

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, MANITOBA,
NEW BRUNSWICK, NEWFOUNDLAND, NORTHWEST
TERRITORIES, NOVA SCOTIA, NUNAVUT,
ONTARIO, PRINCE EDWARD ISLAND,
SASKATCHEWAN AND YUKON

AND

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

AND

IN THE MATTER OF AIM FUNDS MANAGEMENT INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia, Ontario, Prince Edward Island, New Brunswick, Newfoundland, Yukon, Northwest Territories and Nunavut (the "Jurisdictions") has received an application from AIM Funds Management Inc. (the "Applicant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

(a) certain trades in Additional Units (as defined below) and Reinvested Units (as defined below) of a Pooled Fund (as defined below) to existing holders of Units (as defined below) of that Pooled Fund are not subject to the prospectus requirement of the Legislation of Manitoba, Ontario, New Brunswick, Prince Edward Island, Newfoundland and Yukon (the "Non - Exempt Prospectus Jurisdictions"); and

(b) trades in Units and Additional Units of a Pooled Fund are not subject to the requirements of the Legislation other than that of Manitoba relating to the filing of forms and the payment of fees within 10 days of each trade, or in some cases within 10 days after the end of the calendar year in which the distribution takes place.

AND WHEREAS under 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 Applicant has represented to the Decision Makers that:

1. The Applicant was amalgamated under the laws of the Province of Ontario and is registered under the Legislation as (i) a mutual fund and limited market dealer, and as an adviser in the

categories of investment counsel and portfolio manager in Ontario; (ii) a mutual fund dealer in British Columbia, Alberta, Saskatchewan, Prince Edward Island, Nova Scotia and Newfoundland; (iii) a broker in New Brunswick, Northwest Territories, Nunavut and the Yukon and (iv) a broker dealer in Manitoba.

2. The Applicant currently offers two groups of mutual fund trusts known as the "INVESCO Pooled Funds" and the "AIM Pooled Funds" in Canada. To date, the Applicant has established three of such funds, INVESCO Structured Core U.S. Equity Fund ("INVESCO U.S. Fund"), INVESCO International Equity Fund ("INVESCO International Fund") and AIM American Outlook Fund ("AIM U.S. Fund") (INVESCO U.S. Fund, INVESCO International Fund and AIM U.S. Fund are referred to herein collectively as the "Existing Pooled Funds").

3. Additional mutual fund trusts may be established by the Applicant from time to time in the future as members of the INVESCO Pooled Funds or the AIM Pooled Funds to better service the clients of the Applicant (the "Future Pooled Funds", and collectively with the Existing Pooled Funds, the "Pooled Funds"). The Applicant is the manager, principal investment advisor, principal distributor and promoter of the Existing Pooled Funds although the Applicant has retained affiliates to act as subadviser in respect of the Pooled Funds, and it is anticipated that the management structure and general nature of the Future Pooled Funds will be substantially the same as that of the Existing Pooled Funds.

4. Each of the Pooled Funds is or will be an open-ended, pooled investment trust established pursuant to a declaration of trust under the laws of the Province of Ontario. Each of the Pooled Funds is or will be a "mutual fund" as defined in the Legislation.

5. Each Pooled Fund is or will be divided into Units which may be issued in series. Units of a Pooled Fund rank equally with every other Unit of the same series and of the same fund. Units of the Pooled Funds are or will not be transferable, except in the limited circumstances set out in the declaration of trust for a particular Pooled Fund. It is not expected that any of the Pooled Funds will become a reporting issuer (as such term is defined in the Legislation) or that Units of any of the Pooled Funds will be listed on any stock exchange.

6. Units of each Pooled Fund are or will be offered on a continuous basis to investors in all of the Jurisdictions at a price per Unit equal to the net asset value per Unit of the Pooled Fund calculated in accordance with the declaration of trust of the relevant fund. Units of the Pooled Funds are or will be redeemable at the option of investors, in accordance with the declaration of trust of each Pooled Fund.

7. Units of each Pooled Fund are or will be distributed to investors ("Unitholders") in the Jurisdictions by a registered dealer or in reliance on the exemption from the dealer registration and prospectus requirements set out in the Legislation or, in the Yukon to be set out in exemptive relief for which the Applicant will apply (the "Private Placement Exemption") where the purchaser purchases as principal if the aggregate acquisition cost is not less than a prescribed amount (the "Prescribed Amount") or pursuant to other exemptions from the dealer registration and prospectus requirements of the Legislation.

8. The minimum initial investment in a Pooled Fund (the "Initial Investment") by a resident of any Jurisdiction in reliance on the Private Placement Exemption will be not less than the Prescribed Amount in that Jurisdiction.

9. Following a Unitholder's Initial Investment in a Pooled Fund, the Unitholder from time to time may wish to purchase additional Units of that Pooled Fund ("Additional Units") having an acquisition value of less than the Prescribed Amount, provided that at the time of the subsequent acquisition the Unitholder holds Units of the relevant Pooled Fund with an aggregate acquisition cost or aggregate net asset value equal to at least the Prescribed Amount.

10. Each Pooled Fund distributes or may distribute Additional Units by way of automatic reinvestment of distributions to Unitholders of such Fund ("Reinvested Units").

AND WHEREAS under the System, this 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;

THE DECISION of the Decision Makers under the Legislation is that:

(a) The prospectus requirement contained in the Legislation of the Non - Exempt Prospectus Jurisdictions does not apply to:

(i) the issuance of Additional Units of a Pooled Fund provided that:

(A) the Initial Investment by a Unitholder was for not less than the Prescribed Amount in the Jurisdiction;

(B) at the time of the issuance of such Additional Units of a Pooled Fund, the Unitholder who made the Initial Investment in such Fund of at least the Prescribed Amount, then owns Units of that Pooled Fund having an aggregate purchase price or net asset value of not less than the Prescribed Amount of the applicable Prospectus Jurisdiction;

(C) at the time of the issuance of such Additional Units, the Applicant is registered under the Legislation of Ontario as an adviser in the categories of investment counsel and portfolio manager and such registration is in good standing; and

(D) this paragraph (a)(i) will cease to be in effect with respect to a Prospectus Jurisdiction 90 days after the coming into force of any legislation, regulation or rule in such Jurisdiction regarding the distribution of Additional Units of pooled funds;

(ii) an issuance of Reinvested Units of a Pooled Fund to a Unitholder of that fund provided that

(A) no sales commissions or other charge in respect of such issuance of Reinvested Units is payable; and

(B) each Unitholder who receives Reinvested Units has received, not more than 12 months before such issuance, a statement describing (A) the details of any deferred or contingent sales charge or redemption fee that is payable at the time of the redemption of a Unit, (B) any right that the Unitholder has to make an election to receive cash instead of Units on the payment of the net income or net realized capital gains distributed by the Fund, (C) instructions on how the right referred to in subclause (B), if any, can be exercised, and (D) the fact that no prospectus is available for the Pooled Fund as Units are offered pursuant to prospectus exemptions only;

provided that the first trade in Additional Units and Reinvested Units that are issued pursuant to this Decision shall be deemed to be a distribution or a primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation"), unless otherwise exempt thereunder or unless such first trade is made in the following circumstances:

(iii) the applicable Pooled Fund is a reporting issuer or the equivalent under the Applicable Legislation;

(iv) if the seller of the Additional Units or Reinvested Units is in a special relationship (as defined in the Applicable Legislation) with the Pooled Fund, the seller has reasonable grounds to believe that the Pooled Fund is not in default of any requirement of the Applicable Legislation;

(v) no unusual effort is made to prepare the market or to create a demand for the Additional Units or Reinvested Units and no extraordinary commission or consideration is paid in respect of such trade; and

(vi) the Additional Units have been held for a period of at least eighteen months from the date they were acquired by the seller of the Additional Units, or the Reinvested Units have been held for a period of at least eighteen months from the date they were acquired by the seller of the Reinvested Units;

(b) The requirements contained in the Legislation other than that of Manitoba to file a report of an Initial Investment or of a distribution of Additional Units within 10 days of such trade (or in some cases within 10 days after the end of the calendar year in which the distribution takes place), shall not apply to such trade, provided that within 30 days after each financial year end of each Pooled Fund, such Fund:

(i) files with the applicable Decision Maker a report in respect of all trades in Units and Additional Units of that Fund during such financial year, in the form prescribed by the applicable Legislation; and

(ii) remits to the applicable Decision Maker the fee prescribed by the applicable Legislation.

DATED: October 15, 2001.

Paul M Moore

R. Stephen Paddon

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - trades by pooled funds of additional units and reinvested units to existing Unitholders exempted from the dealer registration and prospectus requirements - trades in units of pooled funds exempt from requirement to file a report of such trade within 10 days of the trade provided that reports be filed and fees paid yearly.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c.S.5, as am., ss 1(1), 25, 35(1)5, 53, 72(1)(d), 72(3), 74(1), and 147.

Applicable Ontario Rules

Ontario Securities Commission Rule 45-501 Exempt Distributions (1998), 22 OSCB 127.

