

**IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,
ALBERTA, SASKATCHEWAN,
ONTARIO, NOVA SCOTIA AND
NEWFOUNDLAND AND LABRADOR**

**AND
IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS**

**AND
IN THE MATTER OF
CARTIER MUTUAL FUNDS INC.
AND
CARTIER MULTIMANAGEMENT PORTFOLIO**

MRRS DECISION DOCUMENT

WHEREAS the local regulatory authority or regulator (the **ADecision Maker@**) in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia, and Newfoundland (the **AJurisdictions@**) has received an application from Cartier Mutual Funds Inc. ("**Cartier@**"), as manager of the Cartier Multimangement Portfolio (the **AExisting Top Fund@**) and other mutual funds managed by Cartier after the date of this Decision (defined herein) having an investment objective that invests substantially all of its assets in other mutual funds (individually, a **AFuture Top Fund@** and together with the Existing Top Fund, the **ATop Funds@**) for a decision by each Decision Maker (collectively, the **ADecision@**) pursuant to the securities legislation of the Jurisdictions (the **ALegislation@**) that the following provisions of the Legislation (the **AApplicable Requirements@**) shall not apply to the Top Funds or Cartier, as the case may be, in respect of certain investments to be made by a Top Fund in an Underlying Fund (as hereinafter defined) from time to time:

- i. the restrictions contained in the Legislation prohibiting a mutual fund from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and
- ii. the requirements contained in the Legislation requiring the management company, or in British Columbia, a mutual fund manager, to file a report relating to a purchase or sale of securities between the mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the **ASystem@**), the Ontario Securities Commission is the principal regulator for this

Application;

AND WHEREAS Cartier has represented to the Decision Makers that:

1. Cartier is a corporation established under the laws of Canada and its head office is located in the Province of Quebec. Cartier is or will be the manager of the Top Funds and the Cartier Underlying Funds (collectively, the **ACartier Funds@** and **ACartier Underlying Funds@** being Underlying Funds that are managed by Cartier).
2. The Cartier Funds are or will be open-end mutual fund trusts or classes of shares of a mutual fund corporation, each established under the laws of a Province of Canada. Securities of the Cartier Funds are or will be qualified for distribution under a simplified prospectus and annual information form filed in each of the Jurisdictions.
3. Each of the Cartier Funds is or will be a reporting issuer in each of the Jurisdictions and not in default of any requirements of the Legislation.
4. Cartier is the manager of Cartier Money Market Fund, Cartier Bond Fund, Cartier Cdn. Equity Fund, Cartier Small Cap Cdn. Equity Fund, Cartier U.S. Equity Fund, Cartier Global Equity Fund and Cartier Global Leaders RSP Fund (the **AExisting Underlying Funds"**).
5. The Top Funds may in the future invest their assets in mutual funds managed by Cartier or a person or company other than Cartier (each a **AFuture Underlying Fund@** and together with the Existing Underlying Funds, the **AUnderlying Funds@**).
6. As part of its investment objective, each Top Fund will invest fixed percentages (the **AFixed Percentages@**) of its assets (excluding cash and cash equivalents) directly in securities of specified Underlying Funds, subject to a variation of 2.5% above or below the Fixed Percentages (the **APermitted Ranges@**) to account for market fluctuations. Investments by each of the Top Funds will be made in accordance with the fundamental investment objectives of the Top Funds.
7. The Top Funds will not invest in an Underlying Fund with an investment objective which includes investing directly or indirectly in other mutual funds.
8. The simplified prospectus for the Top Funds will disclose the investment objectives, investment strategies, risks and restrictions of the Top Funds and the Underlying Funds, the Fixed Percentages and the Permitted Ranges.
9. Except to the extent evidenced by this Decision and specific approvals granted by the Decision Makers pursuant to National Instrument 81-102 ("NI 81-102"), the investments by the Top Funds in the Underlying Funds have been structured to comply with the investment restrictions of the Legislation and NI 81-102.

10. In the absence of this Decision, each of the Top Funds is prohibited from knowingly making or holding an investment in the Underlying Funds in which the Top Fund alone or together with one or more related mutual funds is a substantial securityholder.
11. In the absence of this Decision, Cartier is required to file a report on every purchase or sale of securities of the Underlying Funds by each of the Top Funds.
12. The investments by the Top Funds in securities of the Underlying Funds represents the business judgment of "responsible persons" (as defined in the Legislation), uninfluenced by considerations other than the best interests of the Top Funds.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the Decision of each Decision Maker;

AND WHEREAS each Decision Maker is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Requirements shall not apply so as to prevent the Top Funds from making or holding an investment in securities of the Underlying Funds or so as to require Cartier to file a report relating to the purchase or sale of such securities;

PROVIDED THAT IN RESPECT OF the investments by the Top Funds in securities of the Underlying Funds:

1. the Decision, as it relates to the jurisdiction of the Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with the matters in subsection 2.5 of NI 81-102.
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 each 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 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 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 investment objective of the Top Fund discloses that the Top Fund 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 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 of the Top Fund;
- (g) the Top Fund'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) if an investment by the Top Fund in any of the Underlying 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 Percentage on the next day on which the net asset value was calculated following the deviation;
- (j) if the Fixed Percentages and the Underlying Funds which are disclosed in the simplified prospectus of the Top Fund 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 reflecting 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 Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds;
- (l) no sales charges are payable by the Top Fund in relation to its purchases of securities of the Underlying Funds;
- (m) 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;
- (n) 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 purchase, holding or redemption by

a Top Fund of the securities of the Underlying Funds;

- (o) the arrangements between or in respect of the Top Fund and the Underlying Funds are such as to avoid the duplication of management fees;
- (p) any notice provided to securityholders of an Underlying Fund as required by applicable laws or the constating documents of that Underlying 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 Underlying 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 Underlying Fund in accordance with their direction, and the representative of the Top Fund has not voted its holdings in the Underlying 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 Funds have received 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
- (s) 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 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.

DATED at Toronto this 9th day of January, 2002.

ADavid Brown@

David Brown

AR. Stephen Paddon@

R. Stephen Paddon

Headnote

Investment by mutual funds directly in securities of other mutual funds exempted from the reporting requirements and self-dealing prohibitions of s.113 and s.117

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c.S.5., as am., 111(2)(b), 11(3), 117(1)(a) and 117(1)(d).