

May 19, 2009

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,
QUEBEC, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND,
NEWFOUNDLAND AND LABRADOR, THE NORTHWEST TERRITORIES, YUKON
AND NUNAVUT
(the Jurisdictions)**

AND

**IN THE MATTER OF THE
PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE
JURISDICTIONS**

AND

**IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION
(the Filer)**

AND

**KEYSTONE AGF EQUITY FUND
KEYSTONE BISSETT CANADIAN EQUITY FUND
KEYSTONE BEUTEL GOODMAN BOND FUND
KEYSTONE MANULIFE HIGH INCOME FUND
KEYSTONE MANULIFE U.S. VALUE FUND
KEYSTONE SAXON SMALLER COMPANIES FUND
KEYSTONE BALANCED PORTFOLIO FUND
KEYSTONE BALANCED GROWTH PORTFOLIO FUND
KEYSTONE GROWTH PORTFOLIO FUND
KEYSTONE CONSERVATIVE PORTFOLIO FUND
KEYSTONE MAXIMUM GROWTH PORTFOLIO FUND
KEYSTONE DYNAMIC POWER SMALL-CAP CLASS
KEYSTONE TEMPLETON INTERNATIONAL STOCK CLASS
(the Funds)**

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the time limit pertaining to the distribution of securities of the Funds under their simplified prospectus dated May 30, 2008, as amended (the **Prospectus**) be extended to permit the continued distribution of securities of the Funds until June 30, 2009 (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

(a) the Ontario Securities Commission is the principal regulator for this application, and

(b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation amalgamated under the laws of Ontario. The Filer is the manager, portfolio advisor and/or trustee to the Funds. Each of the Funds, other than Keystone Dynamic Power Small-Cap Class and Keystone Templeton International Stock Class, is an open-ended mutual fund trust established under the laws of Ontario pursuant to a declaration of trust. Keystone Dynamic Power Small-Cap Class and Keystone Templeton International Stock Class are separate classes of shares of Mackenzie Financial Capital Corporation, a mutual fund corporation incorporated under the laws of Ontario.
2. The Funds are reporting issuers under the Legislation and are not in default of any of the requirements of the Legislation.
3. The Funds are currently qualified for distribution in all the Jurisdictions under the Prospectus.
4. Pursuant to the Legislation, the lapse date (the Lapse Date) for the distribution of securities of the Funds is May 30, 2009.
5. Pursuant to the Legislation, provided a pro forma simplified prospectus is filed 30 days prior to May 30, 2009, a final version is filed by June 9, 2009, and a receipt for the simplified prospectus is issued by the securities regulatory authorities by June 19, 2009, the securities of the Funds may be distributed without interruption during the prospectus renewal period.

6. Subject to investor and any other required approvals, the Filer intends to merge the Keystone Bissett Canadian Equity Fund and Keystone Saxon Smaller Companies Fund (the Terminating Funds) into other mutual funds managed by the Filer in June 2009, and by no later than June 30, 2009 (the Mergers). All other Funds will continue to be offered by way of a simplified prospectus that will be filed after the Mergers are effected.

7. The Mergers would be effected in accordance with the applicable requirements of National Instrument 81-102 *Mutual Funds*, National Instrument 81-106 *Investment Fund Continuous Disclosure* and National Instrument 81-107 *Independent Review Committee for Investment Funds*, including: review of the Mergers by the independent review committee of the Funds; filing a press release, material change report and amendment to the Prospectus; and seeking the approval of the Mergers by a majority of votes cast by investors of the Terminating Funds at special meetings to be held on June 1, 2009.

8. The Filer wishes to permit Terminating Fund investors to continue to purchase the Terminating Funds up to the June 2009 merger date. An extension of the Lapse Date is therefore requested until June 30, 2009.

9. The purchases the Filer expects to see of the Terminating Funds' securities after the Lapse Date are principally those made pursuant to pre-authorized purchases ("PAPs") from existing investors. These scheduled PAPs will continue until the effective date of the Mergers.

10. If the Exemption Sought is not granted, a pro forma simplified prospectus and a final simplified prospectus for the Funds would need to be filed by April 30, 2009 and June 9, 2009 respectively in accordance with the existing time limits for the renewal of the Prospectus, notwithstanding that the Terminating Funds are likely to be terminated by June 30, 2009. The cost and time involved in preparing, filing and printing a prospectus for the Terminating Funds for the one month period prior to the Mergers would be unduly costly. It may also cause confusion among investors who may assume that the Terminating Funds continue to be available for purchase after the effective date of the Mergers.

11. Since May 30, 2008, the date of the Prospectus, no material change has occurred that has not been disclosed by way of an amendment to the Prospectus. Accordingly, the Prospectus presents up-to-date information regarding the Funds. The Exemption Sought will not affect the currency or accuracy of the information contained in the Prospectus, and, accordingly, will not be prejudicial to the public interest.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Maker under the Legislation is that the Exemption Sought is granted.

"James E.A. Turner"
James E. A. Turner

"Wendell S. Wigle"
Wendell S. Wigle

Vice-Chair
Ontario Securities Commission

Commissioner
Ontario Securities Commission