

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, BRITISH COLUMBIA, ALBERTA, SASKATCHEAN, MANITOBA, NOVA
SCOTIA AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF
ABERDEEN SCOTS TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Aberdeen SCOTS Trust (the "Trust") for a decision under the securities legislation (the "Legislation") of the Jurisdictions that the Trust be exempted from filing and distributing to security holders semi-annual financial statements for the interim period ended June 30, 2001, as would otherwise be required pursuant to applicable Legislation;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Trust has represented to the Decision Maker that:

1. The Trust was established under the laws of Ontario pursuant to a trust agreement dated June 18, 2001, *inter alia*, State Street Trust Company Canada, the trustee of the Trust (the "Trustee") and Aberdeen Asset Managers (C.I.) Limited (the "Investment Manager"), the investment manager of the Trust.
2. The head office of the Trust is 100 King Street West, Suite 3500, P.O. Box 23, Toronto, Ontario M5X 1A9.
3. The Trust is authorized to issue an unlimited number of transferable, redeemable trust units (the "Units") of one class, each of which represents an equal, undivided interest in the net assets of the Trust.
4. The undertaking of the Trust is to own a portfolio of securities and to derive income and capital gains from these securities.

5. The Trust became a reporting issuer or the equivalent in each of the Jurisdictions by virtue of it filing with the securities regulatory authority in each of the provinces and territories of Canada a long form prospectus dated June 18, 2001 (the "Prospectus") qualifying the issuance of up to a maximum of 12,000,000 Units (plus up to 15% of the number of Units issued pursuant to the over-allotment).

6. On June 28, 2001, the Trust issued 9,400,000 Units at an issuance price of \$25 per Unit pursuant to the closing of its initial public offering. The Units were listed and posted for trading on the Toronto Stock Exchange on June 28, 2001. On July 11, 2001 the Trust issued a further 370,585 Units pursuant to the exercise of the over-allotment option granted to the agents in connection with the Trust's initial public offering.

7. The Units are redeemable at the option of the holder on a monthly basis at a price computed by reference to the value of a proportionate interest in the net assets of the Trust. As a result, the Trust is a "mutual fund" under the securities legislation of certain provinces of Canada (excluding the Province of Quebec).

8. The operation of the Trust differs from that of a conventional mutual fund as contemplated in National Instrument 81-102 ("NI 81-102") in several ways. These differences are elaborated in the decision document dated June 18, 2001 issued by the Ontario Securities Commission on behalf of the securities regulatory authority in each of the provinces and territories of Canada other than the Province of Quebec pursuant to which the Trust was exempted from certain requirements of NI 81-102.

9. The Trust's investment objectives are: (i) to return the original issue price of the Units to the holders of the Units (the "Unitholders") upon termination of the Trust on or about the termination date of the Trust; (ii) to provide Unitholders with a stable stream of monthly distributions targeted to be at least \$0.1823 per Unit (\$2.1875 per annum or 8.75% on the original issue price); and (iii) to preserve and potentially enhance the value of the Trust's managed portfolio in order to provide Unitholders with capital appreciation above the original issue price.

10. To provide the Trust with the means to return the original purchase price of the Units, the Trust has entered into forward purchase and sale agreements and has acquired a portfolio of equity securities. Also, the Trust has invested in a diversified portfolio of securities consisting of the securities of the companies selected from the Dow Jones Global Titans Index and the MSCI World Index, each with a market capitalization in excess of US \$10 billion.

11. The Trust will terminate on December 31, 2013, subject only to early termination or extension approved by Unitholders.

12. Unlike a conventional mutual fund in which the fund's securities are offered to the public on a continuous basis, the Trust does not intend to issue additional Units, subject to limited exceptions described in the Prospectus.

13. The Trustee is the trustee of the Trust and acts as custodian of the assets of the Trust. The Investment Manager is the promoter of the Trust and provides investment advisory and portfolio management services to the Trust. The Investment Manager retained Aberdeen Asset Managers Limited, a related company to the Investment Manager, to assist it in providing investment management services to the Trust.

14. The Prospectus included an audited balance sheet of the Trust as at June 18, 2001 and an unaudited pro forma balance sheet as at June 18, 2001 prepared on the basis of the completion and sale of 12,000,000 Units, the maximum number of Units of the Trust being qualified for distribution by the Prospectus. On June 28, 2001, the Trust actually issued 9,400,000 pursuant to its initial public offering. While there is a difference between the number of Units actually issued by the Trust on June 28, 2001 and the number of Units upon which the June 18, 2001 pro forma balance sheet was based, it is submitted that this difference would not be material to Unitholders for several reasons. First of all, the number of Units actually issued by the Trust (9,400,000) is in the middle of the range between the minimum (6,000,000) and maximum (12,000,000) number of Units qualified by the Prospectus and is therefore likely in line with investors' general expectations for the Trust's initial public offering. Second, since the Trust operates as an investment trust and since the Trust raised substantially more pursuant to its initial public offering than the minimum offering contemplated by the Prospectus, it is unlikely that disclosure of this difference would be of significance to Unitholders. In any event, a press release was issued by the Trust on June 28, 2001 announcing to the public the actual number of Units that were issued by the Trust pursuant to its initial public offering.

15. The Trust only came into existence on June 18, 2001 and had only two business days of operations after the closing of its initial public offering on June 28, 2001 prior to the end of the interim period for which the semi-annual financial statements of the Trust for the period ended June 30, 2001 would be required. Also, prior to June 28, 2001 the Trust had no significant assets or operations.

16. The benefit to be derived by the security holders of the Trust from receiving the Trust's semi-annual financial statements for the period ended June 30, 2001 would be minimal given (i) the extremely short period from the date of the Prospectus to the end of the applicable interim period; (ii) that the Trust had not yet fully invested its funds by the end of the applicable interim period; and (iii) the disclosure already provided in the Prospectus and (iv) there were no material changes from June 28, 2001 to June 30, 2001.

17. The expense to the Trust of preparing, filing and sending to its security holders the Trust's semi-annual financial statements for the period ended June 30, 2001 would not be justified in view of the minimal benefit to be derived by the security holders from receiving such statements and would be detrimental to security holders in light of the unnecessary costs that would, as a consequence, be incurred by the Trust.

18. The annual audited financial statements for the Trust for the period ending December 31, 2001 and the interim unaudited financial statements for the period ending June 30, 2002 will include the period from June 18, 2001 to June 30, 2001.

AND WHEREAS pursuant to the system, this MRRS Decision Document evidences the decision of each decision maker (collectively, the "Decision");

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

IT IS HEREBY DECIDED by the Decision Makers pursuant to the Legislation that the Trust is exempted from, where applicable, filing and delivering to its security holders semi-annual financial statements for the period ended June 30, 2001, provided the annual audited financial statements for the Trust for the period ending December 31, 2001 and the interim unaudited financial statements for the period ending June 30, 2002 will include the period from June 18, 2001 to June 30, 2001.

Dated this 29th day of August , 2001.

Paul Moore
A Commissioner

David Brown
A Commissioner

Headnote:

Mutual Reliance Review System for Exemptive Relief Applications - relief granted to Trust from requirement to file and deliver to security holders interim financial statements for the period ended June 30, 2001.

Applicable Ontario Statutory Provision

Securities Act, R.S.O. 1990, c.S.5, as am. Ss.6(3), ss.77, 79, 80(b)(iii)