

APPENDIX C

NATIONAL INSTRUMENT 81-101 MUTUAL FUND PROSPECTUS DISCLOSURE, FORM 81-101F1 CONTENTS OF SIMPLIFIED PROSPECTUS AND FORM 81-101F2 CONTENTS OF ANNUAL INFORMATION FORM AMENDMENT INSTRUMENT

1. National Instrument 81-101 *Mutual Fund Prospectus Disclosure* is amended by this Instrument.
2. Section 3.1 is amended by adding the following after paragraph 3:
 - “4. The most recently filed annual management report of fund performance of the mutual fund that was filed before or after the date of the simplified prospectus.
 5. The most recently filed interim management report of fund performance of the mutual fund that was filed before or after the date of the simplified prospectus and that pertains to a period after the period to which the annual management report of fund performance then incorporated by reference in the simplified prospectus pertains.”.
3. Part 7 is amended by adding the following after section 7.3:

“7.4 Introduction of Management Reports of Fund Performance – Items 8, 11 and 13.1 of Part B of Form 81-101F1 do not apply to a mutual fund that has filed an annual management report of fund performance as required by National Instrument 81-106 *Investment Fund Continuous Disclosure*.”
4. Form 81-101F1 *Contents of Simplified Prospectus* is amended
 - (a) by repealing the third bullet point in Item 3.1 of Part A and substituting the following:
 - “• Additional information about the Fund is available in the following documents:
 - the Annual Information Form;
 - the most recently filed annual financial statements;
 - any interim financial statements filed after those annual financial statements;
 - the most recently filed annual management report of fund performance;
 - any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer.”.
 - (b) by repealing the third bullet point in Item 3.2 of Part A and substituting the following:
 - “• Additional information about each Fund is available in the following documents:
 - the Annual Information Form;
 - the most recently filed annual financial statements;
 - any interim financial statements filed after those annual financial statements;

- the most recently filed annual management report of fund performance;
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer.”.

(c) by repealing Item 14(2) of Part A and substituting the following:

“(2) State, in substantially the following words:

- Additional information about the Fund[s] is available in the Fund[’s/s’] Annual Information Form, management reports of fund performance and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.
- You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer or by e-mail at [insert e-mail address].
- These documents and other information about the Fund[s], such as information circulars and material contracts, are also available [on the [insert name of mutual fund manager] internet site at [insert website address] or] at www.sedar.com.”

(d) by repealing Items 8, 11 and 13.1 of Part B.

(e) in Item 13.2 of Part B by:

(i) repealing subsection 13.2(1) and substituting the following:

“(1) Under the heading “Fund Expenses Indirectly Borne by Investors”, provide an example of the share of the expenses of the mutual fund indirectly borne by investors, containing the information and based on the assumptions described in (2).”; and

(ii) repealing subsection 13.2(4) and substituting the following:

“(4) The management expense ratio used in calculating the disclosure provided under this Item must be the management expense ratio calculated in accordance with Part 15 of National Instrument 81-106 *Investment Fund Continuous Disclosure*.”.

5. Form 81-101F2 *Contents of Annual Information Form* is amended

(a) in Item 12 by adding the following after subsection (6):

“(7) Unless the mutual fund invests exclusively in non-voting securities, describe the policies and procedures that the mutual fund follows when voting proxies relating to portfolio securities including

- (a) the procedures followed when a vote presents a conflict between the interests of securityholders and those of the mutual fund's manager, portfolio adviser, or any affiliate or associate of the mutual fund, its manager or its portfolio adviser;
- (b) any policies and procedures of the mutual fund's portfolio adviser, or any other third party, that the mutual fund follows, or that are followed on the mutual fund's behalf, to determine how to vote proxies relating to portfolio securities.

State that the policies and procedures that the mutual fund follows when voting proxies relating to portfolio securities are available on request, at no cost, by calling [toll-free/collect call telephone number] or by writing to [address].

- (8) State that the mutual fund's proxy voting record for the most recent period ended June 30 of each year is available free of charge to any securityholder of the mutual fund upon request at any time after August 31 of that year. If the proxy voting record is available on the mutual fund's website, provide the website address.

INSTRUCTION:

The mutual fund's proxy voting policies and procedures must address the requirements of section 10.2 of National Instrument 81-106 Investment Fund Continuous Disclosure."

- (b) by adding the following Instruction at the end of Item 15:

"INSTRUCTION:

The disclosure required under Item 15(1) regarding executive compensation for management functions carried out by employees of a mutual fund must be made in accordance with the disclosure requirements of Form 51-102F6 Statement of Executive Compensation."

- (c) by repealing Item 24(2) and substituting the following:

"(2) State, in substantially the following words:

- Additional information about the Fund[s] is available in the Fund['s/s'] management reports of fund performance and financial statements.
- You can get a copy of these documents at no cost by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer or by e-mail at [insert e-mail address].
- These documents and other information about the Fund[s], such as information circulars and material contracts, are also available [on the [insert name of mutual fund manager] internet site at [insert website address] or] at www.sedar.com."

- 6. (1) Sections 2, 3, and 5 and paragraphs 4(a), (b), (c) and (e) of this Instrument come into force on June 1, 2005.

(2) Paragraph 4(d) of this Instrument comes into force on October 27, 2006.

- (3) Section 7.4 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* is repealed on October 27, 2006.

**COMPANION POLICY 81-101CP
MUTUAL FUND PROSPECTUS DISCLOSURE
AMENDMENT INSTRUMENT**

1. Companion Policy 81-101CP *Mutual Fund Prospectus Disclosure* is amended by this Instrument.
2. Section 2.2 is amended by deleting subsection 2.2(2) and substituting the following:

“(2) The approach of the Instrument is to give investors a choice of the amount of information that they wish to consider before making a decision about investing in the mutual fund. Investors will have the option of purchasing the mutual fund's securities after reviewing the information in the simplified prospectus only or after requesting and reviewing the annual information form, financial statements or management reports of fund performance incorporated by reference into the simplified prospectus.”.

3. Section 2.4 is deleted and substituted by the following:

“2.4 Financial Statements and Management Reports of Fund Performance – The Instrument contemplates that the mutual fund's most recently audited financial statements, and any interim statements filed after those audited statements, as well as the mutual fund's most recently filed annual management report of fund performance, and any interim management report of fund performance filed after that annual management report, will be provided upon request to any person or company requesting them. Like the annual information form, these financial statements and management reports of fund performance are incorporated by reference into the simplified prospectus. The result is that future filings will be incorporated by reference into the simplified prospectus, while superseding the financial statements and management reports of fund performance previously filed.”

4. Section 7.5 is deleted.
5. Section 8.2 is deleted and substituted by the following:

“8.2 Portfolio Advisers – The AIF Form requires disclosure concerning the extent to which investment decisions are made by particular individuals employed by a portfolio adviser, or by committee, and requires in section 10.3(3)(b) of the AIF Form that certain specified information be given about those individuals principally responsible for the investment portfolio of the mutual fund. Part 11 of National Instrument 81-106 *Investment Fund Continuous Disclosure* requires a simplified prospectus to be amended if a material change occurs in the affairs of the mutual fund. Reference is made to section 7.1 of Companion Policy 81-106CP *Investment Fund Continuous Disclosure* for a discussion of when a departure of a high-profile individual from a portfolio adviser of a mutual fund may constitute a material change for the mutual fund. Mutual funds should consider these provisions if and when they encounter the departure of such a person from a portfolio adviser. If such a departure is not a material change for the mutual fund, then there is no requirement for an amendment to a simplified prospectus, subject to the general requirement that a simplified prospectus contain full, true and plain disclosure about the mutual fund.”

6. This Instrument comes into force on June 1, 2005.