



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

October 28, 2002

Stikeman Elliott

Attention: Jennifer Northcote

Dear Sirs/Mesdames:

Re: CM Investment Management Inc. ("CM") and each of Frontiers International Equity RSP Pool, Frontiers U.S. Equity RSP Pool, Renaissance Global Growth RSP Fund, Renaissance Global Sectors RSP Fund, Renaissance Global Technology RSP Fund, Renaissance Global Value RSP Fund, Renaissance International Growth RSP Fund, Renaissance Tactical Allocation RSP Fund, (collectively, the "Existing RSP Funds") and any other mutual fund established and managed by CM which has an investment objective or strategy linked to the returns of an underlying fund while remaining 100 percent eligible for registered plans (the "Future RSP Funds" and together with the Existing RSP Funds, the "RSP Funds")

- Confidential MRRS Application pursuant to Section 19.1 of National Instrument 81-102 Mutual Funds ("NI 81-102") dated September 6, 2002

- Application No. #02/811

By letter dated September 6, 2002 (the "**Application**"), you have applied to the local securities regulatory authority or regulator (collectively, the "**Decision Makers**") in each of the provinces and territories of Canada, on behalf of CM, for exemptive relief pursuant to section 19.1 of NI 81-102 from certain provisions of NI 81-102 to permit the RSP Funds to implement a deposit note-linked structure as described in the Application.

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

1. The RSP Funds and their corresponding underlying funds (collectively, the “**Underlying Funds**”) are or will be open-ended mutual fund trusts established under the laws of the Province of Ontario. CM is a corporation amalgamated under the laws of the Province of Canada, and is a wholly owned subsidiary of Canadian Imperial Bank of Commerce. CM is or will be the trustee, manager and promoter of each of the RSP Funds and the Underlying Funds.
2. The RSP Funds and the Underlying Funds are or will be reporting issuers. The units of the RSP Funds and the Underlying Funds are or will be qualified under a prospectus.
3. Each of the RSP Funds is or will be a registered investment such that its units are or will be “qualified investments” for tax-deferred retirement savings plans (“**Registered Plans**”) and do not and will not constitute foreign property in a Registered Plan. Their primary investment strategy involves or will involve the RSP Funds entering into one or more forward contracts or other derivative instruments with one or more financial institutions (the “**Counterparty**” or “**Counterparties**”). Each of the Existing RSP Funds has previously applied for and obtained exemptive relief under NI 81-102 and under applicable securities legislation with respect to its investment in units of Underlying Funds and forward contracts. The Future RSP Funds have applied for similar exemptive relief.
4. In addition to the derivative instruments, each of the RSP Funds invests or may invest a portion of its assets directly in units of the Underlying Fund that has corresponding investment objectives and which constitute foreign property under the *Income Tax Act* (Canada) (the “**Tax Act**”). In order to ensure that an RSP Fund does not become subject to tax under Part XI of the Tax Act, the portion invested in units of an Underlying Fund does not or will not exceed the maximum amount of foreign property permitted for Registered Plans.
5. Some or all of the RSP Funds may adopt an alternate method of implementing their investment strategy by entering into derivatives transactions whereby an RSP Fund deposits assets (the “**Deposit**”) and receives a return on the Deposit which is linked to the performance of the applicable Underlying Fund. The Deposit will mature monthly for a maturity amount equal to the principal amount of the Deposit plus or minus the investment return on an equivalent dollar amount of Class F units of the corresponding Underlying Fund during the period that the Deposit is outstanding.
6. Simultaneously with the Counterparty issuing the Deposit, the Counterparty will enter into a note (the “**Note**”) and a total return swap (the “**Swap**”) transaction

with a special purpose trust (the “**SPT**”). The activities of the SPT will be limited solely to those necessary under the Note, the Swap and related transactions and the SPT will not be permitted to incur any other liabilities. The combination of the Note and the Swap will provide the Counterparty with a return based on the net asset value of Class F units of the corresponding Underlying Fund. Like the Deposit, both the Note and the Swap will mature monthly.

7. In order to hedge its obligations under the Swap, the SPT may, but is not obligated to, purchase Class F units of the corresponding Underlying Fund in an amount equal to the Deposit under a standing purchase order.
8. The Counterparty will have the right to put the corresponding Note and Swap to the RSP Fund if either units of the Underlying Fund cannot be redeemed for next day settlement for a continuing period of ten business days or under certain other limited circumstances.
9. The SPT will unconditionally guarantee the payment by the Counterparty under the Deposit.
10. No duplicate fees or expenses will be paid with respect to the Class F units bought by the RSP Funds, the Counterparties and the SPT.

Decision

This letter confirms that, based on the information and representations contained in the Application (including the facts and representations described above), and for the purposes described in the Application, the Decision Makers hereby exempt the RSP Funds from the following regulatory requirements of NI 81-102:

1. subsection 2.1(1) – to enable each RSP Fund to invest more than 10 percent of its net assets in the Deposit and to permit each RSP Fund, through the Deposit, to obtain exposure to its corresponding Underlying Fund with respect to more than 10 percent of the RSP Fund’s net assets;
2. section 2.3(g) – to permit each RSP Fund to purchase the Deposit, a debt-like security that is a specified derivative, on condition that the Deposit is in compliance with sections 2.7 to 2.11 except to the extent that relief has been granted from sections 2.7(2), 2.7(4) and 2.8(1)(f) by this decision;
3. section 2.4 – to permit each RSP Fund to:
 - (a) invest more than 10 percent of its net assets in the Deposit, an illiquid asset, and to hold such investment throughout the term of the Deposit even if the Deposit represents more than 15 percent of the RSP Fund’s net assets; and

- (b) hold its investment in the Swap and the Note;
 - (i) if the Swap and the Note are put to the RSP Fund by the Counterparty because the RSP Fund's corresponding Underlying Fund has suspended the rights of unitholders to redeem units of the Underlying Fund, for the period of time of such suspension; or
 - (ii) if the Swap and the Note are put to the RSP Fund by the Counterparty for any other reason, for the period of time that the RSP Fund requires to take reasonable steps to close out its position in the Swap and the Note in an orderly and timely fashion;
- 4. subsection 2.7(2) – to enable each RSP Fund to maintain its investment in the Swap,
 - (a) if the Swap is put to the RSP Fund by the Counterparty because the RSP Fund's corresponding Underlying Fund has suspended the rights of unitholders to redeem units of the Underlying Fund, for the period of time of such suspension; or
 - (b) if the Swap is put to the RSP Fund by the Counterparty for any other reason, the RSP Fund shall take reasonable steps to close out its position in the Swap in an orderly and timely fashion;
- 5. subsection 2.7(4) – to permit the mark-to-market value of each RSP Fund's exposure to the Counterparty through the investment in the Deposit to exceed 10 percent of the net assets of the RSP Fund; and
- 6. clause 2.8(1)(f) – to enable each RSP Fund to maintain the investment in the Swap for the period of time permitted under paragraphs 3 and 5 above on the condition that the RSP Fund retains the Note issued by the SPT as cover for the Swap.

In addition, this letter confirms that, based on the information and representations contained in the Application (including the facts and representations described above), and for the purposes described in the Application, the Decision Makers hereby exempt the Future RSP Funds from the following regulatory requirements of NI 81-102: subsections 2.1(1) and 2.2(1) and clause 2.5(1)(a) of NI 81-102 to permit the RSP Funds to gain exposure to their corresponding Underlying Funds through the use of specified derivatives including forward contracts or Deposits, subject to the following conditions:

- (a) there is no duplication of fees or sales charges to the RSP Funds' unitholders as a result of gaining exposure to the Underlying Funds through specified derivatives including forward contracts or Deposits;
- (b) where the RSP Funds and the Underlying Funds are qualified for sale under different disclosure documents, the unitholders of the RSP Funds receive

the prospectus and annual information form and financial statements and any other continuous disclosure documents of the Underlying Funds if they ask for these documents in connection with their acquisition of units of the RSP Funds; the availability of these documents must be disclosed in the prospectus of the RSP Funds;

- (c) securityholders of the RSP Funds will receive all other continuous disclosure provided to securityholders of their Underlying Fund, including notice of securityholder meetings; and
- (d) the prospectus of the RSP Funds contains full disclosure of:
 - (i) the investment objectives and strategies of the Underlying Funds, and
 - (ii) the fact that, other than with respect to any units of the Underlying Funds held directly by the RSP Funds, unitholders of the RSP Funds have no voting rights in respect of any changes, whether fundamental or otherwise, that may be proposed to the Underlying Funds.

The Decision Makers grant an exemption from the requirements under subsections 2.1(1) and 2.2(1) and clause 2.5(1)(a) of NI 81-102 to permit Future RSP Funds to invest directly in securities of the applicable Underlying Funds up to the maximum amount that can be invested in foreign property under the Tax Act by Registered Plans 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 subsection 2.5 of NI 81-102.
2. the Decision shall only apply if, at the time a RSP Fund makes or holds an investment in an Underlying Fund, the following conditions are satisfied:
 - (a) the securities of both the RSP 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 RSP Fund in the Underlying Fund is compatible with the fundamental investment objectives of the RSP Fund;
 - (c) the investment objective of the RSP Fund discloses that the RSP Fund invests directly and indirectly (through derivative exposure) in the Underlying Fund, the name of the Underlying Fund and that the RSP Fund

is fully eligible for registered plans;

- (d) the Underlying Fund is not a mutual fund whose investment objective includes investing directly or indirectly in other mutual funds;
- (e) the RSP Fund restricts its direct investment in the Underlying Fund to a percentage of its assets that is within the Permitted Limit;
- (f) there are compatible dates for the calculation of the net asset value of the RSP Fund and the Underlying Fund for the purpose of the issue and redemption of the securities of such mutual funds;
- (g) no sales charges are payable by the RSP Fund in relation to its purchases of securities of the Underlying Fund;
- (h) no redemption fees or other charges are charged by the Underlying Fund in respect of the redemption by the RSP Fund of securities of the Underlying Fund owned by the RSP Fund;
- (i) no fees and charges of any sort are paid by the RSP 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 RSP Fund's purchase, holding or redemption of the securities of the Underlying Fund;
- (j) the arrangements between or in respect of the RSP Fund and the Underlying Fund are such as to avoid the duplication of management fees;
- (k) 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 RSP Fund to its securityholders;
- (l) all of the disclosure and notice material prepared in connection with a meeting of securityholders of the Underlying Fund and received by the RSP Fund has been provided to its securityholders, the securityholders have been permitted to direct a representative of the RSP Fund to vote its holdings in the Underlying Fund in accordance with their direction, and the representative of the RSP Fund has not voted its holdings in the Underlying Fund except to the extent the securityholders of the RSP Fund have directed;
- (m) in addition to receiving the annual and, upon request, the semi-annual financial statements, of the RSP Fund, securityholders of the RSP Fund have received the annual and, upon request, the semi-annual financial statements, of the Underlying Fund in either a combined report, containing

financial statements of the RSP Fund and Underlying Fund, or in a separate report containing the financial statements of the Underlying Fund; and

- (n) to the extent that the RSP Fund and the Underlying Fund do not use a combined simplified prospectus and annual information form containing disclosure about the RSP 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 RSP Fund and the right to receive these documents is disclosed in the simplified prospectus of the RSP Fund.

Yours truly,

"Paul A. Dempsey"

Paul A. Dempsey
Manager, Investment Funds
(416) 593-8091