



Ontario
Securities
Commission

Commission Des
valeurs mobilières
de l'Ontario

PO Box 55, Suite 800
20 Queen Street West
Toronto ON M5H 3S8

CP 55, Bureau 800
20 rue Queen ouest
Toronto ON M5H 3S8

VIA SEDAR ONLY

August 29, 2002

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

Attention: Marlene J. Davidge

Dear Sirs/Mesdames:

Re: CM Investment Management Inc., TAL Global Asset Management Inc. ("TAL"), RBC Global Investment Management Inc., Scotia Cassels Investment Counsel Limited, Scotia Capital Inc., BMO Harris Investment Management Inc., BMO Nesbitt Burns Inc., Guardian Group of Funds Ltd., Jones Heward Investment Counsel Inc., Natcan Investment Management Inc. ("Natcan"), and TD Asset Management Inc. (collectively, the "Applicants" or "Dealer Managers")
- MRRS Application under National Instrument 81-102, Mutual Funds ("NI 81-102")

- App. No. 755/02; Sedar Proj. Nos. 471675, 471711, 471715, 471723, 471736, 471739, 471742, 471808, 471812, 471815, 471820, 471825, 471832, 471834, 471835, 471836, 471837, 471840

By letter dated August 14, 2002, (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) 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, (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 "60 Day 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 common shares of BCE Inc. during the 60 Day Prohibition Period, notwithstanding that the Dealer Manager or any of its associates or affiliates has acted as underwriter (collectively, the “Related Underwriters”) of the Offering of common shares of BCE Inc. (“BCE Securities”) pursuant to a prospectus and supplement dated August 1, 2002 and August 7, 2002 respectively (the “Relevant Offering”).

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 is a “dealer manager” with respect to the Funds, and each Fund is a “dealer managed fund”, as such terms are defined in section 1.1 of NI 81-102.
2. Except for Natcan and TAL, the head office of each Dealer Manager is in Toronto, Ontario. The head office of Natcan and TAL is in Montreal, Quebec.
3. The investment objective of each Dealer Managed Fund permits it to invest in equity securities.
4. The securities of all of the Dealer Managed 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. Pursuant to a short form base shelf prospectus dated August 1, 2002, and a prospectus supplement dated August 7, 2002, (collectively, the “Prospectus”) an offering in Canada and in the United States of BCE Securities has been made by BCE Inc. (“BCE” or the “Issuer”). The closing in respect of the distribution took place on Monday, August 12, 2002.
6. All of the Related Underwriters, together with a few other dealers, are parties to the underwriting agreement with the Issuer. RBC Dominion Securities Inc. is the lead underwriter.
7. The offering of BCE Securities was for CDN \$1,809,300,000, with an overallotment option of an additional CDN \$268,950,000. RBC Dominion Securities Inc. has confirmed that the overallotment option was exercised in its entirety.

8. Common shares of the Issuer are listed on The Toronto Stock Exchange, the New York Stock Exchange and the Swiss Exchange. The Issuer is Canada's largest communication company. The Issuer's securities represents a significant component of the Canadian market and are therefore held by most managed portfolios. As of the close of business on August 12, 2002, BCE was the third largest security weighting in the S&P/TSX Composite Index and represented 4.05% thereof.
9. The Issuer is a "connected issuer", as defined in National Instrument 33-105 Underwriting Conflicts, of the Related Underwriters for the reasons set forth in the Prospectus. As disclosed in the Prospectus, the Related Underwriters are subsidiaries or affiliates of lenders (the "Lenders") that have made credit facilities (the "Credit Facilities") available to the Issuer. The total proceeds to be received by the by the Issuer from this Offering however will not be used to reduce indebtedness under the Credit Facilities . Furthermore, the decision to distribute common shares and the determination of the terms and conditions of this Offering were made through negotiations between the Issuer and the Related Underwriters without the involvement of the Lenders. The Related Underwriters derived no benefit from this Offering other than the remuneration described in the Prospectus payable by the Issuer. In addition, three of the directors of the Issuer are also directors of the bank which is the parent of RBC Dominion Securities Inc. One director of the Issuer is also the chairman of RBC Dominion Securities Inc.
10. The Dealer Managers have been informed by RBC Dominion Securities Inc. that, as is customary for such agreements, pursuant to the underwriting agreement with the Issuer, the underwriters were required to provide a certificate to the Issuer when the BCE Securities were out of distribution. RBC Dominion Securities Inc. has informed the Dealer Managers that such certificate was delivered to the Issuer on August 12, 2002. Issuers rely on such underwriters' certificates in not filing amendments to prospectuses if there are material adverse changes after the certificates are delivered. Accordingly, such certificates are given by underwriters only if they are satisfied that the distribution is complete .The Dealer Managers should therefore be permitted to rely on the representation from RBC Dominion Securities Inc. that such certificate was delivered to the Issuer Inc. and that the distribution is therefore complete.
11. As disclosed in the Prospectus, CDN \$900 million of the offering of the BCE Securities was bought by accounts managed by Capital Group International Inc. as well as mutual funds managed by Capital Research and Management Co., an affiliated US-based company. RBC Dominion Securities Inc. has advised that a majority of the total issue was purchased in the United States with the remainder purchased in Canada. The majority of the Canadian portion was purchased by

institutional accounts, including mutual funds, with the remainder purchased by retail accounts. None of the Offering was purchased by the Related Underwriters for their own account.

12. Any purchase of common shares of the Issuer will be consistent with the investment objectives of the Dealer Managed Funds and in the best interests of the fund in the opinion of the relevant Dealer Manager.
13. To the extent that the same portfolio manager or team of portfolio managers of the Dealer Manager manages more than one Dealer Managed Fund, the common shares of the Issuer will be allocated fairly and in a manner consistent with the fiduciary duties of the portfolio manager or team of portfolio managers taking into account the amount of cash available to each fund for investment.

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 subsection 4.1(1) of NI 81-102, so that a Dealer Managed Fund of each Dealer Manager may make an investment in common shares of the Issuer during the 60 Day Prohibition Period, notwithstanding that a Related Underwriter has acted as underwriter in the Relevant Offering of such BCE Securities.

PROVIDED THAT

- (1) at the time of each purchase (the "Purchase") of common shares of the Issuer by a Dealer Managed Fund pursuant to this Decision, the following conditions are satisfied:
 - a. the Purchase
 - 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 Purchase is consistent with, or is necessary to meet, the investment objective of the Dealer Managed Fund as disclosed in its simplified prospectus;

- c. the Dealer Managed Fund does not place the order to purchase, on a principal or agency basis, with a Related Underwriter;
 - d. the Purchase will be made in the secondary market;
- (2) prior to effecting any Purchase 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; and
 - b. in connection with any Purchase,
 - i. there are stated factors or criteria for allocating common shares of the Issuer 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;
- (3) Related Underwriters of a Dealer Manager shall not solicit Purchases of common shares of the Issuer from the related Dealer Managed Funds;
- (4) each Purchase is made on The Toronto Stock Exchange or any other stock exchange on which the common shares of the Issuer are listed and traded;
- (5) the following particulars of each Purchase pursuant to this Decision are set out in a report certified by the Dealer Manager and filed on Sedar, in respect of each of the Dealer Managed Fund, no later than 30 days after the end of the 60 Day Prohibition Period:
- a.
 - i. the number of common shares of the Issuer purchased by the Dealer-Managed Fund,
 - ii. the price at which the purchase was made, and the date that the purchase was made,
 - iii. whether the lead underwriter or syndicate manager had indicated its intention (if any) to engage in market stabilization activities,
 - iv. if the BCE Securities were purchased for two or more Dealer Managed Funds and other accounts managed by the Dealer Manager from the date of this Decision to the expiry of the 60 Day

Prohibition Period, save and except for accounts that are managed by TD Asset Management Inc.'s Quantitative Capital Division, the aggregate amount so purchased and the percentage of such aggregate amount that was allocated to each Dealer Managed Fund, and

- v. the dealer from whom the Dealer Managed Fund purchased the BCE Securities and the fees or commissions, if any, paid by the Dealer Managed Fund in respect of such purchase;
 - b. the Dealer Manager certifies that the Purchase
 - 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
- (6) 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, of NI 81-102.

Yours truly

"Ranee Pavalov"

Ranee Pavalov
Director
Capital Markets Branch
email: rpavalov@osc.gov.on.ca

**APPENDIX A
TO EXEMPTION LETTER DATED August , 2002**

BMO HARRIS PRIVATE PORTFOLIOS

BMO Harris Canadian Growth Equity Portfolio
BMO Harris Canadian Conservative Equity Portfolio
BMO Harris Canadian Income Equity Portfolio
BMO Harris Canadian Dividend Income Portfolio
BMO Harris Canadian Special Growth Portfolio

BMO MUTUAL FUNDS (consolidated)

BMO Monthly Income Fund
BMO Asset Allocation Fund
BMO RSP Global Balanced Fund
BMO Dividend Fund
BMO Equity Index Fund
BMO Equity Fund
BMO NAFTA Advantage Fund
BMO RSP Global Opportunities Fund
BMO Global Balanced Class
BMO Global Opportunities Class

BMO NESBITT BURNS GROUP OF FUNDS

BMO Nesbitt Burns Canadian Stock Selection Fund

CIBC MUTUAL FUNDS

CIBC Monthly Income Fund
CIBC Dividend Fund
CIBC Balanced Fund
CIBC Core Canadian Equity Fund
Canadian Imperial Equity Fund
CIBC Financial Companies Fund
CIBC Global Equity Fund

CIBC PROTECTED FUNDS

5 Year Protected Balanced Index Fund

FRONTIERS® POOLS

Frontiers Canadian Equity Pool

GUARDIAN GROUP OF FUNDS No. 3

GGOF Guardian Dividend Growth Fund
GGOF Guardian Monthly Dividend Fund Ltd.
GGOF Guardian Monthly High Income Fund
GGOF Centurian Canadian Balanced Fund
GGOF Centurian Canadian Value Fund
GGOF Centurian Global Value Fund
GGOF Guardian Canadian Equity Fund
GGOF Guardian Canadian Large Cap Fund
GGOF Guardian Enterprise Fund
GGOF Guardian Global Equity Fund
GGOF Guardian International Equity Fund
GGOF Alexandria Canadian Balanced Fund
Jones Heward Fund Ltd.
GGOF Alexandria Global Growth Fund
GGOF Alexandria Global Technology Fund

IMPERIAL POOLS

Imperial Canadian Equity Pool

MD FAMILY OF FUNDS

MD Dividend Fund

NATIONAL BANK MUTUAL FUNDS - 2002

National Bank Aggressive Diversified Fund
National Bank Conservative Diversified Fund
National Bank Intrepid Diversified Fund
National Bank Moderate Diversified Fund
National Bank Dividend Fund
National Bank Retirement Balanced Fund
National Bank Canadian Equity Fund

National Bank Canadian Opportunities Fund

National Bank Canadian Index Plus Fund
National Bank Protected Retirement Balanced Fund
National Bank Protected Growth Balanced Fund
National Bank Protected Canadian Equity Fund

PINNACLE PROGRAM FUNDS

Pinnacle Strategic Balanced Fund
Pinnacle Canadian Value Equity Fund
Pinnacle Canadian Growth Equity Fund

RBC ADVISOR FUNDS

RBC Advisor Blue Chip Canadian Equity Fund

RENAISSANCE MUTUAL FUNDS

Renaissance Canadian Growth Fund
Renaissance Canadian Balanced Fund
Renaissance Canadian Balanced Value Fund
Renaissance Canadian Core Value Fund
Renaissance Tactical Allocation Fund

ROYAL MUTUAL FUNDS

Royal Balanced Fund
Royal Canadian Equity Fund
Royal Monthly Income Fund
Royal Dividend Fund
Royal Tax Managed Return Fund
Royal Canadian Value Fund
Royal Balanced Growth Fund
Royal Canadian Growth Fund

SCOTIA MUTUAL FUNDS

Scotia Canadian Blue Chip Fund
Scotia Canadian Balanced Fund
Scotia Canadian Dividend Fund

Scotia Canadian Growth Fund
Scotia Young Investors Fund

TALVEST FUNDS No. 3

Talvest Cdn. Equity Leaders Fund
Talvest Dividend Fund
Talvest Cdn. Asset Allocation Fund
Talvest Global Asset Allocation RSP Fund
Talvest Cdn. Equity Growth Fund

TD MUTUAL FUNDS

TD Balanced Fund
TD Canadian Equity Fund
TD Canadian Stock Fund
TD Canadian Value Fund
TD Dividend Growth Fund
TD Dividend Income Fund
TD Monthly Income Fund
TD North American Equity Fund

TD PRIVATE FUNDS

TD Private Canadian Dividend Fund
TD Private Canadian Equity Growth Fund
TD Private North American Equity Growth Fund