

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

**AND**

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

**AND**

**IN THE MATTER OF**

<b>AIC RSP AMERICAN ADVANTAGE FUND</b>	<b>AIC AMERICAN ADVANTAGE FUND</b>
<b>AIC RSP WORLD ADVANTAGE FUND</b>	<b>AIC WORLD ADVANTAGE FUND</b>
<b>AIC RSP GLOBAL ADVANTAGE FUND</b>	<b>AIC GLOBAL ADVANTAGE FUND</b>
<b>AIC RSP VALUE FUND</b>	<b>AIC VALUE FUND</b>
<b>AIC RSP WORLD EQUITY FUND</b>	<b>AIC WORLD EQUITY FUND</b>
<b>AIC RSP GLOBAL DIVERSIFIED FUND</b>	<b>AIC GLOBAL DIVERSIFIED FUND</b>
<b>AIC RSP AMERICAN FOCUSED FUND</b>	<b>AIC AMERICAN FOCUSED FUND</b>

**MRRS DECISION DOCUMENT**

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from AIC Limited (the "Manager"), AIC RSP American Advantage Fund, AIC RSP World Advantage Fund, AIC RSP Global Advantage Fund, AIC RSP Value Fund, AIC RSP World Equity Fund, AIC RSP Global Diversified Fund, AIC RSP American Focused Fund, such funds, together with such other funds established by the Manager from time to time with similar investment objectives of linking their performance to a specified Underlying Fund, as non-foreign property, and as 100% eligible for registered plans, being hereinafter referred to as the "RSP Funds"), AIC American Advantage Fund, AIC World Advantage Fund, AIC Global Advantage Fund, AIC Value Fund, AIC World Equity Fund, AIC Global Diversified Fund, AIC American Focused Fund (the "Underlying Funds") (such funds, together with such other funds established by the Manager from time to time which are subject to the foreign property restrictions for registered plans, being hereinafter referred to as the "Underlying Funds") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

1. the requirements contained in the Legislation requiring the mutual fund security holder to issue a news release and file a report where its aggregate holding of securities of a reporting

issuer exceed 10% of the outstanding securities of the reporting issuer and refrain from purchasing securities of the Underlying Funds for a specified period of time once its holdings exceed this 10% level, and before such holdings exceed the 20% level, shall not apply in respect of certain investments to be made by the RSP Funds in their corresponding Underlying Funds ("Early Warning Requirements");

2. the restrictions contained in the Legislation prohibiting a mutual fund from knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder shall not apply in respect to certain investments to be made by the RSP Funds in their corresponding Underlying Funds ("Substantial Securityholder Investment Provisions");

3. the requirements contained in the Legislation requiring the management company to file a report relating to a purchase or sale of securities between a mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, a mutual fund is a joint participant with one or more of its related persons or companies, shall not apply in respect of certain investments to be made by the RSP Funds in their corresponding Underlying Funds ("Management Reporting Requirements");

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 it has been represented by the Manager to the Decision Makers that:

1. The Manager is a corporation established under the laws of the Province of Ontario. The Manager is or will be the manager and promoter of each of the RSP Funds and the Underlying Funds and the trustee of those funds.
2. Each of the RSP Funds and each of the Underlying Funds, is or will be an open-end mutual fund trust established under the laws of the Province of Ontario.
3. Each of the RSP Funds and the Underlying Funds is or will be a reporting issuer under the securities law of each of the provinces and territories of Canada. None of the existing RSP Funds or the existing Underlying Funds is in default of any requirements of the Legislation or rules applicable in each of the provinces and territories of the various securities authorities of Canada.
4. A final simplified prospectus and annual information form was filed on June 30, 1999 to renew or to qualify, as applicable, the offering of securities of the AIC Funds, including, the RSP Funds and Underlying Funds except for AIC American Focused Fund and AIC RSP American Focused Fund (the "Focused Funds"). A preliminary simplified prospectus and annual information form was filed September 2, 1999 to qualify the offering of securities of the Focused Funds. A final simplified prospectus and annual information form concerning the Focused Funds is expected to be filed in all the provinces and territories of Canada in October 1999.

5. The applicable prospectus will disclose the nature of the relief granted in the final prospectus and annual information form of the Focused Funds and in an amendment to the final simplified prospectus of the other AIC Funds which will be filed prior to such other AIC Funds using the requested relief.

6. The investment objective of each of the RSP Funds is or will be to earn a specified type of return, primarily by investing in derivative instruments that permit the RSP Fund to link its performance to a corresponding specified Underlying Fund. The applicable prospectus will disclose the investment objective and strategies of each RSP Fund and each Underlying Fund.

7. Each of the RSP Funds invests its assets in securities such that its units will be "qualified investments" for registered retirement savings plans, registered retirement income funds, and deferred profit sharing plans (the "Registered Plans") under the Income Tax Act (Canada) (the "Tax Act") and, based on an opinion of counsel to the Manager, will not constitute foreign property in a Registered Plan. In order to ensure that each of the RSP Funds is a "qualified investment" for, and not foreign property to, a Registered Plan, the portion invested in foreign securities may not exceed the amount prescribed (presently 20% of the cost amount of assets of each of the RSP Funds) from time to time as the maximum permitted amount capable of being made as a foreign property investment under the Tax Act for registered plans (the "Foreign Property Maximum").

8. In order to achieve its investment objective of linking its performance to that of its corresponding Underlying Fund, each RSP Fund will use derivative investments to obtain exposure to the corresponding Underlying Fund and/or invest directly in the corresponding Underlying Fund up to the Foreign Property Maximum.

9. The direct investment by each RSP Fund in its corresponding Underlying Fund will be in an amount which will not exceed the Foreign Property Maximum (the "Permitted RSP Fund Investment"). The amount of direct investment by each RSP Fund in its corresponding Underlying Fund will be adjusted from time to time so that except for transitional cash, the aggregate of derivative exposure to, and direct investment in, the Underlying Fund will equal to 100% of the assets of the RSP Fund.

10. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian Securities Administrators pursuant to National Policy Statement No. 39, the investments by each RSP Fund in its corresponding Underlying Fund have been or will be structured to comply with the investment restrictions of the Legislation and National Policy Statement No. 39.

*11. In the absence of this Decision, as soon as the aggregate holdings by an RSP Fund of securities of its corresponding Underlying Fund exceed 10% of the outstanding securities of that Underlying Fund, the Manager, and possibly the applicable RSP Fund, would be required to comply with the reporting and other requirements of the Legislation.*

*12. In the absence of this Decision, pursuant to the Legislation, each RSP Fund is prohibited from (a) knowingly making an investment in a person or company in which the mutual fund,*

*alone or together with one or more related mutual funds, is a substantial securityholder; and (b) knowingly holding an investment referred to in subsection (a) hereof. As a result, in the absence of this Decision each RSP Fund would be required to divest itself of any investments referred to in subsection (a) herein.*

*13. In the absence of this Decision, the Legislation requires the Manager to file a report on every purchase or sale of securities of an Underlying Fund by an RSP Fund.*

*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 jurisdiction to make the Decision has been met;*

*The Decision of the Decision Makers pursuant to the Legislation is that the Early Warning Requirements, Substantial Securityholder Investment Provisions and Management Reporting Requirements do not apply to the RSP Funds or the Manager in connection with the investments by the RSP Funds in the Underlying Funds.*

*PROVIDED THAT:*

*1. this Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with the matters in clause 2.04(4)(b) of National Policy No. 39; and*

*2. the foregoing Decision shall only apply in respect of investments in, or transactions with, a specified Underlying Fund that are made by an RSP Fund in compliance with the following conditions:*

*(a) the RSP Funds and the Underlying Funds are under common management and each Underlying Fund's securities are offered for sale in the jurisdiction of the Decision Maker pursuant to a prospectus which has been filed with and accepted by the Decision Makers*

*(b) except as provided in condition (f) below, each RSP Fund restricts its aggregate direct investments in its specified Underlying Fund to a percentage of its assets that is within the Foreign Property Maximum;*

*(c) the investment by an RSP Fund in an Underlying Fund is compatible with the fundamental investment objectives of the RSP Fund;*

*(d) the prospectus of an RSP Fund describes the intent of the RSP Fund to invest in a specified Underlying Fund;*

*(e) the RSP Funds may change the Permitted RSP Fund Investments if they change their fundamental investment objectives in accordance with the Legislation;*

*(f) if at any time, the assets of the RSP Funds that are invested in the Underlying Funds exceed the Foreign Property Maximum the necessary changes are made in the RSP Funds investment portfolio as at the next valuation date of the RSP Funds in order to bring the RSP Funds' investment portfolio into conformity with the aforesaid amount;*

*(g) no sales charges are payable by an RSP Fund in relation to its purchases of securities of an Underlying Fund;*

*(h) there are compatible dates for the calculation of the net asset value of each RSP Fund and its corresponding Underlying Fund for the purpose of the issue and redemption of the securities of such mutual funds;*

*(i) no redemption fees or other charges are charged by an Underlying Fund in respect of the redemption by an RSP Fund of securities of that Underlying Fund owned by the RSP Fund;*

*(j) the arrangement between or in respect of the RSP Funds and the Underlying Funds is such as to avoid the duplication of management fees;*

*(k) no fees and charges of any sort are paid by an RSP Fund or by an Underlying Fund or by the manager or principal distributor of an RSP Fund or an Underlying Fund or by any affiliate or associate of any of the foregoing entities to anyone in respect of an RSP Fund's investment in, or redemption of, the securities of the Underlying Fund;*

*(l) in the event of the provision of any notice to securityholders of an Underlying Fund as required by the constating documents of that Underlying Fund or by the laws applicable to that Underlying Fund, such notice will also be delivered to the securityholders of the applicable RSP Fund. In the event that a securityholders' meeting is called for an Underlying Fund, all of the disclosure and notice material prepared in connection with such meeting will be provided to each securityholder of the applicable RSP Fund and each securityholder will be entitled to direct a representative of the applicable RSP Fund to vote that securityholders proportion of their holdings in the Underlying Fund in accordance with their direction. The representatives of the applicable RSP Fund will not be permitted to vote that RSP Fund's holdings in the Underlying Fund except to the extent the securityholders of the applicable RSP Fund so direct;*

*(m) in addition to receiving the annual and, upon request, the semi-annual financial statements of the RSP Funds, the securityholders of the RSP Funds will receive the annual and, upon request, the semi-annual financial statements of the*

*Underlying Funds in either a combined report, containing both the RSP Funds' and Underlying Funds' financial statements, or in a separate report containing the Underlying Funds' financial statements;*

*(n) to the extent that the RSP Funds and the Underlying Funds do not use a combined simplified prospectus and annual information form and financial statements containing disclosure about the RSP Funds and the Underlying Funds, copies of the simplified prospectus and annual and semi-annual financial statements relating to an Underlying Fund may be obtained upon request by a securityholder of the applicable RSP Fund.*

*DATED at Toronto, Ontario this "5<sup>th</sup>" day of "November" 1999.*