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December 19, 2002

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Securities Administration Branch, New Brunswick
Office of the Attorney Genera, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Department of Justice, Government of NWT
Registrar of Securities, Government of Yukon
Registrar of Securities, Legal Registries Division, Department of Justice, Govt. of Nunavut

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8
By Email: jstevenson@osc.gov.on.ca

Dear Mr. Stevenson:

RE: Proposed National Instrument 81-106
Investment Fund Continuous Disclosure

Thank you for the opportunity to comment on this initiative. PFSL Investments Canada Ltd. ("PFSL") is a registered mutual fund dealer with approximately 4,100 mutual fund registered salespersons across the country. PFSL is also the principal distributor of the Primerica Concert Allocation Series of Funds, a family of fund of funds. PFSL has assets under administration of approximately $3.6 billion.

We are a member of the Investment Funds Institute of Canada and have reviewed and support its submissions.

General Comments

PFSL supports the overall objectives of a regulatory framework for timely, comparable, continuous plain language disclosures. PFSL views the Canadian Securities Administrators' initiative to require investment funds to provide more timely and useful financial and non-financial information to investors and advisors as generally positive.

Although the elimination of current fulfillment and delivery requirements is very welcome and will reduce costs, we foresee systems and resources issues associated with complying with delivery-on-demand requirements for various combinations of the Management Discussion of Fund Performance ("MDFP") document and the financial statements.

The proposal to shorten the deadline for issuing annual financial statements from 140 to 90 days, and interim financials from 60 to 45 days will also very likely result in additional costs. We see operational issues associated with the preparation and approval of financial statements to a short deadline, especially with respect to fund of funds where we rely on third parties for relevant information on the underlying assets. We submit that the current deadlines of 140 and 60 days respectively are appropriate.

PFSL believes that there would be no additional value to the investor in quarterly financial statements. Financial statements are relatively simple and the type of information does not vary significantly amongst funds or between quarters.

We see some aspects of the proposals relating to MDFP as problematic. Firstly, the requirement for quarterly MDFPs seems unnecessary from the investors' point of view, and unduly cumbersome from management's perspective. Most funds generally tend to be long-term investments where short-term fluctuations should not have a significant impact on an investment decision. In our view, it is not likely that a quarterly MDFP, as opposed to a semi-annual requirement, will provide any better information to a prospective investor. Secondly, a quarterly MDFP will require significant dedicated management resources for the time involved in preparation, and the additional costs of input from third parties: investment, legal and financial. Without having done a specific cost study, we believe that the potential savings in the elimination of fulfillment/delivery requirements would not offset these additional costs. We submit that semi-annual MDFPs would adequately serve investor interests.

With respect to MDFP content, it is not clear that the National Instrument as drafted will be an effective tool for investor information and education. We submit that clarification is required on materiality and benchmarking issues.

We are also concerned that the requirement for forward looking commentary in the MDFP raises liability issues for fund managers and for mutual fund dealers, including officers and directors. Further, in the absence of clarification, it is possible that the forward looking provisions would require disclosure of proprietary strategies, resulting in a competitive disadvantage.

In the absence of an industry convention and given no consensus as to appropriate benchmarks, PFSL believes that it would not be meaningful, indeed possibly misleading to investors, to require a discussion of risk/volatility in the MDFP. We believe that the investor is protected through the broad disclosures of risk in the prospectus.

Specific Comments Related to Fund of Funds Arrangements

PFSL respectfully submits that much clarification is needed with respect to the MDFP in the context of fund of funds arrangements. In the specific context of a fund of funds where the top fund has fixed allocations in underlying assets, the current restrictive rules governing investments would make it extremely difficult for a top fund manager to prepare a meaningful MDFP. We submit that there is little added value for the investor in a top fund manager's MDFP, which would, by necessity, mirror those of the bottom funds. We submit that the initiative to amend fund of funds regulation needs to be completed before this proposed National Instrument is finalized.

Please don't hesitate to contact us if you have comments or require clarification.

Yours truly,

"Joe Yassi"

Joe Yassi
Senior Vice-President, General Counsel & Secretary

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cc: Denise Brousseau, Secretary
Commission des valeurs mobiliéres du Québec
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