

**THE MANITOBA SECURITIES COMMISSION**  
**MSC RULE 2003-11**  
(Section 149.1, *The Securities Act*)

**NATIONAL INSTRUMENT 81-101**  
**MUTUAL FUND PROSPECTUS DISCLOSURE,**  
**FORM 81-101F1 CONTENTS OF SIMPLIFIED PROSPECTUS**  
**AND FORM 81-101F2 CONTENTS OF ANNUAL INFORMATION FORM**  
**AMENDMENT INSTRUMENT**

1. National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.

2. Form 81-101F1 Contents of Simplified Prospectus is amended

(a) by adding the following after subsection (4) of Item 5 of Part A:

“(4.1) If a mutual fund holds, in accordance with section 2.5 of National Instrument 81-102 Mutual Funds, securities of another mutual fund that is managed by the same manager or an affiliate or associate of the manager, disclose

(a) that the securities of the other mutual fund held by the mutual fund will not be voted; and

(b) if applicable, that the manager may arrange for the securities of the other mutual fund to be voted by the beneficial holders of the securities of the mutual fund.”;

(b) by adding the following after subsection (1) of section 8.1 of Item 8 of Part A:

“(1.1) If the mutual fund holds securities of other mutual funds, disclose that with respect to securities of another mutual fund

(a) there are fees and expenses payable by the other mutual fund in addition to the fees and expenses payable by the mutual fund;

(b) no management fees or incentive fees are payable by the mutual fund that, to a reasonable person, would duplicate a fee payable by the other mutual fund for the same service;

(c) no sales fees or redemption fees are payable by the mutual fund in relation to its purchases or redemptions of the securities of the other mutual fund if the other mutual fund is managed by the manager or an affiliate or associate of the manager of the mutual fund; and

(d) no sales fees or redemption fees are payable by the mutual fund in relation to its purchases or redemptions of securities of the other mutual fund that, to a

reasonable person, would duplicate a fee payable by an investor in the mutual fund.”;

(c) by adding the following after subsection (4) of Item 4 of Part B:

“(4.1) If a mutual fund holds in accordance with section 2.5 of National Instrument 81-102 Mutual Funds securities of another mutual fund that is managed by the same manager or an affiliate or associate of the manager, disclose that

(a) the securities of the other mutual fund held by the mutual fund shall not be voted; and

(b) if applicable, that the manager may arrange for the securities of the other mutual fund to be voted by the beneficial holders of the securities of the mutual fund.”;

(d) in Item 6 of Part B

(i) by repealing paragraphs (5) (c) and (d);

(ii) by repealing subsection (1) of the instructions and substituting the following:

“(1) State the type or types of securities, such as money market instruments, bonds, equity securities or securities of another mutual fund, in which the mutual fund will primarily invest under normal market conditions.” ;

(e) in Item 7 of Part B

(i) by adding the following after subsection (1)(b) :

“(c) if the mutual fund may hold other mutual funds,

(i) whether the mutual fund intends to purchase securities of, or enter into specified derivative transactions for which the underlying interest is based on the securities of, other mutual funds;

(ii) whether or not the other mutual funds may be managed by the manager or an affiliate or associate of the manager of the mutual fund;

(iii) what percentage of net assets of the mutual fund is dedicated to the investment in the securities of, or the entering into of specified derivative transactions for which the underlying interest is based on the securities of, other mutual funds; and

(iv) the process or criteria used to select the other mutual funds.”; and

(ii) by adding the following after subsection (8):

“(9) For an index mutual fund,

(a) for the 12 month period immediately preceding the date of the simplified prospectus,

(i) indicate whether one or more securities represented more than 10 percent of the permitted index or permitted indices;

(ii) identify that security or those securities; and

(iii) disclose the maximum percentage of the permitted index or permitted indices that the security or securities represented in the 12 month period,” and

(b) disclose the maximum percentage of the permitted index or permitted indices that the security or securities referred to in paragraph (a) represented at the most recent date for which that information is available.”;

(f) in Item 8 of Part B

(i) by designating the existing paragraph as subsection “(1)”; and

(ii) by adding the following subsections:

“(2) If a mutual fund holds substantially all of its assets directly or indirectly (through the use of specified derivatives) in securities of another mutual fund,

(a) list only the ten largest holdings of the other mutual fund by percentage of net assets of the other mutual fund, as disclosed as at a date within 30 days of the date of the simplified prospectus of the mutual fund;

(b) provide a statement to the effect that the information contained in the list may change due to the ongoing portfolio transactions of the other mutual fund; and

(c) state how more current information may be obtained by investors, if available.

(3) If the mutual fund holds securities of other mutual funds, a statement must be made to the effect that the simplified prospectus and other information about the other mutual funds are available on the internet at [www.sedar.com](http://www.sedar.com).”;

(g) by adding the following after subsection (1) of Item 9 of Part B:

“(1.1) If more than 10% of the securities of a mutual fund are held by a securityholder, including another mutual fund, the mutual fund must disclose

(a) the percentage of securities held by the securityholder as at a date within 30 days of the date of the simplified prospectus of the mutual fund, and

(b) the risks associated with a possible redemption requested by the securityholder.

(1.2) If the mutual fund may hold securities of a foreign mutual fund in accordance with subsection 2.5(3)(b) of National Instrument 81-102 Mutual Funds, disclose the risks associated with that investment.”; and

(h) by adding the following after subsection (8) of section 13.1 of Item 13 of Part B:

“(9) If the mutual fund is the result of the reorganization with, or the acquisition of assets from, one or more mutual funds, include in the table only the financial information of the continuing mutual fund.”.

3. Form 81-101F2 Contents of Annual Information Form is amended by adding the following after subsection (5) of Item 12:

“(6) If the mutual fund held securities of other mutual funds during the year, provide details on how the manager of the mutual fund exercised its discretion with regard to the voting rights attached to the securities of the other mutual funds when the securityholders of the other mutual funds were called upon to vote.”.

4. This Instrument comes into force on December 31, 2003.