep the document as concise as possible. For example, reference to size of a series (new instruction 2.1) is generally not relevant unless the series pertains to a separate pool of assets from the other series. Also, to make use of generic templates easier, we suggest that the instruction 1.1 permit inclusion of the start date for each series even if it does not differ from the launch date of the fund.
- Tax disclosure (Item 8 of Part I): Disclosure of tax consequences should better indicate that the portion of distributions represented by a return of capital is not immediately taxable.

- Combinations of Fund Facts for Delivery Purposes: For purposes of section 3.2 of NI 81-101, we question why it will be necessary to include a table of contents bound with or attached to the Fund Facts if the only other document in the package is the transaction confirmation, as proposed by new sub-section 5.2(3)? Also, we reiterate that the change to General Instruction 16 prohibiting different Fund Facts from sharing the same piece of paper will likely increase mailing costs as we expect that many Fund Facts will spill-over onto 3 pages – which means that a blank page must be inserted between each Fund Facts when bound together for delivery.
- Fund expense (Item 1(1.3) of Part II): In our view the proposed requirement to disclose any fixed administration fees payable by a Fund is out of context and may confuse investors. We believe that the intention here is to draw investors' attention to any administration fees payable by a new fund and this would more appropriately be addressed by an amendment to item 1.3(4), as follows:

“The fund's series' expenses are made up of the management fee, administration fee and/or operating expenses, and trading costs. The fund's series' annual management fee and annual administration fee (if any) are [see instruction 7]% of the fund's series' value, respectively. Because this fund series is new, total operating expenses and trading costs are not yet available.”
- Delivery of Fund Facts for PACs: For purposes of section 3.2 of NI 81-101 (*Mutual Fund Prospectus Disclosure*), we ask that the CSA confirm either by comment, notice or companion policy that delivery of the Fund Facts in lieu of the prospectus under securities legislation is applicable in circumstances where an investor purchases under a pre-authorized contribution (PAC) arrangement and has previously requested annual delivery of the simplified prospectus of their fund. We note that the instrument continues to require delivery of the simplified prospectus upon request, and that many funds have obtained relief allowing them to deliver the simplified prospectus to PAC investors annually if requested to do so, but it is unclear whether investors who made this request *prior to stage 2* should be sent the Fund Facts instead of the simplified prospectus.
- Harmonize rescission rights: We urge members of the CSA to take steps to harmonize the statutory rights of action and withdrawal, which we understand may be considered as part of the CSA's mutual fund modernization project.