



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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## VIA SEDAR ONLY

November 19, 2002

Torys  
Suite 3000  
79 Wellington St. W.  
Box 270, TD Centre  
Toronto, Ontario M5K 1N2

**Attention: Marlene J. Davidge**

Dear Sirs/Mesdames:

**Re: RBC Global Investment Management Inc. ("RBC GIMI") and RBC Advisor Funds and Royal Mutual Funds (the "Funds" – MRRS Application for Variation of Discretionary Relief granted under National Instrument 81-102 ("NI 81-102") – Sedar Proj. Nos. 485723 and 485724**

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This is in response to your letter dated October 10, 2002 (the "Application") on behalf of RBC GIMI, as manager of the Funds, and addressed to the regulator or securities regulatory in each province and territory of Canada (collectively, the "Decision Makers"). The Application requested a variation of the exemption letter issued by the Decision Makers on July 10, 2002 (the "Exemption Letter") that granted discretionary relief to a number of mutual funds from subsection 4.1(1) and section 4.2 of NI 81-102, in connection with investments in certain debt securities. A copy of the Exemption Letter is attached as Schedule "A". The variation requested is for the inclusion, in Appendix A to the Exemption Letter, of the Funds named in attached Schedule "B".

We understand the relevant facts and representations to be as follows:

1. RBC GIMI is the manager and portfolio adviser of the Funds and, accordingly, is a "dealer manager" as defined in section 1.1 of NI 81-102. The head office of RBC GIMI is in Toronto, Ontario.
2. Each Fund is a "dealer managed mutual fund" as defined in section 1.1 of NI 81-102.
3. Each Fund is a reporting issuer in one or more of the provinces and territories of Canada.
4. Each Fund was established on or prior to the date of Exemption Letter. Through inadvertence, the Funds were not included in the application that resulted in the issuance of the Exemption Letter.

5. The investment objective of each Fund permits it to invest in debt securities.
6. In connection with proposed investments by each Fund in certain debt securities, RBC GIMI would like the Funds to avail of the discretionary relief granted by the Exemption Letter.
7. The facts and representations in the Exemption Letter equally apply to the Funds.
8. RBC GIMI and the Funds agree to be bound by the terms and conditions of the Exemption Letter.

**Decision**

This letter confirms that, based on the facts and representations above, the Decision Makers hereby vary the Exemption Letter by including the Funds named in Schedule “B” to Appendix A to the Exemption Letter.

Yours truly,

**Paul A. Dempsey**

Paul A. Dempsey  
Manager, Investment Funds  
Capital Markets Branch



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**SCHEDULE "A"**  
**TO VARIATION LETTER DATED November , 2002**

**VIA SEDAR ONLY**

July 10, 2002

Torys  
Suite 3000  
Maritime Life Tower  
Box 270, TD Centre  
Toronto, Ontario M5K 1N2

**Attention: Marlene J. Davidge**

Dear Sirs/Mesdames:

**Re: Scotia Cassels Investment Counsel Limited, RBC Global Investment Management Inc., Natcan Investment Management Inc., TAL Global Asset Management Inc., CM Investment Management Inc., Guardian Group of Funds Ltd., BMO Harris Investment Management Inc., BMO Nesbitt Burns Inc., Jones Heward Investment Counsel Inc. and Scotia Capital Inc. (collectively, the "Applicants" or "Dealer Managers") - MRRS Application under National Instrument 81-102, Mutual Funds ("NI 81-102") - App. No. 1188/01; Sedar Proj. Nos. 400491-400495, 400497-400499, 400501, 400502, 400504, 427974, 427982, 427985, 427990, 427993, 427995-427997, 428005, 436240, 436255, 436272, 436278, 436285, 436287, 446463, 453614 and 461814**

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By letter dated November 8, 2001, as supplemented and amended by letters dated March 5 and 12, 2002, April 12, 2002, May 14, 2002 and May 28, 2002 (collectively, the "Application"), you applied on behalf of the Applicants to the regulator or securities regulatory authority in each province and territory of Canada (collectively, the "Decision Makers") for discretionary relief from subsection 4.1(1) and section 4.2 of NI 81-102. The Applicants have caused the Application to be made on behalf of the mutual funds named in Appendix A for which an Applicant acts as portfolio adviser, and any mutual fund subject to NI 81-102 that may be established in the future and for which an Applicant may act as portfolio adviser (existing and future mutual funds collectively the "Funds" or "Dealer Managed Funds").

Subsection 4.1(1) of NI 81-102 prohibits a dealer managed mutual fund from knowingly making an investment in a class of securities of an issuer, during the offering (the "Offering") or for 60 days after (the Offering period and the 60-day period together, the "Investment Prohibition Period"), if the dealer manager or any of its associates or affiliates acts as underwriter of the Offering (the "Investment Prohibition"). However, it does not apply if the dealer manager or any

of its associates or affiliates only acts as a member of a selling group distributing five percent or less of the underwritten securities. You have requested discretionary relief from this provision to enable the Dealer Managed Funds of each Dealer Manager to invest in a class of debt securities of an issuer other than the federal and provincial governments (“Non-Government Debt Securities”), during the Investment Prohibition Period, even if the Dealer Manager or any of its associates or affiliates acts or has acted as underwriter (collectively, the “Related Underwriters”) of the Offering of such Non-Government Debt Securities.

Section 4.2 of NI 81-102 states that a mutual fund shall not purchase a security from, or sell a security to, among others, the mutual fund’s manager, portfolio adviser or trustee or their respective associates or affiliates acting as principal in the transaction. You have also requested discretionary relief from this provision to enable the Dealer Managed Funds of each Dealer Manager to purchase Non-Government Debt Securities from any of the persons or companies referred to in paragraphs 1 to 4 of section 4.2, other than a mutual fund, acting as principal (collectively, the “Related Persons”), during or after the Investment Prohibition Period. You have subsequently clarified this request so that the relief sought would enable the Dealer Managed Funds of each Dealer Manager to

- purchase Non-Government Debt Securities from, or sell such debt securities to, a Related Person in the secondary market, or
- purchase debt securities issued or fully and unconditionally guaranteed by the federal or provincial governments (“Government Debt Securities”) from, or sell such debt securities to, a Related Person in the secondary market.

From our review of the Application and other information communicated to staff, we understand the relevant facts and representations to be as follows:

1. Each Applicant currently acts, and may in the future act, as portfolio adviser for their respective Funds. Each Applicant is a “dealer manager”, and each Fund is a “dealer managed fund”, as such terms are defined in section 1.1 of NI 81-102.
2. Some of the Applicants, BMO Investments Inc., National Bank Securities Inc. (“NBSI”), Royal Mutual Funds Inc., Scotia Securities Inc., CIBC Securities Inc., Jones Heward Investment Management Inc., Nesbitt Burns Inc., SaringStartups Capital Corp., Talvest Fund Management Inc. (“Talvest”), MD Funds Management Inc. and Medical Discovery Management Corporation currently act, and may in the future, act as manager (the “Manager”) for their respective Funds. Except for NBSI and Talvest, the head office of each Manager is in Toronto, Ontario. The head office of NBSI and Talvest is in Montreal, Quebec.
3. The investment objective of each Dealer Managed Fund permits it to invest in debt securities. However, some of the Dealer Managed Funds are “index mutual funds”, as such term is defined in section 1.1 of NI 81-102, whose investment objectives require them to replicate the performance of their respective target indices comprised of equity

securities (the “Equity Index Funds”). From time to time, these Equity Index Funds may invest their cash floats in short-term debt securities.

4. The securities of all of the Funds are qualified for distribution in one or more of the provinces and territories of Canada pursuant to simplified prospectuses and annual information forms that have been prepared and filed in accordance with their respective securities legislation.
5. In recent years, the amount of Government Debt Securities available for investment in Canada has declined significantly due to government deficit reduction programs. As a result, investors in debt securities have had to rely increasingly on Non-Government Debt Securities. However, because of the limited supply of Non-Government Debt Securities in the primary market, holders of outstanding Non-Government Debt Securities have tended not to sell their holdings prior to the maturity date of their Non-Government Debt holdings. This has, in turn, led to the limited availability of Non-Government Debt Securities in the secondary market. Moreover, because of their limited availability, the Non-Government Debt Securities that are available in the secondary market are usually sold at prices that are higher than if they were purchased in the primary market, assuming no change in the markets and in the status of the issuer.
6. The excess demand for the limited supply of Non-Government Debt Securities in both the primary and secondary markets has made it difficult for all prospective investors (including mutual funds) to acquire Non-Government Debt Securities for investment purposes.
7. The Investment Prohibition has made it even more difficult for the Dealer Managers to acquire debt securities generally, and Non-Government Debt Securities in particular, for the portfolios of their Dealer Managed Funds. The Dealer Managers (or the Managers of the Funds) or their associates or affiliates are the principal dealers (the “Principal Dealers”) in the Canadian debt securities market -- both primary and secondary. Since the Principal Dealers are frequently involved in underwriting the Offering of new issues of Non-Government Debt Securities, their Dealer Managed Funds are not able to purchase Non-Government Debt Securities during the Offering or in the secondary market during the 60-day period after the Offering. The Investment Prohibition affects not only the Dealer Managers’ income funds but also the balanced, equity and other specialty funds that are permitted to include Non-Government Debt Securities in their investment portfolio.
8. There are three principal categories of Non-Government Debt Securities that are sold to investors, including mutual funds.
  - (a) Commercial paper is typically sold on a private placement basis pursuant to an information memorandum that does not constitute an “offering memorandum” under securities legislation. An issuer of commercial paper usually appoints one or two dealers as agents for a term of six months or longer, with no termination date in some cases. The issuer determines the timing of a particular commercial paper offering according to its need for cash. The price of commercial paper on

any given day is set by the issuer upon recommendation of the dealers. A large percentage of commercial paper has a term to maturity of 60 days or less.

- (b) Medium-term notes are typically sold pursuant to a base shelf prospectus (the “Base Shelf”) that expires in two years. The issuer usually appoints a syndicate of dealers for the term of the Base Shelf, with a lead underwriter appointed for each offering pursuant to a supplement to the Base Shelf (a “Supplement”). The issuer determines the timing of each offering under a Supplement. The price is set by the issuer upon recommendation of the lead underwriter, and is set out in the Supplement.
  - (c) Debentures and bonds may be offered pursuant to a prospectus, or on a private-placement basis under an offering memorandum or term sheet, usually for a limited offering period with one closing date.
    - i. In a private placement offering, the issuer may appoint one or two dealers as principal or agent. The size of the offering is usually fixed, and the price is determined by the issuer upon recommendation of the dealers. The price is set out in the offering memorandum or term sheet or may be communicated by the dealers to potential investors.
    - ii. In a prospectus offering, the issuer may appoint two or more dealers as principal or agent. The size of the offering may be a fixed maximum and/or minimum, with or without a “green shoe”. The price is established through negotiations between the issuer and the dealers, and is disclosed in the prospectus.
9. Section 4.2 of NI 81-102 prohibits the Dealer Managed Funds from purchasing or selling debt securities from or to a Related Person. The Dealer Managed Funds are unable to rely on the exemption provided by section 4.3 of NI 81-102 because there are no available public quotations in common use for secondary market trading in debt securities.

## **Decision**

This letter confirms that, based on the information provided in the Application, other communications to staff, and the facts and representations above, and for the purposes described in the Application, the Decision Makers hereby grant exemption from

- A. subsection 4.1(1) of NI 81-102, so that a Dealer Managed Fund of each Dealer Manager may make an investment in Non-Government Debt Securities during the Investment Prohibition Period, even if a Related Underwriter acts or has acted as underwriter in the Offering of such Non-Government Debt Securities; and
- B. section 4.2 of NI 81-102, so that a Dealer Managed Fund may purchase or sell from a Related Person that is a Principal Dealer Non-Government Debt Securities or Government Debt Securities in the secondary market,

**PROVIDED THAT**

- (1) at the time of each purchase or sale (the “Trade”) of Government Debt Securities or Non-Government Debt Securities by a Dealer Managed Fund pursuant to this Decision, the following conditions are satisfied:
- a. the Trade
    - i. represents the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund, or
    - ii. is, in fact, in the best interests of the Dealer Managed Fund;
  - b. the Trade is consistent with, or is necessary to meet, the investment objective of the Dealer Managed Fund as disclosed in its simplified prospectus;
  - c. if the Trade is made pursuant to paragraph A of this Decision, the Dealer Managed Fund does not place the order to purchase, on a principal or agency basis, with a Related Underwriter;
  - d. if the Trade is made pursuant to paragraph B of this Decision, the terms of the Trade are better than the terms quoted by one or more dealers who are neither affiliates nor associates of the Related Person (the “Independent Dealers”) with whom the Trade is made;
  - e. if the Trade is a purchase of Non-Government Debt Securities pursuant to paragraph A or paragraph B of this Decision,
    - i. the issuer of the Non-Government Debt Securities is not a “related issuer” or “connected issuer”, as defined in National Instrument 33-105 Underwriting Conflicts, of the Dealer Manager or Related Person, as the case may be, or any of their respective affiliates or associates;
    - ii. neither the Dealer Manager nor Related Person, as the case may be, nor any of their respective affiliates or associates is
      - (a) the issuer of the Non-Government Debt Securities, or
      - (b) a promoter of the issuer of the Non-Government Debt Securities; and
    - iii. the Non-Government Debt Securities have been given, and continue to have, an “approved rating” by an “approved rating organization” as such

terms are defined in section 1.1 of NI 44-101 - Short Form Prospectus Distributions; and

- f. if the Trade is a purchase of Non-Government Debt Securities pursuant to paragraph B of this Decision, the Dealer Managed Fund does not purchase from a Related Person during the 60-day period after the Offering of such Non-Government Debt Securities, if the Related Person acted
    - i. as underwriter in the Offering of the Non-Government Debt Securities, or
    - ii. as a selling group member selling more than 5% of the underwritten Non-Government Debt Securities;
- (2) prior to effecting any Trade pursuant to this Decision,
- a. the simplified prospectus of the Dealer Managed Fund discloses that it may
    - i. invest in Non-Government Debt Securities pursuant to paragraph A of this Decision, and
    - ii. purchase or sell Non-Government Debt Securities or Government Debt Securities pursuant to paragraph B of this Decision; and
  - b. the annual information form of the Dealer Managed Fund describes the policies or procedures referred to in paragraph (3) below;
- (3) prior to effecting any Trade pursuant to this Decision, the Dealer Managed Fund has in place written policies or procedures to ensure that,
- a. there is compliance with the conditions of this Decision;
  - b. in connection with any Trade in Non-Government Debt Securities pursuant to paragraph A of this Decision,
    - i. there are stated factors or criteria for allocating Non-Government Debt Securities purchased for two or more Dealer Managed Funds and other accounts managed by the Dealer Manager, and
    - ii. there is full documentation of the reasons for any allocation to a Dealer Managed Fund that departs from the stated allocation factors or criteria;
  - c. in connection with any Trade in Government Debt Securities or Non-Government Debt Securities pursuant to paragraph B of this Decision,
    - i. each Dealer Managed Fund maintains an itemized daily record of all such Trades showing, for each Trade,



- (a) the name and principal amount of the debt securities,
  - (b) if the Trade is in Government Debt Securities, the relevant benchmark Canada bond (the “Benchmark Bond”), the bid-ask price of the Benchmark Bond, and the price that was paid or received by the Dealer Managed Fund on the Trade,
  - (c) if the Trade is in Non-Government Debt Securities, the relevant Benchmark Bond (or, in the case of US\$-Pay Non-Government Debt Securities, the relevant US Treasury Bond), the bid-ask price of the Benchmark Bond or US Treasury Bond, and the spread over the Benchmark Bond or US Treasury Bond that was paid or received by the Dealer Managed Fund on the Trade,
  - (d) the time and date of the Trade, and
  - (e) the name of the dealer on the Trade;
- ii. the Dealer Manager of each Dealer Managed Fund maintains written records of the quotations received from Independent Dealers, and each Dealer Managed Fund maintains a daily consolidated record of the quotations (including the price, quantity, times and date) received from one or more Independent Dealers, in respect of each Trade made with a Related Person;
  - iii. the Manager of the Dealer Managed Fund conducts a timely review of each Dealer Managed Fund’s Trades with Related Persons to confirm that each Trade
    - (a) represented the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund, or
    - (b) was, in fact, in the best interests of the Dealer Managed Fund;
- (4) the following particulars of each Trade pursuant to this Decision are set out in a report certified by the Dealer Manager and filed on SEDAR, in respect of each Dealer Managed Fund and no later than 30 days after the end of the month in which one or more such Trades were made:
- a. in the case of a purchase of Non-Government Debt Securities pursuant to paragraph A of this Decision,
    - i. the date of the Offering of Non-Government Debt Securities, whether the Offering was made pursuant to a prospectus or on a prospectus-exempt basis, the Offering price, and the date that the purchase was made,

- ii. the issuer of the Non-Government Debt Securities, the lead underwriter(s) or syndicate manager(s) (if any) of the Offering and, if none of the Related Underwriters was the lead underwriter or syndicate manager and if applicable to the type of Offering, the portion of the Offering underwritten by the Related Underwriters,
  - iii. if applicable to the type of Offering, whether the lead underwriter or syndicate manager had indicated its intention (if any) to engage in market stabilization activities,
  - iv. the principal amount of Non-Government Debt Securities purchased by the Dealer-Managed Fund,
  - v. the price at which the purchase was made,
  - vi. if Non-Government Debt Securities were purchased for two or more Dealer Managed Funds and other accounts managed by the Dealer Manager, the aggregate amount so purchased and the percentage of such aggregate amount that was allocated to each Dealer Managed Fund, and
  - vii. the dealer from whom the Dealer Managed Fund purchased the Non-Government Debt Securities and the fees or commissions, if any, paid by the Dealer Managed Fund in respect of such purchase;
- b. in the case of a Trade in Government Debt Securities or Non-Government Debt Securities pursuant to paragraph B of this Decision,
- i. the issuer of the debt securities,
  - ii. the principal amount of debt securities purchased or sold by the Dealer Managed Fund,
  - iii. the price at which the purchase or sale was made,
  - iv. the Related Person with whom the Trade was made, and
    - (a) in the case of a Trade in Government Debt Securities, the price paid or received by the Dealer Managed Fund, or
    - (b) in the case of a Trade in Non-Government Debt Securities, the spread over the relevant Benchmark Bond or US Treasury Bond that was paid or received by the Dealer Managed Fund; and
- c. a certification by the Dealer Manager that the Trade
- i. represented the business judgment of the Dealer Manager uninfluenced by considerations other than the best interest of the Dealer Managed Fund, or

- ii. was, in fact, in the best interests of the Dealer Managed Fund; and
- (5) each of paragraph A or paragraph B of this Decision, as it relates to the jurisdiction of a Decision Maker, will terminate after the coming into force of any legislation or rule of that Decision Maker dealing with the matters regulated by section 4.1 or section 4.2, respectively, of NI 81-102.

Yours truly,

**Paul A. Dempsey**

Paul A. Dempsey

Manager, Investment Funds

Capital Markets Branch

Tel. No.: (416) 593-8091

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**APPENDIX A**  
**TO EXEMPTION LETTER DATED July 10, 2002**

**BMO Harris Private Portfolios**  
**Sedar Proj. No. 427997**

BMO Harris Canadian Bond Income Portfolio  
BMO Harris Canadian Conservative Equity Portfolio  
BMO Harris Canadian Corporate Bond Portfolio  
BMO Harris Canadian Dividend Income Portfolio  
BMO Harris Canadian Growth Equity Portfolio  
BMO Harris Canadian Income Equity Portfolio  
BMO Harris Canadian Money Market Portfolio  
BMO Harris Canadian Special Growth Portfolio  
BMO Harris Canadian Total Return Bond Portfolio  
BMO Harris International Equity Portfolio  
BMO Harris U.S. Equity Portfolio  
BMO Harris U.S. Growth Portfolio

**BMO Mutual Funds**  
**Sedar Proj. No. 400497**

BMO AIR MILES Money Market Fund  
BMO Asset Allocation Fund  
BMO Bond Fund  
BMO Dividend Fund  
BMO Emerging Markets Fund  
BMO Equity Fund  
BMO Equity Index Fund  
BMO European Fund  
BMO Far East Fund  
BMO Global Balanced Class  
BMO Global Bond Fund  
BMO Global Financial Services Class  
BMO Global Health Sciences Class  
BMO Global Opportunities Class  
BMO Global Science & Technology Fund  
BMO Global Technology Class  
BMO International Bond Fund  
BMO International Equity Fund  
BMO Japanese Fund  
BMO Latin American Fund  
BMO Money Market Fund  
BMO Monthly Income Fund

BMO Mortgage Fund  
BMO NAFTA Advantage Fund  
BMO Precious Metals Fund  
BMO Premium Money Market Fund  
BMO Resource Fund  
BMO RSP European Fund  
BMO RSP Global Balanced Fund  
BMO RSP Global Financial Services Fund  
BMO RSP Global Health Sciences Fund  
BMO RSP Global Opportunities Fund  
BMO RSP Global Science & Technology Fund  
BMO RSP Global Technology Fund  
BMO RSP International Index Fund  
BMO RSP Japanese Fund  
BMO RSP NASDAQ Index Fund  
BMO RSP U.S. Equity Index Fund  
BMO Short-Term Income Class  
BMO Special Equity Fund  
BMO T-Bill Fund  
BMO U.S. Dollar Bond Fund  
BMO U.S. Dollar Equity Index Fund  
BMO U.S. Dollar Money Market Fund  
BMO U.S. Growth Fund  
BMO U.S. Special Equity Fund  
BMO U.S. Value Fund

**BMO Nesbitt Burns Group of Funds**  
**Sedar Proj. No. 427996**

BMO Nesbitt Burns Bond Fund  
BMO Nesbitt Burns Canadian Stock Selection Fund  
BMO Nesbitt Burns RRSP Stock Selection Fund  
BMO Nesbitt Burns U. S. Stock Selection Fund

**Canadian Medical Discoveries Fund. Inc.**  
**Sedar Proj. No. 436287**

Canadian Medical Discoveries Fund Inc.

**CIBC Mutual Funds**  
**Sedar Proj. No. 427985**

Canadian Imperial Equity Fund  
CIBC Asia Pacific Index Fund

CIBC Balanced Fund  
CIBC Canadian Bond Fund  
CIBC Canadian Bond Index Fund  
CIBC Canadian Emerging Companies Fund  
CIBC Canadian Index Fund  
CIBC Canadian Real Estate Fund  
CIBC Canadian Resource Fund  
CIBC Canadian Short Term Bond Index Fund  
CIBC Canadian Small Companies Fund  
CIBC Canadian T-Bill Fund  
CIBC Capital Appreciation Fund  
CIBC Core Canadian Equity Fund  
CIBC Dividend Fund  
CIBC Emerging Economies Fund  
CIBC Emerging Markets Index Fund  
CIBC Energy Fund  
CIBC European Equity Fund  
CIBC European Index Fund  
CIBC European Index RRSP Fund  
CIBC Far East Prosperity Fund  
CIBC Financial Companies Fund  
CIBC Global Bond Fund  
CIBC Global Bond Index Fund  
CIBC Global Equity Fund  
CIBC Global Technology Fund  
CIBC High Yield Cash Fund  
CIBC International Index Fund  
CIBC International Index RRSP Fund  
CIBC International Small Companies Fund  
CIBC Japanese Equity Fund  
CIBC Japanese Index RRSP Fund  
CIBC Latin American Fund  
CIBC Money Market Fund  
CIBC Monthly Income Fund  
CIBC Mortgage Fund  
CIBC Nasdaq Index Fund  
CIBC Nasdaq Index RRSP Fund  
CIBC North American Demographics Fund  
CIBC Precious Metals Fund  
CIBC Premium Canadian T-Bill Fund  
CIBC U.S. Dollar Money Market Fund  
CIBC U.S. Equity Index Fund  
CIBC U.S. Index RRSP Fund  
CIBC U.S. Small Companies Fund

**CIBC Protected Funds**  
**Sedar Proj. No. 427993**

5-Year Protected Balanced Index Fund  
5-Year Protected Canadian Bond Index Fund  
5-Year Protected Canadian Index Fund  
5-Year Protected International Index Fund  
5-Year Protected U.S. Index Fund

**CMDF Early Stage Fund Inc.**  
**Sedar Proj. No. 436285**

CMDF Early Stage Fund Inc.

**CMDF Venture Fund Inc.**  
**Sedar Proj. No. 436278**

CMDF Venture Fund Inc.

**Frontiers® Pools**  
**Sedar Proj. No. 427974**

Fronters Canadian Equity Pool  
Fronters Canadian Fixed Income Pool  
Fronters Canadian Short Term Income Pool  
Fronters Emerging Markets Equity Pool  
Fronters Global Bond Pool  
Fronters International Equity Pool  
Fronters International Equity RSP Pool  
Fronters U. S. Equity Pool  
Fronters U. S. Equity RSP Pool

**Guardian Group of Funds No. 3**  
**Sedar Proj. No. 428005**

Alexandria American Growth Fund  
Alexandria Canadian Balanced Fund  
Alexandria Canadian Growth Fund  
Alexandria European Growth Fund  
Alexandria Global Biotechnology Fund  
Alexandria Global Growth Fund  
Alexandria Global Small Cap Fund

Alexandria Global Technology Fund  
 Alexandria RSP Global Growth Fund  
 Alexandria RSP Global Technology Fund  
 Alexandria RSP International Balanced Fund  
 Centurion American Large Cap Fund  
 Centurion American Value Fund Ltd.  
 Centurion Canadian Balanced Fund  
 Centurion Canadian Value Fund  
 Centurion Emerging Markets Fund  
 Centurion Global Communications Fund  
 Centurion Global Value Fund  
 Centurion Japanese Value Fund  
 Centurion RSP American Value Fund  
 Guardian Canadian Bond Fund  
 Guardian Canadian Equity Fund  
 Guardian Canadian High Yield Bond Fund  
 Guardian Canadian Large Cap Fund  
 Guardian Canadian Money Market Fund  
 Guardian Dividend Growth Fund  
 Guardian Entrepise Fund  
 Guardian Global Equity Fund  
 Guardian International Equity Fund  
 Guardian Monthly Dividend Fund Ltd.  
 Guardian Monthly High Income Fund  
 Guardian RSP Foreign Income Fund  
 Guardian RSP International Income Fund  
 Guardian RSP U.S. Money Market Fund

**Imperial Pools**  
**Sedar Proj. No. 427990**

Imperial Canadian Bond Pool  
 Imperial Canadian Equity Pool  
 Imperial Emerging Economies Pool  
 Imperial International Bond Pool  
 Imperial International Equity Pool  
 Imperial Money Market Pool  
 Imperial Registered International Equity Index  
 Imperial Registered U.S. Index Pool  
 Imperial Short Term Bond Pool  
 Imperial U. S. Equity Pool



**Jones Heward Group of Funds**  
**Sedar Proj. No. 427995**

Jones Heward American Fund  
Jones Heward Bond Fund  
Jones Heward Canadian Balanced Fund  
Jones Heward Fund Limited  
Jones Heward Money Market Fund

**MD Family of Funds**  
**Sedar Proj. No. 436272**

MD Dividend Funds

**National Bank Diversified Funds**  
**Sedar Proj. No. 400495**

National Bank Aggressive Diversified Fund  
National Bank Conservative Diversified Fund  
National Bank Intrepid Diversified Fund  
National Bank Moderate Diversified Fund  
National Bank Secure Diversified Fund

**National Bank/Fidelity Funds**  
**Sedar Proj. No. 400494**

National Bank/Fidelity Canadian Asset Allocation Fund  
National Bank/Fidelity Focus Financial Services Fund  
National Bank/Fidelity Global Asset Allocation Fund  
National Bank/Fidelity Growth America Fund  
National Bank/Fidelity International Portfolio Fund  
National Bank/Fidelity True North Fund

**National Bank Institutional Funds**  
**Sedar Proj. No. 400493**

National Bank Corporate Cash Management Fund  
National Bank Treasury Management Fund

**National Bank Mutual Funds - 2001**  
**Sedar Proj. No. 400491**

National Bank American Index Plus Fund  
National Bank American RSP Index Fund  
National Bank Asia-Pacific Fund  
National Bank Bond Fund  
National Bank Canadian Equity Fund  
National Bank Canadian Index Fund  
National Bank Canadian Index Plus Fund  
National Bank Canadian Opportunity Fund  
National Bank Dividend Fund  
National Bank Emerging Markets Fund  
National Bank European Equity Fund  
National Bank European Small Capitalization Fund  
National Bank Future Economy Fund  
National Bank Future Economy RSP Fund  
National Bank Global Equity Fund  
National Bank Global Equity RSP Fund  
National Bank Global RSP Bond Fund  
National Bank Global Technologies Fund  
National Bank Global Technologies RSP Fund  
National Bank International RSP Index Fund  
National Bank Money Market Fund  
National Bank Mortgage Fund  
National Bank Natural Resources Fund  
National Bank Quebec Growth Fund  
National Bank Retirement Balanced Fund  
National Bank Small Capitalization Fund  
National Bank Treasury Bill Plus Fund  
National Bank U.S. Money Market Fund

**National Bank Mutual Funds - 2002**  
**Sedar Proj. No. 461814**

National Bank High Yield Bond Fund

**National Bank Protected Funds**  
**Sedar Proj. No. 400492**

National Bank Protected Canadian Bond Fund  
National Bank Protected Canadian Equity Fund  
National Bank Protected Global RSP Fund  
National Bank Protected Growth Balanced Fund

National Bank Protected Retirement Balanced Fund

**Pinnacle Program Funds**  
**Sedar Proj. No. 446463**

Pinnacle American Core-Plus Bond Fund  
Pinnacle American Large Cap Growth Equity Fund  
Pinnacle American Mid Cap Growth Equity Fund  
Pinnacle American Mid Cap Value Equity Fund  
Pinnacle American Value Equity Fund  
Pinnacle Canadian Growth Equity Fund  
Pinnacle Canadian Mid Cap Value Equity Fund  
Pinnacle Canadian Small Cap Growth Equity Fund  
Pinnacle Canadian Value Equity Fund  
Pinnacle Global Equity Fund  
Pinnacle Global Real Estate Securities Fund  
Pinnacle Global Tactical Asset Allocation Fund  
Pinnacle High Yield Income Fund  
Pinnacle Income Fund  
Pinnacle International Equity Fund  
Pinnacle International Small to Mid Cap Value Equity Fund  
Pinnacle RSP American Core-Plus Bond Fund  
Pinnacle RSP American Large Cap Growth Equity Fund  
Pinnacle RSP American Mid Cap Growth Equity Fund  
Pinnacle RSP American Mid Cap Value Equity Fund  
Pinnacle RSP American Value Equity Fund  
Pinnacle RSP Global Equity Fund  
Pinnacle RSP Global Real Estate Securities Fund  
Pinnacle RSP International Equity Fund  
Pinnacle RSP International Small to Mid Cap Value Equity Fund  
Pinnacle Short Term Income Fund  
Pinnacle Strategic Balanced Fund

**Renaissance Funds**  
**Sedar Proj. No. 427982**

Renaissance Canadian Balanced Value Fund  
Renaissance Canadian Bond Fund  
Renaissance Canadian Core Value Fund  
Renaissance Canadian Growth Fund  
Renaissance High Yield Bond Fund  
Renaissance Canadian Income Trust Fund  
Renaissance Canadian Money Market Fund  
Renaissance Canadian Small Cap Fund

Renaissance Canadian T-Bill Fund  
 Renaissance Canadian Developing Capital Markets Fund  
 Renaissance Euro Fund  
 Renaissance Global Growth Fund  
 Renaissance Global Growth RSP Fund  
 Renaissance Global Sectors Fund  
 Renaissance Global Sectors RSP Fund  
 Renaissance Global Technology Fund  
 Renaissance Global Technology RSP Fund  
 Renaissance International RSP Index Fund  
 Renaissance Select Canadian Balanced Fund  
 Renaissance Select Global Value Fund  
 Renaissance Select Global Value RSP Fund  
 Renaissance Select International Growth Fund  
 Renaissance Select International Growth RSP Fund  
 Renaissance Tactical Allocation RSP Fund  
 Renaissance Tactical Allocation Fund  
 Renaissance U.S. Basic Value Fund  
 Renaissance U.S. Fundamental Growth Fund  
 Renaissance U. S. Money Market Fund  
 Renaissance U.S. RSP Index Fund

**Royal Index Funds**  
**Sedar Proj. No. 400499**

Royal Canadian Bond Index Fund  
 Royal Canadian Index Fund  
 Royal International RSP Index Fund  
 Royal Premium Canadian Index Fund  
 Royal Premium U.S. Index Fund  
 Royal U.S. Index Fund  
 Royal U.S. RSP Index Fund

**Royal Mutual Funds**  
**Sedar Proj. No. 400501**

O'Shaughnessy Canadian Equity Fund  
 O'Shaughnessy U.S. Growth Fund  
 O'Shaughnessy U.S. Value Fund  
 Royal \$U.S. Money Market Fund  
 Royal Asian Growth Fund  
 Royal Balanced Fund  
 Royal Balanced Growth Fund  
 Royal Bond Fund

Royal Canadian Equity Fund  
Royal Canadian Growth Fund  
Royal Canadian Money Market Fund  
Royal Canadian Small Cap Fund  
Royal Canadian T-Bill Fund  
Royal Canadian Value Fund  
Royal Dividend Fund  
Royal e-Commerce Fund  
Royal Energy Fund  
Royal European Growth Fund  
Royal Global Balanced Fund  
Royal Global Bond Fund  
Royal Global Communications and Media Sector  
Royal Global Consumer Trends Sector Fund  
Royal Global Education Fund  
Royal Global Financial Services Sector Fund  
Royal Global Health Sciences Sector Fund  
Royal Global Infrastructure Sector Fund  
Royal Global Resource Sector Fund  
Royal Global Technology Sector Fund  
Royal Global Titans Fund  
Royal International Equity Fund  
Royal Japanese Stock Fund  
Royal Latin American Fund  
Royal Life Science and Technology Fund  
Royal Monthly Income Fund  
Royal Mortgage Fund  
Royal Precious Metals Fund  
Royal Premium Money Market Fund  
Royal Select Balanced Portfolio  
Royal Select Growth Portfolio  
Royal Select Income Portfolio  
Royal U.S. Equity Fund  
Royal U.S. Mid-Cap Equity Fund

**Royal Select Choices Portfolio**  
**Sedar Proj. No. 400498**

Royal Select Choices Aggressive Growth Portfolio  
Royal Select Choices Balanced Portfolio  
Royal Select Choices Growth Portfolio  
Royal Select Choices Income Portfolio

**Scotia Mutual Funds**  
**Sedar Proj. Nos. 400504 & 453614**

Scotia American Stock Index Fund  
Scotia Canadian Bond Index Fund  
Scotia Canadian Mid Large Fund  
Scotia Canadian Short Term Income Fund  
Scotia Canadian Small Cap Fund  
Scotia Canadian Growth Fund  
Scotia Canadian Stock Index Fund  
Scotia CanAm Stock Index Fund  
Scotia CanAm U.S.\$ Income Fund  
Scotia Emerging Markets Fund  
Scotia Global Income Fund  
Scotia International Stock Index Fund  
Scotia Mortgage Income Fund  
Scotia Nasdaq Index Fund  
Scotia Precious Metals Fund  
Scotia Premium T-Bill Fund  
Scotia T-Bill Fund  
Scotia Young Investors Fund

**Scotia Private Client Mutual Funds**  
**Sedar Proj. No. 400502**

Scotia America Growth Fund  
Scotia Canadian Balanced Fund  
Scotia Canadian Blue Chip Fund  
Scotia Canadian Dividend Fund  
Scotia Canadian Income Fund  
Scotia CanAM U.S.\$ Money Market Fund  
Scotia CanGlobal Mutual Fund  
Scotia European Growth Fund  
Scotia Latin American Growth Fund  
Scotia Money Market Fund  
Scotia Pacific Rim Growth Fund

**StartingStartups Investment Funds Inc.**  
**Sedar Proj. No. 436240**

StartingStartups Investment Funds Inc.

**TalvestFunds No. 3**  
**Sedar Proj. No. 436255**

Talvest Asian Fund  
Talvest Asian RSP Fund  
Talvest Bond Fund  
Talvest Cdn. Asset Allocation Fund  
Talvest Cdn. Equity Growth Fund  
Talvest Cdn. Equity Leaders Fund  
Talvest Cdn. MultiManagement Fund  
Talvest Cdn. Resource Fund  
Talvest China Plus Fund  
Talvest China Plus RSP Fund  
Talvest Dividend Fund  
Talvest European Fund  
Talvest European RSP Fund  
Talvest FPX Balanced Fund  
Talvest FPX Growth Fund  
Talvest FPX Income Fund  
Talvest Global Asset Allocation RSP Fund  
Talvest Global Bond RSP Fund  
Talvest Global Equity Fund  
Talvest Global Equity RSP Fund  
Talvest Global Health Care Fund  
Talvest Global Health Care RSP Fund  
Talvest Global MultiManagement Fund  
Talvest Global MultiManagement RSP Fund  
Talvest Global RSP Fund  
Talvest Global Science & Technology Fund  
Talvest Global Science & Technology RSP Fund  
Talvest Global Small Cap Fund  
Talvest Global Small Cap RSP Fund  
Talvest High Yield Bond Fund  
Talvest Income Fund  
Talvest International Equity Fund  
Talvest International Equity RSP Fund  
Talvest Millennium High Income Fund  
Talvest Millennium Next Generation Fund  
Talvest Money Market Fund  
Talvest Small Cap Cdn. Equity Fund  
Talvest Value Line U. S. Equity Fund  
Talvest Value Line U.S. Equity RSP Fund



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**SCHEDULE "B"**  
**TO VARIATION LETTER DATED November \_\_\_\_\_, 2002**

**ADDENDUM TO APPENDIX A**  
**TO EXEMPTION LETTER DATED July 10, 2002**

**RBC Advisor Funds**  
**Sedar Proj. No. 485723**

RBC Advisor Blue Chip Canadian Equity Fund  
RBC Advisor Canadian Bond Fund  
RBC Advisor Emerging Markets Equity Class  
RBC Advisor Global Balanced Class  
RBC Advisor Global Communications and Media Class  
RBC Advisor Global Consumer Trends Class  
RBC Advisor Global Financial Services Class  
RBC Advisor Global Health Sciences Class  
RBC Advisor Global High Yield Fund  
RBC Advisor Global Industrials Class  
(formerly RBC Advisor Global Infrastructure Class)  
RBC Advisor Global Resources Class  
RBC Advisor Global Small Cap Equity Class  
RBC Advisor Global Technology Class  
RBC Advisor Global Titans Class  
RBC Advisor Short-Term Income Class  
RBC Advisor U.S. Equity Class

**Royal Mutual Funds**  
**Sedar Proj. No. 485724**

Royal Tax Managed Return Fund