



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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VIA SEDAR

November 5, 2002

McCarthy Tétrault

Attention: Andrew Parker

Dear Sirs/Mesdames:

**Re: Brandes Canadian Equity Fund and Brandes Canadian Balanced Fund
MRRS Application for exemptive relief pursuant to National Instrument 81-102 Mutual
Funds ("NI 81-102")
SEDAR #460705; Application No. 566/02**

By letter dated June 19, 2002 and supplemented by letter dated September 10, 2002 (together the "Application"), you applied to the securities regulatory authority or regulator (the "Decision Maker") in each of the provinces and territories of Canada, on behalf of Brandes Investment Partners & Co. ("the Manager"), as manager of the Brandes Canadian Equity Fund and Brandes Canadian Balanced Fund and other mutual funds managed by the Manager (collectively the "Top Funds") after the date of this exemption letter having an investment strategy that involves investing in one or more mutual funds managed by the Manager for foreign property exposure while remaining eligible for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and similar plans under the *Income Tax Act* (Canada) (collectively "Registered Plans") for exemptions from subsection 2.1(1), clause 2.2(1)(a) and clause 2.5(1)(a) of NI 81-102 in order to permit the Top Funds to invest fixed percentages of their assets in specified Underlying Funds (as defined below).

The Application states that each Top Fund will invest fixed percentages (the "Fixed Percentages") of its assets (other than cash and cash equivalents) on a cost basis (as defined under the *Income Tax Act* (Canada)) in units of Brandes Global Equity Fund, Brandes International Equity Fund, Brandes U.S. Equity Fund and other such mutual funds managed by the Manager after the date of this exemption letter from time to time (collectively the "Underlying Funds") subject to a variation of 1.0 % above or below the Fixed Percentages (the "Permitted Ranges").

This letter (the "Decision") confirms that, based on the information and representations made in the Application and for the purposes described in the Application, the Decision Makers hereby exempt the Top Funds from subsection 2.1(1), clause 2.2(1)(a) and clause 2.5(1)(a) of NI 81-102 to permit each Top Fund to invest Fixed Percentages of its assets in securities of specified Underlying Funds, subject to the Permitted Ranges.

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 Top Fund 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 the Top Funds to purchase securities of the Underlying Funds, subject to the following conditions:

1. the 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 which deals with the matters in section 2.5 of NI 81-102; and
2. the Decision shall only apply if, at the time a Top Fund makes or holds an investment in its Underlying Funds, the following conditions are satisfied:
 - (a) the securities of both the Top Fund 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 have been filed with and accepted by the Decision Maker;
 - (b) the investment by the Top Fund in the Underlying Funds is compatible with the fundamental investment objectives of the Top Fund;
 - (c) the simplified prospectus discloses the intent of the Top Fund to invest in securities of the Underlying Funds, the names of the Underlying Funds, the Fixed Percentages and the Permitted Ranges within which such Fixed Percentages may vary;
 - (d) the Underlying Funds are not mutual funds whose investment objective includes investing directly or indirectly in other mutual funds;
 - (e) the Top Fund invests its assets (exclusive of cash and cash equivalents) in the Underlying Funds in accordance with the Fixed Percentages disclosed in the simplified prospectus and in accordance with an amount, expressed as a percentage, prescribed from time to time under the Income Tax Act (Canada) as the maximum amount of foreign property that may be held by a Registered Plan determined as if such time were the end of a month;
 - (f) the Top Fund's holding of securities of the Underlying Funds does not deviate from the Permitted Ranges;
 - (g) if an investment by the Top Fund in any of the Underlying Funds has deviated from the Permitted Ranges, 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.
 - (h) if the Fixed Percentages and the Underlying Funds which are disclosed in the simplified prospectus have been changed, either the Top Fund's simplified prospectus has been amended or a new simplified prospectus has been filed to reflect the change,

and the security holders of the Top Fund have been given at least 60 days' notice of the change;

- (i) there are compatible dates for the calculation of the net asset value of the Top Fund and the Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds;
- (j) no sales charges are payable by the Top Fund in relation to its purchases of securities of the Underlying Funds;
- (k) no redemption fees or other charges are charged by an Underlying Fund in respect of the redemption by the Top Fund of securities of the Underlying Fund owned by the Top Fund;
- (l) no fees or charges of any sort are paid by the Top Fund 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 Top Fund's purchase, holding or redemption of the securities of the Underlying Funds;
- (m) the arrangements between or in respect of the Top Fund and the Underlying Funds are such as to avoid the duplication of management fees;
- (n) any notice provided to securityholders of an Underlying Fund as required by applicable laws or the constating documents of that Underlying Fund is delivered by the Top Fund to its securityholders;
- (o) all the disclosure and notice material prepared in connection with a meeting of securityholders of the Underlying Funds and received by the Top Fund are provided to its securityholders, the securityholders are permitted to direct a representative of the Top Fund to vote its holdings in the Underlying Fund in accordance with their direction, and the representative of the Top Fund does not vote its holdings in the Underlying Funds except to the extent the securityholders of the Top Fund have directed;
- (p) in addition to receiving the annual and, upon request, the semi-annual financial statements of the Top Fund, securityholders of a Top Fund are provided appropriate summary disclosure in respect of the Top Fund's holdings of securities of the Underlying Funds in the financial statements of the Top Fund; and

- (q) to the extent that the Top Fund and the Underlying Funds do not use a combined simplified prospectus and annual information form containing disclosure about the Top Fund and the Underlying Funds, copies of the simplified prospectus and annual information form of the Underlying Funds are 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.

Yours very truly,

"Paul A. Dempsey"

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