



THE MANITOBA
SECURITIES
COMMISSION

VIA SEDAR

August 12, 2002

Lang Michener

Attention: Mr. Kevin G. Brocklehurst

Dear Sir:

**Re: First Horizon Capital Corporation (the “Manager”)
as Manager of the Horizon Mondiale Hedge Fund (the “Fund”)
MRRS Application for Exemptive Relief pursuant to section 19.1
of National Instrument 81-102 Mutual Funds (“NI 81-102”)
SEDAR Project # 467290 – Exemption Letter**

By letter dated July 23, 2002 (the “Application”), you applied to the securities regulator (the “Decision Maker”) in the provinces and territories of Manitoba, Saskatchewan, Nunavut, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, on behalf of First Horizon Capital Corporation (the “Manager”), the manager and trustee of the Horizon Mondiale Hedge Fund (the “Fund”), for exemptive relief pursuant to section 19.1 of NI 81-102 from certain provisions of NI 81-102.

A preliminary prospectus has been filed for the Fund under SEDAR Project No. 467289, and is currently under review by staff.

This letter confirms that, based on the information and representations contained in the Application and for the purposes described in the Application, the Decision Maker hereby exempts the Fund from the following regulatory requirements of NI 81-102:

1. clause 2.8(1)(d) – to permit the Fund to open or maintain long positions in standardized futures contracts without holding cash cover in accordance with the fundamental investment objective of the Fund;
2. clause 2.8(1)(e) – to permit the Fund to open or maintain short positions in standardized stock index futures and standardized foreign exchange futures in accordance with the fundamental investment objective of the Fund; and

3. section 7.1 – to permit the Fund to use the average yield on the 90-day Government of Canada treasury bills for the purposes of paragraph 7.1(a)(i) of NI 81-102 in order to calculate the incentive fee payable by the Fund.

The Decision Maker grants the exemptions described above subject to the condition that the Fund comply with Part 8 and 9, as applicable, of proposed National Instrument 81-104 Commodity Pools as published on December 18, 2001.

These exemptions will terminate on the coming into force of proposed National Instrument 81-104 Commodity Pools.

Yours truly,

“R. B. Bouchard”

R. B. Bouchard, C.A.
Director - Corporate Finance

RBB/mn

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► **The Manitoba Securities Commission**

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