

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

AND

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

AND

IN THE MATTER OF

ROYAL CANADIAN T-BILL FUND, ROYAL CANADIAN MONEY MARKET FUND,  
ROYAL PREMIUM MONEY MARKET FUND, ROYAL \$U.S. MONEY MARKET FUND,  
ROYAL CANADIAN SHORT-TERM INCOME FUND, ROYAL BOND FUND, ROYAL  
CANADIAN BOND INDEX FUND, ROYAL MONTHLY INCOME FUND, ROYAL  
GLOBAL BOND FUND, ROYAL BALANCED FUND, ROYAL TAX MANAGED RETURN  
FUND, ROYAL BALANCED GROWTH FUND, ROYAL GLOBAL BALANCED FUND,  
ROYAL SELECT CONSERVATIVE PORTFOLIO, ROYAL SELECT BALANCED  
PORTFOLIO, ROYAL SELECT GROWTH PORTFOLIO, ROYAL SELECT CHOICES  
CONSERVATIVE PORTFOLIO, ROYAL SELECT CHOICES BALANCED PORTFOLIO,  
ROYAL SELECT CHOICES GROWTH PORTFOLIO, ROYAL SELECT CHOICES  
AGGRESSIVE GROWTH PORTFOLIO, ROYAL DIVIDEND FUND, ROYAL CANADIAN  
VALUE FUND, ROYAL CANADIAN EQUITY FUND, ROYAL CANADIAN INDEX FUND,  
O'SHAUGHNESSY CANADIAN EQUITY FUND, ROYAL CANADIAN GROWTH FUND,  
ROYAL ENERGY FUND, ROYAL PRECIOUS METALS FUND, ROYAL U.S. EQUITY  
FUND, ROYAL U.S. INDEX FUND, ROYAL U.S. RSP INDEX FUND, O'SHAUGHNESSY  
U.S. VALUE FUND, ROYAL U.S. MID-CAP EQUITY FUND, O'SHAUGHNESSY U.S.  
GROWTH FUND, ROYAL LIFE SCIENCE AND TECHNOLOGY FUND, ROYAL  
INTERNATIONAL EQUITY FUND, ROYAL INTERNATIONAL RSP INDEX FUND,  
ROYAL EUROPEAN EQUITY FUND, ROYAL ASIAN EQUITY FUND, ROYAL GLOBAL  
EDUCATION FUND, ROYAL GLOBAL TITANS FUND, ROYAL GLOBAL  
COMMUNICATIONS AND MEDIA SECTOR FUND, ROYAL GLOBAL CONSUMER  
TRENDS SECTOR FUND, ROYAL GLOBAL FINANCIAL SERVICES SECTOR FUND,  
ROYAL GLOBAL HEALTH SCIENCES SECTOR FUND, ROYAL GLOBAL  
INDUSTRIALS SECTOR FUND, ROYAL GLOBAL RESOURCES SECTOR FUND AND  
ROYAL GLOBAL TECHNOLOGY SECTOR FUND

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 and Labrador (the "Jurisdictions") has received an application (the "Application") from RBC Funds Inc. (the "Manager"), Royal Canadian T-Bill Fund, Royal

Canadian Money Market Fund, Royal Premium Money Market Fund, Royal \$U.S. Money Market Fund, Royal Canadian Short-Term Income Fund, Royal Bond Fund, Royal Canadian Bond Index Fund, Royal Monthly Income Fund, Royal Global Bond Fund, Royal Balanced Fund, Royal Tax Managed Return Fund, Royal Balanced Growth Fund, Royal Global Balanced Fund, Royal Select Conservative Portfolio, Royal Select Balanced Portfolio, Royal Select Growth Portfolio, Royal Select Choices Conservative Portfolio, Royal Select Choices Balanced Portfolio, Royal Select Choices Growth Portfolio, Royal Select Choices Aggressive Growth Portfolio, Royal Dividend Fund, Royal Canadian Value Fund, Royal Canadian Equity Fund, Royal Canadian Index Fund, O'Shaughnessy Canadian Equity Fund, Royal Canadian Growth Fund, Royal Energy Fund, Royal Precious Metals Fund, Royal U.S. Equity Fund, Royal U.S. Index Fund, Royal U.S. RSP Index Fund, O'Shaughnessy U.S. Value Fund, Royal U.S. Mid-Cap Equity Fund, O'Shaughnessy U.S. Growth Fund, Royal Life Science and Technology Fund, Royal International Equity Fund, Royal International RSP Index Fund, Royal European Equity Fund, Royal Asian Equity Fund, Royal Global Education Fund, Royal Global Titans Fund, Royal Global Communications and Media Sector Fund, Royal Global Consumer Trends Sector Fund, Royal Global Financial Services Sector Fund, Royal Global Health Sciences Sector Fund, Royal Global Industrials Sector Fund, Royal Global Resources Sector Fund and Royal Global Technology Sector Fund (collectively, the "Funds") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") for relief from the requirement to deliver an annual report, where applicable, and comparative annual financial statements of the Funds to certain securityholders of the Funds unless they have requested to receive them;

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

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Qu<sub>鬚</sub>ntic Commission Notice 14-101;

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

- (a) The Funds are open-ended mutual fund trusts established under the laws of Ontario.
- (b) The Royal Trust Company ("Royal Trust") is the trustee of the Funds.
- (c) RBC Global Investment Management Inc. ("RBC GIM") is the portfolio adviser of the Funds and is registered as an adviser, or in an equivalent category, in each of the Jurisdictions.
- (d) Royal Mutual Funds Inc. ("RMFI") is the principal distributor of the Funds and is registered as a mutual fund dealer, or in an equivalent category, in each of the Jurisdictions.
- (e) Royal Trust, RBC GIM and RMFI are affiliates of the Manager.

(f) The Funds are reporting issuers in each of the Jurisdictions and are not in default of any requirement of the Legislation.

(g) Series A Units of the Funds and Series F Units of certain of the Funds are presently offered for sale on a continuous basis in each of the provinces and territories of Canada pursuant to a simplified prospectus dated July 16, 2002, as amended.

(h) Each of the Funds is required to deliver annually, within 140 days of its financial year-end, to each holder of its securities ("Securityholders"), an annual report, where applicable and comparative annual financial statements in the prescribed form pursuant to Legislation. .

(i) The Manager proposes to send to Securityholders who hold securities of the Funds in client name where RMFI is the dealer (the "Direct Securityholders"), a notice, on or about January 15, 2003, advising them that they will not receive the annual report, where applicable and annual financial statements of the Funds for the year ended December 31, 2002, unless they request same, and providing them with a request form to send back, by fax or prepaid mail, if they wish to receive the annual report, where applicable and annual financial statements. The notice will advise the Direct Security holders that the annual report and annual financial statements of the Funds may be found on the website referred to in clause (k) and downloaded. The Manager would send such annual report and annual financial statements to any Direct Securityholders who requests them in response to such notice or who subsequently requests them by request on a toll-free number or at a branch of the Royal Bank of Canada.

(j) Securityholders who hold their securities in the Funds through a nominee will be dealt with pursuant to National Instrument 54-101. Securityholders who hold their securities in the Funds in client name where RMFI is not the dealer will be sent the annual report and annual financial statements of the Funds for the year ended December 31, 2002, in accordance with the Legislation.

(k) Securityholders will be able to access the annual report and annual financial statements of the Funds either on the SEDAR website or on the Funds' website: [www.royalbank.com](http://www.royalbank.com). As disclosed in the simplified prospectuses of the Funds, the top ten holdings will also be accessible via a toll-free phone line and the Royal Bank website, which are updated monthly.

(l) There would be substantial cost savings if the Funds are not required to print and mail the annual report, where applicable and annual financial statements to those Direct Securityholders who do not want them.

(m) The Canadian Securities Administrators have published for comment proposed National Instrument 81-106 which, among other things, would permit mutual funds not to deliver annual financial statements to those of its

securityholders who do not request them, if the funds provide each securityholder with a request form under which the securityholder may request, at no cost to the securityholder, to receive the mutual fund's annual financial statements for that financial year.

(n) Proposed National Instrument 81-106 would also require a mutual fund to have a toll-free telephone number for, or accept collect calls from, persons or companies that want to receive a copy of, among other things, the annual financial statements of the mutual 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 the Jurisdiction to make the Decision has been met;

AND WHEREAS the Decision Makers are satisfied that making the Decision will not adversely affect the rule-making process with respect to proposed National Instrument 81-106 and is consistent with National Instrument 54-101;

THE DECISION of the Decision Makers pursuant to the Legislation is that the Funds shall not be required to deliver their annual report, where applicable and comparative annual financial statements for the year ended December 31, 2002 to their Direct Securityholders other than those Direct Securityholders who have requested to receive them provided that:

- (a) The Manager shall file on SEDAR, under the annual financial statements category, confirmation of mailing of the request forms that have been sent to the Direct Securityholders as described in paragraphs (i) above within 90 days of mailing the request forms;
- (b) The Manager shall file on SEDAR, under the annual financial statements category, information regarding the number and percentage of requests for the annual report and annual financial statements made by the return of the request forms on a province-by-province basis within 30 days after the end of each quarterly period beginning from the time of mailing the request forms and ending 12 months from the time of mailing;
- (c) The Manager shall record the number and a summary of complaints received from Direct Securityholders about not receiving the annual report and annual financial statements and shall file on SEDAR, under the annual financial statements category, this information within 30 days after the end of each quarterly period beginning from the time of mailing the request forms and ending 12 months from the time of mailing;

(d) The Manager shall, if possible, measure the number of "hits" on the annual report and annual financial statements of the Funds on the Funds' website: [www.royalbank.com](http://www.royalbank.com) and shall file on SEDAR, under the annual financial statements category, this information within 30 days after the end of each quarterly period beginning from the time of mailing the request forms and ending 12 months from the time of mailing; and

(e) The Manager shall file on SEDAR, under the annual financial statements category, estimates of the cost savings resulting from the granting of this Decision within 90 days of mailing the request forms.

January 22, 2003.

"Howard I. Wetston"

"Robert L. Shirriff"