



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

P.O. Box 55, 19<sup>th</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

CP 55, 19<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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Phone: 416 593-8091  
Fax: 416 593-3651

Web site: [www.osc.gov.on.ca](http://www.osc.gov.on.ca)

## VIA SEDAR

November 19, 2002

Fraser Milner Casgrain LLP

Dear Reena S. Lalji,

**Re: Front Street Energy Growth Fund Inc. (the "Fund") (formerly Tuscarora Energy Growth Fund Inc.)  
MRRS Exemptive Relief Application dated October 11, 2002  
National Instrument 81-102 Mutual Funds ("NI 81-102")  
Application #: 02-932; SEDAR Project #487069**

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By a MRRS application dated October 11, 2002 (the "Application"), you applied to the securities regulator in each of the provinces and territories with the exception of Quebec (the "Decision Makers") for an exemption on behalf of the Fund under subsection 19.1 of NI 81-102 from clause 5.5(1)(d), subsection 10.2(5) and section 10.3 of NI 81-102.

In the Application, the Fund represented the following:

1. The Fund is a corporation incorporated under the laws of Canada on November 1, 2001 and is a labour sponsored venture capital corporation ("LSVCC") under the *Income Tax Act* (Canada) (the "Tax Act").
2. Front Street Capital Inc. manages the ongoing business and manages the Fund's investments. The sponsor of the Fund is The Newspaper Guild of Canada/Communication Workers of America (the "Sponsor").
3. A prospectus of the Fund dated January 31, 2002 (the "Prospectus") was filed with the Decision Makers and a receipt for the Prospectus was issued on February 1, 2002. An amendment to the Prospectus (the "Amendment") was filed with the Decision Makers on July 4, 2002 and a receipt for the Amendment was issued on July 10, 2002.

4. The authorized capital of the Fund consists of an unlimited number of different series of Class A Shares: Class A Shares, Series I; Class A Shares, Series II; and Class A Shares, Series III (collectively, the “Class A Shares”) and an unlimited number of Class B Shares. The Class A Shares are offered for sale on a continuous basis at the net asset value per Class A Share in all of the provinces and territories of Canada. The Class A Shares are not listed on any stock exchange. The Sponsor owns all of the issued and outstanding Class B Shares of the Fund.
5. The Fund makes investments in small and medium-sized Canadian businesses with the objective of achieving maximum capital appreciation. Capital not invested in these businesses is invested primarily in debt instruments which qualify as reserves under the Tax Act.
6. Under the Tax Act, the Fund is required to hold a certain amount of its assets in private or small, thinly traded companies. The Fund is subject to penalty taxes and may have its registration revoked if it does not comply with the requirements of the Tax Act.
7. The articles of incorporation of the Fund provide that the Fund is required to satisfy redemption requests of up to 20% of the net asset value of each series of Class A Share on the last day of the preceding fiscal year. However, in any fiscal year, the Fund is not required to redeem
  - i) Class A Shares, Series I having an aggregate redemption price exceeding 20% of the net asset value of the Class A Shares, Series I,
  - ii) Class A Shares, Series II having an aggregate redemption price exceeding 20% of the net asset value of Class A Shares, Series II, or
  - iii) Class A Shares, Series III having an aggregate redemption price exceeding 20% of the net asset value of the Class A Shares, Series III,as of the last day of the preceding fiscal year. If any portion of any series of the Class A Shares have been submitted for redemption and have not been redeemed because of the 20% limitation, the Fund is required to redeem such shares in the following fiscal year before it redeems any other Class A Shares of that series.
8. The limitations on redemptions as well as the Fund's intention to apply for this order are fully disclosed in the Prospectus. The limitations are also consistent with the practices of other labour-sponsored venture capital corporations.

## **Decision**

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 exempt the Fund from clause 5.5(1)(d), subsection 10.2(5) and section 10.3 of NI 81-102 provided that the Fund only suspends redemption in the manner described in paragraph 7 above.

Yours truly,

*Paul A. Dempsey*

Paul A. Dempsey

Manager, Investment Funds

Capital Market Branch

Pdempsey@osc.gov.on.ca