

**CSA Notice and Request for Comment**

**Proposed Amendments to  
National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, National Instrument 81-102 *Investment  
Funds*, National Instrument 81-106 *Investment Fund Continuous Disclosure*, National Instrument 81-107  
*Independent Review Committee for Investment Funds***

**and**

**Related Proposed Consequential Amendments and Changes**

**Modernization of the Continuous Disclosure Regime for Investment Funds**

**September 19, 2024**

**Introduction**

The Canadian Securities Administrators (the **CSA** or **we**) are proposing to modernize the continuous disclosure regime for investment funds.<sup>1</sup> The CSA's proposals aim to improve the quality of disclosure provided to investors and reduce the unnecessary regulatory burden of certain current investment fund continuous disclosure requirements under securities legislation.

We are publishing, for a 120-day comment period, proposed amendments to all of the following:

- National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**);
- National Instrument 81-102 *Investment Funds* (**NI 81-102**);
- National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**);
- National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**)

together with related consequential amendments to all of the following:

- National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**);
- National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**)

as well as, in all Canadian jurisdictions other than Alberta, Ontario, Quebec, and Nova Scotia, related consequential amendments to Multilateral Instrument 11-103 *Failure-To-File Cease Trade Orders in Multiple Jurisdictions* (**MI 11-103**)

(collectively, the **Proposed Amendments**).

The CSA are also publishing, for a 120-day comment period, proposed changes to all of the following:

- National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* (**NP 11-207**);
- National Policy 12-202 *Revocation of Certain Cease Trade Orders* (**NP 12-202**);
- National Policy 12-203 *Management Cease Trade Orders* (**NP 12-203**);
- Companion Policy 41-101 *General Prospectus Requirements* (**41-101CP**);
- Companion Policy 81-101 *Mutual Fund Prospectus Disclosure* (**81-101CP**);

<sup>1</sup> The British Columbia Securities Commission (**BCSC**) is not publishing the Proposed Amendments (as hereinafter defined) and the Proposed Changes (as hereinafter defined) for comment at this time. Staff of the BCSC anticipate doing so following the British Columbia provincial election.

- Companion Policy 81-102 *Investment Funds (81-102CP)*;
- Companion Policy 81-106 *Investment Fund Continuous Disclosure (81-106CP)*;
- Commentary in National Instrument 81-107 *Independent Review Committee for Investment Funds (81-107CP)*

(collectively, the **Proposed Changes**).

We encourage commenters to provide any data and information that could help us evaluate the effects of modernizing the investment fund continuous disclosure regime on investors and the investment fund industry. In addition to general feedback on the Proposed Amendments and Proposed Changes, we are also seeking responses to specific consultation questions we have set out for stakeholders to consider.

The text of the Proposed Amendments and Proposed Changes is contained in Annex B of this Notice and will also be available on the websites of the following CSA jurisdictions:

www.asc.ca;  
 www.fcaa.gov.sk.ca;  
 www.mbsecurities.ca;  
 www.osc.ca;  
 www.lautorite.qc.ca;  
 www.fcnb.ca;  
 nssc.novascotia.ca.

### **Substance and Purpose**

The Proposed Amendments and Proposed Changes aim to make improvements to the continuous disclosure regime governing investment funds that will benefit investors, investment fund managers, and other stakeholders. The objectives of the Proposed Amendments are to:

- replace the annual Management Report of Fund Performance (**Annual MRFP**) and the interim Management Report of Fund Performance (**Interim MRFP**, and together with the Annual MRFP, the **MRFP**) with a new annual fund report (the **Annual Fund Report**) and interim fund report (the **Interim Fund Report**, and together with the Annual Fund Report, the **Fund Report**), by implementing a revised version of Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance* (the **Current Form 81-106F1**) (**Workstream One**);
- provide an exemption from certain conflict of interest reporting requirements in securities legislation where other similar requirements are satisfied (**Workstream Two**);
- eliminate certain required class or series-level disclosures from investment fund financial statements (**Workstream Three**)

(each a **Workstream**, and together, the **Workstreams**).

We are also proposing some unrelated minor amendments to:

- implement the Fund Expense Ratio (**FER**), which describes the sum of the management expense ratio and the trading expense ratio of an investment fund, into the Fund Facts and ETF Facts (the **FER Revisions**);
- make revisions of an editorial nature to the version of Form 81-101F1 *Contents of Simplified Prospectus* (**Form 81-101F1**) that came into force on January 6, 2022,<sup>2</sup> as well as minor revisions to address feedback received following the in-force date of Form 81-101F1

(each an **Additional Initiative**, and together, the **Additional Initiatives**).

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<sup>2</sup> <https://fcnb.ca/sites/default/files/2021-10/2021-10-07-CSAN-81-101-E.pdf>

## Background

The CSA's 2022-2025 Business Plan identifies delivering smart and responsive regulation protecting investors while reducing regulatory burden, as a strategic goal.<sup>3</sup> The Proposed Amendments and Proposed Changes aim to deliver on this burden reduction work while also enhancing the utility of investment fund continuous disclosure to investors.

We reviewed investment fund continuous disclosure requirements to identify areas that could be updated to benefit key stakeholders, primarily investors and investment funds. Within the scope of our review, we not only included continuous disclosure requirements outlined in NI 81-106, but we also considered select reporting requirements present elsewhere in securities legislation (e.g., provincial statutes or NI 81-102). While financial statements formed part of our review area, we focused on requirements in Part 3 (Financial Disclosure Requirements) of NI 81-106 that are not mandated by International Financial Reporting Standards (**IFRS**).

In making our determinations, we considered stakeholder feedback received in response to the CSA's request for comment on proposed amendments and proposed changes to investment fund regulatory requirements, titled *Reducing Regulatory Burden for Investment Fund Issuers – Phase 2, Stage 1 (Project RID Publication for Comment)*<sup>4</sup>. Comments on the Project RID Publication for Comment were summarized in final amendments and changes published on October 7, 2021.<sup>5</sup> The CSA also considered comments received in response to the Ontario Securities Commission publication of OSC Staff Notice 11-784 *Burden Reduction*<sup>6</sup> (**OSC Staff Notice 11-784**), as well as recommendations made by the Government of Ontario-established Capital Markets Modernization Taskforce, as described in its final report published in January, 2021<sup>7</sup>.

At the conclusion of our review, we determined that the Workstreams, described in detail in the following section, would be the focus of our Proposed Amendments and Proposed Changes. The scope of our review did not include any delivery requirements that apply to continuous disclosure documents. On September 27, 2022, the CSA proposed amendments and changes to implement an access-based model for investment fund reporting issuers.<sup>8</sup> Work on that initiative is ongoing and is not anticipated to impact the Proposed Amendments and Proposed Changes.

## Summary of the Proposed Amendments and the Proposed Changes

### (a) Workstream One – Fund Report: Introduction of a new Fund Report to replace the MRFP

We are proposing amendments to the Current Form 81-106F1 that will significantly revise the content of the MRFP to better respond to investor needs and preferences. We are of the view that in addition to representing an improved update document for investors to review, the revised content will also be less burdensome for reporting issuer investment funds to prepare. We have also renamed the MRFP to the "Fund Report", which is more intuitive and will be simpler for investors to recall.

To ensure that the Fund Report responds better to investor needs and preferences, we engaged the services of a third-party consulting firm with expertise in behavioural insights, to assist in the redesign efforts. Behavioural insights are tools that can be used to inform the development of regulations in a way that respond to how investors behave and process information.<sup>9</sup> We also considered efforts made by the U.S. Securities and Exchange Commission (the **SEC**) to significantly redesign mutual fund and exchange-traded mutual fund (**ETF**) annual and semi-annual shareholder reports so that they are more concise and visually engaging.<sup>10</sup>

The disclosure in the new Fund Reports is an improvement in some of the following ways:

- (a) the required disclosure has been significantly streamlined so that investors can focus on information that is most pertinent to them in the limited amount of time they may have set aside to review a Fund Report;

<sup>3</sup> [https://www.securities-administrators.ca/wp-content/uploads/2022/10/2022\\_2025CSA\\_BusinessPlan.pdf](https://www.securities-administrators.ca/wp-content/uploads/2022/10/2022_2025CSA_BusinessPlan.pdf)

<sup>4</sup> <https://fcnb.ca/sites/default/files/inline-files/81-101-CSAN-2019-09-12-E.pdf>

<sup>5</sup> <https://fcnb.ca/sites/default/files/2021-10/2021-10-07-CSAN-81-101-E.pdf>

<sup>6</sup> [https://www.osc.ca/sites/default/files/pdfs/irps/20191119\\_reducing-regulatory-burden-in-ontario-capital-markets.pdf](https://www.osc.ca/sites/default/files/pdfs/irps/20191119_reducing-regulatory-burden-in-ontario-capital-markets.pdf)

<sup>7</sup> <https://files.ontario.ca/books/mof-capital-markets-modernization-taskforce-final-report-en-2021-01-22-v2.pdf>

<sup>8</sup> <https://fcnb.ca/sites/default/files/2022-09/2022-09-27-CSAN-81-106-E.pdf>

<sup>9</sup> See OSC Staff Notice 11-778 *Behavioural Insights: Key Concepts, Applications and Regulatory Considerations* for a report on how behavioural insights are being used to improve outcomes for investors and market participants.

<sup>10</sup> <https://www.sec.gov/news/press-release/2022-193>

- (b) information has been thematically chunked so that investors are better able to review information on a specific topic within a single section of the Fund Report rather than having to obtain and synthesize it from different sections;
- (c) the use of narrative forms of disclosure has been minimized in favour of bullets, to assist investors in processing the information contained in the report more easily;
- (d) key terms have been defined and key concepts have been explained in call-out boxes throughout the document to enable investors to better understand the information being presented to them;
- (e) opportunities to provide brief summaries of information contained in the various sections of the Fund Report have been provided, to enable investors to review key information in the Fund Report more quickly;
- (f) directions to more detailed sources of information have been provided in a number of places within the document so that investors who want to access and review more detailed information will know where to find it.

The streamlining referenced earlier includes elimination of the following requirements on the basis that most investors would not find practical use for them in a Fund Report:

- (a) several requirements in the “Results of Operations” and “Recent Developments” sections of the MRFP (required by Items 2.3 and 2.4 of Part B of the Current Form 81-106F1).<sup>11</sup> We note that the Investment Objectives and Investment Strategies section of the Fund Report will provide investors with a concise overview of the success of the investment fund in achieving its investment objectives and using its investment strategies to achieve those investment objectives. That section will also provide a brief description of factors that the investment fund manager (**IFM**) considers reasonably likely to materially impact the ability of the investment fund to satisfy its investment objectives and use its investment strategies to achieve those investment objectives, going forward (see Item 4 of Part A of the Proposed Form 81-106A, as hereinafter defined);
- (b) “The Fund’s Net Assets per [Unit/Share]” table in the Financial Highlights section of the MRFP (required by Item 3.1 of Part B of the Current Form 81-106F1). We note that investors that want details regarding the type of information provided by this reconciliation of beginning and end of financial year net assets provided in this table could review the financial statements of their investment fund. We also note that consolidated information on distributions is available in the Statistics section of the Fund Report, with specific information on return of capital also provided on the basis that investors may find value in that particular distribution-related information (see Item 8 of Part A of the Proposed Form 81-106A, as hereinafter defined);
- (c) several metrics (total net asset value, number of units/shares outstanding, net asset value per unit/share, closing market price) in the “Ratios and Supplemental Data” table in the Financial Highlights section of the MRFP (required by Item 3.1 of Part B of the Current Form 81-106F1) and provision of one year’s worth of information instead of five in a new Costs section of the Fund Report. We are of the view that most investors will find utility in reviewing only the most recent Cost-related information in the Fund Report, although we note that the Costs section includes a requirement to provide a statement regarding any increase from the previous year in the summary for that section, where such a summary is provided (see proposed Item 6 of Part A of the Proposed Form 81-106A, as hereinafter defined);
- (d) the “Management Fees” section of the MRFP (required by Item 3.3 of Part B of the Current Form 81-106F1). We are of the view that simplifying cost-related information in the Fund Report would better achieve our aim of ensuring that it contains an appropriate amount of information, as well as information that is easy to read and understand;
- (e) the requirement to provide performance information in respect of each series or class of an investment fund (required by section 15.14 of NI 81-102 and Item 4.1(1) of Part B of the Current Form 81-106F1) in favour of a requirement to provide performance information of the series or class with the highest management fee (and, if applicable, any series or class besides the series or class with the highest management fee, for which performance would vary based on a characteristic besides fees).<sup>12</sup> When developing this proposed

<sup>11</sup> See the following paragraphs of Part B of the Current Form 81-106F1: 2.3(1)(c) (Unusual trends in redemptions or sales); 2.3(1)(d) (Changes to the components of revenue and expenses); 2.4(e) (Accounting policy changes); and 2.4(f) (Independent review committee composition changes).

<sup>12</sup> Please see our consultation question on this issue.

approach, we noted that some investment funds have numerous classes or series, sometimes in excess of 20, and it may be challenging for investors to navigate the report with this information, much of which may show very similar performance. We are of the view that the streamlined presentation being proposed would provide investors with a baseline understanding of how their particular class or series would have performed, e.g. their class or series would have performed better if it had lower management fees. We also note that exemptive relief to allow a single consolidated Fund Facts to be filed for all the classes or series of securities of a mutual fund offered in an automatic switch program, which includes similar requirements around the presentation of performance information, has been in effect for a number of years and was codified as part of the burden reduction amendments published on October 7, 2021.<sup>13</sup>

We also note that some information which is currently in the MRFP is not being carried forward into the Fund Report but instead is being moved to different locations in the regulatory disclosure regime for investment funds:

- (a) the Related Party Transactions disclosure currently required by Item 2.5 (Related Party Transactions) of Part B of the Current Form 81-1016F1, has not been included in the Fund Report. Instead, a different requirement has been developed and added as an appendix (to be prepared by the IFM) to the annual report to securityholders that an investment fund's independent review committee (**IRC**) must prepare pursuant to section 4.4 of NI 81-107. While the Current Form 81-106F1 requires detailed disclosure on related party transactions, the new requirement will only require such details to be provided where they are not already available in existing conflict of interest reports that have been filed on SEDAR+ (and such existing reports will be required to be identified in the new appendix). We are of the view that the newly redrafted requirement in the appendix will be easier for investment funds to prepare, will highlight the related party transaction reports already prepared by the IFM and filed on SEDAR+, and will be simpler for investors to navigate;
- (b) the requirement in Part 6 (Quarterly Portfolio Disclosure) of NI 81-106 for an investment fund to prepare quarterly portfolio disclosure will remain in place, except that the investment fund will be required to prepare it on a standalone basis throughout the year, as opposed to the current circumstance where it appears in the MRFP at two points in the year (item 5 of Part B of the Current Form 81-106F1). The Quarterly Portfolio Disclosure includes information regarding the top 25 positions held by a reporting issuer investment fund. The content requirements of the Quarterly Portfolio Disclosure are substantially similar to what is currently required, and going forward will need to be prepared pursuant to a new form included in the proposed amendments to NI 81-106 (the **Proposed Form 81-106B**). We believe that since investment funds already prepare quarterly portfolio disclosure, they will not have to substantially modify their existing systems to produce it in the format required by the Proposed Form 81-106B. We also believe investors will benefit from being able to review key takeaways of this disclosure in the Fund Report while being able to find more detailed portfolio holdings information in the standalone Quarterly Portfolio Disclosure, when desired. The Proposed Amendments do not impact the Statement of Investment Portfolio, which is produced as part of the annual financial statements and interim financial report of reporting issuer investment funds, and non-reporting issuer mutual funds in Ontario. The Statement of Investment Portfolio includes disclosure regarding each portfolio asset held or sold short.

We also note some information in the Fund Report will be new as compared to the MRFP, and we specifically note the following examples:

- (a) Fund Reports will include a section in which an investment fund is required to insert a brief summary of the IFM's assessment of the investment fund's success in respect of achieving its investment objectives, and using its investment strategies to achieve those investment objectives, during the period covered by the report. We have included instructions that specifically assist investment funds that have environmental, social and governance (**ESG**)-related aspects to their investment objectives and/or investment strategies, in providing this disclosure. We are of the view this will enhance ESG-related continuous disclosure for investors;
- (b) Fund Reports will include disclosure regarding the liquidity profile of the investment portfolio of the investment fund. We are of the view that investors should have access to in-depth yet understandable disclosure regarding the liquidity of the investments held in the investment portfolio of their investment fund, and that this new disclosure will help achieve that.

Despite suggestions from some stakeholders to do so, we have not proposed to eliminate the requirement for a reporting issuer investment fund to prepare and file an MRFP, because we are of the view that investors would

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<sup>13</sup> <https://fcnb.ca/sites/default/files/2021-10/2021-10-07-CSAN-81-101-E.pdf>

benefit from a periodic update on the status of their investment fund. Research commissioned by the Investment Funds Institute of Canada found that 66% of conventional mutual fund investors and 69% of ETF investors were either interested, or very interested, in receiving and reading the information in a “management report”.<sup>14</sup> We also recognize that the MRFP provides a baseline level of information in a consistent and comparable format that investors can use to stay apprised of an investment fund’s status. This is particularly important given that not all investment funds voluntarily produce the suite of supplementary, non-regulatory disclosure available in respect of some investment funds. Finally, we are of the view that the account-level report on charges and other compensation required by section 14.17 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)* or the investment performance report required by section 14.18 of NI 31-103 are not acceptable substitutes for more detailed information on the status of an individual investment fund that may be held within a client’s account.

Some stakeholders are of the view that the MRFP is of low value to investors, citing what they claim are low take-up rates by investors. To the extent that MRFP take-up rates by investors are indeed low, we note that this may in part be influenced by the mechanism through which investors access the document. As referenced earlier, a separate CSA policy project is examining matters related to the delivery of continuous disclosure documents. We are also engaging with the CSA Investor Education Committee to explore how we can ensure strong investor awareness and understanding of the Fund Report.

While some stakeholders have suggested reducing the frequency of preparation of the MRFP, the proposed Fund Report would maintain the annual and interim preparation requirements that are currently applicable for the MRFP. We are of the view that maintaining a twice-per-year filing requirement for reporting issuer investment funds that are not scholarship plans will keep Canadian investors current with the status of their investment funds, as compared to having only a once-per-year requirement (we are not proposing to modify the once-per year filing requirement of reporting issuer scholarship plans). It will also keep CSA requirements aligned with those of the following authorities which also require annual and semi-annual reports to be prepared by investment funds: the SEC;<sup>15</sup> the Financial Conduct Authority (United Kingdom) (the **FCA**);<sup>16</sup> the European Union;<sup>17</sup> and the Australian Securities & Investments Commission.<sup>18</sup>

#### *Behavioural Insights Research and Testing*

We engaged the services of Behavioural Insights (Canada) Ltd. (the **Consultant**), a third-party consulting firm with expertise in behavioural insights, to assist in our redesign efforts. First, the Consultant prepared a literature review identifying (a) best practices regarding the presentation of MRFP (Fund Report) disclosure to retail investors, and (b) the challenges, needs, behaviours, understanding, and preferences of retail investors with respect to MRFP (Fund Report) disclosure (the **Literature Review**). Second, the Consultant surveyed 604 Canadian retail investors who currently own investment fund securities to determine their preferences with respect to MRFP (Fund Report) disclosure (the **Survey**), with 23% of participants completing the survey in French. Third, based on the Literature Review and the Survey, the Consultant identified behavioural barriers that might impede retail investors from using the MRFP, and suggested evidence-based interventions to address the barriers (the **Behavioural Barriers Report**). The Literature Review, the Survey and the Behavioural Barriers Report can be found in the Investment Fund Continuous Disclosure Modernization Final Report prepared by the Consultant and published September 19, 2024 (the **Investor Testing Report**) on the website of the CSA.

Based on the information provided in the Literature Review, Survey, and Behavioural Barriers Report, as well as other sources of feedback on the MRFP (namely comments provided in response to the Project RID Publication for Comment, comments provided in response to OSC Staff Notice 11-784 and the recommendations of the Capital Markets Modernization Taskforce (Ontario)), the CSA developed three alternative designs for the MRFP, which will be referred to as Mock-Up 1, Mock-Up 2 and Mock-Up 3 (the **Mock-Ups**). The Consultant and the Ontario Securities Commission Investor Office also provided feedback on the effectiveness of the Mock-Ups at implementing the behavioural science-based recommendations outlined in the Behavioural Barriers Report. The Consultant then carried out a randomized controlled trial (**RCT**) to test the effectiveness of each of the Mock-Ups against each other

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<sup>14</sup> See slides 74 and 75 of the Canadian Mutual Fund & Exchange-Traded Fund Investors Survey (2023) prepared by Pollara Strategic Insights for the Investment Funds Institute of Canada: [https://www.ific.ca/wp-content/themes/ific-new/util/downloads\\_new.php?id=28669&lang=en\\_CA](https://www.ific.ca/wp-content/themes/ific-new/util/downloads_new.php?id=28669&lang=en_CA).

<sup>15</sup> <https://www.sec.gov/files/33-11125-fact-sheet.pdf> at page 1

<sup>16</sup> <https://www.fca.org.uk/publication/discussion/dp23-2.pdf> at page 39, paragraph 6.13 and also see the FCA Handbook (<https://www.handbook.fca.org.uk/handbook/COLLG/2A/1.html>) at COLLG 2A.1.5(4)

<sup>17</sup> <https://www.esma.europa.eu/publications-and-data/interactive-single-rulebook/ucits>, see Articles 68 and 69 of the European Union’s UCITS Directive.

<sup>18</sup> [http://classic.austlii.edu.au/au/legis/cth/consol\\_act/ca2001172/s292.html](http://classic.austlii.edu.au/au/legis/cth/consol_act/ca2001172/s292.html) for annual reports and [http://classic.austlii.edu.au/au/legis/cth/consol\\_act/ca2001172/s302.html](http://classic.austlii.edu.au/au/legis/cth/consol_act/ca2001172/s302.html) for the half-year requirement

and against a control MRFP designed to replicate an existing MRFP available today (the **Control MRFP**). The RCT was carried out with 2820 Canadian retail investors. Participants were either current or past owners of investment fund securities and 25% of the participants completed the study in French. English and French versions of the Control MRFP and the Mock-Ups can be found in the Investor Testing Report.

The investor testing focused on seven different outcome measures. The primary outcome measure was a score generated based on correct responses to 13 wide-ranging questions on the content of the documents that were tested (described as the “Core Comprehension” measure in the Investor Testing Report). The results of the RCT indicated that each of the Mock-Ups outperformed the Control MRFP. They also indicated that Mock-Up 3 scored the best, as compared to the Control MRFP, on the primary outcome measure, and better than the other Mock-Ups on most of the other outcome measures that were used to assess the documents. A description of the outcome measures, a detailed review of how the testing was carried out, and the results of the RCT, are available in the Investor Testing Report.

Upon conclusion of the RCT and upon a detailed review the investor testing results, the CSA sought the Consultant’s advice on additional opportunities to further improve the investor experience with Mock-Up 3. It was suggested that further simplifying the content of Mock-Up 3 would be the best approach. The CSA further streamlined Mock-Up 3, which forms the basis of the revised Form 81-106F1 being published for comment as part of the Proposed Amendments (the **Proposed Form 81-106A**). Material post-testing revisions made to Mock-Up 3 are set out in Annex C – Material Modifications to Mock-Up 3 Following Completion of Investor Testing. A sample modified version of Mock-Up 3 is proposed to be added to 81-106CP and is published for comment in the Proposed Changes. Publication of a sample document follows the approach used for the Fund Facts and ETF Facts. The sample is for illustrative purposes only.

As substantiated by the investor testing carried out by the Consultant, we are of the view that, as compared to the MRFP, the proposed Fund Report is easier to read and understand, is more likely to be read, is easier to use in making decisions, is more likely to be seen as containing an appropriate amount of information, and is easier to navigate. We are also of the view that the streamlined document will be significantly less burdensome for IFMs to prepare.<sup>19</sup>

The Proposed Amendments related to Workstream One impact the following National Instruments: NI 41-101, NI 44-101, NI 81-101, NI 81-102, NI 81-106, and NI 81-107. MI 11-103 will also be impacted in jurisdictions where that instrument applies. The Proposed Changes related to Workstream One impact the following policies: NP 11-207, NP 12-202, NP 12-203, 41-101CP, 81-101CP, 81-102CP, and 81-106CP.

#### **(b) Workstream Two – Conflicts Reports: Exemption from Select Conflict of Interest Reporting Requirements in Securities Legislation Where Other Similar Reporting Requirements are Met**

We are proposing amendments to provide exemptions from certain statutory requirements in a number of jurisdictions that impose an obligation on IFMs to file reports with respect to specified types of related party transactions. In some instances, the types of related party transactions that are subject to reporting requirements are already subject to substantially similar reporting requirements in NI 81-107. The types of related party transactions in focus are the following:

- (a) a purchase or sale of securities between an investment fund and any related person or company;
- (b) a purchase or sale effected by an investment fund through a related person or company with respect to which the related person or company received a fee from the investment fund, the other party to the transaction, or both;
- (c) a transaction in which the investment fund is a joint participant with at least one related person or company, excluding arrangements relating to insider trading in portfolio securities.

The statutory requirements at issue are identified in proposed Appendix E to NI 81-102. Provisions have not been identified for Manitoba, Quebec, or Prince Edward Island, as those jurisdictions do not possess equivalent reporting requirements in their respective securities acts.

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<sup>19</sup> We note, for example, that the English-language Control MRFP was 12 pages in length (13 in French) whereas the English-language Mock-Up 3 was 6 pages in length (7 in French). We also note that the Control MRFP was prepared in respect of an investment fund with 8 series, and that the size of the page reduction would have been less significant if it had fewer series, but even more significant if it had more series.



We note the following subsections of NI 81-107:

- (a) subsection 6.2(1), which concerns an investment fund making or holding an investment in the security of an issuer related to it, to its manager, or to an entity related to its manager;
- (b) subsection 6.3(1), which concerns an investment fund making an investment in the secondary market in a non-exchange traded debt security of an issuer related to it, to its manager, or to an entity related to the manager, and where the investment fund continues to hold the debt security;
- (c) subsection 6.4(1), which concerns an investment fund making an investment in a long-term debt security of an issuer related to it, to its manager, or to an entity related to the manager, if the investment is made under a distribution of the long-term debt security of that issuer, and where the investment fund continues to hold the debt security.

Transactions carried out in accordance with subsections 6.2(1), 6.3(1) and 6.4(1) of NI 81-107 are subject to their own, existing annual filing requirements which are set out in subsections 6.2(2), 6.3(3) and 6.4(2) of NI 81-107. Accordingly, the proposed exemptions from the overlapping statutory reporting requirements in the applicable securities acts are intended to provide greater clarity around reporting obligations by standardizing information requirements and removing unnecessary duplication.

In this context, we are proposing the creation of a new, standardized form to be used for the filing of related party transaction reports under subsections 6.2(2), 6.3(3) and 6.4(2) of NI 81-107 (the **Proposed Form 81-107A**). The new, standardized form will require the disclosure of key details regarding related party transactions. We propose that when the form is filed, the statutory reporting requirements in proposed Appendix E to NI 81-102 will not apply.

The details required pursuant to the Proposed Form 81-107A do not generally include all of the disclosure elements required by the statutory requirements identified in proposed Appendix E to NI 81-102. Additionally, the reports required pursuant to subsections 6.2(2), 6.3(3) and 6.4(2) of NI 81-107 must be filed annually while reports filed pursuant to the statutory requirements identified in proposed Appendix E to NI 81-102 are required to be filed more frequently, for example within 30 days after the end of the month in which the transaction occurs. We are of the view that the streamlining of information reporting requirements and the reduced frequency of filing associated with the proposed exemption will not harm investor protection or efficiency of the markets. Our proposals in this area will ensure clear, standardized disclosure of information relevant to select related party transactions.

The Proposed Amendments related to Workstream Two impact the following National Instruments: NI 81-102 and NI 81-107. The Proposed Changes related to Workstream Two impact 81-107CP.

### **(c) Workstream Three – Financial Statements: Elimination of Certain Class or Series-Level Disclosures from the Investment Fund Financial Statement Reporting Requirements**

We are proposing amendments to remove the requirement to prepare certain class- or series-level disclosures that are not required by IFRS, in the Statement of Comprehensive Income, the Statement of Changes in Financial Position, and the notes to the financial statements. In particular, we are proposing all of the following amendments:

- (a) delete the requirement in items 18 and 19 of section 3.2 of NI 81-106 to provide class or series-level disclosure of the increase or decrease in total equity from operations or net assets attributable to securityholders from operations, in total and on a per security basis, in the Statement of Comprehensive Income;
- (b) delete the requirement in section 3.3 of NI 81-106 to provide a breakdown of each line item in the Statement of Changes in Financial Position, by each class or series;
- (c) delete the requirement in paragraph (c) of item 2 of subsection 3.6(1) of NI 81-106 to provide disclosure in the notes to the financial statements identifying the differences between classes or series, including differences in sales charges and management fees.

We are of the view that for investment funds with multiple classes or series, the disclosures identified in paragraphs (a) and (b) above, can become excessively lengthy and complex. This makes it difficult for investors to read and understand the information presented in the financial statements. Given the minimal utility of the disclosure for investors (as it does not assist the typical investor in making decisions regarding their investment fund holdings), the required class or series-level disclosure is unduly burdensome for investment funds to prepare. Regarding the disclosure identified in paragraph (c) above, we note that class- or series-level disclosure regarding sales charges



and management fees is available in other regulatory documents, such as the prospectus,<sup>20</sup> Fund Facts<sup>21</sup> and ETF Facts<sup>22</sup>.

We note that the Proposed Amendments will not impact investors' ability to access certain important class- or series-level disclosure in the financial statements. In particular, the total equity or net assets attributable to securityholders for each class or series, and per security of each class or series, will continue to be required in the Statement of Financial Position pursuant to items 14 and 15 of section 3.1 (Statement of Financial Position) of NI 81-106.

We have not proposed to eliminate the requirement for an investment fund to prepare an annual and interim Statement of Investment Portfolio as part of its annual financial statements and interim financial report. The Statement of Investment Portfolio provides comprehensive information about the investment portfolio of an investment fund that is not disclosed in other regulatory documents. The information can be used to provide investors with information to determine whether the holdings of their investment fund overlap with those of other investments they already hold, as well as provide transparency to investors seeking to understand the fair value assigned to the holdings of their investment fund. We also note that the SEC requires that investment funds prepare a Schedule of Investments,<sup>23</sup> and that the FCA requires that a list of a fund's investments be prepared as part of the authorized fund manager's report in both the annual and half yearly reports.<sup>24</sup>

We also have not proposed to relocate the Statement of Investment Portfolio to a location outside of the annual financial statements and interim financial report of an investment fund (e.g., as a new separate filing requirement or as a requirement for posting to the designated website of an investment fund). We are of the view that the Statement of Investment Portfolio is an important component of the annual financial statements and interim financial report, and should be presented alongside the other required documents within them. We are also of the view that the Statement of Investment Portfolio should remain subject to a filing requirement.

The Proposed Amendments related to Workstream Three impact NI 81-106. There are no Proposed Changes related to Workstream Three.

#### **(d) Additional Initiative - Implementation of Fund Expense Ratio into Fund Facts and ETF Facts**

We are proposing amendments to implement the FER Revisions. The FER was implemented into some regulatory documents as part of the *Total Cost Reporting (TCR) for Investment Funds and Segregated Funds* joint publication of the CSA and Canadian Council of Insurance Regulators publication, dated April 20, 2023 (the **TCR Amendments**).<sup>25</sup> We are proposing to replace the following references in the Fund Facts and ETF Facts:

- (a) in the "Quick facts" section, replace the reference to "Management expense ratio (MER)" with a reference to FER;
- (b) in the "How much does it cost?" section, replace the reference to "Fund expenses" in the "Fund/ETF expenses" table, with a reference to FER.

These revisions are intended to create alignment between the use of the FER in the proposed Fund Report, as well as the use of FER that will, pursuant to the TCR Amendments, be required in the annual report on charges and other compensation prepared under section 14.17 of NI 31-103.

The Proposed Amendments related to this Additional Initiative impact NI 41-101 and NI 81-101. There are no Proposed Changes related to this Additional Initiative.

#### **(e) Additional Initiative - Minor Revisions Related to the Version of Form 81-101F1 Contents of Simplified Prospectus that Came into Force on January 6, 2022**

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<sup>20</sup> See, for example, Item 9 (Fees and Expenses) of Part A of Form 81-101F1 *Content of Simplified Prospectus* and Item 3.6 (Fees, Expenses and Returns) of Form 41-101F2 *Information Required in an Investment Fund Prospectus*.

<sup>21</sup> See Item 1 (Costs of Buying, Owning and Selling the Fund) of Part II of Form 81-101F3 *Contents of Fund Facts Document*.

<sup>22</sup> See Item 1 (Costs of Buying, Owning and Selling the ETF) of Part II of Form 41-101F4 *Information Required in an ETF Facts Document*.

<sup>23</sup> See section 30(e) of the *Investment Company Act of 1940* and § 210.6-10 of Regulation S-X.

<sup>24</sup> See subsection (7A) of COLL 4.5.9R of the FCA Handbook (<https://www.handbook.fca.org.uk/handbook/COLL/4/5.html>) and section 3.13 of the Statement of Recommended Practice for financial statements of *authorised funds* issued by the Investment Management Association in May 2014 (<https://www.theia.org/sites/default/files/2019-05/20140513-SORP2014.pdf>).

<sup>25</sup> <https://fcnb.ca/sites/default/files/2023-04/2023-04-20-CSAN-31-103-E.pdf>

We are proposing several amendments of an editorial nature to the version of Form 81-101F1 that came into force on January 6, 2022. We are also proposing several minor amendments to Form 81-101F1 to address feedback received following its in-force date. These amendments aim to:

- (a) provide an option for a mutual fund with multiple, separately bound Part B sections in its multiple simplified prospectus, to prepare a Part B Introduction at the end of the Part A section of its multiple simplified prospectus. This will permit a reader to more easily navigate that type of document;
- (b) for a multiple simplified prospectus with separately bound Part A and Part B sections, eliminate the requirement to list the mutual funds to which the multiple simplified prospectus pertains, after the table of contents. This is on the basis that the front cover must contain such a listing. The requirement to identify where each Part B section can be found will be maintained;
- (c) more clearly mandate disclosure of a mutual fund's start date in Part B of its simplified prospectus.

The Proposed Amendments related to this Additional Initiative impact NI 81-101. There are no Proposed Changes related to this Additional Initiative.

### **Transition/Effective Date**

Subject to the nature of comments we receive, as well as any applicable regulatory requirements, we are proposing that, if approved, the Proposed Amendments will become effective approximately 3 months after the final publication date. However, we are also proposing to provide an exemption from compliance in respect of each Workstream and the FER Revisions, for approximately a 9-month period following the effective date. Please see Annex A – Specific Questions for Comment Relating to the Proposed Amendments and Proposed Changes for a consultation question regarding the effective date of the final amendments and final changes, as well as the contemplated exemptions.

### **Request for Comments**

Please submit your comments on the Proposed Amendments, the Proposed Changes, and the consultation questions in this Notice (see Annex A – Specific Questions for Comment Relating to the Proposed Amendments and Proposed Changes). We cannot keep submissions confidential because securities legislation requires publication of a summary of written comments received during the comment period. All comments received will be posted on the website of each of the Alberta Securities Commission at [www.asc.ca](http://www.asc.ca), the Ontario Securities Commission at [www.osc.ca](http://www.osc.ca) and the Autorité des marchés financiers at [www.lautorite.qc.ca](http://www.lautorite.qc.ca). Therefore, you should not include personal information directly in comments to be published. It is important you state on whose behalf you are making the submissions.

### **Deadline for Comments**

Please submit your comments in writing, by email, on or before **January 17, 2025**.

## Where to Send Your Comments

Address your submission to the CSA as follows:

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

Deliver your comments only to the addresses below. Your comments will be distributed to the other participating CSA jurisdictions.

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22nd Floor  
Toronto, Ontario M5H 3S8  
Fax: (416) 593-2318  
Email: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

Me Philippe Lebel  
Corporate Secretary and Executive Director, Legal  
Affairs  
Autorité des marchés financiers  
Place de la Cité, tour Cominar  
2640, boulevard Laurier, bureau 400  
Québec (Québec) G1V 5C1  
Fax: (514) 864-8381  
Email: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

## Contents of Annexes

The text of the Proposed Amendments and Proposed Changes is contained in the following annexes to this Notice, and is available on CSA member websites:

- Annex A: Specific Questions for Comment Relating to the Proposed Amendments and Proposed Changes
- Annex B-1: Proposed Amendment to Multilateral Instrument 11-103 *Failure-To-File Cease Trade Orders in Multiple Jurisdictions*
- Annex B-2: Proposed Changes to National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*
- Annex B-3: Proposed Changes to National Policy 12-202 *Revocation of Certain Cease Trade Orders*
- Annex B-4: Proposed Change to National Policy 12-203 *Management Cease Trade Orders*
- Annex B-5: Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*
- Annex B-6: Proposed Change to Companion Policy 41-101 *General Prospectus Requirements*
- Annex B-7: Proposed Amendment to National Instrument 44-101 *Short Form Prospectus Distributions*
- Annex B-8: Proposed Amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*
- Annex B-9: Proposed Changes to Companion Policy 81-101 *Mutual Fund Prospectus Disclosure*
- Annex B-10: Proposed Amendments to National Instrument 81-102 *Investment Funds*
- Annex B-11: Proposed Changes to Companion Policy 81-102 *Investment Funds*
- Annex B-12: Proposed Amendments to National Instrument 81-106 *Investment Fund Continuous Disclosure*

- Annex B-13: Proposed Changes to Companion Policy 81-106 *Investment Fund Continuous Disclosure*
- Annex B-14: Proposed Amendments to National Instrument 81-107 *Independent Review Committee for Investment Funds*
- Annex B-15: Proposed Change to the Commentary in National Instrument 81-107 *Independent Review Committee for Investment Funds*
- Annex C: Material Modifications Made to Mock-Up 3 Following Completion of Investor Testing
- Annex D: Local Matters, where applicable

## Questions

Please refer your questions to any of the following CSA staff:

### *Alberta Securities Commission*

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Corporate Finance  
Alberta Securities Commission  
Tel: 403-297-4295  
Email: chad.conrad@asc.ca

Jan Bagh  
Senior Legal Counsel  
Corporate Finance  
Alberta Securities Commission  
Tel: 403-355-2804  
Email: jan.bagh@asc.ca

### *Financial and Consumer Affairs Authority of Saskatchewan*

Heather Kuchuran  
Director  
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Financial and Consumer Affairs Authority of Saskatchewan  
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### *Manitoba Securities Commission*

Patrick Weeks  
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Manitoba Securities Commission  
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## ANNEX A

### SPECIFIC QUESTIONS FOR COMMENT RELATING TO THE PROPOSED AMENDMENTS AND PROPOSED CHANGES

#### General

1. **Other Areas for Modernization.** Are there any other areas of the continuous disclosure regime for investment funds that should be modernized, and which have not been addressed as part of this project? Please provide detailed rationale for each suggestion.
2. **Effective Dates and Exemptions.** As described in the Notice, the CSA is proposing that the final amendments and final changes have an effective date of three months following final publication. However, the CSA is also proposing time-limited exemptions from compliance with the final amendments and final changes. In particular, we are proposing to provide an exemption from compliance in respect of each Workstream and the FER Revisions, for approximately a 9-month period following the effective date. (See also the transition provisions at the end of each amending instrument, which have been drafted with the intention to give effect to these arrangements.)
  - a. In respect of each Workstream and the FER Revisions, please comment on whether the proposed effective date is appropriate and whether the proposed length of the exemption from compliance is sufficient to enable investment funds to prepare for the new requirements. If not, provide alternative timelines and an explanation of how any additional time would be used.
  - b. In respect of Workstream One – Fund Report, please comment on whether an investment fund that prepared an interim MRFP using the requirements set out in the Current Form 81-106F1 should be able to file its subsequent annual MRFP also using the requirements set out in the Current Form 81-106F1, even where the currently envisioned exemption period has ended. If yes, please explain why.

#### Workstream One – Fund Report

3. **Frequency of Preparation.** Currently, an investment fund that is a reporting issuer must file an annual MRFP and an interim MRFP (see section 4.2 of NI 81-106) and an investment fund that is a reporting issuer and a scholarship plan must file an annual MRFP but is not required to file an interim MRFP (see section 4.3 of NI 81-106). We are proposing that these filing requirements would remain unchanged for the Fund Report. Please comment on whether this proposed approach meets investor needs for remaining current as to the status of their reporting issuer investment fund holdings.
4. **Forward Looking Information.** The Proposed Form 81-106A will require standardized language regarding forward looking information to be placed towards the beginning of a Fund Report (see proposed Item 3 of Part A), with an option to provide additional disclosure in the Other Material Information section at the end of the Fund Report. The standardized language is intended to be more easily understood by investors, and the option to provide additional disclosure later in the document is intended to provide investment funds with the flexibility to supplement the required language. Please comment on whether this proposed approach to forward looking information disclosure in the Fund Report meets investor needs for transparency around the forward-looking information, and the needs of investment funds. If not, please propose an alternative approach along with detailed rationale as to why the alternative approach would represent an improvement.
5. **Years of FER Disclosure.** The Costs section of the Proposed Form 81-106A includes a requirement to provide FER information for only one year, with a statement regarding any increase from the previous year in the summary, where such a summary is provided (see proposed Item 6 of Part A). Please comment on whether additional FER information should be required (e.g., two years' worth of information). Alternatively, please comment on whether increases or decreases in FER as compared to the last prepared Fund Report should be identified in their own column in the table that appears in the Costs section, with the corresponding removal of such information from the summary. If writing in support of a particular approach, please describe how the approach selected would support making the Fund Report easier to read and understand, easier to use, and easier to navigate, for investors, than the MRFP.
6. **MER Without Waivers or Absorptions.** The Proposed Form 81-106A requires the presentation of MER in the Costs section. No space has been included within the Costs section to disclose MER without waivers or absorptions, where expenses have been waived or absorbed. Instead, instructions have been provided to disclose MER without waivers or absorptions in the Other Material Information section, along with a cross-

reference, in the Costs section, to that information (see proposed Item 6 of Part A). This approach to presenting MER without waivers or absorptions is being proposed because we are of the view that it assists in making the Fund Report easier to read and understand. Please comment on whether the proposed disclosure is effective in achieving this aim. If not, please propose an alternative approach (e.g. presenting MER without waivers or absorptions as a new column within the table in the Costs section) and explain why it would represent an improvement.

7. **ESG-Specific Disclosure.** The Proposed Form 81-106A includes a requirement that an investment fund provide a brief summary of the IFM's assessment of the investment fund's success in achieving its investment objectives and using its investment strategies to achieve those investment objectives, during the period covered by the Fund Report (see proposed Item 4 of Part A). Detailed instructions are also provided regarding how the disclosure should be completed in the case of an investment fund that has ESG-related aspects to its investment objectives or investment strategies. These instructions are not intended to create any additional burden for such investment funds. Rather, they are intended to clarify how those investment funds can appropriately satisfy the requirements that apply to all investment funds in that section. Please comment on whether these detailed instructions would make it challenging to provide concise disclosure in the Investment Objectives and Investment Strategies section of the Fund Report. If a challenge is identified, please provide details and suggest an alternative approach.
8. **Classes/ Series of Performance Information.** The Proposed Form 81-106A includes a requirement that performance information be disclosed in respect of the class or series of the investment fund with the highest management fee, and any other class or series for which performance would vary based on a characteristic besides management fees (see proposed Item 7 of Part A). This varies from the Current Form 81-106F1, which requires that performance information for all classes or series be provided (see Item 4 of Part B of the Current Form 81-106F1). We are of the view that the proposed requirements for presenting performance information will generally reduce the number of classes or series for which performance information will need to be provided in a Fund Report. We are also of the view that this will have the effect of making the Performance section of the Fund Report easier to navigate for an investor, while presenting the most essential performance information for an investor to be aware of (i.e. the class or series of the investment fund with the highest management fee, and any other class or series for which performance would vary based on a characteristic besides management fees).
  - a. Please comment on whether this proposed approach for determining which classes or series of an investment fund for which performance information should be provided, meets investor needs for a Fund Report that is easy to navigate but which also contains sufficient information for an investor to make decisions. If not, please describe an alternative approach in detail that would meet the same objectives. In particular, provide specific criteria that might be used to determine which class or series of performance information should be included.
  - b. Should the proposed requirements for which classes or series of performance information be provided, be modified to also require the disclosure of performance information for the class or series with the lowest management fee that is available for purchase by a retail investor? We are particularly interested in feedback on this issue given the increasing popularity of no-load classes or series and fee-based accounts.
  - c. For situations where a particular class or series of an investment fund has the highest management fee but no performance information that can be disclosed, please propose an alternative form of disclosure.
  - d. Please comment on whether investment funds should be required to present performance information on their designated website for any class or series that does not have its performance information included in a Fund Report, together with a cross-reference to such information in the Fund Report. If yes, provide detailed comments on the challenges that an IFM would face in meeting this requirement.
9. **Related Party Transactions.** The Proposed Form 81-106A does not include a section requiring disclosure pertaining to related party transactions. Instead, a different requirement has been developed and added as an appendix (to be prepared by the IFM) to the annual report to securityholders that an investment fund's IRC must prepare pursuant to section 4.4 of NI 81-107. This contrasts with the Current Form 81-106F1 which includes a section entitled "Related Party Transactions" (see Item 2.5 of Part B of the Current Form 81-106F1). Please comment on whether this proposed approach to disclosure regarding related party transactions is an effective method of providing this information to investors while ensuring that the Fund Report contains the appropriate amount of information and is easy to navigate.



10. **Liquidity.** Investment fund liquidity risk management is an area of increasing regulatory focus. We are of the view that investors should have access to in-depth yet understandable disclosure regarding the liquidity of the investments held in the investment portfolio of their investment fund. For this reason, the Proposed Form 81-106A includes a Liquidity Profile section (see Item 11 of Part A of the Proposed Form 81-106A). The Current Form 81-106F1 does not contain a comparable requirement. Please comment on whether the disclosure proposed for the Liquidity section of the Fund Report is understandable to investors and contains the appropriate amount of information for them. If not, please describe in detail an alternative approach.
11. **Scholarship Plan MER.** The Proposed Form 81-106A requires that a scholarship plan provide its MER, and where applicable, its MER without waivers and absorptions (see Item 6 of Part A of the Proposed Form 81-106A). In contrast, the Current Form 81-106F1 does not require that a scholarship plan provide such information (see Item 3.2 of Part B of the Current Form 81-106F1).
  - a. Please comment on whether an investor in a scholarship plan would find this information less useful than an investor in another type of investment fund. If yes, please provide a detailed explanation.
  - b. Please comment on whether scholarship plans will experience any unique challenges in preparing this information for a Fund Report. If so, describe the challenges in detail and explain whether there are any ways through which scholarship plans can address those challenges.
12. **Other Material Information.** The Proposed Form 81-106A includes a section entitled “Other Material Information” (see Item 13 of Part B of the Proposed Form 81-106A). A similar section is also present in the Current Form 81-106F1 (see Item 6 of Part B of the Current Form 81-106F1). Please comment on whether there are alternative methods for presenting the information that might currently be placed in this section. When responding, please consider not only the disclosure requirements of the section itself but also any places in the Proposed Form 81-106A where cross-references to the Other Material Information section are a possibility (e.g. the Forward Looking Information section for supplementary disclosure an investment fund wishes to provide, and the Costs section for information on MER without waivers and absorptions – see Items 3 and 6, respectively, of Part A of the Proposed Form 81-106A).
13. **Designated Website Disclosure.** Under subsection 16.1.2(1) of NI 81-106, an investment fund must designate one qualifying website on which the fund intends to post disclosure as required by securities legislation. Please comment on whether any disclosure from the Fund Report should be removed and, instead, replaced with a requirement to place that disclosure on the designated website of an investment fund. If yes, please provide details regarding any challenges that an IFM might face with respect to such placement and comment on whether such disclosure should be subject to a separate filing requirement.
14. **Cross-References to Designated Website.** The Proposed Form 81-106A includes several cross references to information that may be available on the designated website of an investment fund (see Item 5 of Part A of the Proposed Form 81-106A which references Quarterly Portfolio Disclosure, and Item 7 of Part A of the Proposed Form 81-106A which references performance information where it is available). Please comment on whether any other information that is, or may be, disclosed on the designated website of an investment fund, should also be cross-referenced in the Fund Report.
15. **Modifications for Specific Investment Funds.** The Proposed Form 81-106A has been prepared in such a way that it will be applicable to all types of reporting issuer investment funds, with modifications for scholarship plans where appropriate (see Item 9 of Part A of Form 81-106F1). This mirrors the approach taken in the Current Form 81-106F1. Please comment on whether any additional modifications to the Proposed Form 81-106A are required for certain types of investment funds. We are particularly interested in types of investment funds that are less commonly held than conventional mutual funds and ETFs. Identify specific situations where additional instructions would be beneficial, as well as sample instruction language. Please also comment on whether any proposals would create concerns around maintaining a Fund Report that is easy to read and understand, as well as easy to use in making decisions.
16. **Additional Suggestions.** Please comment on whether the content and format of the Fund Report can be further enhanced to support the needs of investors and other stakeholders, to the extent such comments have not already been provided as part of responses to earlier questions. Please support any comments with reference to findings in the Investor Testing Report or other applicable research. Where other research is referenced, please provide citations.
17. **Investor Education.** The CSA wants to ensure that investors understand why the MRFP is being replaced with the Fund Report. The CSA also wants to ensure that investors understand the new features and content within

the document. Several avenues are being considered to achieve these aims, including a digital campaign and an annotated Fund Report.

- a. Please comment on whether these types of educational tools would be sufficient to support investor understanding of the Fund Report. If not, please provide detailed suggestions regarding additional measures that the CSA should consider.
- b. Please comment on how IFMs and investment fund dealers can play a role in supporting efforts to help investors understand the Fund Report. Please also comment on how the CSA can facilitate IFM and dealer efforts in this regard.

#### **Workstream Two - Conflicts**

18. **Additional Disclosure Elements.** The Proposed Form 81-107A will serve as a new, standardized form to be used for the filing of related party transaction reports under subsections 6.2(2), 6.3(3) and 6.4(2) of NI 81-107. The types of transactions to which the Proposed Form 81-107A applies, include purchases by an investment fund but not transactions where the investment fund took part in the sale of securities. Please comment on whether any stakeholders would be disadvantaged by sale information being left out of the Proposed Form 81-107A. If any stakeholders are identified, please provide details on how they would use the sale information, if provided.

#### **Workstream Three - Financial Statements**

19. **Stakeholders that would Benefit from Maintaining Disclosure.** As part of the Proposed Amendments for this Workstream, we are proposing to eliminate certain class- or series-level disclosure requirements under Part 3 of NI 81-106 that are not required by IFRS. Please comment on whether any stakeholders would benefit from these disclosure requirements remaining in place. If any stakeholders are identified, please provide details on how they currently use such information and comment on whether any alternative sources of information are available.

#### **Additional Initiative - Implementation of Fund Expense Ratio into Fund Facts and ETF Facts**

20. **Timing Considerations.** The Proposed Amendments implement the FER into the Fund Facts and ETF Facts, namely the “Quick facts” and the “How much does it cost?” sections of those documents. Please comment on whether there are any timing issues that should be considered with respect to the implementation of these Proposed Amendments, given that the TCR Project amendments are expected to come into effect on January 1, 2026, subject to certain transition periods. When commenting, please consider that the effective date of the amendments and changes being proposed as part of this initiative have not yet been finalized.

## ANNEX B-1

### PROPOSED AMENDMENT TO MULTILATERAL INSTRUMENT 11-103 *FAILURE-TO-FILE CEASE TRADE ORDERS IN MULTIPLE JURISDICTIONS*

1. *Multilateral Instrument 11-103 Failure-to-File Cease Trade Orders in Multiple Jurisdictions is amended by this Instrument.*
2. *Section 1 is amended in paragraph (c) of the definition of “specified default” by replacing “management report of fund performance” with “fund report”.*

#### Transition

3. Before [●+1 year and 9 months], if an investment fund that is a reporting issuer has not filed, within the time period prescribed, an annual or interim fund report or annual or interim management report of fund performance, the reference to “annual or interim fund report” in paragraph (c) of the definition of “specified default” in section 1 of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* must be read as a reference to “annual or interim fund report or annual or interim management report of fund performance”.

#### Effective Date

4. (1) This Instrument comes into force on [●].  
(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after [●], this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

ANNEX B-2

PROPOSED CHANGES TO  
NATIONAL POLICY 11-207 FAILURE-TO-FILE CEASE TRADE ORDERS AND REVOCATIONS IN MULTIPLE  
JURISDICTIONS

1. *National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions is changed by this Document.*
2. *Section 3 is changed by repealing the definition of “MRFP”.*
3. *Section 3 is changed by adding the following definition:*  
  
*“fund report” means a fund report as defined in National Instrument 81-106 Investment Fund Continuous Disclosure.*
4. *Section 24 is changed by replacing “MRFP” with “fund report”.*
5. *Section 25 is changed by replacing “MRFP” wherever it occurs with “fund report”.*
6. These changes become effective on [●].

ANNEX B-3

PROPOSED CHANGES TO  
NATIONAL POLICY 12-202 *REVOCAION OF CERTAIN CEASE TRADE ORDERS*

1. *National Policy 12-202 Revocation of Certain Cease Trade Orders is changed by this Document.*
2. *Section 2 is changed by repealing the definition of “MRFP”.*
3. *Section 2 is changed by adding the following definition:*

“fund report” means a fund report as defined in National Instrument 81-106 *Investment Fund Continuous Disclosure*.

4. *Section 6 is changed by replacing “MRFP” wherever it occurs with “fund report”.*
5. These changes become effective on [●].

**ANNEX B-4**

**PROPOSED CHANGE TO  
NATIONAL POLICY 12-203 MANAGEMENT CEASE TRADE ORDERS**

- 1. *National Policy 12-203 Management Cease Trade Orders is changed by this Document.***
- 2. *Section 2 is changed by replacing “MRFP” with “fund report” in the definition of “specified requirement”.***
- 3. This change becomes effective on [●].**

ANNEX B-5

PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. *National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.*
2. *Subsection 4.1(2) is amended by replacing “management reports of fund performance” with “fund reports”.*
3. *Section 4.4 is amended*
  - (a) *in subsection (1) by replacing “management report of fund performance” with “fund report”, and*
  - (b) *in subsection (2) by replacing “management report of fund performance” with “fund report”.*
4. *Appendix F is amended*
  - (a) *in subparagraph (ii) of paragraph (q) by replacing “management report of fund performance” with “fund report”, and*
  - (b) *in subparagraph (iii) of paragraph (r) by replacing “management report of fund performance” with “fund report”.*
5. *Form 41-101F2 Information Required in an Investment Fund Prospectus is amended*
  - (a) *in Item 1.15 by replacing “management report of fund performance” with “fund report” wherever it occurs,*
  - (b) *in subsection (4) of Item 3.6 by replacing “the most recently filed fund annual management report of fund performance” with “previously filed annual fund reports”,*
  - (c) *by replacing Item 9 with the following:*

**Item 9: — Fund Report**

**9.1 — Fund Report**

Unless the investment fund's most recently filed fund report is incorporated by reference under Item 37 or attached to the prospectus under Item 38, provide, under the heading "Fund Report", the disclosure required under Items 3 to 13 of Part A of Form 81-106A for the period covered by the financial statements required under Item 38.
  - (d) *in Item 11.1 by replacing “the most recently filed annual management report of fund performance” with “previously filed fund reports”,*
  - (e) *in Item 37.1 by replacing “management report of fund performance” with “fund report” wherever it occurs, and*
  - (f) *by replacing Item 38.3 with the following:*

**38.3 — Fund Reports**

Unless incorporated by reference under Item 37, include in the prospectus the most recently filed interim fund report, if filed after the most recently filed annual fund report and include the most recently filed annual fund report..



**6. Form 41-101F3 Information Required in a Scholarship Plan Prospectus is amended**

- (a) in subsection (1) of Item 4.1 of Part B by replacing “management report of fund performance” with “fund report”,**
- (b) in subsection (2) of Item 15.1 of Part B by replacing “management report of fund performance” with “fund report”, and**
- (c) in Item 11.1 of Part C by replacing “the most recently filed annual management report of fund performance” with “previously filed fund reports”.**

**7. Form 41-101F4 Information Required in an ETF Facts Document is amended**

- (a) in subsection (1) of Item 2 of Part I by replacing “Management expense ratio (MER)” with “Fund expense ratio (FER)” in the table,**
- (b) by replacing subsection (3) of the Instructions under Item 2 of Part I with the following:**
  - (3) Use the fund expense ratio (FER) determined by adding the management expense ratio (MER) disclosed in the most recently filed fund report for the ETF and the trading expense ratio (TER) disclosed in the most recently filed fund report for the ETF. The MER must be net of fee waivers or absorptions and, despite subsection 15.1(2) of National Instrument 81-106 *Investment Fund Continuous Disclosure*, need not include any additional disclosure about the waivers or absorptions. For a newly established ETF that has not yet filed a fund report, state that the MER is not available because it is a new ETF.,
- (c) in subsection (9) of the Instructions under Item 3 of Part I by replacing “filed management report of fund performance” with “prepared quarterly portfolio disclosure”,**
- (d) in subsection (11) of the Instructions under Item 3 of Part I by replacing “management report of fund performance” with “quarterly portfolio disclosure”,**
- (e) in subsection (2) of Item 1.3 of Part II by replacing “management report of fund performance” with “fund report” and “ETF expenses” on the left side of the table with “Fund expense ratio (FER)”,**
- (f) in subsection (3) of Item 1.3 of Part II by replacing “management report of fund performance” with “fund report” and “ETF’s expenses were” with “ETF’s FER was”,**
- (g) in subsection (4) of Item 1.3 of Part II by replacing “management report of fund performance” with “fund report”,**
- (h) by replacing subsection (2) of the Instructions under Item 1.3 of Part II with the following:**
  - (2) Use the management expense ratio (MER) disclosed in the most recently filed fund report for the ETF. The MER must be net of fee waivers or absorptions and, despite subsection 15.1(2) of National Instrument 81-106 *Investment Fund Continuous Disclosure*, need not include any additional disclosure about the waivers or absorptions. For a newly established ETF that has not yet filed a fund report, state that the MER is not available because it is a new ETF. If applicable, include a reference to any fixed administration fees in the management expense ratio description required in the table under Item 1.3(2) of Part II of this Form.,
- (i) by replacing subsection (3) of the Instructions under Item 1.3 of Part II with the following:**
  - (3) Use the trading expense ratio (TER) disclosed in the most recently filed fund report for the ETF.,
- (j) by replacing subsection (4) of the Instructions under Item 1.3 of Part II with the following:**

(4) Use the FER disclosed in Item 2 of Part I of this Form. Use a bold font or other formatting to indicate that the FER represents the total of all ongoing expenses set out in the chart and does not represent a separate expense charged to the ETF., **and**

**(k) in subsection (5) of the Instructions under Item 1.3 of Part II by replacing “management report of fund performance” with “fund report”.**

## Transition

8. Before [●+1 year and 9 months], if an investment fund has not filed an annual fund report and an interim fund report, the reference to “fund reports” in subsection 4.1(2) of National Instrument 41-101 *General Prospectus Requirements* must be read as a reference to “fund reports and management reports of fund performance”.
9. Before [●+1 year and 9 months], if an investment fund has not filed an annual fund report and an interim fund report, a reference to “fund report” in subsections 4.4(1) and subsection 4.4(2) of National Instrument 41-101 *General Prospectus Requirements* must be read as a reference to “fund report or management report of fund performance, as applicable”.
10. Before [●+1 year and 9 months], if an investment fund has not filed an annual fund report or interim fund report, a reference to “fund report” in subparagraph (q)(ii) or subparagraph (r)(iii) in Appendix F of National Instrument 41-101 *General Prospectus Requirements* must be read as a reference to “management report of fund performance”.
11. Before [●+1 year and 9 months], if an investment fund has not filed an annual fund report, a reference to “annual fund report” in Item 1.15 of Form 41-101F2 *Information Required in an Investment Fund Prospectus* must be read as a reference to “annual management report of fund performance”.
12. Before [●+1 year and 9 months], if an investment fund has not filed an interim fund report, a reference to “interim fund report” in Item 1.15 of Form 41-101F2 *Information Required in an Investment Fund Prospectus* must be read as a reference to “interim management report of fund performance”.
13. Before [●+6 years], if an investment fund has not filed 5 annual fund reports, a reference to “previously filed annual fund reports” in subsection 3.6(4) of Form 41-101F2 *Information Required in an Investment Fund Prospectus* must be read as a reference to “the most recently filed annual management report of fund performance” or “previously filed annual fund reports and the most recently filed annual management report of fund performance”, as applicable.
14. Before [●+9 months], if an investment fund has not filed a fund report, Item 9 of Form 41-101F2 *Information Required in an Investment Fund Prospectus* must be read as the following:

### ITEM 9: MANAGEMENT DISCUSSION OF FUND PERFORMANCE

#### 9.1 Management Discussion of Fund Performance

Unless the investment fund's most recently filed management report of fund performance is incorporated by reference under Item 37 or attached to the prospectus under Item 38, provide, under the heading “Management Discussion of Fund Performance”, management’s discussion of fund performance in accordance with sections 2.3, 2.4, 2.5, 3, 4, 5 and 6 of Part B of Form 81-106F1 as it was in force on [●-1], for the period covered by the financial statements required under Item 38.

15. Before [●+5 years and 9 months], if an investment fund has not filed 5 annual fund reports, a reference to “previously filed annual fund reports” in Item 11.1 of Form 41-101F2 *Information Required in an Investment Fund Prospectus* must be read as a reference to “the most recently filed annual management report of fund performance” or “previously filed annual fund reports and the most recently filed annual management report of fund performance”, as applicable.

16. Before [●+1 year and 9 months], if an investment fund has not filed an annual fund report, a reference to “annual fund report” in Item 37.1 of Form 41-101F2 *Information Required in an Investment Fund Prospectus* must be read as a reference to “annual management report of fund performance”.
17. Before [●+1 year and 9 months], if an investment fund has not filed an interim fund report, a reference to “interim fund report” in Item 37.1 of Form 41-101F2 *Information Required in an Investment Fund Prospectus* must be read as a reference to “interim management report of fund performance”.
18. Before [●+1 year and 9 months], if an investment fund filed an interim fund report after the most recently filed annual management report of fund performance, Item 38.3 of Form 41-101F2 *Information Required in an Investment Fund Prospectus* must be read as the following:

**38.3 Fund Report and Management Report of Fund Performance**

Unless incorporated by reference under Item 37, include in the prospectus the most recently filed interim fund report, if filed after the most recently filed annual management report of fund performance and include the most recently filed annual management report of fund performance.

19. Before [●+1 year and 9 months], if a scholarship plan has not filed an annual fund report, a reference to “annual fund report” in subsections 4.1(1) and 15.1(2) of Part B of Form 41-101F3 *Information Required in a Scholarship Plan Prospectus* must be read as a reference to “annual management report of fund performance”.
20. Before [●+5 years and 9 months], if a scholarship plan has not filed 5 annual fund reports, a reference to “previously filed fund reports” in item 11.1 of Part C of Form 41-101F3 *Information Required in a Scholarship Plan Prospectus* must be read as a reference to “the most recently filed annual management report of fund performance” or “the most recently filed annual management report of fund performance and previously filed annual fund reports”, as applicable.
21. Before [●+1 year and 3 months], if an ETF has not filed a fund report, the first reference to “fund report” in subsection (3) of the Instructions under Item 2 of Part I of Form 41-101F4 *Information Required in an ETF Facts Document* must be read as a reference to “management report of fund performance”.
22. Before [●+1 year and 3 months], if an ETF has not filed a fund report, the second reference to “fund report” in subsection (3) of the Instructions under Item 2 of Part I of Form 41-101F4 *Information Required in an ETF Facts Document* must be read as a reference to “management report of fund performance”.
23. Before [●+9 months], if an ETF has not filed a fund report or a management report of fund performance, the third reference to “fund report” in subsection (3) of the Instructions under Item 2 of Part I of Form 41-101F4 *Information Required in an ETF Facts Document* must be read as a reference to “fund report or a management report of fund performance”.
24. Before [●+1 year], if an ETF invests substantially all of its assets directly or indirectly (through the use of derivatives) in securities of one other mutual fund, the other mutual fund has not prepared a fund report and the other mutual fund’s most recently filed management report of fund performance was filed after the other mutual fund’s most recent quarterly portfolio disclosure was prepared, the reference to “prepared quarterly portfolio disclosure” in subsection (9) of the Instructions under Item 3 of Part I of Form 41-101F4 *Information Required in an ETF Facts Document* must be read as a reference to “filed management report of fund performance”.
25. Before [●+1 year], if the disclosure relating to the investment portfolio subgroup breakdown of an ETF contained in the ETF’s management report of fund performance is more recent than the disclosure relating to the investment portfolio subgroup breakdown of the ETF contained in its quarterly portfolio disclosure, the reference to “quarterly portfolio disclosure” in subsection (11) of the Instructions under Item 3 of Part I of Form 41-101F4 *Information Required in an ETF Facts Document* must be read as a reference to “management report of fund performance”.
26. Before [●+1 year and 3 months], if an ETF has not filed a fund report, the reference to “fund report” in subsections (2) and (3) of Item 1.3 of Part II of Form 41-101F4 *Information Required in an ETF Facts Document* must be read as a reference to “management report of fund performance”.

27. Before [●+1 year and 3 months], if an investment fund complies with Parts 4, 5, 6 and 7 of National Instrument 81-106 *Investment Fund Continuous Disclosure* as they were in force on [●-1], subsections (2) and (3) of Item 1.3 of Part II of Form 41-101F4 *Information Required in an ETF Facts Document* as amended by this Instrument do not apply to the investment fund.
28. Before [●+1 year and 3 months], if an ETF has not filed a fund report, the reference to “fund report” in subsection (4) of Item 1.3 of Part II of Form 41-101F4 *Information Required in an ETF Facts Document* must be read as a reference to “management report of fund performance”.
29. Before [●+1 year and 3 months], if an ETF has not filed a fund report, the reference to “fund report” in subsection (3) of the Instructions under Item 1.3 of Part II of Form 41-101F4 *Information Required in an ETF Facts Document* must be read as a reference to “management report of fund performance”.
30. Before [●+1 year and 3 months], if an investment fund complies with Parts 4, 5, 6 and 7 of National Instrument 81-106 *Investment Fund Continuous Disclosure* as they were in force on [●-1], the following provisions of Form 41-101F4 *Information Required in an ETF Facts Document* as amended by this Instrument do not apply to the investment fund:
- (a) Item 2 of Part I;
  - (b) subsection (3) of the Instructions under Item 2 of Part I;
  - (c) subsections (2) and (3) of Item 1.3 of Part II;
  - (d) subsections (2), (3) and (4) of the Instructions under Item 1.3 of Part II.
31. Before [●+1 year and 3 months], if an ETF has not filed a fund report, the reference to “fund report” in subsection (5) of the Instructions under Item 1.3 of Part II of Form 41-101F4 *Information Required in an ETF Facts Document* must be read as a reference to “management report of fund performance”.

#### **Effective Date**

32. (1) This Instrument comes into force on [●].
- (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after [●], this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

ANNEX B-6

PROPOSED CHANGE TO  
COMPANION POLICY 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. *Companion Policy 41-101 General Prospectus Requirements is changed by this Document.*
2. *Subsection (6) of section 5A.3 is changed by replacing “management report of fund performance” with “fund report or prepares quarterly portfolio disclosure”.*
3. This change becomes effective on [●].

## ANNEX B-7

### PROPOSED AMENDMENT TO NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS*

1. *National Instrument 44-101 Short Form Prospectus Distributions is amended by this Instrument.*
2. *Section 1.1 is amended in the definition of “MD&A” by replacing “management report of fund performance” with “fund report”.*

#### Transition

3. Before [●+1 year and 9 months], if an investment fund has not filed an annual fund report and an interim fund report, the reference to “fund report” in the definition of “MD&A” in section 1.1 of National Instrument 44-101 *Short Form Prospectus Distributions* must be read as “management report of fund performance or annual or interim fund report”.

#### Effective Date

4. (1) This Instrument comes into force on [●].  
(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after [●], this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

ANNEX B-8

PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. *National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.*
2. *Section 3.1 is amended*
  - (a) *in Item 1.4 by replacing “management report of fund performance” wherever it occurs with “fund report”,*
  - (b) *in Item 4 by replacing “management report of fund performance” with “fund report”, and*
  - (c) *in Item 5 by replacing “management report of fund performance” wherever it occurs with “fund report”.*
3. *Section 3.1.3 is amended by replacing “management report of fund performance” with “fund report”.*
4. *Appendix A is amended*
  - (a) *in subparagraph (n)(ii) by replacing “management report of fund performance” with “fund report”, and*
  - (b) *in subparagraph (o)(iii) by replacing “management report of fund performance” with “fund report”.*
5. *Form 81-101F1 Contents of Simplified Prospectus is amended*
  - (a) *in subsection 1.1(4) of Part A by replacing “until receipts for this document are obtained by the mutual fund” with “until [a receipt/ receipts] for this document [is/are] obtained by the mutual fund”,*
  - (b) *in subsection 2.2(3) of Part A by deleting “a list of the mutual funds to which the simplified prospectus pertains and”,*
  - (c) *in Item 3 of Part A by replacing “management report of fund performance” wherever it occurs with “fund report”,*
  - (d) *in Item 12 of Part A by replacing “set by law in the applicable province or territory.” with “set by law in the applicable province or territory.”,*
  - (e) *by adding the following:*

**Item 19 — Part B Introduction**

(1) For a multiple SP in which the Part B sections are bound separately from the Part A section and any Part B section is bound separately from any other Part B section, at the option of the mutual fund, disclose under the heading “What Is a Mutual Fund and What Are the Risks of Investing in a Mutual Fund?” all of the following:

    - (a) a brief general description of the nature of a mutual fund;
    - (b) the risk factors and other investment considerations that an investor should take into account that are associated with investing in mutual funds generally.

(2) At a minimum, in response to the requirements of subsection (1), include disclosure in substantially the following words:



"Mutual funds own different types of investments, depending upon the fund's investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions and market and company news. As a result, the value of a mutual fund's [units/shares] may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.

[If applicable], The full amount of your investment in any [name of mutual fund family] mutual fund is not guaranteed.

Unlike bank accounts or GICs, mutual fund [units/shares] are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer."

(3) For a multiple SP in which the Part B sections are bound separately from the Part A section and any Part B section is bound separately from any other Part B section, at the option of the mutual fund, include any information that is applicable to more than one of the mutual funds, including for greater certainty, all of the following:

- (a) explanatory information;
- (b) risk factors;
- (c) investment considerations;
- (d) investment restrictions;
- (e) descriptions of the securities offered under the simplified prospectus;
- (f) details regarding the name, formation and history of the mutual fund.

(4) Any information included in an introductory section under subsection (3) may be omitted elsewhere in the Part B section of the document.

**INSTRUCTIONS:**

*(1) In providing disclosure under subsection (1), follow the instructions under Item 9 of Part B of this Form, as appropriate.*

*(2) Subsection (3) may be used to avoid the need for repetition of standard information in each Part B section of a multiple SP.*

*(3) Examples of explanatory information that may be disclosed under subsection (3) at the option of the mutual fund are*

*(a) definitions or explanations of terms used in each Part B section, such as "portfolio turnover rate" and "management expense ratio", and*

*(b) a discussion or explanation of the tables or charts that are required in each Part B section of the document.*

*(4) Examples of the risks that may be disclosed under subsection (3) at the option of the mutual fund are stock market risk, interest rate risk, foreign security risk, foreign currency risk, specialization risk and risk associated with the use of derivatives. If risk disclosure is provided under that subsection, the fund-specific disclosure about each mutual fund described in the document must contain a reference to the appropriate parts of this risk disclosure.*

*(5) A similar Item is contained in Item 2 of Part B of this Form. For a multiple SP in which the Part B sections are bound separately from the Part A section and any Part B section is bound separately from any other Part B section, a mutual fund organization may include this Item either at the end of the Part*

A section of the multiple SP, or at the beginning of the Part B section, at its option. In all other cases, this Item must be included at the beginning of the Part B section.,

**(f) after subsection (4) of the Instructions to Item 2 of Part B by adding the following:**

(5) A similar Item is contained in Item 19 of Part A of this Form. For a multiple SP in which the Part B sections are bound separately from the Part A section and any Part B section is bound separately from any other Part B section, a mutual fund organization may include this Item either at the end of the Part A section of the multiple SP, or at the beginning of the Part B section, at its option. In all other cases, this Item must be included at the beginning of the Part B section.,

**(g) in subsection (2) of Item 8 of Part B by replacing** “was formed and the date and manner of its formation” **with** “was formed, the date and manner of its formation and the date on which it started”, **and**

**(h) in subsection (2) of Item 12 of Part B by replacing** “management reports of fund performance” **with** “fund reports”.

**6. Form 81-101F2 Contents of Annual Information Form is amended in subsection (2) of Item 24 by replacing**

**(a)** “Fund[s]” **wherever it occurs with** “fund[s]”,

**(b)** “Fund[‘s/s’]” **with** “fund[‘s/s’]”, **and**

**(c)** “management reports of fund performance” **with** “fund reports”.

**7. Form 81-101F3 Contents of Fund Facts Document is amended**

**(a) in Item 2 of Part I by replacing** “Management expense ratio (MER):” **with** “Fund expense ratio (FER):” **in the table;**

**(b) by replacing subsection (3) of the Instructions under Item 2 of Part I with the following:**

(3) Use the sum of the management expense ratio (MER) and the trading expense ratio. Use the MER disclosed in the most recently filed fund report for the mutual fund. The MER must be net of fee waivers or absorptions and, despite subsection 15.1(2) of National Instrument 81-106 *Investment Fund Continuous Disclosure*, need not include any additional disclosure about the waivers or absorptions. For a newly established mutual fund that has not yet filed a fund report, state that the MER is not available because it is a new mutual fund. Use the trading expense ratio from the most recently filed fund report for the mutual fund.,

**(c) in subsection (9) of the Instructions under Item 3 of Part I by replacing** “filed management report of fund performance” **with** “prepared quarterly portfolio disclosure”,

**(d) in subsection (11) of the Instructions under Item 3 of Part I by replacing** “MRFP” **with** “quarterly portfolio disclosure”,

**(e) in subsection (2) of Item 1.3 of Part II by replacing** “management report of fund performance” **with** “fund report”,

**(f) in subsection (2) of Item 1.3 of Part II by replacing** “Fund expenses” **with** “Fund expense ratio (FER)” **in the table,**

**(g) in subsection (3) of Item 1.3 of Part II by replacing** “management report of fund performance” **with** “fund report”,

**(h) in subsection (3) of Item 1.3 of Part II by replacing** “fund’s expenses were” **with** “fund’s FER was”,

(i) **in subsection (4) of Item 1.3 of Part II by replacing “management report of fund performance” with “fund report”,**

(j) **by replacing subsection (2) of the Instructions under Item 1.3 of Part II with the following:**

(2) Use the expense management ratio (MER) disclosed in the most recently filed fund report for the mutual fund. The MER must be net of fee waivers or absorptions and, despite subsection 15.1(2) of National Instrument 81-106 *Investment Fund Continuous Disclosure*, need not include any additional disclosure about the waivers or absorptions. For a newly established mutual fund that has not yet filed a fund report, state that the MER is not available because it is a new mutual fund.

(k) **by replacing subsection (3) of the Instructions under Item 1.3 of Part II with the following:**

(3) Use the trading expense ratio (TER) from the most recently filed fund report for the mutual fund.  
, and

(l) **by replacing subsection (4) of the Instructions under Item 1.3 of Part II with the following:**

(4) Use the FER disclosed in Item 2 of Part I of this Form. Use a bold font or other formatting to indicate that the FER represents the total of all ongoing expenses set out in the chart and does not represent a separate expense charged to the mutual fund.  
, and

(m) **in subsection (5) of the Instructions under Item 1.3 of Part II by replacing “management report of fund performance” with “fund report”.**

## Transition

8. Before [●+1 year and 9 months], if a mutual fund has not filed an annual fund report, all of the following apply:
- (a) a reference to “annual fund report” in item 1.4 of section 3.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* must be read as a reference to “annual management report of fund performance” and the reference to “interim fund report” in Item 1.4 of section 3.1 of that Instrument must be read as a reference to “interim fund report or interim management report of fund performance”;
  - (b) a reference to “annual fund report” in Item 4 of section 3.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* must be read as a reference to “annual management report of fund performance”;
  - (c) a reference to “the most recently filed annual fund report” in Item 3 of Part A of Form 81-101F1 *Contents of a Simplified Prospectus* must be read as a reference to “the most recently filed annual management report of fund performance”.
9. Before [●+1 year and 9 months], if a mutual fund has not filed an interim fund report and has not filed an annual fund report, a reference to “interim fund report” in Item 3 of Part A of Form 81-101F1 *Contents of a Simplified Prospectus* must be read as a reference to “interim management report of fund performance” and a reference to “that annual fund report” must be read as a reference to “that annual management report of fund performance”.
10. Before [●+1 year and 3 months], if a mutual fund has not filed a fund report, all of the following apply:

- (a) a reference to “fund report” in subparagraphs (n)(ii) and (o)(iii) of Appendix A of of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* must be read as a reference to “management report of fund performance”;
  - (b) a reference to “fund reports” in subsection (2) of Item 12 of Part B of Form 81-101F1 *Contents of a Simplified Prospectus* must be read as a reference to “management reports of fund performance”;
  - (c) a reference to “fund reports” in subsection (2) of Item 24 of Form 81-101F2 *Contents of Annual Information Form* must be read as a reference to “management reports of fund performance”;
  - (d) the first reference to “fund report” in subsection (3) of the Instructions under Item 2 of Part I of Form 81-101F3 *Contents of Fund Facts Documents* must be read as a reference to “management report of fund performance”;
  - (e) the second reference to “fund report” in subsection (3) of the Instructions under Item 2 of Part I of Form 81-101F3 *Contents of Fund Facts Documents* must be read as a reference to “fund report or a management report of fund performance”;
  - (f) the third reference to “fund report” in subsection (3) of the Instructions under Item 2 of Part I of Form 81-101F3 *Contents of Fund Facts Documents* must be read as a reference to “management report of fund performance”;
  - (g) a reference to “fund report” in subsection (2) of Item 1.3 of Part II of Form 81-101F3 *Contents of Fund Facts Documents* must be read as a reference to “management report of fund performance”;
  - (h) a reference to “fund report” in subsection (3) of Item 1.3 of Part II of Form 81-101F3 *Contents of Fund Facts Documents* must be read as a reference to “management report of fund performance”;
  - (i) a reference to “fund report” in subsection (4) of Item 1.3 of Part II of Form 81-101F3 *Contents of Fund Facts Documents* must be read as a reference to “management report of fund performance”;
  - (j) a reference to “fund report” in subsection (3) of the Instructions under Item 1.3 of Part II of Form 81-101F3 *Contents of Fund Facts Documents* must be read as a reference to “management report of fund performance”;
  - (k) a reference to “fund report” in subsection (5) of the Instructions under Item 1.3 of Part II of Form 81-101F3 *Contents of Fund Facts Documents* must be read as a reference to “management report of fund performance”.
11. Before [● +1 year and 3 months], if a mutual fund has filed an interim management report of fund performance after the period to which an annual management report of fund performance incorporated by reference in the simplified prospectus pertains, a reference to “interim fund report” in Item 5 of section 3.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* must be read as a reference to “interim management report of fund performance”.
  12. Before [● +1 year and 3 months], if a mutual fund has incorporated a management report of fund performance by reference in the simplified prospectus, a reference to “fund report” in section 3.1.3 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* must be read as a reference to “fund report and management report of fund performance, as applicable”.
  13. Before [● +1 year and 2 months], if a mutual fund invests substantially all of its assets directly or indirectly (through the use of derivatives) in securities of one other mutual fund, the other mutual fund has not prepared a fund report, and the other mutual fund’s most recently filed management report of fund performance was filed after the fund’s most recent quarterly portfolio disclosure was prepared, the reference to “prepared quarterly portfolio disclosure” in subsection (9) of the Instructions under Item 3 of Part I of Form 81-101F3 *Contents of Fund Facts Documents* must be read as a reference to “filed management report of fund performance”.

14. Before [●+1 year and 2 months], if the disclosure relating to the investment portfolio subgroup breakdown of a mutual fund contained in the fund's management report of fund performance is more recent than the disclosure relating to the investment portfolio subgroup breakdown of the mutual fund contained in its quarterly portfolio disclosure, the reference to "quarterly portfolio disclosure" in subsection (11) of the Instructions under Item 3 of Part I of Form 81-101F3 *Contents of Fund Facts Documents* must be read as a reference to "management report of fund performance".
15. Before [●+1 year and 3 months], if an investment fund complies with Parts 4, 5, 6 and 7 of National Instrument 81-106 *Investment Fund Continuous Disclosure* as they were in force on [●-1], the following provisions of Form 81-101F3 *Contents of Fund Facts Documents* as amended by this Instrument do not apply to the investment fund:
  - (a) Item 2 of Part I;
  - (b) subsection (3) of the Instructions under Item 2 of Part I;
  - (c) subsections (2) and (3) of Item 1.3 of Part II;
  - (d) subsections (2), (3) and (4) of the Instructions under Item 1.3 of Part II.

**Effective Date**

16. (1) This Instrument comes into force on [●].
- (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after [●], this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

ANNEX B-9

PROPOSED CHANGES TO  
COMPANION POLICY 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. *Companion Policy 81-101 Mutual Fund Prospectus Disclosure is changed by this Document.*
2. *Subsection 2.1(3) is changed by replacing “management reports of fund performance” with “fund reports”.*
3. *The heading to section 2.4 is changed by replacing “Management Reports of Fund Performance” with “Fund Reports”.*
4. *Section 2.4 is changed by replacing*
  - (a) *“management report of fund performance” wherever it occurs with “fund report”,*
  - (b) *“management report” with “fund report”, and*
  - (c) *“management reports of fund performance” wherever it occurs with “fund reports”.*
5. *Section 2.7(2.1) is changed by replacing “management report of fund performance” with “fund report”.*
6. These changes become effective on [●].

## ANNEX B-10

### PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

1. *National Instrument 81-102 Investment Funds is amended by this Instrument.*
2. *Section 1.1 is amended*
  - (a) *in the definition of “report to securityholders” by replacing “management report of fund performance” with “fund report”, and*
  - (b) *in the definition of “sales communication” by replacing “management report of fund performance” with “fund report”.*
3. *Subsection 2.1(5) is amended by replacing “subsection (5) of Item 6 and subsection (5) of Item 9 of Part B” with “subsection (5) of Item 4 and subsection (7) of Item 9 of Part B”.*
4. *Subclause 5.6(1)(f)(iii)(A)(V) is amended by replacing “management reports of fund performance” with “fund reports”.*
5. *The table in Appendix E is deleted and replaced by the following:*

Jurisdiction	Securities Legislation Reference
Alberta	Paragraphs 191(1)(a), 191(1)(c) and 191(1)(d) of the <i>Securities Act</i> (Alberta)
British Columbia	Paragraphs 9(a), 9(c) and 9(d) of BC Instrument 81-513 <i>Self-Dealing</i>
New Brunswick	Paragraphs 143(1)(a), 143(1)(c) and 143(1)(d) of the <i>Securities Act</i> (New Brunswick)
Newfoundland and Labrador	Paragraphs 118(1)(a), 118(1)(c) and 118(1)(d) of the <i>Securities Act</i> (Newfoundland and Labrador)
Nova Scotia	Paragraphs 125(1)(a), 125(1)(c) and 125(1)(d) of the <i>Securities Act</i> (Nova Scotia)
Ontario	Items 117(1)1, 117(1)3 and 117(1)4 of the <i>Securities Act</i> (Ontario)
Saskatchewan	Paragraphs 126(1)(a), 126(1)(c) and 126(1)(d) of <i>The Securities Act, 1988</i> (Saskatchewan)

#### Transition

6. Before [●+1 year and 9 months], if an investment fund has not filed an annual fund report and an interim fund report, the reference to “annual or interim fund report” in the definitions of “report to securityholders” and “sales communication” in section 1.1 of National Instrument 81-102 *Investment Funds* must be read as a reference to “annual or interim fund report or management report of fund performance”.
7. Before [● +1 year and 9 months], if an investment fund has not filed an annual fund report and an interim fund report, the reference to “annual and interim fund reports” in subclause 5.6(1)(f)(iii)(A)(V) of National Instrument 81-102 *Investment Funds* must be read as a reference to “annual and interim fund reports or management reports of fund performance”.

#### Effective Date

8. (1) This Instrument comes into force on [●].



- (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after [●], this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

ANNEX B-11

PROPOSED CHANGES TO  
COMPANION POLICY 81-102 *INVESTMENT FUNDS*

1. *Companion Policy 81-102 Investment Funds is changed by this Document.*
2. *Subsection 13.1(5) is changed by replacing “management report of fund performance” with “fund report”.*
3. *Subsection 13.2(1.1) is changed by replacing “management report of fund performance” with “fund report”.*
4. These changes become effective on [●].

ANNEX B-12

PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. *National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.*
2. *Section 1.1 is amended*
  - (a) *by adding the following definition:*

“annual fund report” means a document prepared in accordance with Part A of Form 81-106A *Contents of Annual and Interim Fund Report*;
  - (b) *by repealing the definition of “annual management report of fund performance”;*
  - (c) *by adding the following definition:*

“fund report” means an annual fund report or an interim fund report, as applicable;
  - (d) *by adding the following definition:*

“interim fund report” means a document prepared in accordance with Part B of Form 81-106A *Contents of Annual and Interim Fund Report*;
  - (e) *by repealing the definition of “interim management report of fund performance”, and*
  - (f) *by repealing the definition of “management report of fund performance”.*
3. *Section 3.2 is amended*
  - (a) *in Item 18 by deleting “, and, if applicable, for each class or series”, and*
  - (b) *by repealing Item 19.*
4. *Section 3.3 is amended by deleting “for each class or series.”.*
5. *Subsection 3.6(1) is amended in Item 2 by repealing paragraph (c).*
6. *Subsection 3.6(2) is amended by replacing “management report of fund performance pertain” with “fund report pertain”.*
7. *Part 4 is amended in the title by replacing “Management Reports of Fund Performance” with “Fund Reports”.*
8. *Section 4.2 is amended in the heading by replacing “Management Reports of Fund Performance” with “Fund Reports”.*
9. *Section 4.2 is amended by replacing “management report of fund performance” wherever it occurs with “fund report”.*
10. *Section 4.3 is amended in the heading by replacing “Management Report of Fund Performance” with “Fund Report”.*
11. *Section 4.3 is amended by replacing “management report of fund performance” with “fund report”.*

12. **Section 4.4 is amended in the heading by replacing** “Management Reports of Fund Performance” **with** “Fund Reports”.
13. **Section 4.4 is amended by replacing** “management report of fund performance” **wherever it occurs with** “fund report”.
14. **Section 4.5 is amended in the heading by replacing** “Management Reports of Fund Performance” **with** “Fund Reports”.
15. **Section 4.5 is amended**
  - (a) **in subsection (1) by replacing** “management report of fund performance” **with** “fund report”, **and**
  - (b) **in subsection (2) by replacing** “management report of fund performance” **with** “fund report”.
16. **Part 5 is amended in the title by replacing** “Management Reports of Fund Performance” **with** “Fund Reports”.
17. **Subsection 5.1(2) is amended by replacing** “management report of fund performance” **wherever it occurs with** “fund report”.
18. **Subsection 5.4(4) is amended by replacing** “management report of fund performance” **wherever it occurs with** “fund report”.
19. **Subsection 6.2(1) is replaced with the following:**
  - (1) An investment fund must prepare quarterly portfolio disclosure in accordance with Form 81-106B *Contents of Quarterly Portfolio Disclosure*, for each of the following:
    - (a) in the case of a financial year that is not a transition year, each period of at least three months that ends three, six, nine or twelve months before the end of a financial year of the investment fund;
    - (b) in the case of a financial year that is a transition year, each period commencing on the first day of the transition year and ending on the last day of the following periods after the end of its old financial year, as applicable:
      - (i) three months;
      - (ii) six months;
      - (iii) nine months;
      - (iv) twelve months;
      - (v) if a transition year does not end on the last day of a period referred to in subparagraphs (i) to (iv), the transition year..
20. **Section 7.1 is amended in the heading by replacing** “Management Reports of Fund Performance” **with** “Fund Reports”.
21. **Subsection 7.1(3) is amended by replacing** “management report of fund performance” **wherever it occurs with** “fund report”.
22. **Section 7.2 is amended by replacing** “management reports of fund performance” **wherever it occurs with** “fund reports”.
23. **Subsection 9.4(2.2) is amended in paragraph (f) by replacing**

- (a) "Fund[s]" **wherever it occurs with** "fund[s]",
- (b) "Fund['s/s]" **with** "fund['s/s]", **and**
- (c) "management reports of fund performance" **with** "fund reports".

**24. Form 81-106F1 Contents of Annual and Interim Management Report of Fund Performance is replaced with:**

**FORM 81-106A  
CONTENTS OF ANNUAL AND INTERIM FUND REPORT**

**GENERAL INSTRUCTIONS**

*Form*

- (1) *An annual or interim fund report for an investment fund must include the disclosure required in this Form. Instructions for providing this disclosure are in italic type.*
- (2) *Terms used and not defined in this Form that are defined in National Instrument 81-101 Mutual Fund Prospectus Disclosure, National Instrument 81-102 Investment Funds, National Instrument 81-105 Mutual Fund Sales Practices and National Instrument 81-106 Investment Fund Continuous Disclosure have the same meanings as in those Instruments.*

*Responses*

- (3) *An annual and interim fund report must state the required information concisely and in plain language.*
- (4) *Responses must be as simple and direct as is reasonably possible and include only as much information as is necessary for readers to understand the matters for which disclosure is being provided.*
- (5) *An annual or interim fund report must contain only the disclosure that is required or permitted under this Form.*
- (6) *All applicable items in this Form must be responded to.*
- (7) *Omit from Items answers that are not applicable or respond to them with the words "not applicable", unless otherwise required under this Form.*
- (8) *An annual or interim fund report must only include material information which, for greater certainty, includes information that would likely influence or change a reasonable investor's decision to buy, sell or hold securities of an investment fund if the information was omitted or misstated.*

*Presentation*

- (9) *An annual or interim fund report must be prepared in a font that is legible and on letter-size paper. If a prepared annual or interim fund report is made available online, the information in the report must be presented in a way that enables that information to be printed in a readable format.*
- (10) *Each Item in an annual or interim fund report must be presented in the order and under the heading or sub-heading stipulated in this Form, with adjustments made in the case of scholarship plans with respect to headings specific to those types of investment funds. Except as set out under Part B of this Form, the headings for an interim fund report must be the same as the headings for an annual fund report.*
- (11) *If an annual or interim fund report contains design elements including, for greater certainty, graphics, photos or artwork, the elements must not detract from the information disclosed in the document.*

### *Forward-looking Information*

(12) Any forward-looking information must contain all of the following:

- (a) a statement that the information is forward-looking;
- (b) a description of the factors that may cause actual results to differ materially from the forward-looking information;
- (c) material assumptions;
- (d) appropriate risk disclosure; and
- (e) appropriate cautionary language.

(13) Any forward-looking information that is disclosed for a prior period that, in light of intervening events and absent further explanations, may be misleading, must be discussed in the same section as the information that was disclosed for that prior period.

## **PART A – CONTENT REQUIREMENTS FOR AN ANNUAL FUND REPORT**

### **Item 1 – Heading**

Include all of the following in a heading at the top of the first page:

- (a) the title “Annual Fund Report (for the 12-month period ended [insert date of end of financial year])”;
- (b) the name of the manager of the investment fund;
- (c) the name of the investment fund to which the fund report pertains;
- (d) the designated website address of the investment fund;
- (e) the text “Preparation Date: [insert date of preparation of the fund report]”.

### **Item 2 – Purpose and Content**

Include the heading “Purpose and Content” and under that heading, include a statement substantially similar to the following:

“This Annual Fund Report contains important information about your fund. Use this report and speak with your representative to assess whether your fund continues to be right for you. This document is intended for investors of all backgrounds and levels of investment experience. It includes the following information about your fund:

1. Investment Objectives and Strategies
2. Portfolio Holdings
3. Costs
4. Performance
5. Statistics
6. Risk Profile

7. Liquidity Profile
8. Borrowing and Leverage
9. Other Material Information
10. Additional Resources.”

**INSTRUCTIONS**

- (1) *State the second sentence in the statement above in bold type.*
- (2) *Modify the numbering of the list of information referred to in this Item to reflect information that is included or omitted from the fund report.*

**Item 3 – Forward Looking Information**

Include the heading “Important” and beside or under that heading, include a statement substantially similar to the following:

“This Annual Fund Report may contain forward-looking statements that reflect current forecasts of future events. Due to many factors, such as [insert examples applicable in the case of the investment fund], actual events may differ materially from those expressed in, or implied by, these forward-looking statements. Do not overly rely on forward-looking statements to make investment decisions.”

**INSTRUCTIONS**

*Include additional general risk disclosure and cautionary language under Item 13 if the disclosure and language are not included under this Item and provide in this Item a cross-reference to that disclosure and language.*

**Item 4 – Investment Objectives and Investment Strategies**

Include the heading “Investment Objectives and Investment Strategies” and beside or under that heading, provide the disclosure in the form of the following table:

<b>Summary of fund’s investment objectives and investment strategies</b>	<b>Fund’s satisfaction of its investment objectives and use of investment strategies during the last 12 months</b>	<b>Factors that may impact the fund’s satisfaction of its investment objectives and use of investment strategies going forward</b>
<i>(see Instruction (1))</i>	<i>(see Instruction (2))</i>	<i>(see Instruction (3))</i>

**INSTRUCTIONS**

- (1) *Include a brief description of the fundamental nature or fundamental features of the investment fund that distinguish the investment fund from other investment funds.*
- (2) *Include a brief summary of the investment fund manager’s assessment of the investment fund’s success in respect of achieving its investment objectives and using its investment strategies to achieve those investment objectives during the 12-month period covered by the annual fund report. For greater certainty, include a discussion of any of the following that apply:*
  - (a) *key quantitative or qualitative metrics identified in the investment objectives or investment strategies of the investment fund;*
  - (b) *key quantitative metrics used by the investment fund manager to assess whether the investment fund has satisfied the stated ESG-related aspects of the investment objectives of the investment fund;*

- (c) *key quantitative metrics used by the investment fund manager to assess whether the investment fund has satisfied the stated ESG-related criteria for the investment strategies of the investment fund;*
  - (d) *how the investment fund's use of proxy voting, shareholder engagement and issuer engagement, as applicable, as principal investment strategies satisfied the stated ESG-related aspects of the investment fund's investment objectives or the stated ESG-related criteria for the investment strategies;*
  - (e) *how significant changes made to the composition of the investment portfolio of the investment fund align with the stated ESG-related aspects of the investment fund's investment objectives or the stated ESG-related criteria for the investment strategies.*
- (3) *Include a brief description of any of the following factors that the investment fund manager considers reasonably likely to materially impact the ability of the investment fund to satisfy its investment objectives and investment strategies going forward:*
- (a) *events;*
  - (b) *decisions;*
  - (c) *circumstances;*
  - (d) *opportunities;*
  - (e) *risks.*

**Item 5 – Portfolio Holdings**

Include the heading “Portfolio Holdings” and under that heading,

- (a) include disclosure in the form of the following table:

<b>Increased exposure</b>	<b>Decreased exposure</b>
<i>(see Instruction (1))</i>	<i>(see Instruction (2))</i>

- (b) include the sub-heading “More Information:”, and
- (c) include under the sub-heading referred to in paragraph (b) a statement substantially similar to the following:

“See the designated website for the fund’s Quarterly Portfolio Disclosure.

More detailed portfolio holdings information is available in the financial statements for the fund, in particular the Statement of Investment Portfolio.”.

**INSTRUCTIONS**

- (1) *Include a brief description of issuers, geographic locations or industry segments that the investment fund materially increased its investment portfolio exposure to during the period covered by the annual fund report using examples if necessary. If the investment fund did not materially increase its investment portfolio exposure to any issuers, geographic locations or industry segments during the period, include a statement substantially similar to the following:*

*“The investment fund did not materially increase its exposure to any issuers, geographic locations or industry segments.”*

- (2) *Include a brief description of issuers, geographic locations or industry segments that the investment fund materially decreased its investment portfolio exposure to during the period covered by the annual fund report using examples if necessary. If the investment fund did not materially decrease its investment portfolio exposure*



to any issuers, geographic locations or industry segments during the period, include a statement substantially similar to the following:

*“The investment fund did not materially decrease its exposure to any issuers, geographic locations or industry segments.”*

### Item 6 – Costs

Include the heading “Costs (information is provided as of [insert date of the end of the financial year for which the report was prepared])” and under that heading,

(a) if the summary is significantly shorter than the disclosure referred to in paragraph (c), include in a text box all of the following:

- (i) the sub-heading “Summary:”;
- (ii) under the sub-heading referred to in subparagraph (i), a brief summary of the information required to be presented in paragraph (c) and if the FER of any class or series of the investment fund increased from the previous financial year, the amount of the increase,

(b) include in a text box all of the following:

- (i) the sub-heading “Did you know...”;
- (ii) under the sub-heading in subparagraph (i), a statement substantially similar to the following:

“A fund’s management expense ratio (“MER”) is the total of the fund’s management fee (which includes the trailing commission) and operating expenses.

A fund’s trading expense ratio (“TER”) represents the fund’s trading costs.

Fund expenses reduce the return on your investment.

A fund expense ratio (“FER”) is the total of the fund’s MER and TER.

Each investment fund can have different classes or series of securities and each class or series can have different costs and therefore different returns — make sure you know which class or series you hold.”, and

(c) include disclosure in the form of the following table:

<b>For the year ended [insert date of end of financial year]</b>	<b>Management expense ratio (%)</b>	<b>Trading expense ratio (%)</b>	<b>Fund expense ratio (%)</b>	<b>Fund expenses (\$) per \$1000 invested</b>
[Class or series]	(see Instructions (9) to (11))	(see Instruction (12))	(see Instruction (13))	(see Instruction (14))

### INSTRUCTIONS

- (1) Modify the table as necessary if the investment fund is a corporate investment fund.
- (2) Show costs individually for each class or series of securities if the fund has more than one class or more than one series of securities.
- (3) Round percentage amounts to 2 decimal places.

- (4) *Round dollar amounts to the nearest dollar.*
- (5) *Calculate per unit or share values on the basis of the weighted average number of units or shares outstanding during the financial year.*
- (6) *Provide the information required under this Item for the most recently completed financial year of the investment fund for which audited financial statements have been filed.*
- (7) *Derive the costs from the investment fund's financial statements prepared in accordance with subsection 2.6(2) of National Instrument 81-106 Investment Fund Continuous Disclosure.*
- (8) *If the investment fund has merged with another investment fund during the financial year for which the report was prepared, include in the table only the financial information of the continuing investment fund.*
- (9) *Calculate the management expense ratio of the investment fund as required under Part 15 of National Instrument 81-106 Investment Fund Continuous Disclosure.*
- (10) *If the investment fund manager or portfolio adviser waived or absorbed any fees and expenses otherwise payable by the investment fund, calculate the management expense ratio of the investment fund without any waivers or absorptions, as required under Part 15 of National Instrument 81-106 Investment Fund Continuous Disclosure. Provide the management expense ratio without waivers or absorptions under Item 13 of this Part. Insert a footnote in the table referred to in this Item cross-referencing the disclosure of the management expense ratio without any waiver or absorption in the Other Material Information section. The disclosure under Item 13 of this Part must include a statement that the investment fund manager or portfolio adviser waived or absorbed some of the fund's expenses and that the management expense ratio would have been higher had the manager not done so.*
- (11) *If all of the following apply, disclose any impact on the investment fund's management expense ratio in a note to the table referred to in this Item:*
  - (a) *the investment fund*
    - (i) *changed, or proposed to change, the basis of the calculation of the management fees or other fees, charges or expenses that are charged to the investment fund, or;*
    - (ii) *introduced or proposed to introduce a new fee;*
  - (b) *the change or proposed change referred to in paragraph (a) would have had an effect on the management expense ratio for the last completed financial year of the investment fund if the change had been in effect throughout that financial year.*
- (12) *Calculate the trading expense ratio by dividing the total commissions and other portfolio transaction costs disclosed in the statement of operations by the same denominator used to calculate the management expense ratio. If an investment fund invests in securities of other investment funds, calculate the trading expense ratio using the methodology for the calculation of the management expense ratio under section 15.2 of National Instrument 81-106 Investment Fund Continuous Disclosure, making reasonable assumptions or estimates when necessary.*
- (13) *The amount disclosed for the fund expense ratio must be the total of the management expense ratio and the trading expense ratio. State in bold type that the fund expense ratio represents the total of all ongoing expenses set out in the table referred to in this Item and does not represent a separate expense charged to the investment fund.*
- (14) *Provide the dollar amount of the ongoing expenses of the fund for each \$1000 investment by multiplying the fund expense ratio for each class or series of security of the investment fund by \$1000.*

**Item 7 – Performance**

Include the heading “Performance” and under that heading,

- (a) if the summary is significantly shorter than the disclosure referred to in paragraphs (d), (e) and (f), include in a text box all of the following:

- (i) the sub-heading “Summary:”;
- (ii) under the sub-heading referred to in subparagraph (i), a brief summary of the information required to be presented in paragraphs (d), (e) and (f),

- (b) include in a text box all of the following:

- (i) the sub-heading “Did you know...”;
- (ii) under the sub-heading referred to in subparagraph (i), a statement substantially similar to the following:

“A benchmark is typically a market or sector index against which the performance of an investment fund can be measured. By comparing a fund to an appropriate benchmark, you can see how the investments held by the fund performed compared to the market or sector in general.”

- (c) include in a text box all of the following:

- (i) the sub-heading “Important:”;
- (ii) under the sub-heading referred to in subparagraph (i), if applicable in each case, statements substantially similar to the following:

“Performance of the [class/series] of securities that you hold may not be presented in this Fund Report. Information is only presented in respect of [insert disclosure required under instruction (3)].

Returns provided are after expenses have been deducted. These expenses reduce the fund’s returns and they negatively compound over time since the money used to pay expenses is not able to grow.

Past performance of the fund does not necessarily indicate how the fund will perform in the future. For example, strong past performance may not be repeated.

The benchmark[s] of the fund [is/are] the [insert disclosure required under instruction (5)]. The [insert the name of each benchmark of the investment fund and a brief description of each benchmark of the investment fund].”

- (d) include disclosure in the form of the following table:

<b>Performance against benchmark[s]</b>	<b>Contributors to performance</b>	<b>Detractors from performance</b>
<i>(see Instruction (6))</i>	<i>(see Instruction (7))</i>	<i>(see Instruction (8))</i>

- (e) under the sub-heading “Year-by-Year Returns”

- (i) include in a text box all of the following:
  - (A) the sub-heading “How to Read This Information:”;

- (B) under the sub-heading referred to in clause (A), a statement substantially similar to the following:

“The following bar chart shows the fund’s annual performance for each of the financial years shown.”,

- (ii) if an investment fund has completed at least one financial year, include a bar chart that shows the annual total return of the following classes or series of securities of the investment fund:

- (A) the class or series of securities of the investment fund that has the highest management fee;

- (B) if applicable, any class or series of securities of the investment fund that is not referred to in clause (A) and for which annual total return would vary based on an aspect other than management fees,

- (iii) for the purposes of preparing the disclosure required under subparagraph (ii), include the annual total returns of the investment fund in chronological order by financial year with the most recent financial year on the right of the bar chart, for the lesser of the following:

- (A) each of the 10 most recently completed financial years;

- (B) each of the completed financial years for which the investment fund was in existence and was a reporting issuer,

- (iv) if an investment fund has not completed a financial year, state the following:

“This section tells you how [insert name of class/series of securities described in the Fund Report] [units/shares] of the fund have performed in past financial years. However, this information is not available because the fund has not yet completed a financial year.”,

- (f) if the investment fund is not a money market fund, under the sub-heading “Annual Compound Returns”,

- (i) include in a text box all of the following:

- (A) the sub-heading “How to Read This Information:”;

- (B) under the sub-heading referred to in clause (A), a statement substantially similar to the following:

“This table shows the fund’s annual compound total returns for the periods indicated compared with its benchmark[s].

All benchmark returns are calculated [insert brief description of how returns are calculated for the benchmark[s] of the investment fund].

Benchmarks are not investable, and benchmark returns do not reflect transaction costs associated with making actual investments.”,

- (ii) disclose, in the form of a table, the investment fund’s annual compound returns for the following classes or series of securities of the investment fund:

- (A) the class or series that has the highest management fee;

- (B) if applicable, any class or series that is not referred to in clause (A) and for which annual compound returns would vary based on an aspect of the investment fund other than management fees,
- (iii) for the purposes of preparing the disclosure required under subparagraph (ii), include the investment fund's annual compound returns for the one, 3, 5 and 10 -year periods ended on the last day of the investment fund's financial year,
- (iv) for the purposes of preparing the disclosure required under subparagraph (ii), if the investment fund was a reporting issuer for more than one and less than 10 years, include the investment fund's annual compound returns since the inception of the investment fund,
- (v) for the purposes of preparing the disclosure required under subparagraph (ii), for the same periods for which the annual compound returns of the investment fund are provided, include the historical annual compound total returns and changes to any benchmark of the investment fund,
- (vi) in a footnote to the table referred to in subparagraph (ii), provide all of the following:
  - (A) if applicable, a brief discussion of why the annual compound return for each class or series of securities of the investment fund differs;
  - (B) if applicable, a statement that a return for a class or series of the investment fund since the date that the class or series was first issued by the fund is only provided if that date was during the last 10 years since the fund's inception, and that the return since that date may differ from the return of another class or series of securities issued by the investment fund if the other class or series was first issued by the fund on a different date.
- (g) include the sub-heading "More Information" and under that sub-heading, statements substantially similar to each of the following, if applicable:

"If performance information for your [class/series] of securities is not included here, refer to the performance information in the [ETF/Fund] Facts for that [class/series] and on the designated website of the investment fund.

If performance information for your [class/series] of securities is not included here, refer to the performance information in the [ETF/Fund] Facts for that [class/series].

If performance information for your [class/series] of securities is not included here, refer to the performance information on the designated website of the investment fund.

Find more information about the expenses associated with your fund in its [ETF/Fund] Facts."

#### INSTRUCTIONS

- (1) *In responding to this Item, a mutual fund must comply with the applicable sections of Part 15 of National Instrument 81-102 Investment Funds, other than section 15.14, as if those sections applied to a fund report.*
- (2) *Despite any requirement under this Item, do not provide performance data under this Item for a period if the investment fund was not a reporting issuer for all of the period.*
- (3) *Include a brief description of the class or series of securities of the investment fund, for which performance information is provided under Items 7(e) and 7(f).*
- (4) *For the purposes of this Item, an "appropriate broad-based securities market index" is a market index to which each of the following applies:*

- (a) *the index is administered by a person or company that is not affiliated with the investment fund, the manager of the investment fund, the portfolio adviser to the investment fund or the principal distributor of the investment fund, unless the index is widely recognized and used;*
  - (b) *the index has been adjusted by the administrator of the index to reflect the reinvestment of dividends on securities in the index or interest on debt.*
- (5) *Include the following, each of which constitutes a benchmark for the purposes of this Item:*
- (a) *the name of an appropriate broad-based securities market index;*
  - (b) *at the option of an investment fund that invests in more than one type of security, the name of a second applicable appropriate broad-based securities market index;*
  - (c) *at the option of an investment fund, the names of not more than 2 financial or narrowly-based securities indices or blends of indices that reflect the market sectors in which the investment fund invests or that provide useful comparatives to the performance of the investment fund.*
- (6) *Insert a brief description of the performance of each class or series of securities of the investment fund, for which performance information is provided under Items 7(e) and 7(f), measured against each benchmark of the investment fund, including, for greater certainty, the net percentage amount by which performance of the class or series outperformed or underperformed each benchmark of the investment fund.*
- (7) *Insert a brief description of the aspects of the investment fund that contributed to its performance in the performance summary table required under this Item.*
- (8) *Insert a brief description of the aspects of the investment fund that detracted from its performance in the performance summary table required under this Item.*
- (9) *Use a linear scale for each axis of the bar chart required under this Item.*
- (10) *The x-axis and y-axis for the bar chart required under this Item must intersect at zero.*
- (11) *If the investment fund includes, in the annual compound returns table required under this Item, an index that is different from the one included in the most recently filed fund report, explain the reason or reasons for the difference and include the disclosure required under this Item for each of the indices.*
- (12) *Calculate the annual compound return referred to in this Item in accordance with Part 15 of National Instrument 81-102 Investment Funds.*
- (13) *If the investment fund holds short positions in its investment portfolio, present the annual compound returns for the short positions in the portfolio separately from the annual compound returns for the long positions in the portfolio, in addition to the overall annual compound returns, in the annual compound returns table required under this Item.*
- (14) *If an investment fund is a scholarship plan, the investment fund must calculate its year-by-year returns and annual compound returns under this Item based on the investment fund's total portfolio adjusted for cash flows.*

## **Item 8 – Statistics**

If the investment fund is not a scholarship plan, include the heading “Statistics (information is provided as of [insert date of the end of the financial year for which the report was prepared])” and under that heading,

- (a) if the summary is significantly shorter than the disclosure referred to in paragraph (c), include in a text box all of the following:
  - (i) the sub-heading “Summary:”;

- (ii) under the sub-heading referred to in subparagraph (i), a brief summary of the information required to be presented under paragraph (c),

(b) include in a text box all of the following:

- (i) the sub-heading “Did you know...”;
- (ii) under the sub-heading referred to in subparagraph (i), a statement substantially similar to the following:

“A fund’s portfolio turnover rate represents how frequently the portfolio manager buys and sells securities.

A fund’s distributions can consist of dividends, interest, capital gains, return of capital or other income the fund earns on its investments.

A fund’s distribution rate represents its distributions as a percentage of its net asset value per unit.”,

(c) include disclosure in the form of the following tables:

<b>Portfolio turnover rate (%) for the year ended [insert the date of the end of the financial year]</b>	<i>(see Instructions (8) to (11))</i>
--	---------------------------------------

For the year ended [insert the date of end of the financial year]	Total distributions (\$)	Portion of distributions that is return of capital (\$)	Distribution rate (%)
[Class or series of securities of the investment fund]			<i>(see Instruction (12))</i>

**INSTRUCTIONS**

- (1) If the investment fund is a corporate investment fund, modify the table as applicable.
- (2) If the investment fund has more than one class or series of securities, present the information individually for each class or series.
- (3) Round dollar amounts shown under this Item to the nearest cent.
- (4) Round percentage amounts shown under this Item to 2 decimal places.
- (5) Except for the dollar value of distributions, calculate per security values, as applicable, on the basis of the weighted average number of units or shares outstanding, as applicable, for the most recently completed financial year of the investment fund for which audited financial statements have been filed.
- (6) Provide the information required under this Item for the most recently completed financial year of the investment fund for which audited financial statements have been filed.
- (7) If the investment fund merged with another investment fund during the most recently completed financial year, include in the table only the information of the continuing investment fund.
- (8) Calculate the investment fund’s portfolio turnover rate by dividing, by the monthly average of the value of the portfolio securities owned by the investment fund in a financial year, the lesser of the following:
  - (a) the cost of purchases of portfolio securities by the investment fund in the financial year;

(b) the proceeds of sales of portfolio securities in the financial year.

(9) For the purposes of calculating an investment fund's portfolio turnover rate under subsection (8)

(a) include each of the following to calculate the cost of purchases of portfolio securities for the financial year:

- (i) the cost of covering a short sale;
- (ii) premiums paid to purchase options,

(b) include each of the following to calculate the proceeds of sales of portfolio securities for the financial year:

- (i) proceeds from a short sale;
- (ii) premiums received from a sale of options,

(c) calculate the monthly average value of the portfolio securities referred to in paragraph (a) by adding the values of portfolio securities, as at the beginning and end of the first month of a financial year and as at the end of each of the next 11 months of the year, and dividing the total of those values by 13, and

(d) exclude from the numerator and denominator the value of any portfolio security that has a remaining term to maturity that is one year or less from the date that the security was acquired by the investment fund.

(10) If in a financial year an investment fund purchased the assets of another investment fund by issuing its securities to the other fund in exchange for those assets, exclude, from the calculation of portfolio turnover rate, the value of securities purchased and sold after the asset purchase to realign the fund's portfolio. For greater certainty, adjust the denominator in the calculation of the portfolio turnover rate to exclude the value of those securities and disclose that value in a footnote to the first table referred to under paragraph (c).

(11) Do not include portfolio turnover rate disclosure for a money market fund.

(12) Calculate the investment fund's distribution rate by dividing the distributions made by the investment fund during a financial year by the value of the portfolio securities owned by the investment fund at the end of the financial year.

**Item 9 – Scholarship Plan Financial and Operating Highlights**

If the investment fund is a scholarship plan, including the heading "Financial and Operating Highlights" and under that heading,

(a) if the summary referred to in subparagraph (ii) is significantly shorter than the information disclosed under paragraph (b), include in a text box all of the following:

- (i) the sub-heading "Summary:";
- (ii) under the sub-heading referred to in subparagraph (i), a brief summary of the information required to be presented under paragraph (b);

(b) provide selected financial and operating highlights for the fund in the form of the following table:

	<i>[insert the date of the end of the financial year]</i>	<i>[insert the date of the end of the financial year]</i>	<i>[insert the date of the end of the financial year]</i>	<i>[insert the date of the end of the financial year]</i>	<i>[insert the date of the end of the financial year]</i>
<b>Statement of Financial Position</b>					
Total Assets (\$)					



Net Assets (\$)					
Change in Net Assets (%)					
<b>Statement of Comprehensive Income</b>					
Scholarship Awards (\$)					
Canadian Education Savings Grant (\$)					
Net investment income (\$)					
<b>Other</b>					
Total number of [agreements/units] in plans					
Change in the total number of agreements (%)					

**INSTRUCTIONS**

- (1) *If a scholarship plan is organized as a corporation, modify the table as applicable.*
- (2) *If a scholarship plan is a multi-class or multi-series plan, present the financial highlights individually for each class or series.*
- (3) *Provide per security amounts to the nearest cent and provide percentage amounts to 2 decimal places.*
- (4) *Provide the selected financial information under this Item in chronological order for each of the 5 most recently completed financial years of the scholarship plan for which audited financial statements have been filed. If the period for which audited financial statements of the scholarship plan have been filed is less than 5 years, provide the information for each of the most recently completed financial years for which audited financial statements have been filed. In bold type, place information for the most recent financial year in the second column from the left of the table.*
- (5) *Derive the financial highlights from the scholarship plan’s financial statements prepared in accordance with subsection 2.6(2) of National Instrument 81-106 Investment Fund Continuous Disclosure.*
- (6) *If the scholarship plan merged with another scholarship plan during the most recently completed financial year, include in the table only the financial information of the continuing scholarship plan.*

**Item 10 – Risk Profile**

Include the heading “Risk Profile” and under that heading,

- (a) if the summary referred to in subparagraph (ii) is significantly shorter than the information disclosed in paragraphs (b) and (d), include in a text box all of the following:
  - (i) the sub-heading “Summary:”;
  - (ii) under the sub-heading referred to in subparagraph (i), a brief summary of the information required to be presented under paragraphs (b) and (d),
- (b) discuss how changes to the investment fund for the financial year affected the level of risk associated with an investment in the investment fund,
- (c) if the investment fund is a mutual fund, include in a text box all of the following:

- (i) the sub-heading “Did you know...”;
- (ii) under the sub-heading in subparagraph (i), a statement substantially similar to the following:

“A mutual fund’s risk rating is based on how much the fund’s returns have changed from year to year. If the fund’s returns vary a lot, the fund may be considered higher risk because its performance can change quickly up or down. The rating can change over time. Monitoring the rating can help you make decisions about whether this fund continues to be appropriate for you.”

- (d) include disclosure in the form of the following table:

<b>Risk rating change</b> (since the last Fund Report dated [insert the date of the last Fund Report])	<b>Added or removed risks</b> (since the last Fund Report dated [insert the date of the last Fund Report])
<i>(see Instruction (2))</i>	<i>(see Instruction (3))</i>

- (e) Include the sub-heading “More Information” and under that heading, if applicable in each case, include a statement substantially similar to the following:

“Find your fund’s current risk rating in its most recent [ETF/Fund] Facts document.

Find a discussion of the risks applicable to your fund in the most recent simplified prospectus.”.

**INSTRUCTIONS**

- (1) *Ensure that the disclosure under paragraph (b) is not only a repetition of the risk-related information contained in the prospectus of the investment fund. For greater certainty, the discussion under paragraph (b) must include any changes in the risk level of the investment fund for the financial year. If applicable, discuss how the changes in the risk level associated with an investment in the investment fund affect the suitability or investor risk tolerance stated in the prospectus or offering document.*
- (2) *If the investment fund is a mutual fund, identify any changes to the risk rating of the investment fund since the most recently filed fund report. If there has been no change, include a statement to that effect. If the investment fund to which the fund report pertains is not a mutual fund for which a risk rating is available, state that this Item is not applicable.*
- (3) *Identify any risks that have been added or removed from the prospectus of the investment fund since the most recently filed fund report. If no risks have been added or removed, include a statement to that effect.*

**Item 11 – Liquidity Profile**

- (1) Include the heading “Liquidity Profile (information is provided as of [insert the date of the end of the financial year])” and under that heading,
  - (a) if the summary referred to in subparagraph (ii) is significantly shorter than the information disclosed under paragraphs (b), (c) and (d), include in a text box all of the following:
    - (i) the sub-heading “Summary:”;
    - (ii) under the sub-heading referred to in subparagraph (i), a brief summary of the information required to be presented under paragraphs (b), (c) and (d),
  - (b) if the investment fund faced any material liquidity issues during the 12-month period covered by the annual report, discuss the investment fund’s liquidity profile including, for greater certainty, the fund’s ability to satisfy redemptions on a timely basis,
  - (c) if there are no material liquidity issues to report under paragraph (b) include a statement to that effect,

(d) include in a text box all of the following:

(i) the sub-heading “How to Read This Information.”;

(ii) under the sub-heading in subparagraph (i), a statement substantially similar to the following:

“The following pie chart illustrates the number of days needed to convert the fund’s portfolio holdings into cash under normal market conditions. The more of a fund’s portfolio holdings that can be converted into cash within a short timeframe, the more liquid it is and the easier it will be to sell your holdings at a fair price. This can be particularly important during periods of greater than usual market volatility. Decide whether you are comfortable with the liquidity of your fund’s portfolio holdings.”,

(e) include the sub-heading “Liquidity of the Investment Portfolio of Your Investment Fund as at [insert the date of the end of the financial year]” and under that sub-heading, include in the form of a pie chart and for each of the following periods, disclosure that presents the percentage of the investment fund’s investment portfolio, which for greater certainty includes long positions and short positions, that can be sold for cash in:

(i) one day;

(ii) 2 to 7 days;

(iii) 8 to 30 days;

(iv) 31 to 90 days;

(v) subject to subsection (2), 91 to 180 days;

(vi) subject to subsection (2), 181 to 365 days;

(vii) subject to subsection (2), more than one year.

(2) Subparagraphs (1)(e)(v) to (vii) do not apply if

(a) the investment fund substitutes the periods referred to in those subparagraphs for a period of more than 90 days, and

(b) the investment fund reasonably believes that the disclosure for the period referred to in paragraph (a) provides better disclosure for an investor than the disclosure that would be required under subparagraphs (e)(v) to (vii).

#### INSTRUCTIONS

(1) Provide in the disclosure required under paragraph (1)(b) of this Item a discussion of all of the following:

(a) significant liquidity challenges faced by the investment fund;

(b) changes in market conditions faced by the investment fund;

(c) significant redemptions by investors.

(2) Provide the disclosure required under paragraph (1)(e) of this Item in accordance with all of the following:

(a) prepare the disclosure as at the end of the financial year for which the fund report was prepared;

(b) express the disclosure as a percentage of the net assets of the investment fund;

- (c) *the sum of the percentages for all of the periods must equal 100%,*
- (d) *determine the time required for the sale for cash of a given portfolio asset in accordance with all of the following:*
  - (i) *the sale of the asset is for cash, under normal market conditions and excluding any forced sale;*
  - (ii) *the date on which the asset is sold for cash for the purposes of this paragraph is the settlement date;*
  - (iii) *the settlement date referred to in subparagraph (ii) is determined after analyzing the effect of the size of a position relative to its average daily traded value;*
  - (iv) *the time is adjusted for any difference between the time zone in which the sale is settled and the time zone of the jurisdiction in which the investment fund is domiciled;*
  - (v) *the time is adjusted for any additional time resulting from an applicable currency conversion.*

## **Item 12 – Borrowing and Leverage**

Include the heading “Borrowing and Leverage” and under that heading,

- (a) if the summary referred to in subparagraph (ii) is significantly shorter than the information disclosed under paragraphs (b) and (c), include in a text box all of the following:
  - (i) the sub-heading “Summary:”;
  - (ii) under the sub-heading identified in subparagraph (i), a brief summary of the information required to be presented under paragraphs (b) and (c),
- (b) include the sub-heading “Borrowing” and under that sub-heading, include all of the following:
  - (i) if an investment fund borrowed money and did not use the money only for purpose of funding operating overdrafts that are not material, the following disclosure:
    - (A) the minimum and maximum amounts of money borrowed by the investment fund in the financial year;
    - (B) the percentage of net assets of the investment fund represented by the amounts borrowed as at the end of the financial year;
    - (C) how borrowed money was used by the investment fund;
    - (D) the terms under which the money was borrowed by the investment fund,
  - (ii) if paragraph (d) does not apply and an investment fund did not borrow money, or borrowed money only for the purpose of funding operating overdrafts that are not material, a statement substantially similar to the following:
 

“This fund does not engage in borrowing [aside from borrowing to fund operating overdrafts that are not material].”
- (c) include the sub-heading “Leverage” and under that sub-heading, include all of the following:
  - (i) if an investment fund uses leverage, disclosure of the following:

- (A) a brief explanation of the sources of leverage used, including cash borrowing, short selling and specified derivatives in the financial year;
  - (B) the lowest and highest levels of aggregate exposure to those sources of leverage in the financial year;
  - (C) a brief explanation of the significance of the lowest and highest levels of aggregate exposure to those sources of leverage, including the impact of the use of specified derivatives for hedging purposes;
- (ii) if paragraph (d) does not apply and an investment fund does not use leverage, a statement substantially similar to the following:

“This fund does not use leverage.”,

- (d) if an investment fund does not borrow money, other than money borrowed only for the purposes of funding operating overdrafts that are not material, and does not use leverage, include a statement substantially similar to the following:

“This fund does not engage in any borrowing [aside from borrowing to fund operating overdrafts that are not material]” or use leverage.”

#### INSTRUCTIONS

- (1) *For the purposes of the disclosure required under clause (c)(i)(B), an investment fund must calculate its aggregate exposure to sources of leverage in accordance with section 2.9.1 of National Instrument 81-102 Investment Funds.*
- (2) *For the purposes of the disclosure required under clause (c)(i)(C) and the explanation of the impact of the use of specified derivatives for hedging purposes on an investment fund’s calculation of its aggregate exposure to sources of leverage, the fund must include in the explanation a discussion of the amount by which the fund’s aggregate exposure was reduced by subtracting the notional value of the fund’s specified derivatives positions that are hedging transactions in accordance with paragraph 2.9.1(2)(c) of National Instrument 81-102 Investment Funds.*

#### **Item 13 – Other Material Information**

Include the heading “Other Material Information” and under that heading, provide any material information relating to the investment fund not otherwise required to be disclosed under this Form, including, for greater certainty, information required to be disclosed pursuant to any provision in securities legislation or any order made under securities legislation received by the investment fund.

#### **Item 14 – Additional Resources**

Include the heading “Additional Resources” and under that heading,

- (a) include a statement substantially similar to the following:

“Contact [insert name of manager] for a copy of this Fund Report, questions about this Fund Report or a copy of the financial statements for this fund:

[insert the manager’s mailing address, the manager’s telephone number(s), the manager’s e-mail address, the designated website address of the investment fund and a QR code for the designated website address of the investment fund].”,

- (b) if an investment fund is a mutual fund, include a statement substantially similar to the following:

“To learn more about investing in mutual funds, see the brochure “Understanding mutual funds”, which is available on the website of the Canadian Securities Administrators at [insert website address of the Canadian Securities Administrators and a QR code for the website address of the Canadian Securities Administrators].”, and

(c) include in a text box a statement substantially similar to the following:

“Your next Fund Report will be prepared for the interim period ended [insert the end date of the next interim period in bold text]. Like this Fund Report, it will assist you in making decisions about your investment in this fund.”

## **PART B – CONTENT REQUIREMENTS FOR AN INTERIM FUND REPORT**

### **Item 1 – Heading**

Include the disclosure required under Item 1 of Part A and replace the title referenced in paragraph (a) of that Item with a reference in Item 1 under this Part to “Interim Fund Report (for the interim period ended [insert date of end of interim period])”.

### **Item 2 – Purpose and Content**

Include the disclosure required under Item 2 of Part A, replace the reference to “Annual Fund Report” in that Item with a reference in Item 2 under this Part to “Interim Fund Report” and exclude from the disclosure in this Item the heading “Scholarship Plan Financial and Operating Highlights”.

### **Item 3 – Forward Looking Information**

Include the disclosure required under Item 3 of Part A and replace the reference to “Annual Fund Report” in that Item with a reference in Item 3 under this Part to “Interim Fund Report”.

### **Item 4 – Investment Objectives and Investment Strategies**

Include the disclosure required under Item 4 of Part A and

- (a) with respect to the table required under that Item replace the reference to “the last 12 months” in that table with a reference in the table required in Item 4 under this Part to “the interim period”, and
- (b) with respect to subsection (2) of the Instructions under that Item replace the reference to “during the 12-month period covered by the annual fund report” in that subsection with a reference in subsection (2) of the Instructions in Item 4 under this Part to “during the interim period covered by the interim fund report”.

### **Item 5 – Portfolio Holdings**

Include the disclosure required under Item 5 of Part A and

- (a) with respect to subsection (1) of the Instructions under that Item replace the reference to “annual fund report” with a reference in Item 5 under this Part to “interim fund report”, and
- (b) with respect to subsection (2) of the Instructions under that Item replace the reference to “annual fund report” in that subsection with a reference in subsection (2) of the Instructions in Item 5 under this Part to “interim fund report”.

### **Item 6 – Costs**

Include the disclosure required under Item 6 of Part A and

- (a) replace the reference to “[insert date of the end of the financial year]” under that Item with a reference in Item 6 under this Part to “[insert date of the end of the interim period]”,
- (b) with respect to the table referred to in paragraph (c) of that Item, replace the reference to [insert date of end of financial year]” in the first column of that table with a reference in the first column of the table required under Item 6 under this Part to “[insert date of end of interim period]”,
- (c) with respect to subsection (5) of the Instructions under that Item, replace the reference to “the financial year” in that subsection with a reference in subsection (5) of the Instructions under Item 6 of this Part to “the interim period”,
- (d) with respect to subsection (6) of the Instructions under that Item, replace the reference to “financial year of the investment fund for which audited financial statements have been filed” in that subsection with a reference in subsection (6) of the Instructions under Item 6 of this Part to “interim period of the investment fund”,
- (e) with respect to subsection (8) of the Instructions under that Item, replace the reference to “during the financial year for which the report was prepared” in that subsection with a reference in subsection (8) of the Instructions under Item 6 of this Part to “during the interim period for which the report was prepared”, and
- (f) with respect to subsection (11) of the Instructions under that Item, replace the reference to “last completed financial year of the investment fund if the change had been in effect throughout that financial year” in that subsection with a reference in subsection (11) of the Instructions under Item 6 of this Part to “last completed interim period of the investment fund if the change had been in effect throughout that interim period”.

#### **Item 7 – Performance**

Other than the disclosure required under paragraph (f) of Item 7 of Part A, include the disclosure required under Item 7 of Part A and

- (a) with respect to the statement required under clause (B) of subparagraph (i) of paragraph (e) of that Item, replace the reference to “annual performance for each of the financial years shown” in that clause with a reference in clause (B) of subparagraph (i) of paragraph (e) under Item 7 of this Part to “annual performance for each of the financial years shown and interim performance for the interim period shown”, and
- (b) with respect to the bar chart required under subparagraph (ii) of paragraph (e) of Item 7 of Part A, replace the bar chart required under that subparagraph with a bar chart in subparagraph (ii) of paragraph (e) under Item 7 in this Part for which the total return is calculated for the applicable interim period.

#### **Item 8 – Statistics**

Include the disclosure required under Item 8 of Part A and

- (a) replace the reference to “[insert date of the end of the financial year for which the report was prepared]” under that Item with a reference under Item 8 of this Part to “[insert the date of the end of the interim period for which the report was prepared]”,
- (b) with respect to the first column of each table required under paragraph (c) of that Item, replace the reference to “for the year ended [insert the date of the end of the financial year]” in each table under that Item with a reference in the first column of each table required under Item 8 of this Part to “For the period ended [insert the date of the end of the interim period]”, do not include in the second table required under Item 8 of this Part the 4th column of the second table required under paragraph (c) of Item 8 of Part A,
- (c) with respect to subsection (5) of the Instructions under that Item, replace the reference to “most recently completed financial year of the investment fund for which audited financial statements have been filed” in that subsection with a reference in subsection (5) of the Instructions under Item 8 of this Part to “most recently completed interim period of the investment fund”,

- (d) with respect to subsection (6) of the Instructions under that Item, replace the reference to “most recently completed financial year of the investment fund for which audited financial statements have been filed” in that subsection with a reference in subsection (6) of the Instructions under Item 8 of this Part to “most recently completed interim period of the investment fund”,
- (e) with respect to subsection (8) of the Instructions under that Item, replace the reference to “a financial year” in that subsection with a reference in subsection (8) of the Instructions under Item 8 of this Part to “an interim period”,
- (f) with respect to subsection (8) of the Instructions under that Item, replace a reference to “the financial year” in that subsection with a reference in subsection (8) of the Instructions under Item 8 of this Part to “the interim period”,
- (g) with respect to paragraph (a) of subsection (9) of the Instructions under that Item, replace the reference to “financial year” in that subsection with a reference in subsection (9) of the Instructions under Item 8 of this Part to “interim period”,
- (h) with respect to paragraph (b) of subsection (9) of the Instructions under that Item, replace the reference to “financial year” in that paragraph with a reference in subsection (9) of the Instructions under Item 8 of this Part to “interim period”,
- (i) with respect to paragraph (c) of subsection (9) of the Instructions under that Item, replace the reference to “first month of a financial year and as at the end of each of the next 11 months of the year and dividing the total of those values by 13” in that paragraph with a reference in paragraph (c) of subsection (9) of the Instructions under Item 8 of this Part to “first month of an interim period and as at the end of each of the remaining months of the interim period and dividing the total of those values by the number of months in the interim period plus one month”, and
- (j) with respect to subsection (10) of the Instructions under that Item, replace the reference to “financial year” in that subsection with a reference in subsection (10) of the Instructions under Item 8 of this Part to “interim period”.

#### **Item 9 – Risk Profile**

Include the disclosure required under Item 10 of Part A and

- (a) replace the reference in paragraph (b) of that Item to “for the financial year” with a reference in paragraph (b) under Item 9 of this Part to “for the interim period”, and
- (b) replace the reference in subsection (1) of the Instructions under that Item to “for the financial year” with a reference in subsection (1) of the Instructions under Item 9 of this Part to “for the interim period”.

#### **Item 10 – Liquidity Profile**

Include the disclosure required under Item 11 of Part A and

- (a) replace the references in subsection (1) of that Item to “[insert the date of the end of the financial year]” with a reference under Item 10 of this Part to “[insert the date of the end of the interim period]”,
- (b) replace the reference in paragraph (b) of that Item to “during the 12-month period covered by the annual report” with a reference in paragraph (b) of Item 10 of this Part to “during the 6-month period covered by the interim report”,
- (c) replace the reference in paragraph (e) of that Item to “[insert the date of the end of the financial year]” with a reference in paragraph (e) of Item 10 of this Part to “[insert the date of date of the end of the interim period]”, and



- (d) replace the reference in paragraph (a) of subsection (2) of the Instructions under that Item to “end of the financial year” with a reference in paragraph (a) of subsection (2) of the Instructions under Item 10 of this Part to “end of the interim period”.

### **Item 11 – Borrowing and Leverage**

Include the disclosure required under Item 12 of Part A and

- (a) replace the reference in clause (A) of subparagraph (i) of paragraph (b) of that Item to “financial year” with a reference in clause (A) of subparagraph (i) of paragraph (b) under Item to “interim period”,
- (b) replace the reference in clause (B) of subparagraph (i) of paragraph (b) of that Item to “financial year” with a reference in clause (B) of subparagraph (i) of paragraph (b) under Item 11 of this Part to “interim period”,
- (c) replace the reference in clause (A) of subparagraph (i) of paragraph (c) of that Item to “financial year” with a reference in clause (A) of subparagraph (i) of paragraph (c) under Item 11 of this Part to “interim period”, and
- (d) replace the reference in clause (B) of subparagraph (i) of paragraph (c) of that Item to “financial year” with a reference in clause (B) of subparagraph (i) of paragraph (c) under Item 11 of this Part to “interim period”.

### **Item 12 – Other Material Information**

Include the disclosure required under Item 13 of Part A under Item 12 of this Part.

### **Item 13 – Additional Resources**

Include the disclosure required under Item 14 of Part A and replace the reference in paragraph (c) of that Item to “prepared for the interim period ended [insert the end date of the next interim period in bold text]” with a reference under Item 13 of this Part to “prepared for the financial year ended [insert the end date of the next financial year in bold text]”..

### **25. The following form is added after Form 81-106A Contents of Annual and Interim Fund Report:**

#### **FORM 81-106B CONTENTS OF QUARTERLY PORTFOLIO DISCLOSURE**

##### *GENERAL INSTRUCTIONS*

##### *Form*

- (1) *Quarterly portfolio disclosure must include the disclosure required under this Form. Instructions for providing this disclosure are in italic type.*
- (2) *Terms used and not defined in this Form that are defined in National Instrument 81-101 Mutual Fund Prospectus Disclosure, National Instrument 81-102 Investment Funds, National Instrument 81-105 Mutual Fund Sales Practices and National Instrument 81-106 Investment Fund Continuous Disclosure have the same meanings as in those Instruments.*

##### *Responses*

- (3) *Quarterly portfolio disclosure must state the required information concisely and in plain language.*
- (4) *Responses must be as simple and direct as is reasonably possible and include only as much information as is necessary for readers to understand the matters for which disclosure is being provided.*

- (5) Quarterly portfolio disclosure must contain only the information that is required or permitted under this Form.
- (6) All applicable Items in this Form must be responded to.
- (7) Omit from Items answers that are not applicable or respond to them with the words “not applicable”, unless otherwise required under this Form.

#### *Presentation*

- (8) Quarterly portfolio disclosure must be prepared in a font that is legible and on letter-size paper. If a prepared quarterly portfolio disclosure is made available online, the information in the report must be presented in a way that enables that information to be printed in a readable format.
- (9) Each Item in quarterly portfolio disclosure must be presented in the order and under the heading or sub-heading stipulated in this Form.
- (10) If quarterly portfolio disclosure contains design elements including, for greater certainty, graphics, photos or artwork, the elements must not detract from the information disclosed in the document.

#### **Item 1 – Fund Details**

Include the heading “Quarterly Portfolio Disclosure” and under that heading, provide the following:

- (1) the name of the investment fund to which the quarterly portfolio disclosure pertains;
- (2) the name of the investment fund manager of the investment fund referred to in subsection (1).

#### **Item 2 – Report Date and Period Covered**

- (1) Provide the date on which the report was prepared.
- (2) Identify the period to which the report pertains.

#### **Item 3 – Total Net Asset Value**

Include the sub-heading “Total Net Asset Value” and under that sub-heading, provide the total net asset value of the investment fund as at the end of the period to which the quarterly portfolio disclosure pertains.

#### **Item 4 – Summary of Investment Portfolio**

- (1) Include the sub-heading “Summary of Investment Portfolio” and under that sub-heading, provide a summary of the investment fund’s portfolio as at the end of the period to which the quarterly portfolio disclosure pertains.
- (2) The summary of investment portfolio referred to in subsection (1) must include all of the following:
  - (a) in the form of a table or a pie chart, at least one breakdown of the portfolio of the investment fund into subgroups;
  - (b) in the form of a table or a pie chart, the percentage of the aggregate net asset value of the investment fund represented by each subgroup referred to in paragraph (a);
  - (c) the 25 largest positions, by asset size, in the portfolio of the investment fund, each expressed as a percentage of net asset value of the investment fund;
  - (d) the disclosure of long positions and short positions in the portfolio of the investment fund, and the disclosure of the long positions separately from the short positions;

- (e) the disclosure of the total percentage of net asset value represented by the long positions and short positions referred to in paragraph (d);
- (f) a statement that the summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund and that quarterly updates are available.

**INSTRUCTIONS:**

- (1) *Ensure that the information in the summary of investment portfolio is presented in an accessible and understandable way.*
- (2) *An investment fund must prepare a breakdown of its investment portfolio using subgroup category names that are relevant to the nature of the fund.*
- (3) *An investment fund that owns more than one class or series of securities of the same issuer must aggregate the classes or series of securities for the purposes of the disclosure required under this Item.*
- (4) *Despite subsection (3) of the Instructions, an investment fund must not aggregate debt and equity securities of the same issuer for the purposes of the disclosure required under this Item.*
- (5) *Portfolio assets other than securities must be aggregated if they have substantially similar investment risks and profiles including, for greater certainty, gold certificates that have been issued by different financial institutions.*
- (6) *Treat cash and cash equivalents as one category.*
- (7) *In determining its positions for purposes of the disclosure required under this Item, an investment fund must, for each long position in a derivative that is held by the investment fund for purposes other than hedging, treat the derivative as the directly held underlying interest of that derivative and for each index participation unit held by the investment fund, treat the index participation unit as the investment fund's proportionate share of the securities held by the issuer of the unit.*
- (8) *If an investment fund invests substantially all of its assets directly, or indirectly, in securities of one other investment fund, disclose the 25 largest positions, by asset size, held by the other investment fund, by percentage of net asset value of the other investment fund, as disclosed by the other investment fund as at the most recent quarter end.*
- (9) *If an investment fund invests in other investment funds, include a statement that the prospectus and other information about the other funds are available on the investment fund's designated website and at [www.sedarplus.com](http://www.sedarplus.com).*
- (10) *A labour sponsored or venture capital fund must disclose the 25 largest positions, by asset size, held by the labour sponsored or venture capital fund.*
- (11) *Despite paragraph (2)(c) of Item 4, a labour sponsored or venture capital fund that complies with section 8.2 of National Instrument 81-106 Investment Fund Continuous Disclosure is not required to disclose a venture investment as a percentage of the net asset value of the fund..*

**Transition**

26. Before [●+6 months], if an investment fund is required to comply with sections 3.2 and 3.3 and subsection 3.6(1) of National Instrument 81-106 *Investment Fund Continuous Disclosure* as they were in force on [●-1], an investment fund is not required to comply with those provisions of National Instrument 81-106 *Investment Fund Continuous Disclosure* as amended by this Instrument.

27. Before [●+12 months], if an investment fund has not filed an annual fund report and an interim fund report, a reference to "fund report" in subsection 3.6(2) of National Instrument 81-106 *Investment Fund Continuous Disclosure* must be read as a reference to "fund report or management report of fund performance, as applicable".

28. Before [●+9 months], if an investment fund is required to comply with Parts 4, 5, 6, and 7 of National Instrument 81-106 *Investment Fund Continuous Disclosure* as they were in force on [●-1], the investment fund is not required to comply with those provisions of National Instrument 81-106 *Investment Fund Continuous Disclosure*, as amended by this Instrument.:

29. Before [●+12 months], if an investment fund has not filed a fund report, a reference to “fund reports” in paragraph 9.4(2.2)(f) of National Instrument 81-106 *Investment Fund Continuous Disclosure* must be read as a reference to “management report of fund performance”.

#### **Effective Date**

30. (1) This Instrument comes into force on [●].
- (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after [●], this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

ANNEX B-13

PROPOSED CHANGES TO  
COMPANION POLICY 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. *Companion Policy 81-106 Investment Fund Continuous Disclosure is changed by this Document.*
2. *Section 3.3 is changed by replacing*
  - (a) "Management Reports of Fund Performance" *in the section title with* "Fund Reports";
  - (b) "management reports of fund performance" *with* "fund reports".
3. *The title to Part 4 is changed by replacing* "Management Reports of Fund Performance" *with* "Fund Reports".
4. *Subsection 4.1(1) is changed by replacing* "management reports of fund performance" *with* "fund reports".
5. *Subsection 4.1(5) is changed by deleting the following sentence:* "Investment funds are obligated to state on the first page of their management reports of fund performance that this disclosure is available."
6. *Section 4.3 is changed by replacing*
  - (a) "management report of fund performance" *wherever it occurs with* "fund report", *and*
  - (b) "management reports" *with* "fund reports".
7. *The following Part is added:*

**Part 4.1 Fund Report**

**Sample**

4.1.1 A sample fund report is set out in Appendix C to this Policy. The sample is provided for illustrative purposes only.
8. *Subsection 10.1(1) is changed by replacing* "management report of fund performance" *with* "fund report".
9. *Subsection 10.1(5) is repealed.*
10. *The following Appendix C is added after Companion Policy 81-106 Investment Fund Continuous Disclosure:*
11. These changes become effective on [●].

## ANNUAL FUND REPORT (for the 12-month period ended March 31, 2022)

XYZ Mutual Funds | XYZ Canadian Equity Fund | www.xyzfunds.com | Preparation Date: June 28, 2022

### Purpose and Content

This Annual Fund Report contains important information about your fund. **Use this report and speak with your representative to assess whether your fund continues to be right for you.** This document is intended for investors of all backgrounds and levels of investment experience. It includes the following information about your fund:

- |   |                               |
|---|-------------------------------|
| 1. Investment Objectives and Strategies | 6. Risk Profile               |
| 2. Portfolio Holdings                   | 7. Liquidity Profile          |
| 3. Costs                                | 8. Borrowing and Leverage     |
| 4. Performance                          | 9. Other Material Information |
| 5. Statistics                           | 10. Additional Resources.     |



**Important:** This Annual Fund Report may contain forward-looking statements that reflect current forecasts of future events. Due to many factors, such as general economic and political conditions in Canada and internationally, actual events may differ materially from those expressed in, or implied by, these forward-looking statements. Do not overly rely on forward-looking statements to make investment decisions.

### 1. Investment Objectives and Investment Strategies

Summary of fund's investment objectives and investment strategies	Fund's satisfaction of its investment objectives and use of investment strategies during the last 12 months	Factors that may impact the fund's satisfaction of its investment objectives and use of investment strategies going forward
<ul style="list-style-type: none"> <li>This fund aims to increase the value of your investment by investing in a broad range of equity securities of Canadian companies of any size and from any industry.</li> <li>Equities are selected that trade below their intrinsic value, demonstrate superior earnings growth and positive price momentum.</li> </ul>	<ul style="list-style-type: none"> <li>During the period, the net asset value of the fund increased from \$1.05 billion to \$1.2 billion due to positive performance, partially offset by net redemptions.</li> </ul>	<ul style="list-style-type: none"> <li>While long-term prospects for Canadian equities are positive, strong equity market performance in the period covered by this Fund Report, coupled with full valuation levels across most sectors, is likely to lead to more modest returns.</li> <li>Equity markets and the global economy may be challenged by high inflation levels, continued supply-chain issues, geopolitical uncertainty and rising interest rates.</li> <li>Risk related to U.S. Federal Reserve policy could slow growth by raising interest rates too quickly or could fail to contain inflation by raising them too slowly, leading to larger rate increases.</li> </ul>

## 2. Portfolio Holdings

Increased exposure	Decreased exposure
<ul style="list-style-type: none"> <li>Energy industry</li> </ul>	<ul style="list-style-type: none"> <li>Materials sector</li> </ul>

### More Information:

- See the designated website for the fund's Quarterly Portfolio Disclosure.
- More detailed portfolio holdings information is available in the financial statements for the fund, in particular the Statement of Investment Portfolio.

## 3. Costs *(information is provided as of March 31, 2022)*



### Summary:

The fund expense ratio for Series A (the series with the highest fund expense ratio) was 2.57%. The fund expense ratio of Series A increased by 0.01% as compared to the year prior.



### Did you know...

A fund's management expense ratio ("MER") is the total of the fund's management fee (which includes the trailing commission) and operating expenses.

A fund's trading expense ratio ("TER") represents the fund's trading costs.

Fund expenses reduce the return on your investment.  
A fund expense ratio ("FER") is the total of the fund's MER and TER.

Each investment fund can have different classes or series of securities and each class or series can have different costs and therefore different returns – make sure you know which class or series you hold.

For the year ended March 31, 2022	Management expense ratio (%) <sup>1</sup>	Trading expense ratio (%)	Fund expense ratio (%) The fund expense ratio represents the total of all ongoing expenses set out in this table and does not represent a separate expense charged to the investment fund.	Fund expenses (\$) per \$1000 invested
Series A	2.50	0.07	2.57	26
Series B	2.40	0.07	2.47	25
Series T5	1.81	0.07	1.88	19
Series D	1.05	0.07	1.12	11
Series F	0.77	0.07	0.84	8
Series FT5	0.77	0.07	0.84	8
Series I	0.25	0.07	0.32	3
Series O	0.02	0.07	0.09	1

<sup>1</sup> See Other Material Information for MER without waivers or absorptions.

## 4. Performance



### Summary:

Performance of the Series A units (+26.2%) was lower than the fund's benchmark, the S&P/TSX Composite Total Return Index (+27.5%) over the period covered by the report.



### Did you know...

A benchmark is typically a market or sector index against which the performance of an investment fund can be measured. By comparing a fund to an appropriate benchmark, you can see how the investments held by the fund performed compared to the market or sector in general.


**Important:**

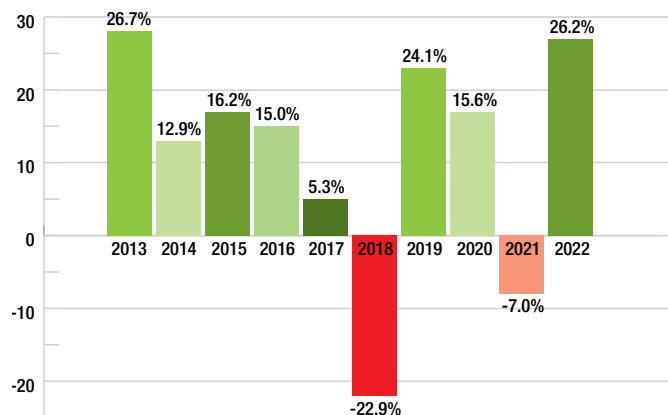
- **Performance of the series of securities that you hold may not be presented in this Fund Report. Information is only presented in respect of the series with the highest management fee (Series A).**
- Returns provided are after expenses have been deducted. These expenses reduce the fund's returns and they negatively compound over time since the money used to pay expenses is not able to grow.
- Past performance of the fund does not necessarily indicate how the fund will perform in the future. For example, strong past performance may not be repeated.
- The benchmark of the fund is the S&P/TSX Composite Total Return Index. The S&P/TSX Composite Total Return Index is a market capitalization-weighted index of securities of the largest and most liquid companies on the Toronto Stock Exchange.

Performance against benchmark	Contributors to performance	Detractors from performance
<ul style="list-style-type: none"> <li>• Last year performance of the benchmark was 1.3% higher than that of Series A of the fund.</li> </ul>	<ul style="list-style-type: none"> <li>• Overweight allocation to the financials sector.</li> <li>• Exposure to certain stocks in the information technology sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Investments in certain stocks in the materials sector.</li> <li>• Underweight allocation to the communication services sector.</li> </ul>

**a) Year-by-Year Returns**

**How to Read this Information:**

The following bar chart shows the fund's annual performance for each of the financial years shown.

**Series A (%)**

**b) Annual Compound Returns**

**How to Read this Information:**

- This table shows the fund's annual compound total returns for the periods indicated, compared with its benchmark.
- All benchmark returns are calculated in Canadian dollars on a total return basis, meaning that all dividend payments, interest income accruals and interest payments are reinvested.
- Benchmarks are not investable, and benchmark returns do not reflect transaction costs associated with making actual investments.

Percentage Return	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception (1)
Series A	26.2	8.3	13.9	11.3	
S&P/TSX Composite Total Return Index	27.5	9.4	15.9	13.3	

(1) The return since inception for each series will differ when the inception date differs and is only provided when a series has been active for a period of less than 10 years.

**More Information:**

- If performance information for your series of securities is not included here, refer to the performance information in the Fund Facts for that series and on the designated website of the investment fund.
- Find more information about the expenses associated with your fund in its Fund Facts.



## 5. Statistics *(information is provided as of March 31, 2022)*

### **Did you know...**

A fund's portfolio turnover rate represents how frequently the portfolio manager buys and sells securities.

A fund's distributions can consist of dividends, interest, capital gains, return of capital or other income the fund earns on its investments.

A fund's distribution rate represents its distributions as a percentage of its net asset value per unit.

**Portfolio turnover rate (%) for the year ended March 31, 2022**

**39.97**

For the year ended Mar. 31, 2022	Total distributions (\$)	Portion of distributions that is return of capital (\$)	Distribution rate (%)
Series A	0.88	0.00	6.50
Series B	0.88	0.00	6.50
Series T5	0.87	0.00	6.60
Series D	1.03	0.00	7.50
Series F	1.17	0.00	7.80
Series FT5	1.13	0.00	7.80
Series I	1.26	0.00	8.40
Series O	1.07	0.00	8.70

## 6. Risk Profile

- During the period covered, there were no changes to the fund that materially affected the overall risk level associated with an investment in the fund.

### **Did you know...**

A mutual fund's risk rating is based on how much the fund's returns have changed from year to year. If the fund's returns vary a lot, the fund may be considered higher risk because its performance can change quickly up or down. The rating can change over time. Monitoring the rating can help you make decisions about whether this fund continues to be appropriate for you.

<b>Risk rating change</b> (since the last Fund Report dated September 30, 2021)	<b>Added or removed risks</b> (since the last Fund Report dated September 30, 2021)
<ul style="list-style-type: none"> <li>No change</li> </ul>	<ul style="list-style-type: none"> <li>No new risks identified and no existing risks removed</li> </ul>

### **More Information:**

- Find your fund's current risk rating in its most recent Fund Facts document.
- Find a discussion of the risks applicable to your fund in the most recent simplified prospectus.

## 7. Liquidity Profile *(information is provided as of March 31, 2022)*



**Summary:**

The fund could sell (for cash) 83.5% of its holdings within one day, and 99.1% within one week. The fund did not face any liquidity challenges during the reporting period.

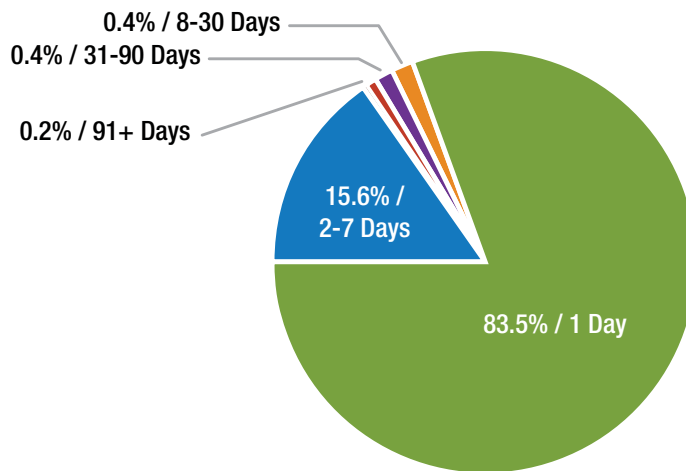
- There were no material liquidity issues during the reporting period.



**How to Read this Information:**

- The following pie chart illustrates the number of days needed to convert the fund’s portfolio holdings into cash under normal market conditions. The more of a fund’s portfolio holdings that can be converted into cash within a short timeframe, the more liquid it is and the easier it will be to sell your holdings at a fair price. This can be particularly important during periods of greater than usual market volatility. Decide whether you are comfortable with the liquidity of your fund’s portfolio holdings.

**Liquidity of the Investment Portfolio of Your Investment Fund as at March 31, 2022**



## 8. Borrowing and Leverage

This fund does not engage in any borrowing or use leverage.

## 9. Other Material Information

The investment fund manager waived or absorbed some of the fund’s expenses. Had the investment fund manager not done so, the MER would have been higher. MER without waivers or absorptions for Series D was 1.07% for the year ended March 31, 2022.

## 10. Additional Resources

Contact XYZ Mutual Funds for a copy of this Fund Report, questions about this Fund Report, or a copy of the financial statements for this fund:

XYZ Mutual Funds  
123 Asset Allocation St.  
Toronto, ON M1A 2B3

Phone: (416) 555-5555  
Toll-free: 1-800-555-5556  
E-mail: [investing@xyzfunds.com](mailto:investing@xyzfunds.com)  
[www.xyzfunds.com](http://www.xyzfunds.com)

Designated Website:



To learn more about investing in mutual funds, see the brochure "Understanding mutual funds", which is available on the website of the Canadian Securities Administrators at <https://www.securities-administrators.ca/>.

CSA Website:



Your next Fund Report will be prepared for the interim period ended **September 30, 2022**. Like this Fund Report, it will assist you in making decisions about your investment in this fund.

**ANNEX B-14**

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 81-107 INDEPENDENT REVIEW COMMITTEE FOR INVESTMENT FUNDS**

- 1. *National Instrument 81-107 Independent Review Committee for Investment Funds is amended by this Instrument.***
- 2. *The Instrument is amended by adding the following section:***

***Manager to prepare report on related party transactions***

2.5 (1) The manager must prepare, for each financial year of the investment fund and no later than the date the investment fund files its annual financial statements, a report that includes, under the heading "Manager's Report on Related Party Transactions", all of the following:

- (a) a list containing the following information regarding any report filed by the investment fund with the securities regulatory authority or regulator in the most recent financial year that pertains to any transaction involving an entity related to the manager or any other related party to the investment fund:
  - (i) the title of the report;
  - (ii) a brief description of the types of transactions to which the report pertains;
  - (iii) the date of the report;
- (b) a statement that any report referred to in paragraph (a) is available at [www.sedarplus.com](http://www.sedarplus.com);
- (c) for any transaction entered into by the investment fund with an entity related to the manager or any other related party of the investment fund that is not identified in any report referred to in paragraph (a), the following information:
  - (i) a brief description of the type of transaction;
  - (ii) for each transaction identified in subparagraph (i), a brief description of any provision in securities legislation or any order made under securities legislation that imposes a requirement to do any of the following:
    - (A) provide disclosure about the transaction;
    - (B) keep a record in respect of the transaction.

(2) For the purposes of preparing a report under subsection (1), a related party to the investment fund includes, for greater certainty, all of the following:

- (a) the manager;
- (b) an affiliate of the manager;
- (c) the portfolio adviser;
- (d) an affiliate of the portfolio adviser;
- (e) a dealer that is related to the investment fund;

- (f) a dealer that is related to the manager;
- (g) a dealer that is related to the portfolio adviser;
- (h) another investment fund that is managed by the manager or an affiliate of that manager..

**3. Except in British Columbia, subsection 4.4(1) is amended by**

- (a) deleting “and” in subparagraph (h)(iii),**
- (b) replacing “.” after paragraph (i) with “; and”, and**
- (c) adding the following paragraph:**

(j) in an appendix, the report prepared by the manager under subsection 2.5(1).

**4. In British Columbia, subsection 4.4 (1) is amended**

- (a) in subparagraph (h)(ii) by adding “and” after “not meeting the condition;”,**
- (b) in subparagraph (h)(iii) by replacing “with the matter; and” with “with the matter;”,**
- (c) by**

- (i) renumbering subparagraph (h)(iv) as paragraph (i),**
- (ii) replacing “.” at the end of paragraph (i) with “;”**

**(d) by adding the following paragraph:**

(j) in an appendix, the report prepared by the manager under subsection 2.5(1)..

**5. Section 6.2 is amended**

- (a) in subsection (2) by adding “in a report prepared in accordance with Form 81-107A Conflict Reporting Form for Related Issuer Purchases” after “securities regulatory authority or regulator”, and**
- (b) by adding the following subsections:**

- (5) The investment fund conflict of interest reporting requirements do not apply to an investment fund that files a report under subsection (2).
- (6) For the purpose of subsection (5), “investment fund conflict of interest reporting requirements” has the meaning ascribed to that term in National Instrument 81-102 *Investment Funds*..

**6. Subsection 6.3(3) is amended by adding “in a report prepared in accordance with Form 81-107A Conflict Reporting Form for Related Issuer Purchases” after “securities regulatory authority or regulator”.**

**7. Section 6.3 is amended by adding the following subsections:**

- (6) The investment fund conflict of interest reporting requirements do not apply to an investment fund that prepares and files the report referred to in subsection (3).
- (7) For the purpose of subsection (6), “investment fund conflict of interest reporting requirements” has the meaning ascribed to that term in National Instrument 81-102 *Investment Funds*..

**8. Section 6.4 is amended**

**(a) in subsection (2) by adding** “in a report prepared in accordance with Form 81-107A *Conflict Reporting Form for Related Issuer Purchases*” **after** “securities regulatory authority or regulator”, **and**

**(b) by adding the following subsections:**

- (5) The investment fund conflict of interest reporting requirements do not apply to an investment fund that prepares and files the report referred to in subsection (2).
- (6) For the purpose of subsection (5), “investment fund conflict of interest reporting requirements” has the meaning ascribed to that term in National Instrument 81-102 *Investment Funds*.

**9. The following form is added after Appendix B:**

**FORM 81-107A  
CONFLICT REPORTING FORM FOR RELATED ISSUER PURCHASES**

**GENERAL INSTRUCTIONS**

*Form*

- (1) *A report prepared in accordance with this Form must include the disclosure required in this Form. Instructions for providing this disclosure are in italic type.*
- (2) *Terms used and not defined in this Form that are defined or interpreted in National Instrument 81-101 Mutual Fund Prospectus Disclosure, National Instrument 81-102 Investment Funds, National Instrument 81-105 Mutual Fund Sales Practices, National Instrument 81-106 Investment Fund Continuous Disclosure, and this Instrument have the same meanings as in those national instruments.*

*Responses*

- (3) *A report prepared in accordance with this Form must state the required information concisely and in plain language.*
- (4) *Responses must be as simple and direct as is reasonably possible and include only as much information as is necessary for readers to understand the matters for which disclosure is being provided.*
- (5) *A report prepared in accordance with this Form must contain only the information that is required or permitted under this Form.*
- (6) *All applicable items in this Form must be responded to.*
- (7) *Omit from items answers that are not applicable or respond to them with the words “not applicable”, unless otherwise required under this Form.*
- (8) *Prepare a report prepared in accordance with this Form in respect of one or more investment funds. If the report combines information in respect of more than one investment fund, the information under Item 4 must be presented in the form of a single table, ordered alphabetically by name of each applicable investment fund and, for each applicable investment fund, ordered chronologically by the date of purchase by the investment fund.*

*Presentation*

- (9) *A report prepared in accordance with this Form must be prepared in a font that is legible and on letter-size paper. If a report is made available online, the information in the report must be presented in a way that enables that information to be printed in a readable format.*

(10) Each Item in a report prepared in accordance with this Form must be presented in the order and under the heading or sub-heading stipulated in this Form.

(11) If a report prepared in accordance with this Form contains design elements including, for greater certainty, graphics, photos or artwork, the elements must not detract from the information disclosed in the document.

#### **Item 1 – Fund Details**

- (1) Provide the name of each investment fund to which this report pertains.
- (2) Provide the name of the investment fund manager for each investment fund identified in subsection (1).

#### **Item 2 – Securities Legislation and Exemptive Relief**

Identify the provisions of securities legislation under which this report is being prepared.

#### **Item 3 – Report Date and Period Covered**

- (1) Provide the date on which this report was prepared.
- (2) Identify the period to which this report pertains.

#### **Item 4 – Related Issuer Investments**

In the form of a table, provide the following information, as applicable, for each type of investment referred to in sections 6.2, 6.3 and 6.4 of this Instrument during the period covered by this report:

- (a) the name of the investment fund to which this report relates;
- (b) the date of the investment;
- (c) the name of the issuer of the security in which the investment was made;
- (d) the class or series of the security in which the investment was made;
- (e) the coupon rate and maturity date of the security in which the investment was made;
- (f) the number of securities purchased in the investment;
- (g) the price per security purchased in the investment;
- (h) in the case of an investment in a debt security, each source of any independent quote or independent pricing used to determine the price per security in which the investment was made;
- (i) the settlement amount of the investment;
- (j) the name of any related person or company that has received, or will receive, a fee in respect of the investment made;
- (k) the name of any dealer used to execute the investment;
- (l) whether the investment was made in the primary market or the secondary market..

#### **Transition**

10. Before [●+9 months], if an investment fund complies with Parts 4, 5, 6 and 7 of National Instrument 81-106 *Investment Fund Continuous Disclosure* as they were in force on [●-1] and Parts 2 and 4 of National

Instrument 81-107 *Independent Review Committee for Investment Funds* as they were in force on [●-1], Parts 2 and 4 of National Instrument 81-107 *Independent Review Committee for Investment Funds* as amended by this Instrument do not apply to the investment fund.

11. Before [● +9 months], if an investment fund complies with Part 6 of National Instrument 81-107 *Independent Review Committee for Investment Funds* as it was in force on [●-1], the investment fund is not required to comply with Part 6 of National Instrument 81-107 *Independent Review Committee for Investment Funds* as amended by this Instrument.

**Effective Date**

12. (1) This Instrument comes into force on [●].  
(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after [●], this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.



ANNEX B-15

PROPOSED CHANGE TO  
COMMENTARY IN  
NATIONAL INSTRUMENT 81-107 INDEPENDENT REVIEW COMMITTEE FOR INVESTMENT FUNDS

1. *The Commentary to National Instrument 81-107 Independent Review Committee for Investment Funds is changed by this Document.*
2. *The following is added after section 2.5:*

**Commentary**

1. *Paragraph (1)(a) requires the manager to provide summary information regarding related party transaction reports required by securities legislation to be prepared by the fund manager. Paragraph (1)(b) also requires stating that the reports are available at [www.sedarplus.com](http://www.sedarplus.com).*
2. *Paragraph (1)(b) recognizes that securities legislation mandates the filing of the particulars of only certain types of related party transactions, e.g. those carried out pursuant to subsections 6.2(2), 6.3(3), and 6.4(2) of NI 81-107, and paragraph 4.1(4)(c) of NI 81-102. Other types of related party transactions (e.g. inter-fund trades, principal trades in debt securities, fund-on-related fund investments) may be subject to recordkeeping or disclosure requirements that are contained in securities legislation or that are made in orders made under securities legislation. Subparagraph (1)(c)(i) requires the manager to provide a brief, general summary of these transactions, while subparagraph (1)(c)(ii) requires the manager to identify the recordkeeping and disclosure requirements applicable to the transactions..*
3. This change becomes effective on [●].

## ANNEX C

### MATERIAL MODIFICATIONS MADE TO MOCK-UP 3 FOLLOWING COMPLETION OF INVESTOR TESTING

Material Modifications to Mock-Up 3	Rationale
<i>Portfolio Holdings section</i>	
Delete requirement to provide summary.	The information provided in the increased/decreased exposure table will already be succinct and providing a summary may not be useful.
<i>Costs section</i>	
Only provide one year of information.	Streamline document to reduce amount of information a reader must process.
Add fund expenses information; both percentage figures (i.e. the Fund Expense Ratio) and dollar figures (for a \$1000 investment); bold both.	Reduce cognitive strain on readers by carrying out the addition of MER and TER for them; respond to poor performance of participants in the investor testing in calculating total expenses for a given series; provide cost information in dollars which is easier for readers to understand.
Place MER, TER, Fund Expense Ratio and fund expenses (in dollar figures) in a single table.	Streamline document given reduced number of years of information being presented. Make it easier for investors to understand the individual components of the Fund Expense Ratio and how they translate into dollar amounts.
Only provide MER before absorptions, if necessary, in the Other Material Information section (with a footnote directing the reader there); explain meaning of MER before absorption where it is presented.	Simplify document in such a way that reflects the relatively rare instances where this information is presented.
Modify "Did you know..." disclosure to reflect changes above, including explaining Fund Expense Ratio computation as a formula; have information on different series' costs in its own box.	Simplify presentation of information in these text boxes.
<i>Performance section</i>	
Delete line graph showing growth of a \$1000 investment.	Streamline document; rely on the two other forms of performance information presented, which we think provide sufficient information on past performance considering the length of the document.
Reference "fund expenses" instead of expenses.	Consistent with terminology used in the Costs section.
Replace past performance warning example with the following: "For example, strong past performance may not be repeated."	This language is easier to understand and borrows from the language used in subsection 15.4(3) of NI 81-102.
Restructure "Performance Against Benchmark" text box so that it sets out net performance of the investment fund against the benchmark over the last year.	Reduce cognitive strain on readers by carrying out the arithmetic comparison for them; respond to poor performance of participants in the investor testing in calculating performance against a benchmark.
Include percentage on top or bottom of each bar in the annual performance bar chart.	Make it easier to identify precise annual performance figures.

Unless more than one series of information is presented, delete footnote referencing different series' performance being impacted by different expenses.	Reduce any confusion that might arise where only one series' worth of information is presented.
Modify "More Information" note on costs to also reference performance and specifically mention availability of information on each series in, where applicable, the designated website and the Fund Facts.	Provide the location of this information for those who may wish to see it.
<i>Statistics section</i>	
Only provide one year of information.	Streamline document to reduce amount of information a reader must process.
Place Portfolio Turnover Rate into a standalone table.	Streamline document and avoid duplication of Portfolio Turnover Rate figure for each class (since it is a fund-level statistic).
Include disclosure of portion of distributions that are return of capital.	Provide enhanced information regarding this particular type of distribution, which may be especially important for investors to be aware of, if they are receiving it.
<i>Liquidity section</i>	
Only provide bullet point disclosure where necessary (i.e. there is something material to report), otherwise do not include or insert something to indicate there were no material liquidity issues to report on.	Streamline document to reduce amount of information a reader must process.
Consolidate the "Did you know..." information bubble into the "How to read this information" bubble.	Streamline document to reduce amount of information a reader must process.
Add "information is as of a certain date" in the section title; remove present tense language.	Clarify that information is not current to publication date.
<i>Other</i>	
Where no borrowing or leverage is used, implement a form requirement that would, in one sentence with no sub-headings, say that neither is used.	Streamline document to reduce amount of information a reader must process.
Include a QR code (with explanation) next to the designated website address (end of document only) as well as the CSA website address.	Improve accessibility to additional resources for readers who may happen to be in possession of a paper copy of the document.
Include filing date on the line which has the designated website.	Provide the filing date as well as indicate currency of the information (relative to the reporting period end date).
Remove the estimated time needed for review.	There may be challenges in ascertaining a correct estimated reading time.
Add "Other Material Information" section.	Provide opportunity for presentation of information that is important to include but which doesn't have a designated location in the document.
Remove reference to Material Change Reports.	Eliminate given reintroduction of "Other Material Information" section.
Do not require summary boxes where information provided would be substantially the same as that in the section, in terms of length and detail.	Streamline the document while acknowledging the value of this feature from a behavioural science perspective.