



**IFIC: The voice of Canada's Investment Funds Industry –  
Celebrating 80 years of mutual funds in Canada and the  
50th anniversary of IFIC**

**ANNUAL REPORT TO MEMBERS**  
September 2012

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## CEO'S MESSAGE

2012 was a milestone year for our industry, as we celebrated 80 years of mutual funds in Canada, and the 50th anniversary of IFIC.

JOANNE DE LAURENTIIS



Our industry's mission is simple: to help build a culture of savings so that Canadians can achieve their important life goals and, in particular, enjoy financial security in their retirement. IFIC supports that mission

by working with public policymakers to achieve a balanced, principle-based regulatory and policy environment where both the industry and its investors can thrive.

In an increasingly complex public policy environment, the need for a strong, unified, publicly-respected body to represent the common interests of the mutual fund industry and its investors is greater than ever. We are a trusted source of information to elected and non-elected public officials, regulators and policymakers on issues that matter to our industry. IFIC's expertise and participation is regularly sought by regulators, governments and other policy bodies. Our issue reports are respected as fact-based, well-researched and topical.

We are proud that Canadians have put their faith in our members' products through eight decades of innovation and investor support.

By connecting Canada's savers to Canada's economy, our industry not only serves investors, but also makes significant contributions to healthy and responsive capital markets—growing the Canadian economy and helping to create jobs.

In January of this year, our board set out annual strategic priorities for your association. These priorities provide a framework for the work of staff and IFIC's many committees and ensure that our resources are devoted to creating an optimal business environment for our members that supports our commitment to meet the needs of Canadian investors. Additionally, they establish yardsticks by which we can measure our progress and assess our effectiveness.

The IFIC 2012 strategic plan laid out five major areas of activity for the year. The challenges that face the industry and the work of the association are often long-term in nature, with goals and objectives carried over from year to year. The work we undertake is that of a marathon, not a sprint. As president and CEO of IFIC, I am pleased to report that we made good progress against many of these objectives in 2012.

## Strategic Priorities

**PROACTIVE GOVERNMENT AND REGULATOR RELATIONS:** *Share our knowledge and expertise based on solid, credible research with senior political leaders, senior bureaucrats and policymakers in Canada and abroad.*

A constantly changing political landscape and accompanying changes in political priorities mean that this priority is not only a long-term objective, but one that requires constant attention. We have taken a multi-faceted approach—one that has involved regular direct outreach to political and regulatory officials and staff, ongoing monitoring of key issues, and both formal and informal commentary on a wide range of initiatives. We have enhanced our internal capacity—strengthening staff capability and creating a more integrated, government relations- focussed organization.

In the past 10 months, we have met with: the minister of state for finance, the minister of national revenue, the federal privacy commissioner, the chair of the Senate finance committee, provincial finance ministers from Ontario, B.C., Alberta, and Quebec; senior political advisors to the prime minister and federal finance minister; and senior bureaucrats in the federal departments of finance, revenue, and industry.

We held our first industry familiarization event for MPPs at Queen's Park and have scheduled the second for 2013.

Our objective in these meetings is to ensure that the fund industry is a known entity at senior political and policy levels. In particular, we endeavour to educate policymakers about the valuable role funds—and their advisor-led model—play in building wealth and financial awareness for Canadian investors and savers, as well as the industry's significant contributions to the nation's economy and job creation. Our goal in building knowledge of our industry at senior political levels is that public policy decisions will be taken with full knowledge of their potential impact on investors and investment funds providers.

On the regulatory front, we are meeting regularly with the Canadian Securities Administrators (CSA) Investment Funds Committee, and we schedule frequent opportunities for CSA, MFDA, IIROC, and other regulatory staff to attend IFIC committee meetings. IFIC staff and committee members have met with U.S. officials to present Canada's position on FATCA and the Volcker Rule.

We achieved positive outcomes on other files in 2012 including: modifications to federal anti-spam rules that recognize the realities of professional referrals; a decision by the Senate Committee on National Finance that a review of MERs was out of scope for its cross-border pricing review; and prompting Finance Canada officials to engage with U.S. authorities on FATCA, the Volcker rule and the taxation of Canadian Foreign Investment Companies.

We participated in consultations about the creation of a new Pooled Pension Retirement Plan program, pointing out the importance of ensuring choice by amending the rules that apply to RRSPs to make GRRSPs more like retirement savings plans. The Ontario government has agreed in principle to our proposal to create a provincial roundtable where Ministry of Finance officials, regulators and the industry will meet regularly to discuss the challenges and opportunities facing the financial services sector.

**SECURITIES REGULATORY STRUCTURE:** *Participate in discussions about any structural reform to ensure it reflects the legitimate interests of the fund industry and investors.*

In 2011, we actively engaged with the Canadian Securities Transition Office (CSTO) to present the industry's priorities and structural expectations in the event that a national securities regulatory structure was adopted. We established a good working relationship with the CSTO, which responded positively to building features important to the industry and its customers into any new structure. While the concept of a federally led national securities regulatory structure was quashed by the Supreme Court, the idea of a voluntary common securities regulatory office has been revived and we continue to monitor those discussions to ensure the industry's interests will be addressed. Of particular importance is the need to create an effective working relationship between those jurisdictions that participate in a common structure and those that chose to operate outside of it.

**INDUSTRY VALUE PROPOSITION:** *Actively raise awareness of the positive attributes of the investment funds industry, focusing on both the value of the product and the value of advice.*

The *Value of Advice*, as a core attribute of the industry's value proposition, is central to many of our submissions. However, equally important are the attributes of the range of products that the industry offers, and how it responds to changing demand with innovative new product offerings. The strength of the product offering and innovation were reflected in the theme and several of the presentations at IFIC's annual conference, and in *The Globe and Mail* supplement on investment funds, which was published on October 3, 2012.

*The Value of Advice Report 2012*—our third annual *Value of Advice* report—builds on the 2010 and 2011 editions by summarizing available research from Canadian and international jurisdictions.

**AUTHORITATIVE SOURCE OF INFORMATION:** *Produce solid research that will enable IFIC to be a more effective voice on issues under discussion, to the benefit of the industry and its investors.*

IFIC continues to be recognized for the quality and depth of its research and analysis. Again in 2012, we commissioned and undertook original research in support of key industry positions. We produced a one-of-a-kind international review of point-of-sale regimes and practices to educate Canadian regulators on the flexibility other jurisdictions have established for the delivery

of fund fact type documents at point of sale; commissioned original research on the cost of ownership of mutual funds in Canada and the U.S. that will be published early in 2013; and completed our seventh annual Pollara Investor Survey measuring the satisfaction levels of mutual fund investors.

IFIC partnered with Advocis to disseminate new research on the value of advice independently published by the Center for Interuniversity Research and Analysis on Organizations (CIRANO). Utilizing econometric modelling, the CIRANO research successfully addresses perceived weaknesses in previous analyses of the value of advice by factoring out the impact of approximately demographic and socio-economic 50 variables. Its conclusion supports the central finding of previous IFIC work on the value of advice—that advised households accumulate a higher level of financial wealth compared to non-advised households. The research more precisely identifies the unique value of advice—namely, the discipline it imposes on the household to save—and confirms that the longer the relationship with the advisor, the higher level of wealth that will be achieved. Working closely with the authors of the study, we produced a guide to the research and conducted briefings for industry regulators and IFIC members on this groundbreaking work.

**PUBLIC PROFILE:** *Advance the industry's key attributes with all of its audiences and reinforce IFIC as the leading public voice of the investment funds industry.*

We have conducted a number of briefings with regulators, members of the media and other industry associations throughout the year. We continually work with other industry organizations in order to broaden understanding and utilization of our research findings—sharing our research broadly and taking leadership roles on key industry-wide issues.

Our new logo and visual identity, which were designed to reinforce our brand attributes—authoritative, contemporary, and professional—have been well received. Recognizing the fact that websites have become the primary face of any organization, we have launched a major web redesign project that will be completed in 2013.

In closing, I would recognize the work and contributions of the many IFIC members who participate in IFIC's committees, contributing their time and knowledge in the interests of the entire industry. Without your involvement, we would realize only a fraction of the accomplishments in this report.

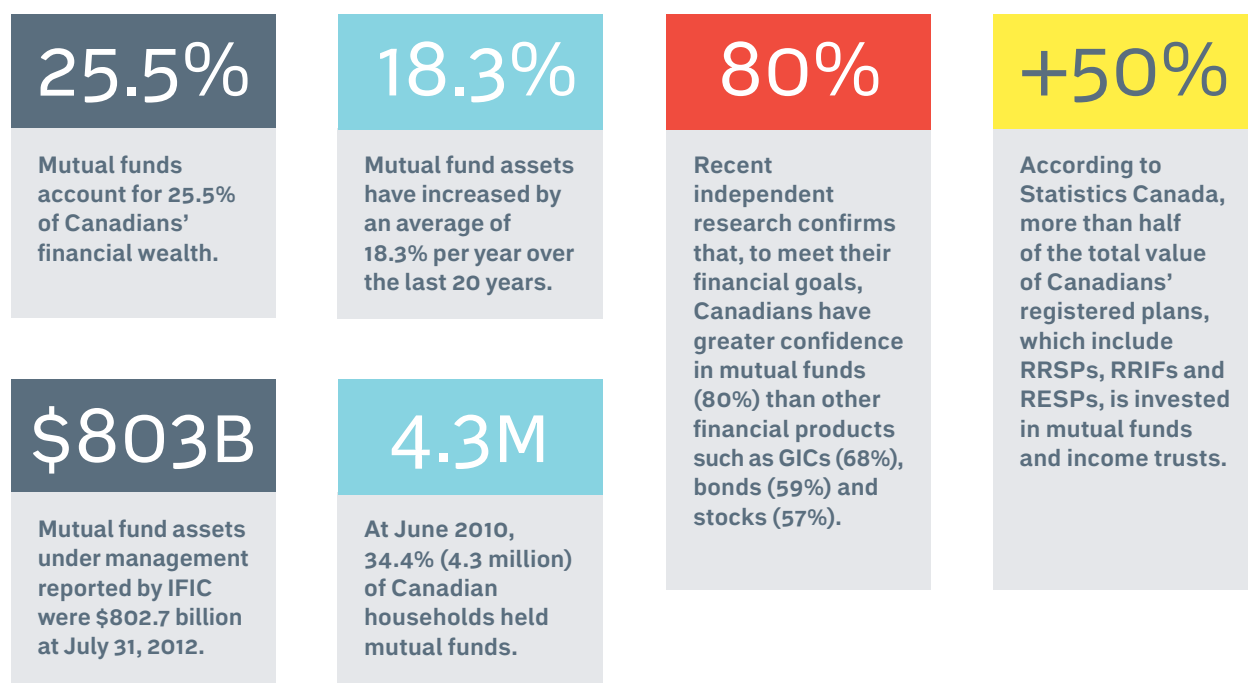
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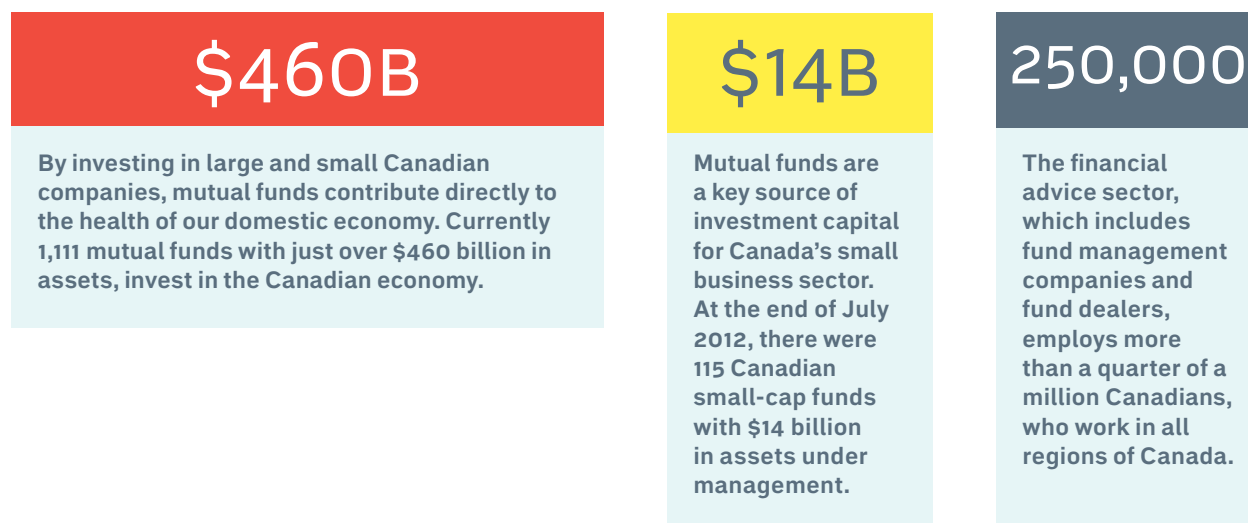
Joanne De Laurentiis

# IMPACT OF THE MUTUAL FUND INDUSTRY

Strengthening the lives of individual Canadians and families



## Strengthening Canada's economy and creating jobs



# MILEST

## October 1962

Canadian Mutual Funds Association (CMFA) is established with 27 members. Members are individual mutual funds themselves, not fund management companies. The first chairman is Alan Chippindale, who introduced mutual funds to Canada in 1932.

**\$1B**

Industry Assets Under Management (AUM) grow to \$1.0 billion.

CMFA publishes a Code of Ethics and Regulation for its members.

1967  
CMFA enters the education business with the Canadian Investment Funds Course.

1972  
CMFA has 65 members (mutual funds) with AUM of \$2.7 billion.



**CMFA incorporates.**

1973

CMFA objects of incorporation:

“To serve the interests of the investing public by engaging in and supporting activities conducive to high ethical standards and efficiency of administration and operations within the Canadian mutual fund industry.”

**Name changes to The Investment Funds Institute of Canada (IFIC).**

1976



IFIC introduces new mountain logo marking 50 years of funds in Canada.

1982  
Membership broadens to include trust companies, investment firms and independent dealers.

IFIC works with Canadian securities administrators to develop the National Prospectus Statement on the simplified prospectus procedure.

1984

Hockin-Kwinter Accord permits funds into the securities industry.

1987

1983

**\$5B**

Industry AUM surpasses \$5 billion.



# ONES

**\$100B**

Industry AUM surpasses \$100 billion.



A new logo emphasizes our connection to investors.

IFIC releases Statement of Principles for members, and Guidelines for Codes of Conduct for manager and retail distributor members.

## The Conseil des fonds d'investissement du Québec is formed to serve as IFIC's voice in Quebec.

1997 IFIC participates actively in the development of the Mutual Fund Dealers Association: the new Self-Regulatory Organization for distributors.

1999 IFIC works with the Canadian Securities Administrators on new disclosure rules.

2000 IFIC publishes a Privacy Code.

**\$500B**

Industry AUM surpasses \$500 billion.

2004 IFIC produces toolbox to detect and deter short-term abusive trading included in OSC's recommendations.

**\$800B**

Industry AUM at \$800 billion.

2009 IFIC takes on global role as Secretariat to International Investment Funds Association.

2012



CELEBRATING FIFTY YEARS

IFIC celebrates 80 years of mutual funds in Canada and its 50th anniversary with a vibrant revamp of its visual brand identity. The new logo conveys leadership, expertise, integrity and stability.

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1993

1995

1992

1996

IFIC creates recommendations for a Code of Sales Practices for the Mutual Fund Industry, which is adopted two years later by securities regulators.

1997

1999

2000

2004

2002

2002

Industry AUM grows to over \$415 billion.

IFIC develops member guide on Canada's Proceeds of Crime (Money Laundering) and Terrorist Financing Act.

New distance learning education institute for industry staff created.

2006

IFIC Investor Education Award is established.

First IFIC-sponsored Pollara survey of mutual fund investors is launched.

2007

First IFIC Value of Advice report demonstrates benefits of fund distribution model.

IFIC works with the Canadian Investment Funds Standards Committee to achieve a single set of industry-wide categories for improved data reporting.

IFIC subsidiary company – IFSE – is created to support professional licensing and education of advisors.

2012

## IFSE

IFSE embodies the industry's commitment to professionalism and continuing education—cornerstones on which investor confidence has been built.

Through IFSE's online web portal ([www.ifse.ca](http://www.ifse.ca)), the organization is able to deliver valuable course content in a manner that is both efficient and time-effective. The online self-study model is formatted to enable professionals to achieve educational goals without putting their careers on hold. All courses are available online to facilitate distance education.

IFSE captures the strength of traditional classroom-based learning to facilitate the needs of those who learn best in a classroom setting with a group of their peers. Through IFSE's Corporate Training Plus program, an organization can ensure that its employees are equipped with the knowledge and skills

necessary to deliver valuable and accurate information to a client. The program is flexible, and can be tailored to any company's goals and objectives.

IFSE offers a range of course on:

- Mutual Funds
- Life License Qualification Programs
- Exempt Market Program
- Continuing Education
- Fixed Income Investment Program

IFSE's broad range of course offerings, commitment to financial literacy, and desire to help the industry grow have made it one of the leaders in investment funds education.

## IFIC BOARD OF DIRECTORS 2011 - 2012

Charles Sims (Chair), President & CEO  
*Mackenzie Financial*

John Adams, Executive Vice-President & CEO  
*PFSL Investments Canada*

George Aguiar, President & CEO  
*GP Wealth Management Corporation*

Sian Burgess, Senior Vice-President  
Legal & Compliance Canada  
*Fidelity Investments*

Yani Chagnon<sup>1</sup>, Managing Director  
Investment Solutions  
*National Bank*

Sandy Cimoroni, President  
*TD Asset Management Inc.*

Doug Coulter, President  
*RBC Global Asset Management Inc.*

Joanne De Laurentiis (ex officio), President & CEO  
*The Investment Funds Institute of Canada*

Chris Enright<sup>2</sup>, Senior Vice-President  
Wealth Management Distribution  
*Industrial Alliance Insurance & Financial Services Inc.*

Michel Falk<sup>3</sup>, President  
*National Bank Securities/National Bank Trust*

Roy Firth, Executive Vice-President  
Individual Wealth Management  
*Manulife Financial*

Gordon Forrester, Executive Vice-President  
Marketing & Product, Head of Retail  
*AGF Investments Inc.*

Steve Geist, President  
*CIBC Asset Management Inc.*

Brian Gore, President & CEO  
*FundSERV Inc.*

Glen Gowland (Vice Chair), Managing Director & Head  
Scotia Private Client Group Canada and Global  
Institutional Business  
*Scotiabank*

Charles Guay<sup>4</sup>, President & CEO  
*National Bank*

Martine Guimond (ex officio – CFIQ Vice Chair), Partner  
*Gowling Lafleur Henderson LLP*

Ross Kappelé, Executive Vice-President &  
Head of Retail Distribution  
*BMO Asset Management Canada*

John Kearns, CEO  
*NEI Investments*

Stéphane Langlois (ex officio – CFIQ Chair), President  
*LBC Financial Services*

Ian Moorhouse, President & Chief Compliance Officer  
*Independent Accountants' Investment Group*

Oliver Murray (ex officio – Past Chair), President & CEO  
*Brandes Investment Partners & Co.*

Brian Peters, President & CEO  
*MD Physician Services Inc.*

Don Reed, President & CEO  
*Franklin Templeton Investments Corp.*

David Scandiffio<sup>5</sup>, President & CEO  
*IA Clarington Investments/IA Mutual Funds*

<sup>1</sup>Joined April; resigned May.

<sup>2</sup>Resigned February.

<sup>3</sup>Joined June.

<sup>4</sup>Resigned December 2011.

<sup>5</sup>Joined April 2012.

## CFIQ BOARD OF GOVERNORS 2011 - 2012

Stéphane Langlois (Chair), President  
*LBC Financial Services*

Pierre-Yves Châtillon, Partner  
*Fasken Martineau*

Joanne De Laurentiis (1st Vice Chair), President & CEO  
*The Investment Funds Institute of Canada*

Michel Fortin, Senior Vice-President  
Marketing and Customer Solutions  
*The Standard Life Assurance Company of Canada*

Pierre Béland, Regional Sales Director  
*Investia Financial Services*

François Vaillancourt, Compliance Director  
Life and Health Insurance and Savings Compliance  
Administrative Department  
*Desjardins Group*

Annamaria Testani, Vice-President  
National Sales, Intermediary Business Solutions  
*National Bank*

Normand Morin, Executive Director  
*Excel*

Ann David, Chief Compliance Officer  
*Royal Mutual Funds*

Marcel Martin, Executive Director  
*Great West Life*

Éric Lapierre, Counsel  
*Borden Ladner Gervais*

Éric Landry, Director  
Specialized Investment Product Development  
*Desjardins*

Claude Paquin, President  
Investors Group Financial Services – Quebec  
*Investors Group*

Martine Guimond (2nd Vice Chair), Partner  
*Gowling Lafleur Henderson*

Nancy Paquet, President  
National Bank Direct Brokerage  
*National Bank of Canada*

## SENIOR MANAGEMENT TEAM

Joanne De Laurentiis  
*President & CEO*

Jon Cockerline  
*Director, Policy and Research*

Jan Dymond  
*Director, Public Affairs*

Ralf Hensel  
*General Counsel, Corporate Secretary,  
Director, Policy – Manager Issues*

John Parker  
*Vice-President, Finance & CFO*

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The Investment Funds Institute of Canada ([www.ific.ca](http://www.ific.ca)) is the voice of Canada's investment funds industry. IFIC brings together 150 organizations, including fund managers and distributors, to foster a strong, stable investment sector where investors can realize their financial goals. The organization is proud to have served Canada's mutual fund industry and its investors for 50 years.



THE INVESTMENT  
FUNDS INSTITUTE  
OF CANADA

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