

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUEBEC, 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
AIC LIMITED
1450473 ONTARIO INC.
AIC ADVANTAGE FUND
AIC ADVANTAGE FUND II
AIC CANADIAN FOCUSED FUND
AND
AIC DIVERSIFIED CANADIAN FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (collectively, the "Decision Makers") in each of the Provinces of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, Newfoundland, and Prince Edward Island (collectively, the "Jurisdictions") has received an application (the "Application") from AIC Limited ("AIC") and 1450473 Ontario Inc. ("Bidco"), which will become the direct or indirect parent company of AIC, and on behalf of AIC Advantage Fund, AIC Advantage Fund II, and AIC Canadian Focused Fund (the "AIC Fund Mackenzie Shareholders"), and on behalf of AIC Diversified Canadian Fund (all of them collectively, the "Applicants"), for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following provisions of the Legislation do not apply to one or more of the Applicants, as the case may be, in connection with the proposed cash and securities exchange offer to purchase all of the common shares (the "Mackenzie Shares") of Mackenzie Financial Corporation ("Mackenzie") by way of a formal take-over bid by Bidco (the "Bidco Offer"), or by C.I. Fund Management Inc. ("C.I.") (the "C.I. Offer"):

(i) except in Quebec and Manitoba, the provision prohibiting a mutual fund from knowingly making or holding an investment in

- a person or company who is a substantial security holder of the mutual fund, its management company or distribution company,

- a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder, or
- an issuer in which

(A) any officer or director of the mutual fund, its management company or distribution company or an associate of any of them or

(B) any person, or company who is a substantial security holder of the mutual fund, its management company or its distribution company,

has a significant interest (the "Investment Restriction");

(ii) except in Quebec and Manitoba, the provision prohibiting a portfolio manager or, in British Columbia, the mutual fund or "responsible person", from knowingly causing an investment portfolio managed by it to

- invest in any issuer in which a responsible person (as defined in the Legislation) or, if applicable, an associate of a responsible person is an officer or director, unless the specific fact is disclosed to the client and, if applicable, the written consent of the client to the investment is obtained before the purchase, or
- purchase or sell the securities of any issuer from or to the account of a responsible person and, if applicable, any associate of a responsible person or the portfolio manager (the "Portfolio Manager Restriction");

(iii) the provisions

- requiring an offeror to offer identical consideration to all holders of the same class of securities where a take-over bid is made (the "Identical Consideration Requirement"), and
- prohibiting an offeror making or intending to make a take-over bid and any person or company acting jointly or in concert with the offeror from entering into any collateral agreement, commitment or understandings with any holder or beneficial owner of securities of the offeree issuer that has the effect of providing the holder or owner a consideration of greater value than that offered to other holders of the same class of securities (the "Prohibition on Collateral Agreements"); and

(iv) the provision that, where a take-over bid that is a formal bid is made by an offeror and, within the period of ninety days immediately preceding the bid, the offeror or a person or company acting jointly or in concert with the offeror acquired beneficial ownership of securities of the class subject to the bid pursuant to a transaction not generally available on identical terms to holders of that class of securities, the offeror shall offer consideration for securities deposited under the bid at least equal to the highest consideration that was paid on a per security basis under any of such prior transactions or the offeror shall offer at least the cash equivalent of such consideration and for at least the same percentage (the "Pre-Bid Integration Requirement");

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

AND WHEREAS the Applicants have represented to the Decision Makers as follows:

1. AIC is a private company incorporated under the laws of Ontario. AIC acts as the trustee, manager and portfolio manager (the "Fund Manager") of a number of mutual funds including the AIC Fund Mackenzie Shareholders (collectively, the "AIC Funds") and, as such, is responsible for the management of the AIC Funds. AIC is not a reporting issuer in any province or territory in Canada.

2. Bidco is incorporated under the *Business Corporations Act* (Ontario) for the purpose of implementing the Bidco Offer and will be significantly owned directly or indirectly by

(a) Michael Lee-Chin or companies or trusts related to him, who are the controlling shareholders of AIC (the "AIC Controlling Shareholders"), and

(b) Services Financiers CDPQ Inc. ("CDPQ"), a joint venturer and wholly-owned subsidiary of the Caisse de Depot et Placement du Quebec, that is expected to have a substantial minority interest in Bidco.

3. The authorized capital of Bidco includes an unlimited number of common shares (the "Bidco Shares"), which are expected to be listed on The Toronto Stock Exchange (the "TSE") following successful completion of the Bidco Offer. Bidco does not, and will not have, authorized as part of its authorized capital or issue in connection with the Bidco Offer or have outstanding at the completion thereof any "restricted shares" within the meaning of Ontario Securities Commission Rule 56-501.

4. One or more of the directors and officers of AIC will also be directors and officers of Bidco.

5. Mackenzie is a public company incorporated under the Business Corporations Act (Ontario). The Mackenzie Shares are listed on the TSE and quoted on NASDAQ in the United States. Mackenzie is registered with the Ontario Securities Commission, the Alberta Securities Commission and the Manitoba Securities Commission as an investment counsel and portfolio manager. Mackenzie is a reporting issuer in all applicable provinces and territories of Canada.

6. Mackenzie's authorized capital consists of an unlimited number of Mackenzie Shares. As at September 30, 2000, there were 128,826,393 issued and outstanding Mackenzie Shares, according to publicly available information. As at September 30, 2000, on a fully-diluted basis, for the prior 6 months there were an average of 138,360,433 issued and outstanding Mackenzie Shares, according to publicly available information.

7. Mackenzie has no controlling shareholder. As of November 3, 2000, approximately 19.1% of the outstanding Mackenzie Shares (approximately 17.7% on a fully-diluted basis) were held by the AIC Fund Mackenzie Shareholders. AIC itself beneficially owns approximately 5.41%,

which were acquired in the marketplace prior to August 1, 2000. CDPQ also beneficially owns approximately 5.27% of Mackenzie Shares as of November 3, 2000, which were also acquired in the marketplace prior to August 1, 2000.

8. As of November 13, 2000, to the knowledge of the Applicants after reasonable inquiry, there were fifteen registered shareholders of Mackenzie resident in the United States of America (the "U.S. Shareholders"), collectively holding approximately 1.48 million Mackenzie Shares (or approximately 1% of the outstanding Mackenzie Shares).

9. In order to assist in the funding of the Bidco Offer, and in furtherance of its role as a joint venturer, CDPQ or its affiliates are expected to

(a) provide cash funding in excess of \$300 million to Bidco to be used in the Bidco Offer, and

(b) commit to roll their current approximately 5% interest in Mackenzie Shares into Bidco,

in return for Bidco Shares, conditional upon the successful completion of the Bidco Offer. Funding for the Bidco Offer will also be obtained via committed bank debt.

10. In addition, the shareholders of AIC (the "AIC Shareholders"), are expected to commit to roll their shares of AIC into Bidco in return for Bidco Shares, conditional upon the successful completion of the Bidco Offer. Bidco is expected to also acquire an additional 14,154 Mackenzie Shares (representing 0.01% of the outstanding shares) from the AIC Controlling Shareholders in return for additional Bidco Shares, conditional upon the successful completion of the Bidco Offer. (The transactions described in paragraph 9 and in this paragraph are collectively referred to as the "Bidco Roll-Over Transactions").

11. As a result of its acquisition of AIC, Bidco will automatically indirectly acquire the approximately 5.41% interest of AIC in Mackenzie.

12. All of the Bidco Roll-Over Transactions will be effected at fair market value and will be based on an arm's length negotiation among the AIC Controlling Shareholders and CDPQ. In no event will the price paid or payable by Bidco for the Mackenzie Shares acquired from CDPQ or its affiliates and the AIC Shareholders exceed the price offered to the public under the Bidco Offer, except that cash will not be provided.

13. Cash is not being provided to the AIC Shareholders and CDPQ under the Bidco Roll-Over Transactions in order to maximize the cash being provided to the Mackenzie shareholders who will be tendering under the Bidco Offer, to provide improved tax treatment for the Mackenzie Shares being rolled into Bidco and to maximize their equity positions in Bidco.

14. Bidco, CDPQ and/or the AIC Controlling Shareholders will also enter into a Bidding Agreement, a Sub-advisory Agreement, and a Shareholders Agreement, and Michael Lee-Chin

may enter into an Employment Agreement with Bidco, in addition to the agreements to effect the Bidco Roll-Over Transactions (collectively, the "Related Agreements").

15. The Bidding Agreement will cover the parties' rights and obligations in connection with and during the Bidco Offer and will contain customary terms.

16. The Sub-advisory Agreement will provide for an affiliate of CDPQ with a demonstrated superior track record to act as a sub-advisor to certain of the Mackenzie funds going forward at market rates and on arm's length terms.

17. The Employment Agreement, if entered into, will be on market terms and will provide for compensation to Michael Lee-Chin on market terms having regard to his contribution under the agreement. He is a key employee, and any compensation would be a small fraction of the value he will have invested in Bidco.

18. The Shareholders Agreement will govern the relationship between CDPQ and the AIC Controlling Shareholders going forward. The Shareholders Agreement among the AIC Controlling Shareholders and CDPQ will, among other things, provide each party with certain rights of first refusal and tag-along rights as well as pre-emptive -type rights, and provide for mutual board representation. It will have a maximum term of 5 years.

19. The Related Agreements are not designed to increase the value of the consideration paid to CDPQ or the AIC Controlling Shareholders for their Mackenzie Shares, but are essential elements of the proposed joint venture. Their terms will be fully disclosed in the Bidco Offer, such that Mackenzie shareholders will be fully aware of them prior to determining whether or not to accept the Bidco Offer. In the event that the terms of the Related Agreements are materially amended from those set forth above or new agreements are entered into between CDPQ and the AIC Controlling Shareholders, new or varied relief will be sought from the Decision Makers.

20. Assuming successful completion of the Bidco Offer, Bidco will be held by the public and by CDPQ and the AIC Shareholders.

21. Pursuant to the Bidco Offer, Bidco will prepare a take-over bid circular (the "Bid Circular") containing, among other things, prospectus-level disclosure regarding Bidco (including AIC) and a detailed description of the Bidco Offer, the Bidco Roll-Over Transactions and the Related Agreements. Bidco will distribute the Bid Circular to all Mackenzie shareholders in accordance with the Legislation.

22. Subject to the TSE not objecting to its inclusion, and relief being obtained where necessary, the Bid Circular and associated documents and statements will contain substantially the following representation: "Application will be made for the Bidco Shares to be listed on the TSE".

23. The Bidco Offer will be subject to the condition, which cannot be waived by Bidco, that listing approval for the Bidco Shares is received from the TSE. The receipt of such listing approval will be promptly announced by way of a news release and otherwise as appropriate.

24. Under the terms of the Bidco Offer, Mackenzie shareholders will receive, for every Mackenzie Share deposited under the Bidco Offer,

- (a) an amount in cash subject to pro-ration (the "Cash Option"), or
- (b) Bidco Shares, subject to pro-ration (the "Share Option"), or
- (c) any combination of the Cash Option and the Share Option, again subject to pro-ration.

25. The Bidco Shares that may be issued under the Bidco Offer to the U.S. Shareholders have not been and will not be registered or otherwise qualified for distribution under the securities legislation of the United States of America. Accordingly, the delivery of Bidco Shares to U.S. Shareholders under the Bidco Offer without further action by Bidco may constitute a violation of the laws of the United States of America.

26. To the extent that the U.S. Shareholders elect to receive or are allocated Bidco Shares in exchange for their Mackenzie Shares, Bidco proposes to deliver the Bidco Shares to a trust company in Canada (the "Depositary"), instead of to the U.S. Shareholders, for sale of such Bidco Shares on behalf of the U.S. Shareholders. The Depositary will, as soon as possible after such delivery, pool and sell the Bidco Shares on behalf of the U.S. Shareholders. Such sale will be done through the facilities of the TSE in a manner that is intended to minimize any adverse effect on the market price of Bidco Shares. As soon as possible after the completion of such sale, the Depositary will send to each U.S. Shareholder a cheque equal to such U.S. Shareholder's *pro rata* share of the proceeds of the sale of all Bidco Shares by the Depositary, net of sales commissions and any applicable withholding taxes.

27. AIC Advantage Fund, AIC Advantage Fund II, and AIC Diversified Canadian Fund ("AIC Fund C.I. Shareholders") hold shares of C.I. (the "C.I. Shares") to which are attached approximately 18% of the voting rights attached to all the voting securities of C.I. currently outstanding. C.I. has made the C.I. Offer and has offered C.I. Shares as partial consideration under the C.I. Offer.

28. Without prejudice to any determination that is required to be made under paragraph 31 below, the Bidco Offer, when made, will be financially superior to the C.I. Offer for the holders of Mackenzie Shares.

29. Any decision by the Fund Manager of the AIC Fund Mackenzie Shareholders

- (a) whether or not to accept the Bidco Offer, the C.I. Offer or any other offer or alternative transaction,

(b) whether or not to opt for cash consideration, share consideration, or a combination of cash and share consideration,

(c) whether to act in another manner, such as to dissent or sell their Mackenzie Shares in the marketplace or otherwise, or

(d) concerning the timing of the announcement of any decisions referred to above,

will be made in a manner consistent with the Fund Manager's fiduciary obligations towards the security holders of the AIC Fund Mackenzie Shareholders.

30. In this case, the fiduciary obligation of the Fund Manager is to maximize the returns for the security holders of the AIC Fund Mackenzie Shareholders. Therefore, the Fund Manager will make those decisions which maximize returns in respect of the Mackenzie Shares held by AIC Fund Mackenzie Shareholders.

31. In order to ensure that the decisions referred to in paragraph 29 are made in accordance with the fiduciary obligations referred to in paragraph 29 and 30, the Fund Manager has or will put in place a mechanism to provide for an independent consideration by a qualified and independent financial advisor of the matters referred to in paragraph 29.

32. In the absence of the Decision, the AIC Fund Mackenzie Shareholders may essentially be precluded from accepting the Bidco Offer in consideration of the Share Option or combination of the Cash Option and Share Option, because the Investment Restriction prohibits them from acquiring and holding Bidco Shares.

33. In the absence of the Decision, the AIC Fund Mackenzie Shareholders would essentially be precluded from accepting the C.I. Offer in consideration of C.I. Shares or a combination of a cash and C.I. Shares, because the Investment Restriction prohibits the AIC Funds as a group from acquiring or holding C.I. Shares to which are attached more than 20% of the voting rights attached to all the voting securities of C.I. currently outstanding (the "20% Limit"). Since the AIC Fund C.I. Shareholders currently hold 18% of the outstanding C.I. Shares, it is possible that the tender of 19.1% Mackenzie Shares held by the AIC Fund Mackenzie Shareholders for C. I. Shares as full or partial consideration would result in the NEC Funds as a group exceeding the 20% Limit.

34. In the absence of the Decision, the Fund Manager would be prohibited by the Portfolio Manager Restriction from causing the AIC Fund Mackenzie Shareholders

(a) to effectively invest in Bidco by electing to receive Bidco Shares under the Bidco Offer, given that Bidco and AIC have common directors and officers, unless certain requirements are met, or

(b) to effectively sell their holding of Mackenzie Shares to Bidco and to effectively purchase Bidco Shares from Bidco under the Bidco Offer, given that Bidco is a "responsible person" as defined in the Legislation.

35. CDPQ and the AIC Controlling Shareholders will receive consideration from Bidco for their Mackenzie Shares under the Bidco Roll-Over Transactions that is not identical to the consideration to be offered to the other shareholders of Mackenzie. In the absence of the Decision, the Bidco Roll-Over Transactions and the Related Agreements could potentially constitute a violation of the Identical Consideration Requirement, the Prohibition on Collateral Agreements and the Pre-bid Integration Requirement.

36. The Bidco Roll-Over Transactions and the Related Agreements are necessary for business purposes related to the structuring and the making of the Bidco Offer, and not for the purpose of increasing the value of the consideration to be paid to CDPQ and the AIC Controlling Shareholders for their Mackenzie Shares.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the Decision of each Decision Maker;

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

THE DECISION of the Decision Makers pursuant to the Legislation is that:

(a) except in Quebec and Manitoba, if the AIC Fund Mackenzie Shareholders accept the Bidco Offer, the AIC Fund Mackenzie Shareholders are exempt from the Investment Restriction solely to enable them to tender to such offer, provided that,

(i) except as otherwise permitted by this Decision or any exemption granted under National Instrument 81-102 - Mutual Funds, the AIC Fund Mackenzie Shareholders will in no case acquire more Bidco Shares than is legally permissible under the Legislation,

(ii) the Fund Manager will take all necessary steps to ensure that the NEC Fund Mackenzie Shareholders will divest all or a portion of such Bidco Shares as quickly as it is commercially reasonable, so that, no later than 24 months from the date of acquisition of such Bidco Shares, the NEC Fund Mackenzie Shareholders do not hold Bidco Shares, and

(iii) the Fund Manager will ensure that such Bidco Shares are not voted at any meeting of Bidco shareholders;

(b) except in Quebec and Manitoba, if the AIC Fund Mackenzie Shareholders accept the C.I. Offer, the AIC Fund Mackenzie Shareholders are exempt from the investment Restriction solely to enable them to tender to such offer, provided that, if the aggregate of C.I. Shares received under the C.I. Offer and the existing holdings of AIC Fund C.I. Shareholders exceeds the 20%

Limit, the Fund Manager will take all necessary steps to ensure that the AIC Funds will divest all or a portion of the C.I. Shares in excess of the 20% Limit as quickly as it is commercially reasonable, so that, no later than 24 months from the date of the acquisition of such C.I. Shares, the AIC Funds as a group do not hold C.I. Shares in excess of the 20% Limit;

(c) except in Quebec and Manitoba, the Fund Manager is exempt from the Portfolio Manager Restriction, solely to enable the AIC Fund Mackenzie Shareholders to tender their holdings of Mackenzie Shares to the Bidco Offer and to elect (or be deemed to elect) to receive Bidco Shares as full or partial consideration;

(d) in connection with the Bidco Offer, Bidco is exempt from the Identical Consideration Requirement insofar as U.S. Shareholders who accept the Offer may receive cash proceeds from the Depositary's sale of Bidco Shares in accordance with the procedure set out in paragraph 26 above instead of Bidco Shares; and

(e) the Bidco Roll-Over Transactions and the Related Agreements are made for purposes other than to increase the value of the consideration paid to CDPQ and the AIC Controlling Shareholders for their Mackenzie Shares, and may be entered into notwithstanding the Prohibition on Collateral Agreements, the identical Consideration Requirement and the Pre-Bid Integration Requirement.

DATED at Toronto this 7th day "December", 2000.