



VIA SEDAR

January 7, 2002

Osler, Hoskin & Harcourt
Box 50, 1 First Canadian Place
Toronto, Ontario
M5X 1B8

Attention: Eleanor Farrell

Dear Sirs/Mesdames:

RE: TD Asset Management Inc. ("TDAM") and TD Balanced Growth Fund, TD Dividend Income Fund, TD Dividend Growth Fund, TD Canadian Equity Fund, TD Canadian Blue Chip Equity Fund, TD Canadian Value Fund, TD Canadian Stock Fund, TD North American Equity Fund, TD Private Canadian Dividend Fund, TD Private Canadian Equity Growth Fund, TD Private Canadian Equity Income Fund, TD Private North American Equity Growth Fund and TD Private North American Equity Income Fund (the "Funds")

MRRS Exemptive Relief Application under National Instrument 81-102 -- Mutual Funds ("NI 81-102"), Application No. 1133/01, SEDAR Project Nos. 398094 and 398098

By letter dated October 30, 2001 (the "Application"), you applied to the regulator or the securities regulatory authority in each of the provinces and territories of Canada (the "Decision Makers") on behalf of the Funds for an exemption pursuant to section 19.1 of NI 81-102 from the conflict of interest requirements of subsection 4.1(1) of NI 81-102.

We understand from the representations in the Application that:

1. Each of the Funds is subject to NI 81-102 and is a "dealer managed mutual fund" within the meaning of section 1.1 of NI 81-102 because TDAM is a "dealer manager" within the meaning of section 1.1 of NI 81-102 in respect of the Funds.
2. TDAM is the trustee of the Funds and as such is responsible for the day-to-day administration of each Fund. TDAM is also responsible for the management of the Funds' investment portfolios.
3. TD Securities Inc. (the "Dealer"), an affiliate of TDAM, acts as an underwriter and

designated broker of the TD Select Canadian Growth Index and the TD Select Canadian Value Index Fund (the "ETFs") in respect of the distributions (the "Offerings") of securities of the ETFs.

4. The ETFs are mutual funds that are listed and posted for trading on the Toronto Stock Exchange and the Offerings by the ETFs will be a continuous distribution of securities of the ETFs in the jurisdictions of the Decision Makers.
5. Each of the ETFs is a mutual fund subject to NI 81-102.
6. The Dealer, in acting as an underwriter and a designated broker, will receive no compensation from the Funds, the ETFs or TDAM.
7. The investment by a Fund in an ETF will only be made if it is consistent with the investment objectives of the Fund and, in the view of TDAM, is in the best interests of the Fund.
8. It is anticipated by TDAM that an investment by a Fund in an ETF will be made with cash balances which the Fund holds either to fund redemptions or pending direct investment in other securities.
9. Pursuant to a prior MRRS decision document dated April 20, 2001, the Funds, other than the TD North American Equity Fund, are permitted to invest up to 5% of their net asset value in securities of the TD TSE 300 Index Fund and the TD TSE 300 Capped Index Fund (the "TSE ETFs").
10. It is anticipated by TDAM that a Fund will generally invest between 0.50% and 3.00% of its net asset value in an ETF, but in no event will a Fund invest a total greater than 5.00% of its net asset value at the time of the investment in securities of the ETFs and the TSE ETFs.
11. The investment by a Fund in an ETF will be made in compliance with all of the requirements of NI 81-102 other than subsection 4.1(1).

This letter confirms that, based on the information and representations contained in the Application, and for the purposes described in the Application, the Decision Makers hereby exempt the Funds from subsection 4.1(1) of NI 81-102 to permit the Funds to make investments in the securities of the ETFs, subject to the following conditions:

1. the Decision will terminate one year after the date hereof; and
2. the Decision shall only apply if at the time a Fund makes an investment in an ETF:
 - (a) the investment in the ETF is consistent with the investment objective of the Fund;
 - (b) the Dealer, in acting as underwriter and designated broker of the securities of the ETF, receives no compensation from the Fund, the ETF or TDAM; and

- (c) the investment by a Fund in the ETFs and TSE ETFs does not exceed 5.00% of the net asset value of the Fund.

Yours very truly,

“Paul A. Dempsey”

Paul A. Dempsey
Manager, Investment Funds
Capital Markets Branch