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Delivered By Email: comments@osc.gov.on.ca, consultation-en-cours@lautorite.qc.ca

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

Attention: The Secretary Ontario Securities Commission 20 Queen Street West 19th Floor, 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: Modernization of Fund Product Regulation proposals- Warrants/rights issue

Quadravest Capital Management Inc. ("Quadravest") is an investment manager of 15 publicly listed investment funds that trade on the TSX. Most of these funds are split share corporations that have a very specific investment mandate that provide for a portfolio of a set number of pre determined large capitalization and higher dividend yielding blue chip companies. All of our funds are designed to provide a steady stream of monthly income to our investors. We understand that our funds would be classified as "non redeemable funds "under the definition used in the CSA Notice.

We would like to take this opportunity to make some comments on the CSA proposal that would prohibit capital raising through the issuance of warrants and rights for non redeemable funds. This letter will only be limited to this particular issue.

We have the following specific comments:

We are concerned that this particular proposal will be retroactively applied and thus will remove a beneficial method of raising additional assets for our existing funds. We have successfully raised assets through the issue of rights and warrants. We believe that rights and warrants are, by definition, being offered to the set of investors who are the most knowledgeable and favourably predisposed to buying more shares of the Fund by virtue of their current ownership. Presumably, most of the shareholders who remain invested in the Funds are satisfied and/or believe in the future prospects of that particular Fund. As such, this remains a compelling reason to continue to use this method. The benefits to our shareholders of increasing the assets of the Fund through this manner include: increased trading liquidity, lower fund expense ratios, potential lower commission costs of purchasing additional shares(as opposed to buying on the market) and the potential benefit of being able to purchase larger quantities of shares without pushing up the market price of the shares. In particular, we have used this method of raising capital for some of our smaller funds because we determined that it would be a much more cost effective method than the higher fixed costs associated with a secondary offering.

Concerns over dilution

Quadravest has always ensured that the exercise prices (at the time of issue) for rights and warrants issued to our Fund shareholders was above the NAV and as such were not dilutive at the time of issue. We are not certain in the CSA explanation as to whether the concerns over dilution involve other cases where rights and/or warrants have been issued at exercise prices which were at a discount to the NAV at the time of issue. We would like clarification if this is a main concern of the CSA in the dilution issue in order to more adequately respond. As a general principle, we do not believe that warrants/ rights or secondary offerings should be dilutive to NAV at the time of issue. In particular, we believe that rights and warrants offer considerable benefits to existing shareholders since every shareholder has the ability to preserve their proportional share in the Fund under any scenario by exercising their pro rata share rights/warrants. This cannot be said categorically about secondary offerings. We also believe that the potential pricing appreciation and the ability of shareholders to sell their warrants/rights in the market in many cases can offset any potential dilution over the exercise period even for those shareholders who do not exercise. Once again, this may, in many cases, allow for better outcomes to shareholders than secondary offerings.

Warrants/rights versus secondary offerings

We have used both types of methods to raise additional capital for our Funds and we believe that they offer differential benefits to shareholders and are not perfect substitutes in many situations.

We believe that warrants/rights when used prudently can become an important part of Fund restructurings. In some situations, they may be the most cost effective way of raising capital for a small Fund that has recently had a larger than normal retraction due to a termination date rollover extension and /or a market event such as the general industry wide financial crisis experienced in 2008/2009 that led to above normal retractions. In such cases, a cost benefit analysis in many cases would indicate that the use of rights/warrants (issued at strike prices above NAV) would achieve more favourable outcomes than a secondary offering for many of the reasons mentioned above.

As such, we believe that removing warrants/rights as a method of raising capital will actually harm existing shareholders in many such cases. We do not believe that a secondary offering can always act as a perfect and/or a superior substitute. We believe that warrants/rights and secondary offerings are in many cases complimentary ways of raising capital and these alternative capital raising methods should continue to be available to non redeemable funds as they are the only viable methods for adding capital to existing Funds.

In general, we are concerned that the outright and sudden prohibition of rights and warrants will be harmful to our Funds and the shareholders of all non redeemable funds. We understand that there may be some modifications necessary but believe that the entire removal of this method of raising capital would be harmful on a cost/benefit basis.

We would very willing to discuss this issue at great length and we thank you for this opportunity to share our views.

Respectfully

Signed Wayne Finch

Wayne Finch
President, CEO