

Annex B

Summary of Changes to the 2012 Proposal

This Annex describes the key changes we made to the 2012 Proposal. We have made a number of revisions to the content of the Fund Facts. The changes respond to comments received and the testing of the Fund Facts with investors, specifically regarding the presentation of risk and performance. The changes include the following:

Fund Facts

GENERAL

- We replaced all references to “dealer representative” with “representative”.
- We have permitted greater flexibility to include disclosure regarding a material change or a proposed fundamental change, such as a proposed merger.
- We extended the time frame for certain information disclosed in the Fund Facts from 45 days to 60 days.

PART I – Information about the Fund


Introduction

- We moved the statement “Before you invest in any fund, consider how the fund would work with your other investments and your risk for tolerance” to the “Introduction” section from the “Who is this fund for?” section.

Quick Facts

- We revised the Quick Facts by adding “Fund code” and removing “Date fund started” and “Total value of series”.

Risks

- We changed to heading “What are the risks of this fund?” back to “How risky is it?”.
- We removed the sub-heading “Investment risk” and revised the language to explain the concept of “volatility” in plain language.
- We added the sub-heading “Risk rating” and added wording to clearly disclose it is the manager’s risk rating of the mutual fund. We modified the explanation of the risk scale and the relationship between risk and losses and also added a cross-reference to the simplified prospectus for more information about the risk rating of the mutual fund.

- We removed the sub-heading “Other specific risks” along with the requirement to include a list of no more than four main risks of the fund.
- We changed the heading “Are there any guarantees?” to “No guarantees,” and moved this disclosure under the heading “How risky is this fund?”.

Past Performance

- Under the heading “How has the fund performed?”, we removed the comparison to the mutual fund’s performance with the one-year Guaranteed Investment Certificate (GIC).
- We changed the sub-heading back to “Year-by-year returns” and clarified explanation of the year-by-year performance of the mutual fund.
- We removed the sub-heading “Things you should know:” and replaced the sub-heading “Worst return” to “Best and worst 3-month returns”. We then added the best 3-month return to this section and revised the wording and format. We also limited the best and worst 3-month returns to the past 10 years to be consistent with the “Year-by-year returns.”
- Under the sub-heading “Average return”, we clarified the language describing the mutual fund’s annual compounded return in the last 10 years. We also removed the annual compounded return for the one-year GIC.

PART II – Costs, Rights and Other Information

Costs of Buying, Owning and Selling the Fund

- Under the heading “How much does it cost?”, we refined the disclosure about potential conflicts arising from the payment of commissions that may occur upon the sale of a fund, expanding the explanation to refer investments in general rather than to mutual funds specifically.
- We changed the sub-heading “Trailing commission” to “More about the trailing commission” and also modified the wording in this section.

Binding

We revised the Instrument to allow a single Fund Facts to be attached to a transaction confirmation without a table of contents.

Transition

Fund Facts

We amended the Instrument to provide a four month transition period following the Instrument coming into force. As of January 13, 2014, at the end of the transition period, a mutual fund that files a preliminary or pro forma simplified prospectus and annual information form must concurrently file a Fund Facts, in the amended Form, for each class or series of the mutual fund offered under the simplified prospectus and post the Fund Facts to the mutual fund's or mutual fund manager's website.

In order to fully implement the delivery of the amended Fund Facts within a reasonable period of time following the coming into force of the Instrument, we further amended the Instrument to require that a mutual fund must, if it has not already done so, file a Fund Facts in the amended Form for each class or series of the mutual fund by May 13, 2014. This may occur either as part of the mutual fund's simplified prospectus and annual information form filing, or by the mutual fund filing a Fund Facts, in the revised Form, separately on SEDAR under a specified SEDAR filing category.

Delivery

We amended the Instrument and consequential amendments so that the requirement to deliver the Fund Facts to satisfy the current legislative requirements to deliver a prospectus within two days of buying a mutual fund takes effect on June 13, 2014. This transition period allows all jurisdictions needing legislative amendments time for the amendments to come into force.