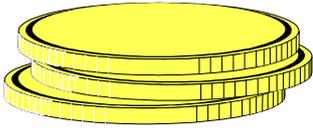


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**October 19, 2009**

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**PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 81-101  
MUTUAL FUND PROSPECTUS DISCLOSURE, FORMS 81-101F1 AND  
81-101F2 AND COMPANION POLICY 81-101CP MUTUAL FUND  
PROSPECTUS DISCLOSURE & RELATED AMENDMENTS**

Canada's investment funds marketplaces are not only as immoral and unethical as the ideal of slavery, Canada's investment funds marketplaces, systems, processes, practices, lack of transparencies, policing, etc., are laced with provincial / territorial securities acts *and / or* Government of Canada (GOC) Criminal Codes breaching impropriety and illegality practices – including breaches of **Breach of trust by public officer – Section 122. of our Criminal Code** by our federally elected MP's, by our provincially elected MPP's and / or our civil servant securities commission employees.

**NOTE: there is no statute of limitations on breaches of  
Canada's Criminal Codes**

**WHEN The first deferred Sales Charge (DSC) mutual funds were introduced in 1987 by Mackenzie Financial, did our then OSC Chairman, Stanley Beck, and his OSC Executive Director, Ermanno Pascutto, breach our Ontario Securities Act which clearly says that:**

“material” information must be disclosed – is required by investors – prior to investors buying or selling securities

– i.e. prior to DSC funds being \$OLD to investors

– DSC funds with early redemption penalties being \$OLD to investors with no transparency prior to *and / or @* the POS of either percentage penalty amount and / or duration number of years until the investment was free and clear of all early redemption penalties !!

Q. Did Stanley Beck *and / or* Ermanno Pascutto  
**Breach Section 122. of our Criminal Code?**

## **History Behind My 1994 Point-of-Sale Checklist**

- 1. 1957 – I was identified to have extremely severe learning disabilities in reading, writing and comprehension. A wonderful retired teacher, Ms. Edna McCallum taught me unique learning / survival abilities. In May 2006, an acquaintance – a top pediatrician – unofficially identified my 1957 childhood learning disabilities as being symptoms of asperger’s disorder, a derivative of autism.**
- 2. 1973 UWO B.A. in Economics**

3. **1979 Ivey MBA – in Sales, Marketing, Finance and Operations Management**
  
4. **March 1984 — Secret Service “Monkey Business” Protection on 16<sup>th</sup> Floor of NY-NY Roosevelt Hotel during my month long Merrill Lynch training as an Account Executive. I left the brokerage business by my choice on August 5, 1988 – I could not churn my clients for point-of-sale and / or on-going trailer fee commissions.**
  
5. **Aug. 12, 1994 — Adam Zimmerman was the first person who I showed my investment funds POS Checklist to.**
  
6. **Sept. / Oct. 1994 — I published my POS Checklist in my Frugal Bugle newsletter and my creativity was automatically copyrighted when I filed those issues of my Frugal Bugle @ Canada’s National Library in Ottawa.**
  
7. **Oct. 16, 1996 — I officially submitted my POS thesis to OSC and within 48 hours Canada’s most POWERful banker, Tony Fell, had me terminated from my 9.5 month extremely successful marketing / communications consulting project with / for an individual RBC DS full service stock broker.**
  
8. **March 1997, IFIC’s President and CEO, Hon. Tom Hockin, wrote that I was “consumerism gone mad” for my suggesting that fund companies must disclose how they voted the shares in their funds on specially designated Shareholder Proposals, i.e. Michaud’s 1997 Royal Bank proposal to limit the pay of the Bank’s highest executives – Trimark controlled**

**3.7% of RB's common stock in its funds and RBC DS accounted for 10% of Trimark's funds sales – nod nod, wink wink – would Trimark vote to limit the pay of Tony Fell, etc.?**

**Hon. Tom Hockin's 2008 reward for his calling me "consumerism gone mad" in 1997**

**– Hon. Jim Flaherty appointed Hockin to Chair his Expert Panel on Securities Regulation !!**

**9. 1997, 1998, 1999, 2000 — My "Living and Leading by Example, Can Trimark" Shareholder Proposals - my end-around the OSC attempt to have my mother's demi-billionaire Order of Canada recipient first cousin, Arthur Labatt**

**– to "Live and Lead By Example"**

**10. March 1998 — Ivey Cases on my 1997 Trimark Proposals**

**11. May 14, 1998 – Senator Michael Kirby aborted my *investorism* presentation to his Senate Bank Finance Committee — WHY? I had too many real life names in my consumer / investorism case study educating examples AND Michael Kirby was not going to grant me Parliamentary Privilege so that I could tell the embarrassing and reputational damaging truths about his Canada's establishment — his friends !!**

**12. August 1998 – I offered to give my investorism POS Thesis and my three POS documents: my Checklist, Advisor PROFILE and Redemption / Switch Disclosure 1-page documents to my MBA alma mater Ivey School of Business so that a committee of Ivey finance, etc., professors could make timely update changes to them, post them on the web and using**

Ivey's education cachet, require their usage @ POS with a 5 cents (5¢) per transaction royalty being paid to Ivey that would have self-funded (\$3+ million in 1998) a "Stromberg Chair in *Investorism*" to represent and conduct on-going research on behalf of consumer / investor best interests.

Ivey, a taxpayer built and funded university school of business declined my offer. WHY? Ivey would have been shooting itself in the foot – from 1995 to 1999 approximately 70% of Ivey's HBA and MBA graduates got stock market related jobs !!

**FACT:**

13. Oct. 1998 — Stromberg's Millennium Report for Industry Canada covered my POS theses Sec. 17.8 & 17.9 and R/S Sec. 21.1 & 21.2
14. Nov. 9, 2001 — I offered to my *investorism* POS thesis, web site and three revolutionary POS 1-page documents to Canada and my Province of Ontario. Neither Hon. Paul Martin (our then GOC Minister of Finance) *and / or* Hon. Jim Flaherty (our then ON Minister of Finance) would meet with me to accept my gifts to Canada and Ontario.

**QUESTION:** Did Paul Martin *and / or* Jim Flaherty breach Section 122 of our Criminal Code -- Breach of trust by public officer when they refused to meet with me to accept my gift?

15. Fall 2002 — I taught 4 Sections of BU383 Corporate Finance @ Wilfrid Laurier University – during the 1st

week of my 6 month sabbatical coverage contract  
 – there were two undermining phone calls from Bay St. to my Wilfrid Laurier guardian angel, Dr. George Athanassakos.

Their *argumentum ad hominem* attack against me  
 – was George afraid of / worried about / aware that Killoran's mutual fund POS crusade might embarrass Laurier?

16. Feb. 13, 2003 — FSCO / OSC Rethinking POS Mutual Funds and Segregated Funds Concept Paper – no mention of my OSC submissions in either its Sources or Acknowledgement pages and FSCO Director Grant Swanson threatened to sue me – the FSCO an arm of the Province of Ontario – threatened to sue me for libel and slander when I shared with him Glorianne Stromberg's November 1997 comment to me that "other's were adopting and presenting my ideas as their own" – that in academia what the FSCO / OSC were doing with their Feb. 13, 2003, concept paper would be called plagiarism and in the real world of capitalism it would be called intellectual piracy and / or copyright infringement – especially when my POS Checklist 1-page document was automatically copyrighted by our National Library in Ottawa when I filed – as I was legally required to do so – the September and October 1994 issues of my Frugal Bugle monthly newsletter publication.

17. February 2003 — a guardian angel submitted my 1994 *investorism* POS thesis as the best antidote cure for "asymmetric information" and my investment funds trailer fee commission "Tied Advice / Tied Sale" thesis to the Nobel Foundation to be considered for

## its annual Economics Award

18. July 17, 2009 – OSC Chairman David Wilson dropped in for only the last 3 minutes of my scheduled 30 minute meeting with him. David Wilson stated in front of two OSC employees that he believes in “evolution”  
 Re: investment fund deserved / needed / required / securities act mandated point-of-sale transparencies v. my 15+ year old “revolutionary” POS Checklist thesis.

**David Wilson’s statement breached the application and extension of ON Premier Dalton McGuinty’s Liberal Party Education Platform for students on behalf of consumer / investors – a mandate of the OSC !!**

## High Treason by our elected MP’s and MPP’s?

On August 19, 2004, I was allowed to give an *investorism* presentation to the Ontario 10 person all party MPP Economics and Finance Committee Ontario Securities Commission Five Year Review Hearing. By-design, my presentation was limited to 600 seconds – 10 minutes, during which I was able to briefly speak about my 1994 investment funds point-of-sale thesis plus how the OSC breached its mandate when it issued its April 13, 1999, Special DSC Commission Rebating Exemption Order to Assante – a Special OSC Exemption Order that actually facilitated and perpetuated Assante’s Ontario Securities Act and GOC Criminal Code breaching escrowed shares business model – breaches that the OSC was knowingly colluding with its other 12 provincial / territorial securities commissions in a conspiracy to cover-up and bury. My own 24 page investorism hard copy presentation that day was supported by and validated with several inches of Kent Shirley’s whistleblower evidence v. Assante, the OSC, et al.

On September 22, 2004, when I forwarded six (6) more inches of Kent Shirley’s whistleblower evidence v. Assante to NY-AG Eliot Spitzer – Assante exported its fraudulent escrowed shares conglomerator’s

business model to the U.S. when it acquired its four (4) U.S. securities dealers in the late 1990's early 2000 years – I Cc: my letter to Eliot Spitzer to:

- i.) Hon. Jim Peterson, MP, our then GOC Minister of International Trade,
- ii.) Debbie Matthews, ON MPP who was one of the 10 all party members of the ON Finance and Economics Committee that I presented to on August 19, 2004, at Queen's Park, and to
- iii.) Glorianne Stromberg, Canada's Mother Teresa of Mutual Funds.

In mid-January 2005, approximately three (3) weeks after Kent Shirley's tragic death on December 24, 2004 – Kent was mercilessly bullied to his tragic death – ON MPP Debbie Matthews – who I have known for 40+ years and note – Debbie and my older sister are best friends – Debbie told me that the ten person all party ON MPP Finance and Economics Committee did not look at the Kent Shirley whistleblower evidence that implicated the OSC in Assante's Criminal Codes breaching escrowed shares business model because the Committee's mandate / terms of reference was to only review Purdy Crawford's Report on the OSC.

Debbie Matthews – who was recently appointed as ON's Minister of Health then asked me what she should do with Kent Shirley's six inches of whistleblower evidence that I Cc:'d to her on September 22, 2004. I was absolutely shocked when Debbie asked if she should destroy it or return it to me! WHY? Because two months previous, during November 2004, I had asked Debbie to forward those six (6) inches of documents to ON Minister of Supply Services, Gerry Phillips, whose mandate included oversight over the OSC and Debbie Matthews had knowingly declined to do what I asked her to do.

**QUESTION:** did these actions by ON MPP Debbie Matthews breach the Criminal Negligence *and / or* Breach of Trust By a Public Officer sections of our Criminal Code?

**122. Breach of trust by a public officer**

**219. Criminal negligence**

**220. Causing death by criminal negligence**

On February 13, 2007, Hon. Jim Peterson, MP, forwarded my request for a Kent Shirley / Assante / KPMG Forensics / Securities Regulators / RCMP IMET / et al National Judicial Inquiry to Hon. Rob Nicholson, our GOC Minister of Justice and Attorney General. In his letter of March 29, 2007, to Peterson, Minister Nicholson not only played Pontius Pilate when he denied my request for a National Judicial Inquiry, when Minister Nicholson wrote:

While I understand the concerns raised by Mssrs. Kyle and Killoran,

**I must advise you that the legislatures of the provinces have jurisdiction for securities matters within their respective borders. I note that the matter has been brought to the attention of the Attorney General of Saskatchewan and the Saskatchewan Financial Services Commission who are the appropriate authorities in this matter.**

Did Minister Nicholson himself commit a blatant Act of **High Treason** – did he himself breach **Section 46. of our Criminal Code** – when he off-loaded his GOC Ministerial jurisdiction over Assante's 1996 to November 14, 2003, extremely sophisticated and very fraudulent escrowed shares conglomerator's business model that breached both the:

**Secret commissions – Section 426. of our Criminal Code** as validated and verified by the Supreme Court of Canada's **R. v. Kelly**, [1992] 2 S.C.R. 170; (June 11, 1992) decision,

*and the*

Income Tax Evasion sections of our Canada Revenue Agency?

**Breach of trust by a public officer – Section 122. Of our Criminal Code**

On January 29, 2004, exactly eight (8) days before Kent Shirley voluntarily met with his Saskatchewan Financial Services

Commission on February 6, 2004, to deliver his whistleblower evidence that clearly and definitively identified Assante's 1996 to November 14, 2003, Criminal Codes breaching escrowed shares business model and how Assante's mutual fund "salespersons" across Canada were using the OSC's lead securities regulator granted April 15, 1999, Special Assante DSC Commission Rebating Exemption Order to help their clients to remove money from their RRSP's tax free – without any withholding taxes – without having to pay any taxes on the money affectively / effectively removed from their RRSP's !!

Julia Dublin's last position with the OSC was as its manager of the Fair Dealing Model Project. In 2004, Julia was voted "Lawyer of the Year" by readers of the Compliance Reporter for significant contribution to financial services compliance and regulation. Recently, Julia Dublin defended her not identifying the securities dealer [ it was Assante ] in the Compensation Case Study #1 on PDF pages 196-197 back in the January 29, 2004, OSC Fair Dealing Model paper that she spear headed. Julia also declined to recently identify that the company in Case Study # 1 was Assante.

**QUESTION:** Knowing that Canada / Canadians have a history of usually not addressing inappropriate systems, processes, practices, etc, proactively – that we historically wait until damages have been done – there has been a senseless loss of life, an autopsy and a coroner's inquest with recommendations for reactive changes to ward off future senseless tragedies from happening, we must now autopsy whether or not:

When Julia Dublin's January 29, 2004, Fair Dealing Model Concept Paper [http://www.osc.gov.on.ca/Regulation/Rulemaking/Current/Part3/cp\\_33-901\\_20040129\\_fdm.pdf](http://www.osc.gov.on.ca/Regulation/Rulemaking/Current/Part3/cp_33-901_20040129_fdm.pdf)

was published, did Julia Dublin immediately identify – did she ever identify – the securities dealer in her own forensic researched Compensation Case Study # 1 on pdf pages 196-197 to the following securities industry policing and adjudicating bodies:

to the Enforcement and Investigation Departments at Canada's 13 provincial and territorial Securities Commissions?

to the industry associations granted self-regulatory Organization (SRO) policing powers by the 13 securities commissions?

to RCMP IMET – the partner of the securities commissions and SRO's in the fight against securities crimes?

to Mike Lauber who was our first OBSI Ombudsman until June 30,

2005?

Did Julia Dublin breach any of our Criminal Codes when she failed to identify the securities dealer in her Compensation Case Study #1? Specifically, did Julia Dublin breach the following Criminal Codes:

**122. Breach of trust by a public officer**

**219. Criminal negligence – in the eventual death of Kent Shirley**

**220. Causing death by criminal negligence**

## **CONCLUSION / RECOMMENDATION # 1**

### **IMMEDIATE Appointment of a National Judicial Securities Industry Inquiry**

Right Honourable Prime Minister Stephen Harper must step-up and personally appoint a National Judicial Securities Industry Inquiry so that the premeditated complicity sins of omission and commission by his own GOC Minister of Justice, Hon. Rob Nicholson will be illuminated for every Canadian to see.

The only way Canada will ever create a better securities industry protecting mouse trap – a national securities commission or improve / enhance our existing 13 securities commissions is for every Canadian to become enlightened to the how rotten our securities industry really is – a process that can only happen through the appointment of a National Judicial Inquiry with the power to subpoena anybody and force them to “tell the embarrassing and / or reputational damaging truths” about what they have and have not done.

### **The CSA's 2-page June 19, 2009, Fund Facts document**

It saddens me to say that the background + process to create this 2-page Fund Facts document and the information that is and is not on this document – blatant sins of omission and commission by our CSA civil servants – makes me ashamed to be a Canadian for the first and only time in my 58 years of life that I am totally ashamed to be a Canadian!!

**WHY?**

All of the FSCO / OSC / CSA / Joint Forum point-of-sale processes failed to embrace, adopt *and / or* adhere to Jack Welch's GE capitalism approved mantras of Boundaryless Behaviour, Speed, Stretch, Six-Sigma, etc., etc.

**FACT:** NOBODY has been allowed to represent consumer / investors in any of the FSCO / OSC / CSA / Joint Forum, etc., processes – and this is a flagrant abuse of Jack Welch's capitalism approved Boundaryless Behaviour.

**FACT:** In February 1994 – on the same day that Waitzer appointed Stromberg to do her first mutual fund report, I offered my services to Waitzer and the OSC to represent investors and to work with Stromberg.

Waitzer said no.

**FACT:** During the late Spring / early Summer of 1995 when Waitzer appointed his (magnificent) seven OSC Steering Group to head committees to address Stromberg's January 1995 OSC Mutual Fund Report, I offered to represent investors and sit on each of Waitzer's 7 Steering Group Committees. Waitzer said no.

In 1996, OSC Chairman Ed Waitzer told me that of all the qualified individuals – including myself – who could have represented investors during Stromberg's 1995 OSC Report writing and Waitzer's own follow-up OSC Seven (7) Steering Group Committees, etc., non of us were acceptable to the industry !!

Something more rotten than Hamlet's State of Denmark is happening in Canada when zero tenured finance educators from our world renowned university business schools have been asked to decide / draft / produce what information @ POS consumer / investors must be given and in what meaningful presentation manner so that they are empowered to make their better—best informed investment decisions.

Something more rotten than Hamlet's State of Denmark is happening in Canada when CSA securities commissions civil servants – who are predominantly professionals with a law degree from one of our taxpayer built and funded universities – are continuing to undermine

our financial well-being compared to our medical well-being practitioners we require to obtain university degree(s): physicians, nurses, pharmacists, radiologists, etc. Civil servant lawyers are being allowed to not only undermine and compromise the quality of our financial well-being practitioners, they have also failed to require a higher calling “Fiduciary” compares to “Hippocratic” Oath and a university required degree for our financial well-being practitioners.

These same CSA securities commissions civil servant lawyers recently – this past July 17, 2009 – undermined and compromised the full, true and plain disclosure verbiage for consumer / investors when they changed the legal licensing for market registrants from their previous “salesperson” to their brand new foggy and deceptive “dealer representative” title – which is a long way from a university professional required degree as a financial well-being practitioner professing to adhere to a “fiduciary oath” – to a higher calling financial well-being who is an “investor representative”.

**QUESTION:** Do our highest calling physicians represent their patients or the hospitals where they have privileges to operate and admit their patients?

The CSA June 19, 2009, POS Fund Facts document is laced with omissions, commissions AND / OR “asymmetric information” facilitating and perpetuating verbiage.

For example: there is a gigantic difference between describing point-of-sale commissions as follows:

Up to 4%

*versus*

Fully negotiable from 0% to 4%.

The CSA’s 2-page Fund Facts sins of omission and commission can be succinctly described by Jonathan Wellum’s April 4, 1998, comment to me that was prominently displayed by me in my May 14, 1998, *investorism* presentation to our Senate Bank Finance Committee that

Senator Kirby aborted because it contained too many real life names – RBC, Trimark, Labatt's, CIBC, AIC, etc., in my irrefutable case study examples of consumer / investorism impropriety and illegality abuses.

**“Why tell them (investors) more than we have to?”**

**—JONATHAN WELLUM, AIC, April 4, 1998**

Simply stated – Page 1 of the CSA's Fund Facts contains significantly less material information than the 1<sup>st</sup> page of the RBC Fund Facts document that Mornigstar has produced for the Royal Bank's Funds.

The CSA can have a significantly enhanced better—best informed decision Fund Sales Document first page if it adopts the RBC – Morningstar first page – with several key facts additions to it.

Page two of any investment funds point-of-sale document must be a 100% consumer / investor document that the CSA has zero input into – it must be a 100% arm's length document from the CSA and our existing 13 securities commissions and possible eventual national securities commission, and it must address and contain the following information:

Our first OBSI Ombudsman, Mike Lauber, told me this past summer that the lion's share of the unresolved at the securities dealer / distributor investment fund complaints that were elevated to his OBSI office were “suitability” related complaints. With this in mind, the investorism focused Fund Facts 2<sup>nd</sup> page, must clearly include / cover:

Whose idea the investment is – was it proposed by the fund “salesperson” or by the consumer / investor?

Risk / Reward numerical metrics. The following 15 numerics are the only initial Risk / Reward + ongoing forensic validating and verifying numerics – as in our blood test good and bad cholesterol, blood sugar, white / red etc., numerics – that every consumer / investor must be given @ POS prior to them being SOLD / purchasing any fund.

**The RiskMetrics on my 15+ year old "Prescriptive" POS Checklist**

1. Alpha: \_\_\_\_\_

9. Mean: \_\_\_\_\_

- |                                 |                               |
|---------------------------------|-------------------------------|
| 2. Beta: _____                  | 10. R-Squared: _____          |
| 3. Correlation Benchmark: _____ | 11. Sharpe Ratio: _____       |
| 4. Downside Risk: _____         | 12. Skewness: _____           |
| 5. Downside Frequency: _____    | 13. Sortino Ratio: _____      |
| 6. Downside Magnitude: _____    | 14. Standard Deviation: _____ |
| 7. Jensen's Measure: _____      | 15. Treynor's Measure: _____  |
| 8. Mornigstar Rating: _____     |                               |

**WARNING:** the CSA must not be allowed to continue their sin of omission – to say nothing about the above.

Full / True and Plain disclosure of the 12 different POS commission entry codes that a fund “salesperson” can use to sell the fund – to process the fund order – to earn what they – the fund salesperson decides / choose for themselves to earn – not what the consumer / investor knowingly decides – is informed to all of the different remuneration combinations and permutations that they deserve to / should earn !!

Load	Description
DO	Deferred based on Original amount
DM	Deferred based on Market value
FO	Either Front end or deferred on Original
FM	Either Front end or deferred on Market
FE	Front End Load
BE	Back End Load
FB	Either Front end or Back end Load
AC	Acquisition Charge
IS	Initial Sales Charge
LL	Low Load
NL	No Load
VS	Volume Sales Charge

Go to: <http://www.cannex.com/canada/english/>

**FACT:** If the province of Ontario decided to kill the extra billing by our highest calling minimum 7 years of required university education +

Hippocratic Oath promising / professing physicians, WHY does our Province of Ontario allow zero university degree required market registrants licensed as “salesperson” to decide what they deserve to earn selling funds without any promise of a “Fiduciary Oath” that puts the consumer / investor’s best interests above the salesperson’s own remuneration self-interests?

The actual fund order entry number for the fund – some funds have 30+ order processing entry numbers so that there can be zero future complaint discrepancy between the salesperson and the consumer / investor on the wrong fund and / or salesperson dollars and cents remuneration.

MFC907	yes	BE	CAD	Ivy Canadian Fund
MFC112	yes	BE	CAD	Ivy Canadian Fund
MFC133	yes	BE	CAD	Ivy Canadian Fund
MFC137	yes	BE	CAD	Ivy Canadian Fund
MFC118	yes	BE	CAD	Ivy Canadian Fund
MFC401	yes	BE	CAD	Ivy Canadian Fund
MFC441	yes	BE	CAD	Ivy Canadian Fund
MFC453	yes	BE	CAD	Ivy Canadian Fund
MFC462	yes	BE	CAD	Ivy Canadian Fund
MFC124	yes	BE	CAD	Ivy Canadian Fund
MFC121	yes	BE	CAD	Ivy Canadian Fund
MFC125	yes	BE	CAD	Ivy Canadian Fund
MFC126	yes	BE	CAD	Ivy Canadian Fund
MFC613	yes	BE	CAD	Ivy Canadian Fund
MFC472	yes	BE	CAD	Ivy Canadian Fund
MFC482	yes	BE	CAD	Ivy Canadian Fund
MFC935	yes	BE	CAD	Ivy Canadian Fund
MFC253	yes	FE	CAD	Ivy Canadian Fund
MFC201	yes	FE	CAD	Ivy Canadian Fund
MFC262	yes	FE	CAD	Ivy Canadian Fund
MFC272	yes	FE	CAD	Ivy Canadian Fund
MFC312	yes	FE	CAD	Ivy Canadian Fund
MFC324	yes	FE	CAD	Ivy Canadian Fund
MFC352	yes	FE	CAD	Ivy Canadian Fund
MFC083	yes	FE	CAD	Ivy Canadian Fund
MFC512	yes	FE	CAD	Ivy Canadian Fund
MFC241	yes	FE	CAD	Ivy Canadian Fund
MFC518	yes	FE	CAD	Ivy Canadian Fund
MFC521	yes	FE	CAD	Ivy Canadian Fund
MFC524	yes	FE	CAD	Ivy Canadian Fund
MFC526	yes	FE	CAD	Ivy Canadian Fund
MFC525	yes	FE	CAD	Ivy Canadian Fund
MFC533	yes	FE	CAD	Ivy Canadian Fund
MFC537	yes	FE	CAD	Ivy Canadian Fund
MFC3159	yes	LL	CAD	Ivy Canadian Fund

**The 33 different Ivey Canadian Fund numbers above clearly show that there are many different combinations and permutations of different fund “salesperson” FE and BE point-of-sale + many different on-going different “Tied Advice / Tied Sale” trailer fee commission levels behind each BE and FE Load Types !!**

There must be transparency of the fund’s Statement of Investment Policy investment ranges that the fund manager must follow / must adhere to per asset category within the fund.

If we have 35 different fund categories, we will have 35 different asset mixes per fund category. This is a key Risk / Reward identifier – for example, if the manager can only have 0-20% cash in the fund, this means that the manager must always be 80% invested – and that if the stock market falls 50% -- the fund should fall at least 40% depending upon the funds beta to the market and / or its benchmark index.

IF 50% of the money invested in funds is taxable money – it is non-tax shielded money in RRSP’s, etc. – transparency must be required on a monthly updated Page 2 fund document of the status year to date of a fund’s annual distribution, including the fund’s current as of (MM/DD/YY) date:

Market Value:       \$

Book Value:         \$

**Dividend YTD as at (MM/DD/YY)**

Interest:             \$

Dividend:            \$

Cap Gains:            \$ \_\_\_\_\_

**TOTAL**                \$

The **Portfolio Turnover** \_\_\_ for its numeracy – it’s an important numeracy number that indicates the extra undisclosed portfolio trading costs + potential annual distributions for taxable monies -- that are in addition to the annual Management Expense Ratio (MER), GST, etc.

Best regards,

Joe Killoran, Investor Advocate  
1979 Ivey MBA

### **Addendums:**

**Our greatest “foe” today is our enemy from within Canada**

**The 17 Portfolio Risk Metric Numerics on my 15+ year old investorism POS Checklist**

**Other investment fund risks that consumer / investors should be made aware of.**

***“Take up our quarrel with the foe”***

**Our biggest foe today is actually now from within Canada – it is within our borders – it is our:**

**breached securities act rules, flawed — inappropriate practices / cultures / Exemption Orders / mandate malpractice failures, etc., that have become accepted / expected norms in our securities marketplaces.**

**White collar **\*\*Criminal Codes\*\*** breaching securities practices**

## Canada's National Heritage Poem

*In Flanders Fields the poppies blow  
Between the crosses row on row,  
That mark our place; and in the sky  
The larks, still bravely singing, fly  
Scarce heard amid the guns below.  
We are the Dead. Short days ago  
We lived, felt dawn, saw sunset glow,  
Loved and were loved, and now we lie  
In Flanders Fields.*

*Take up our quarrel with the foe:  
To you from failing hands we throw  
The torch; be yours to hold it high.  
If ye break faith with us who die  
We shall not sleep, though poppies grow  
In Flanders Fields.*

— In Flanders Fields, by Lieut. Col. John McCrae, (1872-1918).

## The 17 Portfolio Risk Metric Numerics on my [15+ year old investorism POS](#) [Checklist 1-pager](#)

### Alpha

Also known as the Jensen, Alpha represents a fund manager's ability to beat a benchmark. The excess return of the fund relative to the return of the benchmark index is a fund's alpha.

Calculated on a 3-year basis, the formula for Alpha is: (Return minus Risk Free Rate) minus[Beta \* (Benchmark minus Risk Free)]. Higher is better.

### **Beta**

Beta measures the volatility, or systematic risk, of a portfolio in comparison to the market as a whole – the portfolio's benchmark index against which the fund is measured. The greater the value of beta, the more risky the fund is compared to the index. A portfolio with a beta equal to 1.0 has the same risk as the index; betas less than 1.0 indicate less risk; betas greater than 1.0 have more risk.

### **Correlation**

Correlation, which ranges from minus 1 to 1, measures the performance relationship between two funds. A high correlation between two funds would indicate that the inclusion of both funds within a single portfolio would result in redundancy, and provide very little diversification. You'd have more stuff, not more performance or risk management. On the other hand, two funds that exhibit weak correlation would add diversification and reduce risk in a portfolio.

### **Downside Risk (Downside Deviation)**

The true measure of a fund's risk, downside risk measures what investors can expect to earn should the fund not achieve some specified target rate of return. For our discussion from here on, we'll assume that target to be 10%. Downside risk should be subtracted from the target return. If a fund has a downside risk of 8, then, when the fund doesn't achieve the target return of 10%, we would expect the fund to average 2% (10 minus 8) during a 12-month period.

### **Downside Frequency**

This indicates how often the fund failed to achieve the target 10% rate of return measured on a rolling annual basis.

### **Downside Magnitude**

Subtracted from the target 10%, this figure reflects a theoretical worst-case scenario to define the extent to which the fund could drop. A very high number indicates that the drop could potentially be substantial.

### **Jensen's Measure**

A risk-adjusted performance measure that represents the average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return. This is the portfolio's alpha. In fact, the concept is sometimes referred to as "Jensen's alpha." A positive value for Jensen's alpha means a fund manager has "beat the market" with his or her stock picking skills.

### **Mean**

The simple mathematical average of a set of two or more numbers. A fund's mean is its average monthly return.

**Morningstar Rating**

The Morningstar Rating™ was introduced in Canada in February 2000. Based on the original Morningstar Rating launched in 1985 in the U.S., this one– to five–star rating system allowed investors to easily evaluate a fund’s past performance within investment fund categories. The introduction of the Morningstar Rating gave the average investor ready access to the concept of risk-adjusted return. In 2003, Morningstar changed the way that it assigned Morningstar Ratings to mutual and segregated funds. Segregated funds and mutual funds were no longer compared directly with each other for the purposes of assigning the Morningstar Rating. Morningstar did not want the ratings of funds to be affected by being compared to fundamentally different investment vehicles.

**How Does it Work?**

To determine a fund’s rating, the fund and its peers are ranked by their Morningstar Risk-Adjusted Returns (MRARs) for each of three time periods: three, five, and 10 years. For each time period,

- if a fund scores in the top 10% of its peer group, it receives five stars (high);
- if it falls in the next 22.5%, it receives four stars (above average);
- a place in the middle 35% earns a fund three stars average);
- the lower 22.5% receives two stars (below average); and
- the lowest 10% earn one star (low).

Morningstar calculates ratings only for categories with at least 20 funds that have a minimum of three years of performance history and report their returns net of fees. Ratings are not calculated for funds in the Retail Venture Capital, Specialty, and Hedge Fund categories due to the diverse nature of these funds.

**R-Squared**

R-squared values range from 0 to 100. An R-squared of 100 means that all movements of a security are completely explained by movements in the index. A high R-squared (between 85 and 100) indicates the fund's performance patterns have been in line with the index. A fund with a low R-squared (70 or less) doesn't act much like the index. An R-squared of 0.45 means that 45% of a fund's movements are explained by benchmark movements.

A higher R-squared value will indicate a more useful beta figure. For example, if a fund has an R-squared value of close to 100 but has a beta below 1, it is most likely offering higher risk-adjusted returns. A low R-squared means you should ignore the beta.

**Sharpe Ratio**

This measure tells us how much risk is assumed by the fund manager – whether a portfolio's returns are due to smart investment decisions or a result of excess risk. This measurement is very useful because although one portfolio or fund can reap higher returns than its peers, it is only a good investment if those higher returns do not come with too much additional risk. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been. A negative Sharpe ratio indicates that a risk-less asset would perform better than the security being analyzed.

The Sharpe Ratio also determines if the manager is achieving excessive returns over a risk-free rate of return like those provided by T-bills.

### **Skewness**

Skewness is extremely important to finance and investing. Remember the bell curve? That's a regular, symmetrical bell shaped distribution of results. Skewness is a measure that indicates the degree of asymmetry of a fund's distribution around its mean. Most sets of data, including [stock prices](#) and asset returns, have either positive or negative skew rather than following the balanced normal distribution (which has a skewness of zero). By knowing which way data is skewed, one can better estimate whether a given (or future) data point will be more or less than the mean. Positive skewness indicates a distribution with a right tail extending toward positive values. Negative skewness indicates a distribution with a left tail extending toward negative values.

Most advanced economic analysis models study data for skewness and incorporate this into their calculations. Skewness risk is the risk that a model assumes a normal distribution of data when in fact data is skewed to the left or right of the mean.

### **Sortino Ratio**

This ratio is the standard "Post-Modern Portfolio Theory" measure of risk-adjusted returns. It measures how many units of return in excess of 10% are provided per unit of downside deviation / downside risk. In other words, the Sortino ratio is similar to the Sharpe ratio, except it uses downside deviation for the denominator instead of standard deviation, the use of which doesn't discriminate between up and down volatility.

### **Standard Deviation**

Standard deviation is a statistical measure of risk reflecting the extent to which rates of return for an asset or portfolio may vary from period to period. The larger the standard deviation is, the greater the range of possible returns and the more risky the asset or portfolio becomes. Standard deviation is a statistical measurement that sheds light on historical volatility. For example, a volatile stock will have a high standard deviation while the deviation of a stable blue chip stock will be lower. A large dispersion tells us how much the return on the fund is deviating from the expected normal returns.

### **Treynor's Measure**

A risk-adjusted measure of return that divides a portfolio's return in excess of the riskless return by its [beta](#). Because it adjusts return based on [systematic risk](#), it is relevant for performance measurement when evaluating portfolios separately or in combination with other portfolios. Compare to [Sharpe Ratio](#).

## Consumer / Investors should also be made aware of these investment fund risks too:

### III. General Risks of investing in funds, include:

- A. **Price fluctuation risk:** may be more or less than when you purchased it
- B. **The investment is not guaranteed risk:** it is not CDIC insured up to \$100,000 like a GIC.
- C. **Redemptions may be suspended risk:** under exceptional circumstances, an investor's right to redeem might be suspended

### The specific risks of investing in funds, include:

1. **Concentration risk:** a fund that invests in a small number of securities
2. **Credit risk:** can have a negative impact on a debt security, i.e. bond, commercial paper, etc.
  - **Default risk:** the issuer of the debt may not be able to pay
  - **Credit spread risk:** between a corporate debt security and government security, junk and investment grade
  - **Downgrade risk:** when a credit rating agency reduces their rating on an issuer's security
  - **Collateral risk:** it will be difficult to sell the assets pledged as collateral for the debt
3. **Currency risk:** funds that hold foreign securities are marked to the market / converted to fund's currency on a daily basis. **ALSO**, from time to time, some foreign governments have / may restrict currency exchange.
4. **Derivative risks:** use of derivatives to limit gains or losses caused by exchange rates, stock prices or interest rates is called hedging and includes the following risks:
  - the hedging strategy may not be effective
  - there is no guarantee a market will exist when the fund wants to buy or sell (close out) the derivative contract
  - there is no guarantee that the fund will be able to find a counterparty willing to enter into a derivative contract
  - the counterparty to a derivative contract may not be able to meet its obligations
  - a large percentage of a fund's assets may be placed on deposit with one or more counterparties, which exposes the fund to the credit risk of those counterparties

- securities exchanges may set daily trading limits or halt trading
  - the price of a derivative may not accurately reflect the value of the underlying asset.
- 5. Equity risk:** the value of a fund is affected by changes in the prices of the stocks it holds. Risks and potential rewards are usually greater for small companies, start-ups, resource companies and companies in emerging markets. Convertible into equity debt securities may also be subject to interest rate risk.
- 6. Foreign investment risk:** investment in securities of foreign corporations and / or governments.
- Companies outside Canada maybe subject to different regulations, standards, reporting practices and disclosure requirements.
  - the legal systems of some foreign countries -- including Canada -- may not adequately protect investor rights
  - Political, social or economic instability may affect the value of foreign and Canadian securities
  - Governments may make significant changes to tax policies affecting the value of foreign and Canadian securities
  - Foreign governments may impose currency exchange controls
- 7. Interest rate risk:** the value of fixed income securities will rise and fall as interest rates change.
- 8. Large transaction risk:** when a large investor in a fund makes a transaction, a fund's cash flow may be affected.
- 9. Liquidity risk:** when problems in an organized market affect the ability to convert an asset to cash. A company's security may become illiquid because:
- a company is not well known
  - there are few outstanding shares
  - there are few potential buyers
  - they cannot be resold because of a promise or agreement
- 10. Repayment risk:** many debt securities, including mortgage-backed securities and floating rate debt securities, can be repaid before maturity.
- 11. Replication management risk:** non-actively managed funds may not necessarily sell a security because the circumstances of a security issuer have changed to one of financial difficulty.
- 12. Repurchase and reverse repurchase transactions and securities lending risk:** the other party to these transactions may default under the agreement or go bankrupt.