

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

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM

AND

IN THE MATTER OF
GLOBAL STRATEGY FINANCIAL INC.
GLOBAL STRATEGY WORLD COMPANIES RSP FUND
GLOBAL STRATEGY WORLD BALANCED RSP FUND

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Global Strategy Financial Inc. ("Global Strategy") as manager and trustee of Global Strategy World Companies RSP Fund and Global Strategy World Balanced RSP Fund (individually, an "RSP Fund" and collectively, the "RSP Funds") and Global Strategy World Companies Fund and Global Strategy World Balanced Fund (individually, an "Underlying Fund" and collectively, 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 holdings of securities of a reporting issuer exceed 10% of the outstanding securities of the reporting issuer and refrain from purchasing additional securities of the reporting issuer 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 investments to be made by the RSP Funds in their corresponding Underlying Funds;
2. the restrictions contained in the Legislation prohibiting a mutual fund from knowingly making and holding 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 security holder shall not apply in respect of investments to be made by the RSP Funds in their corresponding Underlying Funds; and
3. the requirements contained in the Legislation requiring the management company to file a report relating to a purchase or sale of securities between the 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, the mutual fund is a joint participant with one or more of its related persons or companies, shall not apply in respect of investments to be made by the RSP Funds in their corresponding Underlying Funds.

The Legislation outlined above in paragraphs 1 through 3 will be referred to in this Decision Document as the "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 Global Strategy have represented to the Decision Makers that:

1. Each of the RSP Funds and the Underlying Funds is an open-ended mutual fund trust established under the laws of the Province of Ontario. Global Strategy is a corporation amalgamated under the laws of Ontario and is the manager, trustee and promoter of each of the RSP Funds and the Underlying Funds. The registered office of Global Strategy is located in the Province of Ontario.
2. The RSP Funds will be, and the Underlying Funds are, reporting issuers and the Underlying Funds are not in default of any requirements of the acts or rules applicable in each of the provinces and territories of the various securities authorities of Canada. The securities of each of the Underlying Funds are currently qualified for distribution pursuant to a simplified prospectus and annual information form dated December 29, 1998 and the securities of the RSP Funds will be qualified under a simplified prospectus and annual information form to be filed shortly in all provinces and territories.
3. Each of the RSP Funds seeks to achieve its investment objective while ensuring that securities of the RSP Fund do not constitute "foreign property" for Registered Plans (as defined below).
4. To achieve its investment objectives, each of the RSP Funds invests its assets in securities such that its units will, in the opinion of tax counsel to the RSP Funds, 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 will not constitute foreign property in a Registered Plan. This will primarily be achieved through the implementation of a derivative strategy. However, the RSP Funds also intend to invest a portion of their assets in units of the Underlying Funds. This investment by the RSP Funds will at all times be below the maximum foreign property limit prescribed for Registered Plans by the Tax Act (the "Permitted Limit").
5. The investment objectives of the Underlying Funds are achieved through investment primarily in foreign securities.
6. The direct investment by the RSP Funds in the Underlying Funds will be within the Permitted Limit (the "Permitted RSP Fund Investment"). Global Strategy and the RSP Funds will comply with the conditions of this Decision in respect of such investments. The amount of the direct investment by each RSP Fund in the 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 100% of the assets of the RSP Fund.

7. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Policy 39, the investments by the RSP Funds in the Underlying Funds have been structured to comply with the investment restrictions of the Legislation and National Policy 39.

8. In the absence of this Decision, as soon as the aggregate holdings by an RSP Fund of securities of the corresponding Underlying Fund exceed 10% of the outstanding securities of the Underlying Fund, Global Strategy, and possibly the RSP Fund, would be required to comply with the reporting and other requirement of the Legislation.

9. In the absence of this Decision, pursuant to the Legislation, each of the RSP Funds 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 security holder; and (b) knowingly holding an investment referred to in subsection (a) hereof. As a result, in the absence of this Decision an RSP Fund would be required to divest itself of any investment referred to in subsection (a) herein.

10. In the absence of this Decision, the Legislation requires Global Strategy to file a report on every purchase or sale of securities of the Underlying Funds by the RSP Funds.

11. The investment in, or redemption of, securities of the Underlying Funds by the RSP Funds represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the RSP Funds,

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;

The Decision of the Decision Makers pursuant to the Legislation is that the Applicable Legislation does not apply so as to prevent the RSP Funds from investing in, holding, or redeeming the securities of, its corresponding Underlying Fund.

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 with respect to the matters in section 2.04(4)(b) of National Policy 39; and

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

(a) the RSP Funds and the Underlying Funds are under common management and the Underlying Funds' securities are offered for sale in the jurisdiction of the

Decision Maker pursuant to a simplified prospectus and annual information form which has been filed with and accepted by the Decision Maker;

(b) each RSP Fund restricts its aggregate direct investment in its corresponding Underlying Fund to a percentage of its assets that is within the Permitted Limit;

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

(d) the simplified prospectus and annual information form of the RSP Funds will describe the intent of the RSP Funds to invest in specified Underlying Funds;

(e) an RSP Fund may change its Permitted RSP Fund Investments if it changes its fundamental investment objective in accordance with Legislation;

(f) no sales charges are payable by the RSP Funds in relation to their purchases of securities of the Underlying Funds;

(g) there are compatible dates for the calculation of the net asset values of the RSP Funds and the Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds;

(h) no redemption fees or other charges are charged by the Underlying Funds in respect of the redemption by the RSP Funds of securities of the Underlying Funds owned by the RSP Funds,

(i) the arrangements between or in respect of the RSP Funds and the Underlying Funds are such as to avoid the duplication of management fees or incentive fees,

(j) 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 purchase, holding or redemption of the securities of the Underlying Fund;

(k) in the event of the provision of any notice to securityholders of the Underlying Funds, as required by the declarations of trust of the Underlying Funds or by the laws applicable to the Underlying Funds, such notice will also be delivered to the securityholders of the RSP Funds; all voting rights attached to the securities of the Underlying Funds that are owned by the RSP Funds will be passed through to the securityholders of the RSP Funds, 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 the securityholders of the corresponding RSP Fund and such securityholders will be entitled to direct a representative of the RSP Fund to vote that RSP Fund's holding in the Underlying Fund in accordance with their direction; and the representative of the RSP Fund

will not be permitted to vote the RSP Fund's holdings in the Underlying Fund except to the extent the securityholders of the RSP Fund so direct;

(1) in addition to receiving the annual and, upon request the semi-annual financial statements, of the RSP Fund, 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; and

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

DATED at Toronto, this 7th day of January, 2000.