

IFIC

THE INVESTMENT
FUNDS INSTITUTE
OF CANADA

L'INSTITUT DES FONDS
D'INVESTISSEMENT
DU CANADA

Embracing a New Era of Investor Information

Report to Members | **September 2014**



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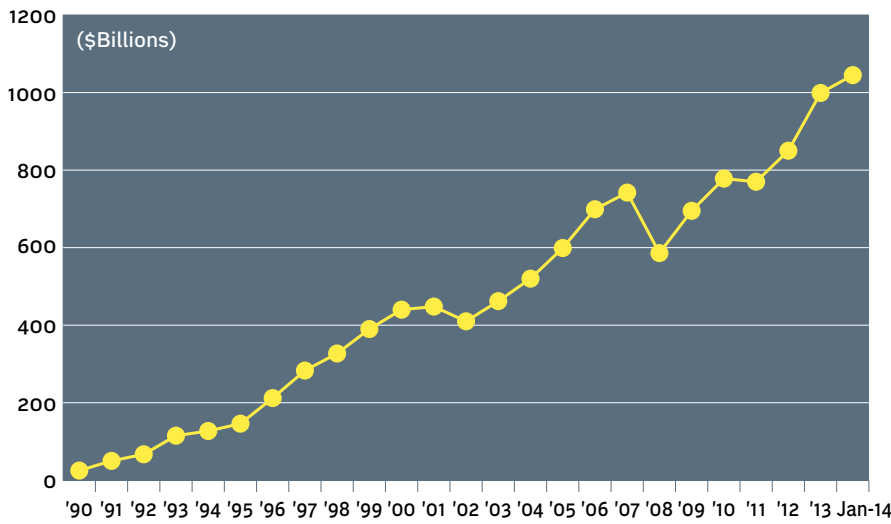


The Investment Funds Institute of Canada

THE MUTUAL FUNDS INDUSTRY IN CANADA

\$1,130,000,000,000

Industry Assets Under Management



Canadians are building financial security with more than \$1.13 trillion in mutual funds as of August 31, 2014.

HELPING CANADIANS SAVE FOR THEIR FUTURE

26% Mutual funds account for 26% of Canadians' financial wealth.

19.6% Mutual fund assets have increased by an average of 19.6% per year over the last 25 years.

85% To meet their financial goals, Canadians have more confidence in mutual funds (85%) than in stocks (65%), GICs (64%) or bonds (55%). (Pollara, 2014)

STRENGTHENING CAPITAL MARKETS AND THE ECONOMY

\$564 Billion More than 1,145 mutual funds, with just over \$564 billion in assets, invest in the Canadian economy.

\$17 Billion Canada's mutual funds industry has an economic footprint of \$17 billion and supports **192,600** jobs. (Conference Board of Canada, 2013)

\$7 Billion In 2012, our economic activity contributed \$4 billion to federal government balances and \$3 billion to provincial governments. (Conference Board of Canada, 2013)

2^x Advised households are twice as likely to save regularly for retirement across all age groups. (Center for Interuniversity Research and Analysis of Organizations, 2012)

2.7^x The longer people have advice, the more their investments grow – by as much as 2.7 times. (Center for Interuniversity Research and Analysis of Organizations, 2012)



MESSAGE FROM THE PRESIDENT AND CEO



2014 has been a watershed year for our industry, as Canadians' savings in mutual funds surpassed the one trillion dollar mark: an astounding 4,000% increase over 1990, when Canadians' savings in mutual funds were \$25 billion.

This success reflects the recognition by individual Canadians about the importance of saving for retirement, and their confidence that mutual funds can help them reach their goals. It is gratifying that Canadians have placed such a high degree of trust in the mutual funds industry and its products.

As the industry has matured, its vision has shifted – from simply selling products to serving investors' needs. The industry's mission is to help Canadians identify their financial goals and to understand the decisions they need to make, and then to provide products that help them achieve those goals. This mission dovetails with the public policy objective of ensuring Canadians are prepared for retirement.

As the voice of the industry, IFIC's primary purpose is to work with regulators and public policymakers to ensure a strong, stable investment sector and a balanced regulatory framework that builds investor understanding, along with confidence in the industry and its products.

Over the past several years, regulators and the industry have made major strides in reframing the advisor/investor relationship to enhance the information collected by advisors, and deliver more meaningful information to investors. This includes providing customers with Fund Facts on new purchases, increased relationship disclosure information at account opening (CRM1 rules), and timely, easy-to-understand information about the cost and performance of their mutual funds (CRM2 rules that will be phased in by 2016).

We believe these regulatory changes will help investors have better conversations with their advisors, which will lead to more informed decisions. The industry is working hard to go beyond the letter of the law to reflect the spirit of the policy intent. Members of IFIC are collaborating extensively with

each other, with our regulators and SROs, and with other interested parties, to ensure that we achieve our common objectives.

All of these initiatives will put Canada firmly ahead of the rest of the world in providing clear and full information to mutual funds investors. Canada's regulators and the industry can take pride in the quality of disclosure that investors will receive.

Research shows that when they work with advisors, investors are twice as likely to save regularly for retirement across all age groups. When the relationship is long-term – 15 years or more – Canadian households can build up to 2.7 times the median financial assets of similar households without a financial advisor, after all costs have been taken into account.

In the post-information era, financial advisors have an increasingly important role to play as guides and behavioural coaches. An advisor's greatest value is in working in partnership with clients, helping them set goals and determine the practical and concrete steps they need to take to get there, encouraging them to be consistent and to regularly add to their savings and investments. Advisors can cull information, linking clients to appropriate tools and helping them become knowledgeable about the products that are right for them. Information and guidance give clients the confidence to ask questions and help them avoid emotional decisions that can lead to less desirable outcomes.

Along with serving investors, the mutual funds industry contributes directly to the health of our national economy. The Conference Board of Canada estimates that in 2012, our industry's total economic footprint was \$17 billion. This economic activity supported 192,600 jobs and generated a \$12.6 billion increase in primary household income.

In a new report, the Conference Board found that if 10 per cent of households that are currently without a financial advisor take on the savings patterns of those households that have financial advisors, Canada's competitiveness would improve, with a positive impact on real GDP over the long term, representing a permanent increase in income and profits in the economy.

Strategic Priorities

In February, our board identified four strategic priorities for 2014:

- Working with policymakers and regulators to ensure that the public policy framework is predicated on investor needs, and also based on a clear understanding of operational issues;
- Conducting and identifying credible research by third parties to provide meaningful input into policy discussions;
- Raising awareness about the unique and important role that mutual funds play in the lives of Canadians, and the industry's significant contribution to the Canadian economy; and
- Enhancing communications so that our views on policy issues, research findings and the impact of legislative and regulatory changes are better understood by investors, the media and other stakeholders, and building our reputation as a responsible and responsive sector.

These priorities guide the activities of staff and of IFIC's many committees, and they are the goals against which we measure our progress and assess our effectiveness.

Many of our files are long-term in nature. I am pleased to report that we have made excellent progress against our strategic priorities in 2014, as outlined in the progress report on the following pages.

In closing, I wish to express my thanks to the members of our board of directors, and to the many volunteers from our member companies who participate actively in our work by serving on our numerous active committees and task forces, providing input into our submissions and reports, and representing the industry in meetings with our regulators, policymakers and stakeholders.

I look forward to continuing to work with you in the year ahead, to move our initiatives forward.

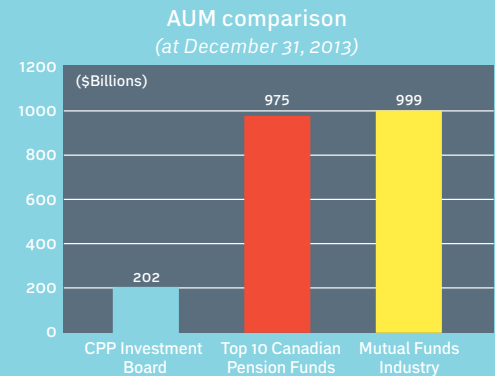
Yours truly,



Joanne De Laurentiis
President and CEO
The Investment Funds Institute of Canada

A CORNERSTONE OF CANADIANS' RETIREMENT SAVINGS

Canadians' savings in mutual funds are about five times the size of the assets being managed for Canadians by the CPP Investment Board, and slightly larger than total assets held by the top 10 Canadian pension funds.





PROGRESS REPORT ON STRATEGIC PRIORITIES

Over the past year, IFIC has continued to reach out to policy, regulatory and political representatives across the country who work on a wide range of issues that are important to the industry and to investors. Our goal is to ensure that public policy decisions are taken with full knowledge of their potential impact on investors and on investment funds providers and distributors.

PRIORITY #1: PUBLIC POLICY ADVOCACY THAT IS INVESTOR-CENTRED

In addition to advocating strongly for the interests of investors and the industry, we have dedicated resources to building strong working relationships with public policy leaders and regulators.

We filed about two dozen submissions on policy and regulatory matters, and followed up many of these submissions through meetings and public appearances with government officials.

Highlights of our activities in key policy areas are identified below.

Cost Disclosure and Performance Reporting

New cost disclosure and performance reporting rules, known as CRM2, have been a major focus for the industry over the past year. The rules were finalized by the regulators with a phased implementation period that extends to July 2016.

The clear, thorough information on fees and performance that investors will receive from the industry as a result of CRM1, CRM2 and Fund Facts will address many of the concerns that have been raised in the past about disclosure of fees and costs and performance of investment holdings. The industry is embracing these changes, viewing them as an opportunity to enhance its relationship with investors. We are fully committed to implementing these measures effectively.

IFIC proposed the establishment of a working group with regulators and industry representatives to work collaboratively on implementation issues. The regulators have pursued this approach and it is proving to be an effective way to work together to address the issues, making implementation much smoother. To further assist members, we established IFIC working groups on both implementation and communications of CRM. These groups are producing a range of tools and helping to ensure uniform approaches.

The Canadian Securities Administrators (CSA) are proceeding with the pre-delivery requirement of the Fund Facts document. IFIC's submission on the pre-delivery proposal, which focused on implementation challenges and solutions, was well-received. The final rules are expected to be released by the end of the year.

Statutory Fiduciary Duty/Best Interest Standard Mutual Funds Fees Review

In December 2013, the CSA issued summaries of key themes and questions that emerged during its consultations on a possible statutory fiduciary duty for advisors, and on mutual fund fees. The CSA noted that the concepts in the two papers were closely linked and that future consideration of these issues would be undertaken in tandem.

The CSA is in the process of gathering information to inform its consideration of these issues, including research to probe regulatory concerns around advisor compensation. The industry is being asked to supply data in support of the research. IFIC is closely monitoring this file and has encouraged regulators to involve IFIC once they embark on their research so that we can provide context for the data to inform their analysis.

We continue to brief regulators and provincial public policy leaders on the benefits to investors of an embedded fee option, especially for those with lower levels of investment assets. IFIC recently produced a paper that clearly lays out the options to pay for investment advice that are available to Canadian consumers – options that have encouraged saving and added significantly to the collective wealth of Canadians over the years. The paper describes the consequences for small investors of limiting payment choices for advice, and describes why options are important for investors of all sizes.

We continue to brief regulators on research published in 2013 by Investor Economics (Canada) and Strategic Insight (U.S.), which studied the perceived differential in the cost of owning mutual funds in the two countries, and provided a comprehensive fact-based cost comparison. This research conclusively demonstrates that for similar funds, when all of the costs are factored in, the average cost of ownership of funds in advised relationships in Canada is at a comparable level to the average cost of ownership incurred in a typical advised relationship in the U.S. Previous cross-border (Canada/U.S.) analyses of investor costs have not taken into account key differences between the two marketplaces, including the way costs are charged to investors.

IFIC OUTREACH

Over the past year, IFIC has met with the following government bodies and organizations to build relationships, advocate and collaborate on issues of mutual interest:

Regulators and Policymakers:

Finance Canada, ministries of Finance in Alberta, Ontario, Quebec, British Columbia, and Nova Scotia; securities commissions in Alberta, Ontario, Quebec, PEI, British Columbia, Manitoba, New Brunswick, and Nova Scotia; Chair of the CSA; CSA Investment Funds Committee, Chambre de la sécurité financière, Mutual Funds Dealers Association, Investment Industry Regulatory Organization of Canada, OSC Office of the Investor, Financial Consumer Agency of Canada, Ontario Strategic Pension Reform Secretariat, federal Department of Labour, Bank of Canada, Ombudsman for Banking Services and Investments, Canada Revenue Agency, Revenue Quebec, Ontario Ministry of Consumer Services, Investor Education Fund, House of Commons Finance Committee, Senate Finance Committee, CRTC, Industry Canada, FINTRAC, Canadian Securities Transition Office.

Other Associations and Think Tanks:

Canadian Life and Health Insurance Association, Canadian Bankers Association, Investment Industry Association of Canada, Credit Union Central of Canada, Portfolio Management Association of Canada, Advocis, Toronto Financial Services Alliance, Finance Montreal, Insurance Brokers Association, Financial Planning Standards Council, Chartered Financial Analysts Toronto, C.D. Howe Institute, Fraser Institute, Montreal Economic Institute, Canadian Foundation for Economic Education, FAIR Canada, Prosper Canada, Consumers Council of Canada, Ontario Chamber of Commerce, CPA Canada.

International:

International Investment Funds Association, U.S. Treasury Department, U.S. Senate Finance Committee, U.S. House Committee for Ways and Means, U.S. Joint Committee on Taxation, Organisation for Economic Co-operation and Development, Canadian Embassy in Washington, Investment Company Institute (U.S.), Financial Services Counsel (Australia), Investment Management Association (U.K.).



“Canadian fund fees, with embedded dealer/advisor fees, are fully disclosed in the prospectus and Fund Facts, and are easily compared across funds. In the U.S., it is up to each advisor-assisted investor to estimate his/her total cost of fund ownership, and no benchmarking of total costs is available across wealth managers. Fee disclosure will become even more informative for Canadian investors when new statements are issued under CRM2.”

The 2013 research also found that the U.S. fee-for-advice model offers less transparency of fund investors’ total costs than the Canadian model. Canadian fund fees, with embedded dealer/advisor fees, are fully disclosed in the prospectus and Fund Facts, and are easily compared across funds. In the U.S., it is up to each advisor-assisted investor to estimate his/her total cost of fund ownership, and no benchmarking of total costs is available across wealth managers. Fee disclosure will become even more informative for Canadian investors when new statements are issued under CRM2.

On the topic of statutory fiduciary duty/ best interest, we continue to brief regulators on the study prepared by Laura Paglia of Borden Ladner Gervais LLP (formerly of Torys LLP). The report clearly demonstrates to an objective reader that the current protections for Canada’s investors are equal, if not superior to, those being contemplated or implemented by the U.S., U.K. and Australia, the comparative jurisdictions being analyzed by Canadian regulators. There may be some gaps that need to be addressed and so we have reached out to the MFDA to work with them on enhancing guidance on conducting suitability assessment, and the creation of a mandatory CE program for advisors.

Nomenclature and Advisor Qualifications

The CSA is considering whether to revise proficiency standards for financial advisors and whether to formalize the use of titles. In a related move, the Ontario Ministry of Finance began consultations with the industry and investor advocacy groups on the question of whether ‘financial planning’ should be regulated. IFIC participated in the government’s roundtables on this subject. We have made submissions and briefed policymakers on how concerns can be addressed without creating additional layers of regulation or undermining an already robust system.

IFIC supports an approach that protects investors by addressing gaps in the current system. Effective regulatory oversight is already provided by the MFDA, IIROC and the securities and insurance regulators. We support regulating individuals who hold themselves out as financial planners and who are not subject to SRO oversight. We note that the proposal put forward by the Financial Planning Standards Council would create oversight of those financial planners not currently supervised by regulators. As well, it would address designation concerns and improve the professionalism of individual market participants through enhanced CE requirements through existing regulatory bodies.

Mystery Shopping

The OSC is conducting a mystery shopping exercise to evaluate the quality of advice investors receive from advisors. IFIC has expressed its interest in cooperating with the regulators to address any legitimate gaps or issues that might arise from this initiative.

Fund Risk Classification

The CSA is reviewing fund risk classification methodologies to determine an approach for mutual fund managers to meet regulatory requirements to disclose the risk of each fund in the prospectus and in Fund Facts. The objective is to assist investors by having a consistent and comparable basis for measuring the risk of different mutual funds.

The CSA has issued, for discussion, a methodology that would adjust risk bands resulting in the shifting down of standard deviation ranges for each of the existing risk levels. This would require funds manufacturers to change risk classifications

despite there being no corresponding change in risk. An internal survey of IFIC members showed that firms would be required to make an upward change in the risk classifications of a large portion of their funds, with many firms having over 60% of their funds requiring shifts in risk category.

IFIC has publicly released its guidelines on fund risk classification to inform these discussions. These voluntary guidelines were developed by a task force of IFIC members in 2003 to provide mutual fund managers with a consistent approach to the measurement and description of fund volatility risk. They are reviewed and updated annually.

Taxation

Several IFIC committees actively study and make recommendations about tax matters, including the inequitable application of the GST/HST to funds relative to other competing products, federal and provincial budget-related tax policies, and foreign tax policies that impact Canadian funds investors and their providers.





“IFIC has emphasized several critical elements for the mutual fund industry in the design of any new national body, including: retention of the specialized regulation of mutual funds in a nationally harmonized manner, the development of internal staff and senior management expertise, and the appointment of board representatives with knowledge of the investment funds industry.”

In February 2014, a Canada-U.S. intergovernmental agreement (IGA) on the U.S. Foreign Account Tax Compliance Act (FATCA) was finalized. IFIC was able to secure a number of relief provisions of benefit to the industry and to fund holders, including: the exclusion of registered products, which exempts about 80% of accounts at IFIC firms from impact by FATCA; no expiry of documentation for FATCA purposes; relaxed obligations regarding when Canadian financial institutions need to aggregate their accounts to meet reporting requirements; flexibility to use either the IGA rules or the FATCA regulations, depending on the preference of the financial institution; and requiring snowbirds to be cleared only once if their U.S. address does not change from year to year. IFIC facilitated resolution of the division of reporting responsibilities between fund managers and dealers under the IGA in a manner that minimizes disruption for investors and lowers implementation costs.

Although the new rules place considerable reporting requirements and costs on Canadian fund managers and distributors, the negative consequences for mutual fund holders in Canada, including American taxpayers resident in Canada, have been significantly reduced.

The OECD is developing a common tax reporting standard for use by governments globally to deal with international tax evasion. IFIC was invited by the Canadian government to participate in the initial consultation meetings and has been actively involved to ensure that the final obligations are as unobtrusive as possible for investors, and as simple and inexpensive as possible for the Canadian industry to implement. Negotiations to ensure that mutual fund investors purchasing units in a different fund offered by the same fund company would not be subject to new account opening requirements were successful. The OECD's finalized proposal will be presented to the G20 finance ministers for approval this fall.

IFIC met with staff of the U.S. Senate Finance Committee and the House Committee on Ways and Means to discuss reforms to the U.S. tax system concerning the Passive Foreign Investment Company (PFIC) rules. Under these rules, distributions to and redemptions of Canadian mutual funds by

U.S. persons are taxed as ordinary income, even when the investor has earned capital gains. IFIC is seeking relief from PFIC rules on investments in Canadian mutual funds by U.S. taxpayers who are resident in Canada.

As a result of a proposal by IFIC and the IIAC, the Canada Revenue Agency established a liaison committee to consult with the financial services industry on new and existing programs and initiatives. Working in partnership will help to ensure that any new programs are implemented in a more efficient and cost-effective manner. A similar committee has been established with Revenue Quebec.

Capital Markets Regulatory Agency

The agreement by the governments of British Columbia, Ontario and Canada to establish a capital markets regulatory agency received a boost this year, when Saskatchewan and New Brunswick added their signatures. Mutual fund investors and the industry already benefit from the highly harmonized regulatory environment of national instruments adopted by all members of the CSA. We support the ministers' stated intention to preserve the elements of the current system that work well, and to integrate the CSA's current national instruments into an effective, more streamlined framework.

In ongoing discussions with the Canadian Securities Transition Office (CSTO) and ministers, IFIC has emphasized several critical elements for the mutual fund industry in the design of

any new national body, including: retention of the specialized regulation of mutual funds in a nationally harmonized manner, the development of internal staff and senior management expertise, and the appointment of board representatives with knowledge of the investment funds industry. Recognizing that the fund industry bears a disproportion of fees levied on the capital markets, we have asked for the adoption of a simple fee payment system fairly allocated among market participants that does not result in higher fees for fund firms and investors. We have also discussed the roles of the SROs in the new structure and encouraged the CSTO and participating jurisdictions to ensure that the SROs' future roles in market conduct regulation are scoped out as part of the initial design.

We continue to express our willingness to work cooperatively with the CSTO and participating jurisdictions as the transition (planned for the end of 2015) proceeds, to ensure a strong ongoing regulatory framework for the industry and investors.

OBSI

As of May 2014, portfolio managers and exempt market dealers governed by provincial securities regulators are required to offer dispute resolution services through the Ombudsman for Banking Services and Investments (OBSI). OBSI's mandate has been expanded and at the same time, a new memorandum of understanding ensures greater accountability as the CSA and SROs take on a formal oversight role. IFIC actively participated



in the consultations that led to these decisions and we are hopeful that they will result in a more focused and efficient ombudservice for investors and the industry alike. To ensure open communication and understanding, we meet regularly with the Ombudsman to review matters of common interest.

Pension Reform

IFIC supports initiatives designed to encourage Canadians to save more for retirement, including provincial Pooled Registered Pension Plan (PRPP) legislation that parallels the federal program, and modest enhancements to the Canada Pension Plan.

Over the past year, several provinces have introduced or adopted legislation to implement the federal PRPP program. Most others have declared they will introduce mirroring legislation, including Ontario, which also is proceeding with plans to establish an Ontario Retirement Pension Plan.

We continue to press the federal and provincial governments to strengthen the attractiveness of Group RRSPs as an employer pension option by better aligning their tax rules with those of PRPPs. This year, CFIQ advocated successfully to have advice be accessible to plan participants under Quebec's new VRSP (PRPP-equivalent) program.

Impact Analysis Framework

Many of Canada's regulators are obliged to conduct cost-benefit analyses in relation to regulatory initiatives to ensure the benefits derived are proportionate to the impacts. In its 2014 statement of priorities, the Ontario Securities Commission (OSC) stated its intention to: "assess the impacts of its proposed policy and operational changes to try to ensure that any proposed regulation is proportionate and fit for purpose, does not act as an unnecessary barrier to new firms entering the industry and does not constrain innovation and growth."

In support of this initiative, IFIC has researched practices in some other jurisdictions and is proposing an approach that would support the OSC in achieving its objective of better regulatory solutions and outcomes. The approach would lend itself toward more constructive dialogue between the regulator and its stakeholders.

Other Issues

Over the past year, IFIC has advocated successfully on behalf of the industry and investors on various other files. For example, we sought and obtained a "third party referral" exemption under Canada's anti-spam legislation.

PRIORITY #2: HIGH-QUALITY RESEARCH

To a large degree, IFIC utilizes research and research services from highly qualified well-recognized third party organizations to inform its policy positions and submissions. These individuals and organizations stake their reputations on the high calibre of their work. In addition, we scan research from credible organizations from jurisdictions around the world, seeking studies that address our issues and that may contribute positively to public policy deliberations in Canada.

Some of the recent studies that IFIC relies on are itemized in the box to the right. The research conveys the mutual funds industry's positive contributions to Canada's economy, its commitment to investor protection, and its alignment with important government policies.

PRIORITY #3: RECOGNITION OF INDUSTRY VALUE PROPOSITION

The board's third objective is to actively promote the positive contributions the investment funds industry makes in support of public policy objectives that range from improving Canadians' savings habits to job creation, from supporting domestic capital markets to bolstering financial literacy.

All of our submissions and presentations are framed in terms of the value that the mutual funds industry brings to individual Canadians and to the economy. Promoting important principles that serve investors, such as the importance of advice and the value of choice, provide context for the positions that we present to regulators and policymakers. We regularly seek new opportunities to present these views, such as through our presentation to the Ontario Open for Business initiative, where we addressed public servants and political staff in Ontario.

During the past year, we enhanced our online Investor Centre, and created brochures (white-labelled and IFIC branded-versions) for advisors to share with their clients to convey the value of advice and present facts about fees relative to the U.S. market. We have also provided information to investors and advisors through social media.

RECENT CANADIAN INDUSTRY STUDIES ON KEY ISSUES

- Boosting Retirement Readiness and the Economy Through Financial Advice
Conference Board of Canada, September 2014
- Canadian Investors' Perceptions of Mutual Funds and the Mutual Fund Industry
Pollara, September 2014 and September 2013
- Paying for Advice: Why Options are Important
IFIC, August 2014
- Sound Advice – Insights into Canada's Financial Advice Industry
PwC for Advocis, July 2014



Working with IFIC members and our research team, we regularly review the industry's value proposition, identifying and sharing new research that presents proof points to the industry's positive contributions.

The role of advisors as behavioural coaches is a significant aspect of the value proposition. Advisors are well-positioned to help public policymakers deliver important initiatives such as registered savings programs and financial literacy. We have reached out to collaborate with regulators, elected officials, financial educators and investor advocates to address training and informational needs where the industry can play a role, such as addressing needs of the older investor, and building financial literacy.

In addition to building wealth and educating Canadians about the importance of saving and investing, our industry makes a significant contribution to Canada's economy. Over the past year, we have continued to emphasize the full economic footprint of the mutual funds industry.

PRIORITY #4: ENHANCED UNDERSTANDING

Our membership is one of the great strengths of our organization. Providing members with accessible tools that enhance their internal and external communications is an important focus of IFIC's activities. We know that the better equipped our members are, the more they will be able to participate in conveying the industry's views on policy issues, research findings and the impact of legislative and regulatory changes on investors and the industry.

Toward this end, we have taken a number of initiatives in the past year. Last fall, we launched our new website, designed to reflect IFIC's focus on

policy, research and advocacy and to provide a more seamless user experience for members.

The new site serves as a one-stop shop for research, submissions and public statements on all of the issues and topics of interest to the industry. An enhanced Investor Centre reinforces our industry's commitment to increasing investor knowledge and confidence. Throughout the year, we have expanded the information on our website to assist our members, investors, regulators and policymakers.

In addition, we developed an electronic app that makes up-to-date key industry data/proof points about the value of funds instantly accessible to members when having conversations about the industry.

An area of great significance to the investing public is the change in the way they will receive information about their investments as a result of Fund Facts and CRM2. IFIC has taken a lead role in developing a collaborative approach to the successful implementation of these initiatives. Two task forces with wide industry representation are focused on addressing CRM implementation issues in a coordinated fashion, and we are providing information and tools to help the industry as a whole to improve client experiences and understanding.

In particular, we are devoting significant resources to creating reader-friendly plain language materials for investors that all members can use to deliver on the spirit of CRM, by achieving improved investor understanding and engagement. For example, we have created a new publication, *Advisor Insights*, which is available to everyone in the industry, including non-members of IFIC, to help them convey meaningful information to investors. We are developing supplements with useful insights for investors in English and French media.

We continue to seek out new opportunities to reach out to trade and consumer media, issuing news releases, letters to the editor and comment columns with increasing regularity. A successful pilot program last fall has led to regular distribution through a paid news service of columns on investing. This program has resulted in more than two million readers in 2014.

Financial literacy is fundamental to generating more informed investors. IFIC continues to actively support financial literacy through a variety of investor education activities, including:

- Title sponsorship of the Jr. Economic Club of Canada, which was created to inspire Canadian youth to become financially literate. The Club organizes groups of high school students to spend a “Day on Bay Street”, giving them first-hand exposure to Toronto’s financial district, while teaching them about making smart financial decisions, budgeting, compound interest, investing, trading, financial services and portfolio management.
- Helping to fund distribution of the award-winning school workbook and teachers’ guide “Money and Youth” through the Canadian Foundation for Economic Education.
- Sponsorship of the IFIC Investor Education Award, which is given annually to an investment fund manager, dealer or integrated firm that has produced an exceptional educational initiative for investors.

LOOKING AHEAD

The issues listed in this report will remain as major focal points for IFIC and our members in the year ahead.

Addressing Investor Perspectives: Our advocacy, communications and education efforts will continue to be investor-focussed, as we work with regulators and other stakeholders to ensure a strong, stable investment sector where investors can realize their financial goals.

Supporting Public Policy Objectives: We will continue to actively promote the positive contributions the investment funds industry makes in support of public policy objectives – particularly in two areas: our role in encouraging Canadians to save for their financial futures through advisors who act as behavioural coaches, and our very significant contributions to Canada’s economy.

Providing Meaningful Insights: IFIC relies on its members to provide the insights and perspectives that will ensure that we are effectively reflecting the needs of investors and the operational challenges that the industry faces. Member participation on our many working groups and task forces makes us stronger. We are fortunate to have so many capable volunteers to serve and we encourage others to become active in this important work.

“An area of great significance to the investing public is the change in the way they will receive information about their investments as a result of Fund Facts and CRM2. IFIC has taken a lead role in developing a collaborative approach to the successful implementation of these initiatives.”



BENEFITS OF MEMBERSHIP



IFIC membership offers companies and their employees a number of benefits:

BENEFITS OF MEMBERSHIP

- The Opportunity to Contribute to Public Policy Discussions
- Tools to Help You Succeed
- Seminars and Networking Opportunities
- Special Pricing on Our Job Board
- Access to The Latest Industry Statistics
- Access to IFIC's Annual Compensation Survey
- Exclusive Discounts
- Use of IFIC's Logo Trademark

The Opportunity to Contribute to Public Policy Discussions

IFIC is known for our leadership and trusted for our expertise. Experts from our member companies and affiliates contribute to industry responses on important public policy issues, such as Point of Sale, FATCA, CRM, OBSI, mutual fund fees, taxation. By joining IFIC, you can participate in advocating for changes to ensure a strong, stable investment sector where investors can realize their financial goals.

Tools to Help You Succeed

Our popular member-only weekly newsletter summarizes the latest in policy and regulatory developments, invites member participation and comment on the issues of the day, announces upcoming events, and provides other important information.

We provide information bulletins, guidelines and best practices, suggested key messages on emerging issues, and practical tools to help you address changes such as CRM, CASL and IFRS.

Seminars and Networking Opportunities

Each year, IFIC hosts a full agenda of topical workshops and seminars, along with three signature events.

- Our annual leadership conference is Canada's pre-eminent event for the mutual funds industry, and features an outstanding line-up of guest speakers and timely discussion panels. This event brings together the industry's most senior leaders.
- Our annual Golf Classic is a summer gathering that has become the signature networking event of the funds industry in Canada.

- Operations Day delivers a full day of practical programs designed to add value to your business and drive results. Topic experts share insights on regulatory and operational developments.
- We hold member-only seminars on timely topics such as IFRS, Fund Risk Methodology, CASL and CRM.

Special Pricing on Our Job Board

IFIC's job board is an active and popular source of positions/employees in the financial services sector.

Access to The Latest Industry Statistics

Media and policymakers rely on IFIC's professional statistical analysis to make crucial decisions in the marketplace.

Access to IFIC's Annual Compensation Survey

The Mutual Funds Industry Compensation Survey, conducted in partnership with Hay Group Limited, has collected salary and incentive information for more than 20 years, for 90 industry-benchmarked positions at all levels.

Exclusive Discounts

IFIC members and affiliates are eligible for discounts from companies such as IFSE, Ipsos Reid and Fundata, on services to maximize your business productivity.








Use of IFIC's Logo Trademark


IFIC has designed a wordmark that incorporates the phrase: "A Member of The Investment Funds Institute of Canada" and another one that reads: "An Affiliate of The Investment Funds Institute of Canada." Member firms and affiliates can use the appropriate wordmark on their printed and digital materials to promote their relationship with IFIC, and their commitment to a strong and stable industry that serves investors.

“IFIC is known for our leadership and trusted for our expertise. By joining IFIC, you can participate in advocating for changes to ensure a strong, stable investment sector where investors can realize their financial goals.”



BE RECOGNIZED FOR PROMOTING INVESTOR EDUCATION

2014	Applications now being accepted	WILL YOU BE NEXT?
2013	Money and youth	
2012	Brandes scholarship program	
2011	My retirement café	
2010	Your retirement briefcase	
2009	Snapshots	
2008	Don't retire from investing. Invest for retirement.™	
2007	Socially responsible investing	

 **Applications are closing soon.**
For more details, visit <http://tinyurl.com/p4tch8b>.

IFIC INVESTOR EDUCATION AWARD

The **IFIC Investor Education Award** is open to any **investment fund manager, dealer or integrated firm** that has produced an **exceptional educational initiative aimed at investors**, either directly or through its advisors. A panel of expert judges selects the winner.

The **IFIC Investor Education Award** is presented at the **Morningstar Awards™**. The winner is highlighted in IFIC and Morningstar media releases, featured prominently on IFIC's website, listed on the Morningstar Awards website, featured in a video and editorial interview on morningstar.ca, and also gains exposure on social media.

IFIC established this award as part of its commitment to financial literacy.





IFSE

IFSE Institute has been providing financial services education to professionals and organizations for more than 40 years. Thousands of students each year choose to study with IFSE, placing their trust in us to help them achieve their career goals.

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

IFSE offers flexibility and choice in learning experiences. Students can start a course at any time of year and work at their own pace. Many courses are offered online but options are available for paper-based text, webinar, and classroom learning.

Our integrated courses chart a seamless path to success in any number of careers within the financial services industry.

IFSE offers a range of courses on:

- Mutual Funds
- Life Insurance
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- Continuing Education

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 financial services education.

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¹ Appointed as Chair November 2013

² Joined November 2013

³ Joined September 2014

⁴ Joined November 2013

⁵ Resigned September 2014

⁶ Joined April 2014

⁷ Resigned as Chair and
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⁸ Resigned February 2014

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