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Mutual funds aren't easy to buy. There are thousands of them for sale in Canada, outnumbering the securities listed on the Toronto Stock Exchange.

Most Canadians rely on salespeople to choose an appropriate mix of funds and monitor their progress. However, advice may be biased when a salesperson's compensation depends on the type of mutual fund chosen for a client.

To address bias, securities regulators pushed for improved disclosure in a mutual fund prospectus. But this wasn't enough. A prospectus is a bulky document, written in legalese, which comes to you in the mail after you make a purchase.

Few people plow through a prospectus. They need something short to read before they buy.

Starting this year, there's a new weapon in the war to make mutual funds less opaque and easier to understand.

Mutual fund companies have to produce a new document, called Fund Facts, for each class or series of their funds and make it available to investors at their websites and on request.

The regulators want Fund Facts to be a substitute for prospectus disclosure in the future. They see point-of-sale disclosure as an important tool for comparison shopping.

How is the new system working so far? In my view, it's off to a rocky start.

Some investor advocates feel shortchanged by a short description of a fund's risk profile.

Managers can rate the risk of their own funds, using only five measures: Low, Low to Medium, Medium, Medium to High, and High.

There are problems with this approach. Managers often think their funds are less risky than investors think they are.

In 2008, the Dynamic Power Canadian Growth Fund fell 50 per cent and the Mackenzie Growth Fund, Series A, fell 60 per cent. Both are described as medium risk.

The S&P/TSX composite index fell 35 per cent in 2008, a helpful bit of data if you wanted to assess a fund's risk on your own.

But managers don't have to put a fund's performance into perspective by comparing it with a benchmark, such as a stock index. That's a shortcoming that I hope regulators will address.

Another issue is accessibility. The Fund Facts documents appear under different names and in different places at fund companies' websites.

If you're looking for them, you may spend lots of time hunting around — especially if there's no search function.

While preparing for the investing class I teach at University of Toronto continuing studies, I checked out the Phillips, Hager & North Bond Fund at the company's website, www.phn.com.

No matter how hard I looked, I couldn't find a Fund Facts document. And I had to send two inquiries to the company to get the right answer.

"Please find attached the most recent fund profile on the Bond Fund, Series D, which is at June 30, 2011. The next profile will be as at Sept. 30, 2011," said a PH&N investment adviser.

I knew this was wrong because the Fund Facts documents are updated only once a year. They follow a standard format, which is more comprehensive than a quarterly fund profile.

The second time I asked for Fund Facts, I was directed to the RBC website. (Phillips, Hager & North is owned by Canada's largest bank, but runs its business separately.)

When I said PH&N should post Fund Facts at its own website, I was told, "That is very good feedback. I'll let the web team know." That came from an RBC publicist.

So, take it from me. Don't search for Fund Facts at company websites unless you have lots of spare time.

A few companies are trying to collect all the information in one place to help financial advisers. Check out Fundfacts.com and InvestorPOS.com, which also allow public access.

Happy hunting.

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