

**IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH
COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC,
NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND AND
NEWFOUNDLAND**

AND

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF PINNACLE SHORT TERM INCOME FUND
PINNACLE INCOME FUND
PINNACLE HIGH YIELD INCOME FUND
PINNACLE STRATEGIC BALANCED FUND
PINNACLE GLOBAL TACTICAL ASSET ALLOCATION FUND
PINNACLE CANADIAN VALUE EQUITY FUND
PINNACLE CANADIAN GROWTH EQUITY FUND
PINNACLE CANADIAN SMALL CAP GROWTH EQUITY FUND
PINNACLE AMERICAN VALUE EQUITY FUND
PINNACLE RSP AMERICAN VALUE EQUITY FUND
PINNACLE AMERICAN MID-CAP GROWTH EQUITY FUND
PINNACLE RSP AMERICAN MID-CAP GROWTH EQUITY FUND
PINNACLE INTERNATIONAL EQUITY FUND
PINNACLE RSP INTERNATIONAL EQUITY FUND
PINNACLE GLOBAL EQUITY FUND AND
PINNACLE RSP GLOBAL EQUITY FUND
(individually a **AFund®** and collectively, the **AFunds®**)**

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the **ADecision Maker®**) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the **AJurisdictions®**) has received an application from Scotia Capital Inc. (**AScotia®**) in its capacity as manager of the Funds for a decision pursuant to the securities legislation of the Jurisdictions (the **ALegislation®**) that the lapse date of the securities offered by each Fund pursuant to the simplified prospectus and annual information form dated November 10, 1999 be extended to January 10, 2001;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the **ASystem@**), the Ontario Securities Commission is the Principal Jurisdiction for this application;

AND WHEREAS Scotia has represented to the Decision Makers that:

1. Scotia is a corporation incorporated under the laws of Ontario. Scotia is the manager, trustee, principal distributor and promoter of the Funds. The head office of Scotia is located in Ontario;
2. Each of the Funds is an open-end mutual fund trust established under the laws of Ontario;
3. The securities of the Funds are currently qualified for distribution pursuant to a simplified prospectus and annual information form dated November 10, 1999 (the **AProspectus@**) in all provinces and territories of Canada, that was amended by Amendment No. 1 dated January 17, 2000 to the Prospectus of the Pinnacle Short Term Income Fund;
4. Pursuant to the Legislation, the lapse date for the securities of the Funds qualified under the Prospectus is November 15, 2000 in Quebec, November 12, 2000 in Ontario and New Brunswick and November 10, 2000 in all of the other Jurisdictions;
5. Pursuant to the Legislation, a pro forma renewal simplified prospectus and annual information form (the **APro Forma Renewal Documents@**) and a final renewal simplified prospectus and annual information form (the **AFinal Renewal Documents@**) must be filed with the securities regulatory authority in of the Jurisdictions within a specified period of the lapse date in each Jurisdiction, in the absence of the exemptive relief granted hereby;
6. The Pro Forma Renewal Documents are required to be filed in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**AN1 81-101@**), Form NI 81-101F1, Form 81-101F2, Companion Policy 81-101CP and National Instrument 81-102 *Mutual Funds* (**AN1 81-102@**), (NI 81-101 and NI 81-102 collectively referred to as the **ANew Rules@**), which collectively implement a new regulatory regime governing the required disclosure provided by mutual funds under securities legislation in Canada. The New Rules came into force on February 1, 2000;
7. In addition, Scotia wishes to include a new Fund (the **ANew Fund@**) whose investment objectives will generally be linked to the returns or portfolio of another mutual fund managed by Scotia while maintaining 100% eligibility for registered plans under the *Income Tax Act* (Canada) in the simplified prospectus for the Funds;
8. Scotia requires a lapse date extension in order to prepare and file a preliminary and pro forma simplified prospectus and annual information form in respect of the Funds and the New Fund under the New Rules and to obtain the required regulatory exemptions for the New Fund;
9. A lapse date application was not applied for previously due to inadvertence;

10. Each Fund is a reporting issuer in each of the Jurisdictions and is not in default of any of the requirements of the securities laws of such Jurisdictions, except as noted herein;
11. There have been no material changes in the affairs of the Funds since the date of the Prospectus in respect of which an amendment to the Prospectus has not been prepared and filed in accordance with the Legislation;

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the **ADecision@**);

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides Decision Makers with the Jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the time limits provided by the Legislation for the filing of the Pro Forma Renewal Documents and the Final Renewal Documents and the receipting thereof, in connection with the distribution of securities of the Funds are hereby extended to the times that would be applicable if the lapse date for the distribution of securities under the Prospectus was January 10, 2001, provided that:

- (A) all unitholders of record of the Funds in the Jurisdictions who purchased units of a Fund after the lapse date and before the date of this decision (the **AAffected Unitholders@**) are provided with the right (the **ACancellation Right@**) to cancel such trades within 20 business days of receipt of a statement (the **AStatement@**) describing the Cancellation Right and to receive, upon the exercise of the Cancellation Right, the purchase price paid on the acquisition of such units and all fees and expenses incurred in effecting such purchase (the net asset value per unit on the date of such a purchase by an Affected Unitholder is hereinafter defined as the **APurchase Price per Unit@**);
- (B) the Funds mail the Statement and a copy of this decision to Affected Unitholders no later than December 1, 2000; and
- (C) if the net asset value per unit of the relevant Fund on the date that an Affected Unitholder exercises the Cancellation Right is less than the Purchase Price per Unit, Scotia shall reimburse the Fund the difference between the Purchase Price per Unit and the net asset value per unit on the date on which such Affected Unitholder exercises the Cancellation Right.

DATED at Toronto this 22nd day of November, 2000.

Paul A. Dempsey

Paul A. Dempsey
Assistant Manager/ Senior Legal Counsel
Investment Funds - Capital Markets

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Headnote

MRRS Exemptive Relief Application - Extension of lapse date with cancellation rights to investors who purchased after the original lapse date.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 62(2) and 62(5).

Rules Cited

National Instrument 81-101 entitled: Mutual Fund Prospectus Disclosure

National Instrument 81-102 entitled: Mutual Funds