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**VIA SEDAR**

August 28, 2001

Borden Ladner Gervais

**Attention: Brian Behrman**

Dear Sirs/Mesdames:

**Re: Fidelity Capital Structure Corp. (the "Corporation")  
MRRS Application for Exemptive Relief under National Instrument 81-102 Mutual Funds  
("NI 81-102")  
SEDAR No. 373510, App. No. 738/01**

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By letter dated July 11, 2001 (the "Application"), you applied to the regulator or the securities regulatory authority in each of the provinces and territories of Canada (the "Decision Makers"), on behalf of Fidelity Investments Canada Limited (the "Fidelity"), the manager of the classes of the Corporation (the "Current Top Funds") and other classes of the Corporation managed by Fidelity after the date of this approval (together with the Current Top Funds, the "Top Funds") having an investment objective that invests substantially all of their assets in securities of their corresponding underlying fund (as defined in the Application), and any future funds managed by Fidelity with compatible investment objectives (collectively, the "Underlying Funds"), for exemptions from the following provisions of NI 81-102:

- subsections 2.1(1);
- clauses 2.2(1)(a) and 2.5(1)(a); and
- section 10.6(1) and clause 5.5(1)(d).

A preliminary simplified prospectus and annual information form (the "Prospectus") for the Corporation has been filed under SEDAR Project No. 379545 and is currently under review.

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 grant exemptions from the following regulatory requirements:

- (a) subsection 2.1(1), and clauses 2.2(1)(a) and 2.5(1)(a) - to permit each Top Fund to directly invest substantially all of its assets in securities of its corresponding Underlying Fund beyond the prescribed limits; and
- (b) section 10.6(1) and clause 5.5(1)(d) - to permit each Top Fund to suspend the right of its securityholders to redeem securities of a Top Fund, whenever the right to redeem securities of its corresponding Underlying Fund is suspended.

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 dealing with matters in section 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 Fund, the following conditions are satisfied:
  - (a) the securities of both the Top Fund and the Underlying Fund 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 the Top Fund in the Underlying Fund is compatible with the fundamental investment objectives of the Top Fund;
  - (c) the simplified prospectus discloses the name of the Underlying Fund and the name of its portfolio adviser, the investment objectives, investment strategies, and top ten holdings of the Underlying Fund, and the risks associated with investing in the Underlying Fund;
  - (d) the investment objective of the Top Fund discloses that the Top Fund invests substantially all of its assets in securities of the Underlying Fund and the name of the Underlying Fund;
  - (e) the Underlying Fund is not a mutual fund whose investment objective includes investing directly or indirectly in other mutual funds;
  - (f) if the Underlying Fund disclosed in the simplified prospectus has been changed, securityholders of the Top Fund have given prior approval and the simplified prospectus has been amended or a new simplified prospectus has been filed to reflect the change;
  - (g) there are compatible dates for the calculation of the net asset value of the Top Fund and the Underlying Fund for the purpose of the issue and redemption of the securities of such mutual funds;
  - (h) no sales charges are payable by the Top Fund in relation to its purchases of securities of the Underlying Funds;
  - (i) no redemption fees or other charges are charged by the Underlying Fund in respect of the redemption by the Top Fund of securities of the Underlying Fund owned by the Top Fund;
  - (j) no fees or charges of any sort are paid by the Top Fund and the Underlying Fund, 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;

- (k) the arrangements between or in respect of the Top Fund and the Underlying Fund are such as to avoid the duplication of management fees;
- (l) any notice provided to securityholders of the Underlying Fund as required by applicable laws or the constating documents of the Underlying Fund has been delivered by the Top Fund to its securityholders;
- (m) all of the disclosure and notice material prepared in connection with a meeting of securityholders of the Underlying Fund 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 Fund except to the extent the securityholders of the Top Fund have directed;
- (n) in addition to receiving the annual, and, upon request, the semi-annual financial statements of the Top Fund, securityholders of the Top Fund have received appropriate summary disclosure in respect of the Top Fund's holdings of securities of the Underlying Fund in the financial statements of the Top Fund; and
- (o) to the extent that the Top Fund and the Underlying Fund do not use a combined simplified prospectus and annual information form containing disclosure about the Top Fund and the Underlying Fund, copies of the simplified prospectus and annual information form of the Underlying Fund 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.

Yours truly,

"Paul A. Dempsey"

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