



THE MANITOBA  
SECURITIES  
COMMISSION

**VIA SEDAR**

**August 2, 2002**

Investors Group Trust Co. Ltd.

**Attention: Mr. Douglas E. Jones, Assistant Corporate Secretary**

Dear Sir:

**Re: Investors Group Trust Co. Ltd. ("IGTC") as Trustee of:  
Investors U.S. Large Cap Value RSP Fund  
Investors European Growth RSP Fund  
Investors Global RSP Fund  
Investors Japanese Growth RSP Fund  
Investors Global Science & Technology RSP Fund  
IG AGF U.S. Growth RSP Fund (collectively, the "Existing Funds")**

**MRRS Application for Exemptive Relief pursuant to section 19.1  
of National Instrument 81-102 Mutual Funds ("NI 81-102")  
SEDAR Project # 459633 – Exemption Letter**

By letter dated June 26, 2002 (the "Application"), you applied to the local securities regulatory authority or regulator (collectively, the "Decision Makers") in each of the provinces and territories of Canada (the "Jurisdictions"), on behalf of IGTC in its own capacity and on behalf of the Existing Funds and other mutual funds managed by IGTC after the date of this decision having an investment objective that is linked to the returns or portfolio of another specified mutual fund while remaining 100% eligible for registered plans (together with the Existing Funds, the "Funds") for exemptive relief from section 4.2 of NI 81-102.

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

1. The Funds are or will be open-end mutual funds established under the laws of the Province of Manitoba. IGTC is a trust company established under the laws of the Province of Manitoba. IGTC is or will be the manager of the Funds. The head office of IGTC is in the Province of Manitoba.

2. MRS Trust Company ("MRS" or the "Related Counterparty") is a trust company governed by the *Loan and Trust Corporations Act* (Ontario) and has applied to continue as a federally registered trust company. It is a subsidiary of Mackenzie Financial Corporation ("Mackenzie"). Both IGTC and Mackenzie are, directly or indirectly, wholly owned subsidiaries of Investors Group Inc.
3. The Funds are or will be reporting issuers. The units of the Funds are or will be qualified under a simplified prospectus and annual information form (collectively, the "Prospectus") or the equivalent under the Legislation, which Prospectus will contain disclosure with respect to the investment objective, investment practices and restrictions of the Funds. The Funds are not in default of the requirements of the Legislation.
4. Each Fund seeks to achieve its investment objective while ensuring that its units do not constitute "foreign property" under the *Income Tax Act* (Canada) (the "Tax Act") for registered retirement savings plans, registered retirement income plans, and deferred profit sharing plans ("Registered Plans").
5. To achieve its investment objective, each Fund will invest in derivative instruments and may invest in securities of a specified underlying fund (the "Underlying Funds") such that its units will, in the opinion of tax counsel to the Funds, be "qualified investments" for Registered Plans and will not constitute foreign property in a Registered Plan. This will primarily be achieved by the Funds entering into derivative contracts with one or more financial institutions, including the Related Counterparty, that link the returns to those of the Underlying Funds. However, each Fund also intends to invest a portion of its assets in securities of an Underlying Fund. This investment by a Fund will at all times be below the maximum foreign property limit prescribed under the Tax Act for Registered Plans.
6. Each of the Existing Funds has previously obtained exemptive relief from the Jurisdictions in connection with its activities as an "RSP Clone Fund".
7. The Funds originally entered into forward contracts with certain financial institutions. However, MRS may in the future be prepared to enter into forward contracts ("Forward Contracts") with some or all of the Funds.
8. Except for the transaction costs payable to MRS in relation to any Forward Contracts, none of the Funds, the Underlying Funds, IGTC or any affiliate or associate of any of the foregoing will pay any fees or charges of any kind to MRS in respect of the Forward Contracts.

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9. The independent committee of IGTC, through IGTC's Investment and Conduct Review Committee of the Board of Directors (the "Independent Committee"), the majority of whom are themselves not directors, officers or employees of IGTC, or any affiliate of IGTC or MRS, will review all proposed Forward Contracts between the Funds and the Related Counterparty to ensure that the Funds will receive terms and pricing that are at least as favourable as those agreed to by the Funds with arm's length counterparties from time to time or as those otherwise available to the Funds from arm's length counterparties from time to time.
10. The Prospectus will disclose the involvement of the Related Counterparty in the Forward Contracts, the review of the contracts by the Independent Committee as well as all applicable charges in connection therewith.
11. So long as the debt of the Related Counterparty does not have the approved credit rating prescribed in NI 81-102, the obligations of the Related Counterparty will be unconditionally guaranteed by an affiliate which does have an approved credit rating.
12. In order to hedge its obligations under the Forward Contracts, the Related Counterparty will likely, but is not required to, purchase securities of the applicable Underlying Funds.
13. Except to the extent evidenced by this Decision and specific approvals granted or to be granted by the Canadian securities administrators under applicable securities legislation (the "Legislation"), the investments by each Fund in a Forward Contract have been structured to comply with the investment restrictions of the Legislation and NI 81-102.

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 Funds from section 4.2 of NI 81-102 to permit each Fund to enter into Forward Contracts with MRS to gain indirect exposure to securities of its corresponding Underlying Fund that are made in compliance with the following conditions:

- (a) the pricing terms offered by the Related Counterparty to the Funds under the Forward Contracts are at least as favourable as the terms agreed to by the Funds with arm's length counterparties from time to time, or as the terms otherwise available to the Funds from arm's length counterparties from time to time;
- (b) prior to the Funds entering into a Forward Contract with the Related Counterparty, the Independent Committee will review the pricing terms offered by the Related Counterparty to the Funds against the pricing terms agreed to by the Funds with arm's length counterparties or the pricing terms otherwise available to the Funds from arm's length counterparties to ensure that the pricing is at least as favourable;

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- (c) the review by the Independent Committee will be undertaken not less frequently than on an annual basis, and in addition on any renewal or pricing amendment to each Forward Contract with the Related Counterparty during the term of such contract;
- (d) the Funds' Prospectus, and any renewal thereof, discloses the review of the Forward Contracts by the Independent Committee, as well as the involvement of the Related Counterparty; and
- (e) the Funds will enter into Forward Contracts with the Related Counterparty only once confirmation of favourable pricing is received from the Independent Committee.

Yours truly,

*“R. B. Bouchard”*

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