



Commission
des valeurs mobilières
du Québec

Financement
des sociétés

VIA SEDAR

January 23, 2002

Borden Ladner Gervais
Attention: Brian D. Behrman

Dear Sirs\Mesdames:

**RE: Talvest Fund Management Inc., Talvest Global Sector Multi
Management Fund
MRRS Application for Exemptive Relief under National
Instrument 81-102 Mutual Funds (“NI 81-102”)
SEDAR N° 405085**

By letter dated November 26, 2001 (the “Application”), you applied to the securities regulatory authority in each of the provinces and territories of Canada (the “Decision Maker”), on behalf of Talvest Fund Management Inc. (“Talvest”), as manager of the Talvest Global Sector Multi Management Fund and other mutual funds managed by Talvest after the dated of this Decision (collectively referred to as the “Top Funds”) having an investment objective that invests a certain fixed percentage of their assets in units of specified Talvest Mutual Funds (as defined in the Application, the “Reference Funds”), for exemptions from the following provisions of NI 81-102:

- Subsections 2.1(1) and 2.2(1)(a); and
- Clause 2.5(1)(a).

We confirm that further to discussions with staff, relief form subsection 2.2(2), 5.5(1)(d) of NI 81-102 was withdrawn by letter dated December 28, 2001.

A preliminary simplified prospectus and annual information form has been filed under SEDAR project No. 401987.

The Application states that each Top Fund will invest a certain fixed percentage (the "Fixed Percentages") of its assets (other than cash and cash equivalents) in units of the Reference Funds, subject to a variation of 2.5 % above or below the Fixed Percentages (the "Permitted Ranges") to account for market fluctuations.

This letter confirm that, based on the information and representations made in the Application and for the purposes described in the Application, the Decision Markers hereby exempt the Top Funds from the following requirements of NI 81-102:

- a) subsections 2.1(1) and 2.2(1)(a), and clause 2.5(1) to permit each Top Fund to directly invest a fixed percentage of its assets in securities of specified Reference Funds beyond the prescribed limits.

The Decision Markers grant the exemptions to permit the Top Funds to purchase units of the reference Funds, subject to the following conditions :

1. this Decision, as it relates to the jurisdiction of a Decision Marker, will terminate one year after the publication in final form of any legislation of rule of that Decision Marker dealing with the matters in section 2.5 of National Instrument 81-102.
2. the Decision shall only apply if, at the time a Top Fund makes or holds an investment in its Reference Funds, the following conditions are satisfied:
 - a) the units of both the Top Fund and the Reference Funds are being offered for sale in the jurisdiction of the Decision Marker pursuant to a simplified prospectus and annual information form which as been filed with and accepted by the Decision Marker;
 - b) the investment by the Top Fund in the Reference Funds is compatible with the fundamental investment objective of the Top Fund;
 - c) the simplified prospectus of the Top Fund discloses the intent of the Top Fund to invest directly in units of the Reference Funds, the names of the Reference funds, the Fixed Percentages and the Permitted Ranges within which such Fixed Percentages may vary;
 - d) the investment objective of the Top Fund discloses that the Top Fund invests in securities of other mutual funds;

- e) the Reference Funds are not mutual funds whose investment objective includes investing directly or indirectly in other mutual funds;
- f) the Top Fund invests its assets (exclusive of cash and cash equivalents) in the Reference Funds in accordance with the Fixed Percentages disclosed in the simplified prospectus of the Top Fund;
- g) the Top Fund's holding of units in the Reference Funds does not deviate from the Permitted Ranges;
- h) any deviation from the Fixed Percentages is caused by market fluctuation only;
- i) if an investment by the Top Fund in any of the Reference Funds has deviated from the Permitted Ranges as a result of market fluctuations, the Top Fund's investment portfolio was re-balanced to comply with the Fixed Percentages on the next day on which the net asset value was calculated following the deviation;
- j) if the Fixed Percentages and the Reference Funds in which are disclosed in the simplified prospectus have been changed, either the simplified prospectus has been amended in accordance with securities legislation to reflect this significant change, or a new simplified prospectus the significant change has been filed within ten days thereof, and the securityholders of the Top Fund have been given at least 60 days' notice of the change;
- k) there are compatible dates for the calculation of the net asset value of the Top Fund and the Reference Funds for the purpose of the issue and redemption of the units of such mutual funds;
- l) no sales charges are payable by the Top Fund in relation to its purchases of units of the Reference Funds;
- m) no redemption fees or other charges are charged by an Reference Fund in respect of the redemption by the Top Fund of units of the Reference Fund owned by the Top Fund;
- n) no fees or charges of any sort are paid by the Top Fund and the Reference Funds, by their respective managers or principal distributors, or by any affiliate or associate of any of the foregoing entities, to anyone in respect of the purchase, holding or redemption by a Top Fund of the units of the Reference Funds;

- o) the arrangements between or in respect of the Top Fund and the Reference Funds are such as to avoid the duplication of management fees;
- p) any notice provided to securityholders of an Reference Fund as required by applicable laws or the constating documents of that Reference Fund has been delivered by the Top Fund to its securityholders;
- q) all of the disclosure and notice material prepared in connection with a meeting of securityholders of the Reference Funds and received by the Top Fund has been provided to its securityholders, the securityholders have been permitted to direct a representative of the Top Fund to vote its holdings in the Reference Fund in accordance with their direction, and the representative to the Top Fund has not voted its holdings in the Reference Funds except to the extent the securityholders of the Top Fund have directed;
- r) in addition to receiving the annual and, upon request, the semi-annual financial statements of the Top Fund, securityholders of the Top Fund have received appropriate summary disclosure in respect of the Top Fund's holdings of units of the Reference Funds in the financial statements of the Top Fund; and
- s) to the extent that the Top Fund and the Reference Funds do not use a combined simplified prospectus and annual information form containing disclosure about the Top Fund and the Reference Funds, copies of the simplified prospectus and annual information form of the Reference Funds have been provided upon request to securityholders of the Top Fund and the right to receive these documents is disclosed in the simplified prospectus of the Top Fund.

“Jean-François Bernier”