



VIA SEDAR

January 24, 2002

Blakes

Attention: Prudence Watson

Dear Sirs/Mesdames:

**Re: Income Financial Plus Trust (the "Trust")
MRRS - Application under National Instrument 81-102 Mutual Funds ("NI 81-102")
SEDAR No. 411342, Application No. 1368/01**

By letter dated December 20, 2001 (the "Application"), you applied on behalf of the Trust to the local securities regulatory authority or regulator (collectively, the "Decision Makers") in each province of Canada other than Quebec and Manitoba, for exemptive relief from certain provisions of NI 81-102 pursuant to section 19.1 of the National Instrument.

From our review of the Application and the preliminary prospectus dated December 20, 2001 filed on behalf of the Trust under SEDAR Project No. 411289 (the "Preliminary Prospectus"), we understand the relevant facts and representations to be as follows:

1. The Trust is a mutual fund trust to be established under the laws of Ontario. The Trust's manager is Quadravest Inc., and its portfolio adviser is Quadravest Capital Management Inc. ("Quadravest").
2. The Trust will be making an offering to the public of units ("Units") pursuant to a prospectus in respect of which the Preliminary Prospectus has already been filed with all of the provinces in Canada (the "Offering").
3. The Units will be listed and traded on the Toronto Stock Exchange (the "Exchange"), which will be granted conditional listing approval on or about January 24, 2002.
4. The business of the Trust is principally to invest in securities of other issuers with a view to achieving the following investment objectives:
 - i. to provide the holders of Units with monthly cash distributions in an amount of \$0.2083 per Unit to yield 10% per annum, and
 - ii. to pay such holders, on or about January 1, 2008 (the "Termination Date"), at least the original issue price of the Units.

5. The record date for the payment of dividends or other distributions by the Trust will be set in accordance with the applicable requirements of the Exchange.
6. To achieve the Trust's objectives, the net proceeds of the Offering will be invested in a diversified portfolio (the "Portfolio") consisting principally of common shares issued by corporations operating in the financial services industry in Canada and the United States plus shares issued by non-financial services corporations whose shares form part of the Standard & Poor's 500 Composite Stock Price Index.
7. To generate additional returns above the dividend and interest income earned on the Portfolio, the Trust will write covered call options in respect of all or part of the securities in the Portfolio. Such call options may be either exchange traded options or over-the-counter ("OTC") options.
8. The Units may be surrendered at any time for retraction, but will be retracted only on the last business day of each month (a "Retraction Date"), subject to a cut-off date which is the 5th business day prior to the applicable Retraction Date (the "Cut-Off Date"). If the Units are surrendered for retraction at any time in a given month up to 5:00 p.m. on the Cut-Off Date, the price per Unit (the "Retraction Price") payable to the holder will be the amount determined on the Retraction Date of the same month. If the Units are surrendered for retraction after 5:00 p.m. on the Cut-Off Date of any given month, the Retraction Price will be the amount determined on the Retraction Date of the following month.
9. Where the holder of Units surrenders such units for retraction, the holder will receive a Retraction Price per unit equal to the net asset value ("NAV") per Unit determined as of such Retraction Date, less the lesser of:
 - i. \$1.00; and
 - ii. 4% of such NAV per Unit.
10. Upon any holder's retraction of his or her Units, the holder will receive payment of the Retraction Price on or before the 10th business day following the applicable Retraction Date.
11. Under the investment management agreement between the Trust and Quadrainvest, Quadrainvest is entitled to a base management fee payable monthly in arrears at an annual rate equal to 1.0% of Trust's NAV calculated as at each monthly Retraction Date (subject to a reduction if targeted dividends are not met).
12. Quadrainvest is also entitled to a performance fee calculated with reference to the Scotia Capital 91-day T-Bill Index (the "T-Bill Index"). The intention is to achieve the targeted returns for the Units primarily through dividend income from, and the option premiums received from writing covered call options on, the Portfolio. Although the actual returns may be achieved in part through the capital appreciation of equity securities, the principal objective is to achieve the targeted returns and not to track the performance of an unhedged investment in the equity securities. As a result, the Manager believes that the T-Bill Index is an appropriate benchmark for the total annual return per Unit of the Trust, as the T-Bill focusses on yield and not on the investment performance of equity securities.

Decision

This letter confirms that, based on the information provided in the Application and the disclosure in the Preliminary Prospectus (including the facts and representations described above), and for the purposes described in the Application, the Decision Makers hereby grant exemptions from the following requirements of NI 81-102:

- (a) section 3.3 - so that the organizational costs and the expenses of the Offering can be borne by the Trust;
- (b) subclause 7.1(a)(i) - to permit the Trust to pay an incentive fee calculated with reference to the T-Bill Index and in the manner disclosed in the Trust's (final) prospectus (the "Prospectus"), provided that the Manager believes the T-Bill Index to be an appropriate benchmark against which to measure the performance of the Trust and both the Manager's belief and the reasons therefor are disclosed in the Prospectus;
- (c) section 10.3 - to permit the Trust to calculate the Retraction Price in the manner described in the Prospectus and on the applicable Retraction Date, as defined in the Prospectus, following the surrender of Units for retraction;
- (d) section 10.4 - to permit the Trust to pay the Retraction Price on or before the 10th business day following the applicable Retraction Date, as defined in the Prospectus;
- (e) section 12.1 - to relieve the Trust from the requirements to file the prescribed compliance report;
- (f) clause 13.1(b) - to permit the Trust to calculate its NAV on the 15th and the last business days of each month, provided the Prospectus discloses
 - i. that the NAV calculation is available to the public upon request, and
 - ii. a toll-free telephone number or website that the public can access for this purpose; and
- (g) section 14.1 - to relieve the Trust from the requirement relating to the record date for payment of dividends or other distributions of the Trust, provided that it complies with the applicable requirements of the Exchange.

Yours very truly,

Paul A. Dempsey
 Paul A. Dempsey
 Manager
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