Message from the Chair

In a year that continued to see much change in the financial services sector, IFIC has remained focused on putting the investors' interests at the center of everything we do.

We continued to work with regulators, government, policy-makers, industry representatives and investor advocates towards our shared goal of cultivating a system that is fair, secure and efficient for all stakeholders.

During the year, IFIC put forward two regulatory submissions that are aimed at strengthening investor protection and confidence by delivering greater transparency and enabling investors to make informed financial decisions.

In April, IFIC made a submission to the Ontario Ministry of Finance on the regulation of financial planning. In it we highlighted important opportunities to improve the regulatory framework, including: defined proficiency standards and credentials for financial planners; a coordinated national approach to title reform; and a harmonized approach to regulating financial planners that does not duplicate existing regulatory oversight.

Our July submission to the Mutual Fund Dealers Association (MFDA) focused on expanding cost disclosure. IFIC fully supports the MFDA's work to create more transparency about the fees investors pay. The investment funds industry has invested significant time and effort in providing enhanced disclosures under CRM2, and the next logical step in enhancing disclosure is to expand cost reporting.

In the past year, the industry has continued to benefit from the outstanding leadership of IFIC's President and CEO Paul Bourque. His deep industry and regulatory knowledge have enriched our public policy discussions – he is a strong and credible advocate for our industry.

I would like to thank board members and committee volunteers for your remarkable contributions and dedication to our work on behalf on the industry. I would also like to acknowledge the excellent staff at IFIC for their hard work and commitment.

Sincerely,

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Ross F. Kappele Chair, Board of Directors



THE INVESTMENT FUNDS INSTITUTE OF CANADA

L'INSTITUT DES FONDS D'INVESTISSEMENT DU CANADA The Canadian investment funds industry is deeply committed to strengthening the integrity of the investment fund industry, fostering public confidence in investment funds, and enabling investors to achieve good outcomes.

In the past year, IFIC's strong advocacy and evidence-based insights have led to some notable developments. When the Canadian Securities Administrators (CSA) released its package of Client Focused Reforms in June 2018, IFIC voiced the industry's support for the reforms that take a harmonized national approach to enhancing investor protection and further align the interests of clients and their investment advisors. IFIC was pleased that the CSA decided not to go forward with an overarching regulatory best interest standard of conduct and did not ban all embedded commissions.

While there are still challenges ahead as the industry digests and understands what these new proposals will mean in terms of implementation and ongoing compliance, they represent a positive development for the industry and demonstrate the CSA's willingness to listen to all stakeholders and refine their thinking as a result.

Another important investor protection initiative was our work to support aging investors. In addition to advocating for necessary regulatory changes, this summer we were pleased to launch the Vulnerable Investors Resource Centre. It features a three-part advisor training video series and other practical tools to help advisors and their firms effectively manage their relationships with aging investors and help to safeguard their financial security.

Our focus on investors starts with our significant research work. Now in its 13th year, IFIC commissioned Pollara to undertake an annual survey of mutual fund investors to identify their attitudes, opinions, needs, expectations and behaviours and to track these over time. In addition, this survey was designed to investigate client knowledge and behaviour in response to the introduction of Point-of-Sale and Client Relationship Model Phase 2 (CRM2 regulation).

IFIC regularly undertakes research to understand the interaction of policy, regulation and market forces. In 2018, we published a whitepaper that summarizes how securities regulators around the world have sought to address conflict of interest and investor protection.

In an initiative to better serve our members and subscribers, IFIC launched FRITS in the spring of 2018, the largest investment fund data-sharing system in Canada. In addition to providing a powerful data tool to users, FRITS allows IFIC to expand the range of data we collect and share.

We are proud of these achievements, which you will find along with additional milestones set out in the enclosed Year in Review.

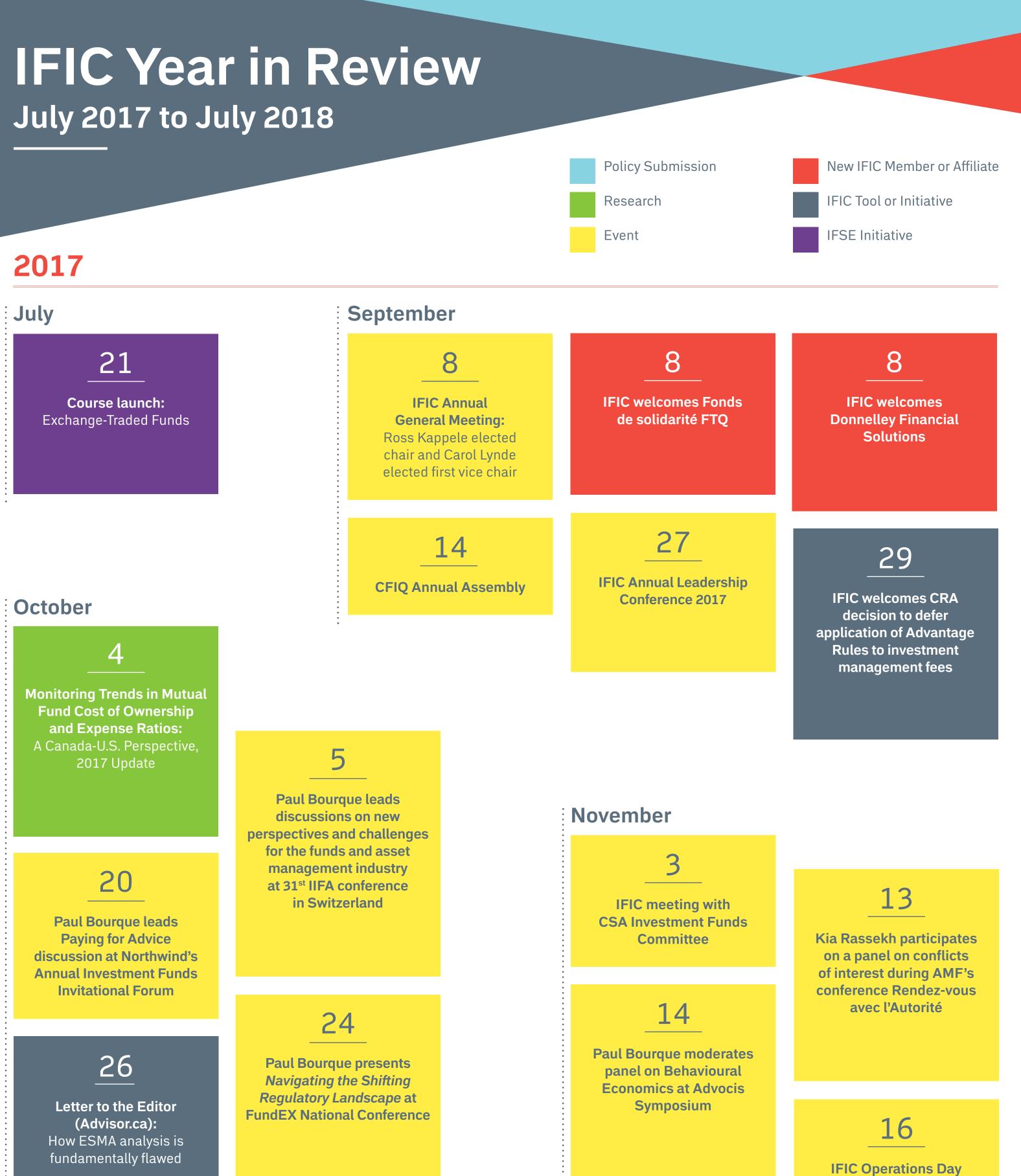
IFIC is grateful for the contributions of an outstanding board and over 630 individuals from more than 70 companies who participated on our 55 committees and task forces. Special thanks to Ross Kappele, who has completed his first year as our Chair. We look forward to his continued leadership in the year ahead. Finally, I would like to express my appreciation to the IFIC employee team for their hard work and commitment.

Sincerely,

Paul C. Bourque, Q.C., ICD.D President and CEO



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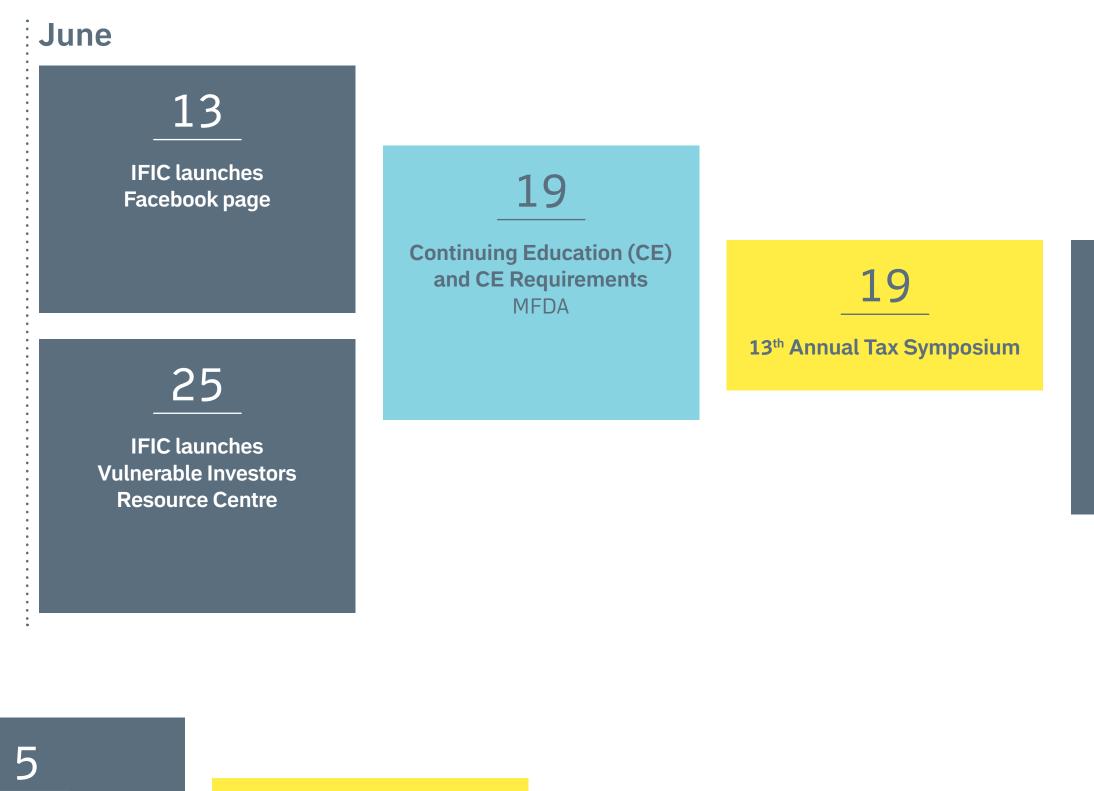
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IFIC responds to the **CSA Client Focused** Reforms

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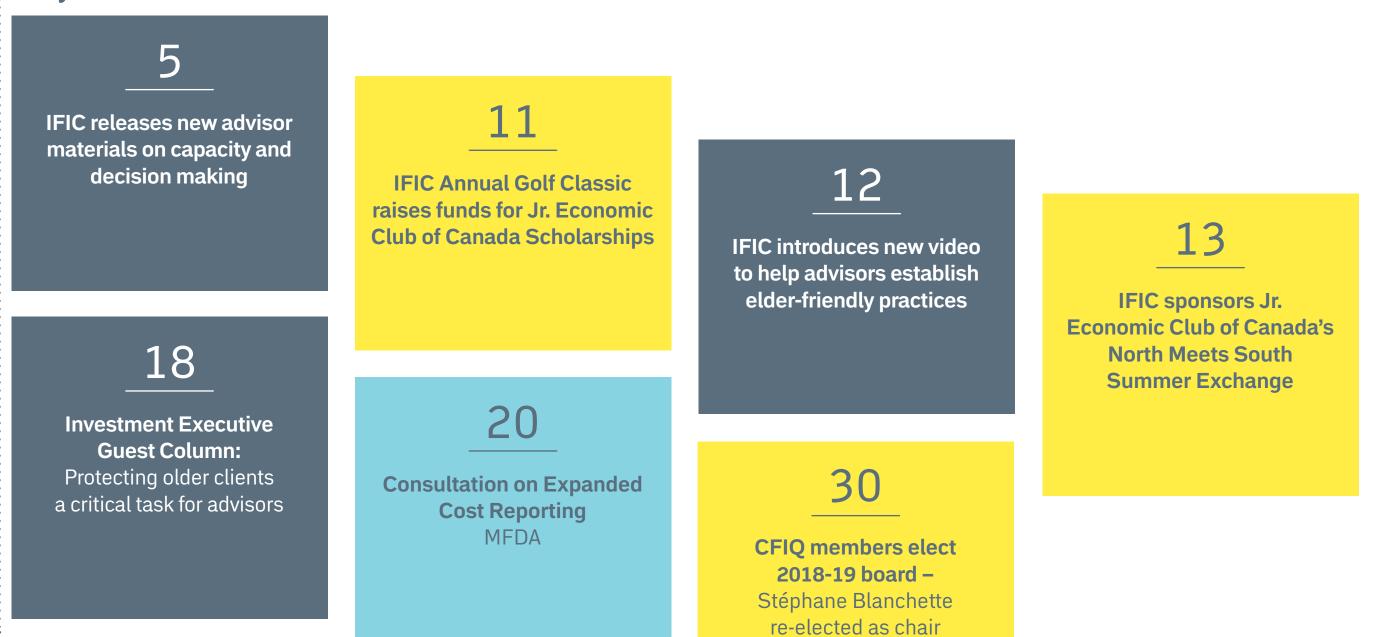
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July



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