



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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VIA SEDAR

August 6, 2002

Gowling Lafleur Henderson LLP

Attention: Heather E. Lee

Dear Sirs/Mesdames:

Re: **Clarica Canadian Equity Index Fund (the "Fund")**
MRRS Application for exemptive relief from subsection 4.1(2) of National Instrument 81-102 Mutual Funds ("NI 81-102")
SEDAR #463247; App. No. 622/02

By letter dated July 2, 2002 (the "Application"), you applied to the securities regulatory authority or regulator in each of the provinces and territories of Canada (collectively, the "Decision Makers"), on behalf of Clarica Diversico Ltd. ("Diversico"), as manager of the Fund, for an exemption from the investment prohibition in subsection 4.1(2) of NI 81-102 (the "Investment Prohibition"). The exemption from the Investment Prohibition is requested to enable the Fund to continue to hold and invest in securities of C.I. Fund Management Inc. ("CIX") to the extent required to enable the Fund to meet its investment objective, as further described below.

From our review of the Application and your response to our comments on the Application, we understand the relevant facts and representations to be as follows:

1. The Fund is an open-end mutual fund trust established under the laws of Ontario. Units of the Fund are qualified for distribution in each of the provinces and territories of Canada pursuant to a simplified prospectus and annual information form dated December 18, 2001, as amended.
2. The Fund is an "index mutual fund" as defined in NI 81-102. The investment objective of the Fund is to provide long-term growth of capital by tracking the performance of a specified Canadian equity index, currently being the S&P/TSX Composite Index (the "Target Index"), by investing mainly in securities that are included in the Target Index in substantially the same proportion to the securities in the Target Index.
3. Among the securities comprising the Target Index are common shares of CIX. As at July 12, 2002, shares of CIX represented 0.257% of the portfolio of the Fund.
4. Pursuant to a purchase agreement dated May 22, 2002 between CIX, Sun Life Financial Services of Canada Inc. ("SLFS") and others, CIX acquired all of the issued and outstanding

shares of Diversico from SLFS. In return, SLFS acquired approximately a 30% indirect interest in CIX. The foregoing transactions are referred to collectively as the "Transaction".

5. Following completion of the Transaction on July 25, 2002, CI Mutual Funds Inc. ("CIMF"), which is a wholly-owned subsidiary of CIX, replaced Diversico as the manager of the Fund and CIMF may replace TD Asset Management Inc. as the portfolio adviser to the Fund. The appointment of CIMF as portfolio adviser would cause the Fund to be prohibited by the Investment Prohibition to invest in common shares of CIX for the following reasons:
 - (i) CIMF and the Fund is a "dealer manager" and a "dealer managed mutual fund", respectively;
 - (ii) there are common directors and officers between CIX and CIMF; and
 - (iii) some of the common directors and officers may not satisfy the conditions for exemption specified in paragraphs (a), (b) and (c) of subsection 4.1(2) of NI 81-102.
6. In order to track its Target Index, the Fund must hold securities of CIX and may need to acquire additional securities of CIX in the future, contrary to the Investment Prohibition.
7. The portfolio of the Fund is not actively managed. All purchases and sales of portfolio securities of the Fund are determined by the composition of the Target Index and the weightings therein of the constituent securities. Accordingly, any decision to continue to hold and purchase shares of CIX would not be the result of any active decision of CIMF to increase the investment of the Fund in CIX, but rather an indirect consequence of carrying out the investment objective of the Fund to match the performance of the Target Index.

Decision

This letter confirms that, based on the information provided in the Application and the facts and representations above, and for the purposes described in the Application, the Decision Makers hereby grant the exemption from subsection 4.1(2) of NI 81-102 to enable the Fund, upon the appointment of CIMF as portfolio adviser of the Fund, to hold and purchase securities of CIX,

provided that, at the time of each investment made in securities of CIX pursuant to this Decision, the following conditions are satisfied:

- i. the investment represents the business judgment of CIMF uninfluenced by considerations other than the best interests of the Fund;
- ii. the investment is consistent with, or is necessary to meet, the investment objective of the Fund as disclosed in its simplified prospectus; and

- iii. the Fund purchases no more than the number of shares of CIX that are necessary in order for the Fund to hold them in substantially the same proportion as those securities are reflected in the Target Index.

Yours truly,

"Paul A. Dempsey"
Paul A. Dempsey
Manager, Investment Funds
Capital Markets