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March 1, 2019

VIA E-MAIL

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
comments@osc.gov.on.ca

Dear Sirs/Mesdames:

Re: OSC Staff Notice 11-784 *Burden Reduction*

This letter is provided to you in response to OSC Staff Notice 11-784 *Burden Reduction*, issued on January 14, 2019.

Lysander Funds Limited (“Lysander”) is an investment fund manager of prospectus-qualified investment funds including conventional mutual funds, closed-end funds and exchange-traded funds. Through our participation in industry associations, we are aware of comments being provided to the Ontario Securities Commission on reducing regulatory burden on market participants. In addition to those comment letters submitted by industry associations, Lysander wishes to submit further comments to the Ontario Securities Commission, specifically regarding financial reporting requirements for investment funds.

Our comments are focused on the financial reporting requirements for prospectus-qualified investment funds which include annual and semi-annual financial statements (“FS”) prepared in accordance with International Financial Reporting Standards (“IFRS”) and the annual and semi-annual Management Reports of Fund Performance (“MRFPs”).

IFRS are a broad set of reporting standards that aim to promote consistent preparation of financial statements globally across different jurisdictions. IFRS require disclosures such as statements of cashflows and detailed note disclosures on a variety of items including fair value hierarchies, risk disclosures, additional details on movement of unit balances etc. We submit that, while they are helpful disclosures to the market for corporate issuers that carry on different businesses, they do not serve the needs of fund investors well, and distract from what is most relevant to them. We do not believe IFRS were designed for prospectused investment funds the net asset values of which are struck and published regularly, and the main purpose of which is to hold an investment portfolio. Together with the MRFPs, FS in accordance with IFRS are time consuming and expensive to prepare, unnecessarily voluminous and rife with technical jargon

which the average investor cannot reasonably be expected to understand. The complexity, volume and duplication of information also result in significant annual audit costs. A slimmer, single financial report with disclosure on only the most critical items such as statements of financial position, statements of income, schedule of investment portfolio, fee ratios, performance and a brief market commentary would make the disclosure much more digestible and meaningful for the vast majority of investors, thereby enabling them to focus on what is most relevant.

A fund's FS can easily include more than 500 numbers. MRFPs, depending on the number of series in a fund, can contain more than 200 numbers. Reading the FS and MRFP for a fund together, an investor would be presented with a total of more than 700 numbers. To illustrate further, an investor with a portfolio of only five funds would be presented with approximately 3,500 numbers for each annual and semi-annual reporting period. In addition to the sheer number of numbers, the current reporting requirements result in the FS and MRFPs containing abundant financial jargon and technical disclosures. We believe the average investor cannot reasonably be expected to ever understand this level of technicality and detail.

As a consequence, most investors opt out of receiving FS and MRFPs. Our data from past reviews indicates that the aggregate of investors opting to receive these documents in hard copy or via our website is below 1-2% of investors. Yet investors pay, albeit indirectly, 100% of the costs related to the production, review and audit of these documents, as these costs are typically borne by the funds.

We therefore urge the Ontario Securities Commission, working with the rest of the Canadian Securities Administrators, to consider, consult with the public and propose new financial reporting standards for prospectus-qualified investment funds, with the goal of, on one hand, making financial disclosure more relevant and comprehensible to the average investor and, on the other, reducing the regulatory (financial reporting) burden on investment fund issuers.

Thank you for considering our comments. Please contact the undersigned at rvijh@lysanderfunds.com if you would like additional information or wish us to elaborate on our comments.

Yours truly,

LYSANDER FUNDS LIMITED



Raj Vijn
Chief Operating Officer, Chief Financial Officer and
Chief Compliance Officer

Cc: Richard Usher-Jones, President and UDP, Lysander Funds Limited