



May 30, 2014

Robert Day
Senior Specialist, Business Planning
Ontario Securities Commission
20 Queen Street West
Suite 2200, Box 55
Toronto, Ontario M5H 3S8

Re: OSC Notice 11-769 – Statement of Priorities – Request for Comment Regarding the Statement of Priorities for Financial Year to End March 31, 2015

Dear Mr. Day:

We are writing to provide the following comments in response to OSC Notice 11-769 – Ontario Securities Commission Request for Comment Regarding the Statement of Priorities for Financial Year to End March 31, 2015. We appreciate the opportunity to engage in the dialogue that will shape the investment industry in future years.

Background

Bridgehouse Asset Managers, a trade name of Brandes Investment Partners & Co. is the manager of Bridgehouse funds. Bridgehouse leverages the expertise of three independent managers who follow disciplined value-investing processes in their respective areas of expertise.

As such our comments represent the viewpoint of a manufacturer that works with independent advisors to help individual Canadian investors reach their financial goals. Investor protection is paramount in our view. Bridgehouse welcomes all measures that foster the integrity of Canadian financial services for and their accessibility to Canadian individual investors. These are the foundations of investor confidence and healthy securities markets.

We salute the OSC's continued commitment to investor protection. Bridgehouse is equally committed to the security and sustainability of the mutual funds industry, which is now entrusted with looking after \$1 trillion in assets under management for Canadians preparing for their futures (IFIC news release, Feb. 19, 2014).

Best Interest Duty to Investors

Bridgehouse welcomes continued research into a best interest duty for investment advisors. We recommend that proposed changes receive careful consideration, given the possibility of unintended consequences that may ultimately restrict choices for Canadian investors. Regulators and the industry must proceed in a manner that preserves and promotes access to sound advice for any investor that seeks it. We are committed to working with regulators and other stakeholders towards a model that is sustainable for all parties—regulators, managers, manufacturers, distributors and investors. The regulatory outcome should allow Canadians to reach their financial goals *and* support a competitive and well-respected industry.

Embedded Fees in Mutual Funds

Embedded compensation models have made a long contribution to investors and the Canadian financial services industry. Given their importance, Bridgehouse strongly recommends an impartial assessment of their value and a prudent approach to assess their genuine merits for investors and for investment organizations.

Regardless of compensation model, however, we believe that transparency and *choice*—of both payment and distribution models—best serve the interests of investors. We wholly agree with the OSC’s call for the expansion of product choices across distribution platforms. In May, Bridgehouse Asset Managers launched a new fund series to provide investors with more choice and advisors with more business model options.

Point of Sale Disclosure for Investors

Transparency and choice also apply to this strategic priority. We welcome the robust rules for point of sale disclosure. Fund Facts are a powerful tool (for investors *and* advisors) to understand and compare funds, and we agree they will serve investors best if delivered pre-sale. We also support the OSC’s investigation of a new summary disclosure document for exchange traded funds to enhance the ability of investors to make meaningful comparisons between investment products. Investors benefit when investment products and providers are held to the same standards.

In closing, Bridgehouse supports the top priorities related to investor protection. We are equally committed to fostering, “a culture of integrity and compliance and instilling investor confidence in the capital markets.” We do, however, urge prudence by the OSC and ongoing co-

operation with industry to avoid unintended consequences that would reduce access to advice and choice of platform or product for investors.

The best results for investors will be achieved where regulators and industry work in concert. Bridgehouse Asset Managers, in its support of transparency and choice for investors is dedicated to investor education and financial literacy. Now in its third year, the Bridgehouse Scholarship Program has grown annually, rewarding Canadian youth for pursuing financial literacy. We have further developed resources to help advisors to communicate the financial advice with their clients in *The Value Dialogue*, as well as a manual for investors seeking financial advice in *The Investor's Guide*. Ultimately our role is to provide the investor with the tools to make the most suitable decisions for their own needs and to advocate for a fair and competitive environment.

Bridgehouse appreciates this opportunity to comment.

Sincerely,

Bridgehouse Asset Managers



Carol Lynde
President and COO