



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19^e étage
20, rue queen ouest
Toronto ON M5H 3S8

Web site: www.osc.gov.on.ca
TDX 76
CDS-OSC

VIA SEDAR

November 28, 2002

Borden Ladner Gervais LLP

Attention: Michael R. Holder

Dear Mr. Holder:

**Re: Scotia Partners Portfolios; Scotia Partners Income & Modest Growth Portfolio, Scotia Partners Balanced Income & Growth Portfolio, Scotia Partners Conservative Growth Portfolio and Scotia Partners Aggressive Growth Portfolio (collectively the "Portfolios")
Application under Mutual Reliance Review System for Exemptive Relief ("MRRS") under National Instrument 81-102 ("NI 81-102")
Application # 02/941, SEDAR project # 487865**

By letter dated October 22, 2002 and supplemented by correspondence dated November 14, November 19 and November 21, 2002 (collectively the "Application"), you applied to the regulator or the securities regulatory authority in each of the provinces and territories of Canada (collectively, the "Decision Makers") on behalf of Scotia Securities Inc. (the "Manager"), the Portfolio and other mutual funds to be managed by the Manager after the date of this letter having as their investment objective to invest all or substantially all of their assets in other mutual funds (collectively, the "Portfolios" or individually, a "Portfolio"), for exemptive relief from the restrictions in subsections 2.1(1), 2.2(1)(a) and clause 2.5(1)(a) of NI 81-102 to permit a fund-on-fund structure whereby the Portfolios each invest substantively all their assets in a portfolio of selected mutual funds managed by the Manager or by third-party fund managers (collectively, the "Underlying Funds, individually, an "Underlying Fund").

The Application states that each Portfolio will invest fixed percentages (the "Fixed Percentages") of its assets (exclusive of cash and cash equivalents), as specified in the simplified prospectus of the Portfolios, in the securities of the Underlying Funds, subject to a variation of 2.5 percent above or below the Fixed Percentages (the "Permitted Ranges") to account for market fluctuations.

The securities of the Portfolios and of the Underlying Funds are or will be qualified for sale in the jurisdiction of each Decision Maker under a (final) simplified prospectus and annual information form filed with and accepted by each Decision Maker.

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 each of the Portfolios from the following requirements of NI 81-102:

- (i) subsection 2.1(1), to permit a Portfolio to invest more than 10 percent of its net assets in securities of an Underlying Fund;
- (ii) subsection 2.2(1)(a), to permit a Portfolio to purchase securities of an Underlying Fund, even if, as a result of such purchase, the Portfolio would hold securities representing more than 10 percent of the voting or equity securities of the Underlying Fund;
- (iii) clause 2.5(1)(a), to permit a Portfolio to purchase securities of one or more Underlying Funds, even if such purchase exceeds the prescribed 10 percent aggregate limit.

This letter further confirms that you have withdrawn your request for relief from clause 5.5(1)(d) of NI 81-102 to allow a Portfolio to suspend redemptions for the whole or any part of a period during which one or more of its respective Underlying Funds have suspended redemptions.

The Decision Makers grant the exemptions to permit each of the Portfolios to purchase securities of the Underlying Funds, subject to the following conditions:

1. this Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with matters in section 2.5 of NI 81-102; and
2. this Decision shall only apply if, at the time a Portfolio makes or holds an investment in its Underlying Funds, the following conditions are satisfied:
 - (a) the Portfolios and the Underlying Funds are being offered for sale in the jurisdiction of the Decision Maker pursuant to a simplified prospectus and annual information form which has been filed with and accepted by the Decision Maker;
 - (b) the investment by a Portfolio in the Underlying Funds is compatible with the fundamental investment objectives of the Portfolio;
 - (c) the Prospectus discloses the intent of the Portfolio to invest in the Underlying Funds, the names of the Underlying Funds, the investment objectives and manager of the Underlying Funds, the Fixed Percentages and the Permitted Ranges within which such Fixed Percentages may vary;

- (d) the investment objective of a Portfolio discloses that the Portfolio invests in securities of other mutual funds;
- (e) the Underlying Funds are not mutual funds whose investment objective includes investing directly or indirectly in other mutual funds;
- (f) the Portfolio invests its assets (exclusive of cash and cash equivalents) in securities of the applicable Underlying Funds in accordance with the Fixed Percentages disclosed in the Prospectus:
- (g) the Portfolio's holding of securities in the Underlying Funds does not deviate from the Permitted Ranges;
- (h) any deviation from the Fixed Percentages is caused by market fluctuations only;
- (i) subject to condition (j), where an investment by a Portfolio in any of the Underlying Funds has deviated from the Permitted Ranges as a result of market fluctuations, the Portfolio's investment is re-balanced to comply with the Fixed Percentages on the next day on which the net asset value is calculated following the deviation;
- (j) if, due to the foreign property investment limitations under the Income Tax Act (Canada), a Portfolio is precluded from purchasing additional securities of the Underlying Funds in order to comply with condition (i), the Portfolio complies with condition (i) as soon as it is possible to do so in compliance with those foreign property investment limitations;
- (k) if the Fixed Percentages and the Underlying Funds which are disclosed in the Prospectus are changed, either the Prospectus will be amended or a new Prospectus will be filed to reflect the change, and in any case the unitholders of each Portfolio will be given at least 60 days' notice of the change;
- (l) there are compatible dates for the calculation of the net asset values of the Portfolios and the Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds;
- (m) no sales charges will be payable by a Portfolio in relation to its purchase of the securities of an Underlying Fund;
- (n) no redemption fees or other charges will be charged by an Underlying Fund in respect of the redemption by a Portfolio of the securities of the Underlying Fund owned by the Portfolio;
- (o) no fees or charges of any sort are paid by the Portfolio and the Underlying 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 Portfolio's purchase,

holding or redemption of the securities of the Underlying Funds, except for a payment by the Manager of a Portfolio to the Manager of the Underlying Fund as compensation for investment management services provided as a result of the investment in the Underlying Fund;

- (p) the arrangements between or in respect of the Portfolio and the Underlying Funds are such as to avoid the duplication of management fees;
- (q) the Portfolios do not pay any management fees to the Underlying Funds, except for those Underlying Funds for which a management fee must be paid (and subsequently rebated) because the Underlying Funds do not have a class of securities without a management fee;
- (r) any notice provided to security holders of an Underlying Fund as required by applicable laws or the constating documents of that Underlying Fund has been delivered by the Portfolio to its unitholders;
- (s) all of the disclosure and notice material prepared in connection with a meeting of the security holders of the Underlying Funds and received by the Portfolio has been provided to its unitholders, the unitholders have been permitted to direct a representative of the Portfolio to vote its holdings in the Underlying Fund in accordance with their direction, and the representative of the Portfolio has not voted its holdings in the Underlying Fund except to the extent the unitholders of the Portfolio have directed;
- (t) in addition to receiving the annual, and upon request, the semi-annual financial statements, of the Portfolio, unitholders of the Portfolio have received appropriate summary disclosure in respect of the Portfolio's holdings of securities of the Underlying Funds in the financial statements of the Portfolio; and
- (u) to the extent that the Portfolio and the Underlying Funds do not use a combined simplified prospectus and annual information form containing disclosure about the Portfolio and the Underlying Funds, copies of the simplified prospectus and annual information form of the Underlying Funds will be provided upon request to unitholders of the Portfolio and the right to receive these documents is disclosed in the Prospectus of the Portfolio.

Yours truly,

"Paul Dempsey"

Paul A. Dempsey
Manager, Investment Funds
Capital Markets
(416) 593-8091

