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

c/o

M^e Phillipe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cite, tour Cominar
2640, boulevard Laurier, bureau 400
Quebec (Quebec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario
M5H 3S8
comment@osc.gov.on.ca

Mr. Tony Toy
Canadian Council of Insurance Regulators
National Regulatory Coordination Branch
25 Sheppard Avenue West, Suite 100
Toronto, Ontario
M2N 6S6
ccir-ccra@fsrao.ca

Dear Friends:

Re: Total Cost Reporting for Investment Funds and Segregated Funds

Thank you for this opportunity to provide our input on this important matter.

We applaud the regulatory establishment for their efforts to ensure investors are provided with the information necessary to make informed choices about their investments.

Fund Expenses Disclosure

Fund expenses are a necessary outgrowth of managed and passive investments. There are costs associated with investment activity. The message underlying the proposed prescribed notifications is that all fund expenses reduce a fund's returns. We respectfully submit that this is not the case. Some costs may generate incremental returns that more than offset the cost incurred.

The concern with respect to fund expenses can be more correctly stated as fund costs are relevant to the extent that the costs do not generate additional return. We suggest that the Notifications be amended as follows, "They affect you because, to the extent that the increased costs do not generate additional return, they reduce the fund's returns."

Proposed Insurance Guidance

In addition to acting as Portfolio Managers, we provide financial planning services to our clients. We have found it challenging to make projections for some insurance products because of a lack of information in client insurance statements and a general lack of understanding by selling agents of the product. Specifically, the client statements for GMWB products often do not provide information about the Guaranteed Withdrawal Base, the original investment amount, current market value, the costs of the insurance riders – the guarantee fees, fund fees, market value step ups and how they are calculated – is it based on an annual high or a lifetime high - and the current value of those stepped-up amounts. Additional information will be very helpful to those in the planning community.

Thank you.

Sincerely,

PACIFIC SPIRIT INVESTMENT MANAGEMENT INC.



John S. Clark
President