

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

AND

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

AND

IN THE MATTER OF  
COUNSEL GROUP OF FUNDS INC.  
COUNSEL FOCUS RSP PORTFOLIO  
COUNSEL WORLD EQUITY RSP PORTFOLIO  
COUNSEL SELECT SECTOR PORTFOLIO  
COUNSEL SELECT SECTOR RSP PORTFOLIO

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application" from Counsel Group of Funds Inc., ("Counsel") in its own capacity and on behalf of Counsel Focus RSP Portfolio, Counsel World Equity RSP Portfolio and Counsel Select Sector RSP Portfolio (collectively, the "RSP Funds") and on behalf of Counsel Select Sector Portfolio for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, the requirements or prohibitions under the Legislation (the "Applicable Requirements") described in paragraphs (a) and (b) below shall not apply to investments by the RSP Funds directly in securities of the Reference Fund(s) (as defined below) (collectively, the Direct Investments), and to investments by Counsel Select Sector Portfolio directly in securities of AIM Global Technology Fund, AIM Global Health Sciences Fund, C.I. Global Telecommunications Sector Shares and CI Global Financial Services Sector Shares (the "Select Sector Investments"):

(a) the provisions requiring the management company of a mutual fund 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;

(b) the provisions 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.

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 throughout this Decision Document the term "Reference Fund(s)" shall mean:

- Counsel Focus Portfolio when used in connection with Counsel Focus RSP Portfolio
- Mawer World Investment Fund and Counsel Focus Portfolio when used in connection with Counsel World Equity RSP Portfolio; and
- C.I. Global Telecommunications Sector Shares, C.I. Global Financial Services Sector Shares, AIM Global Technology Fund and AIM Global Health Sciences Fund when used in connection with Counsel Select Sector RSP Portfolio.

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

The RSP Funds and the Direct Investments

1. The RSP Funds and Counsel Select Sector Portfolio will be open-ended mutual fund trusts, and Counsel Focus Portfolio (the "Related Reference Fund") is an open-ended mutual fund trust, established under the laws of the Province of Ontario. Counsel is, or will be, the manager and promoter of the RSP Funds and the Related Reference Fund. Counsel is a corporation established under the laws of the Province of Ontario.
2. The Trust Company of the Bank of Montreal is, or will be, the trustee of the RSP Funds and the Related Reference Fund.
3. The RSP Funds and Counsel Select Sector Portfolio will be reporting issuers, and the Related Reference Fund is a reporting issuer, in every jurisdiction in Canada (except Québec), and they are not in default of any requirements of the act or rules applicable in every such jurisdiction.
4. The units of the Related Reference Fund are currently qualified for distribution pursuant to a simplified prospectus and annual information form dated February 15, 2000, and the units of the RSP Funds and Counsel Select Sector Portfolio will be qualified under a (final) simplified prospectus and annual information form that will be filed shortly in all of the provinces (except Québec) and territories of Canada (the "Prospectus Jurisdictions") under SEDAR project number 276346.
5. AIM Global Technology Fund and AIM Global Health Sciences Fund (the "AIM Reference Funds") are mutual fund trusts created under the laws of Ontario by declarations of trust dated November 27, 1996 and October 16, 1992, respectively. AIM Funds Management Inc. (MAIM) is the manager and trustee of the AIM Reference Funds.
6. The AIM Reference Funds are reporting issuers in every jurisdiction in Canada and they are not in default of any requirements of the act or rules applicable in any such jurisdiction. The

securities of the AIM Reference Funds are currently qualified for distribution pursuant to a simplified prospectus and annual information form dated August 25, 1999.

7. C.I. Global Telecommunications Sector Shares and C.I. Global Financial Services Sector Shares (the "C.I. Reference Funds") are classes of special shares of C.I. Sector Fund Limited, a mutual fund corporation incorporated on July 8, 1987 pursuant to the laws of Ontario. The C.I. Reference Funds were issued on July 23, 1996 and are managed by C.I. Mutual Funds Inc. ("C.I.").

8. The C.I. Reference Funds are reporting issuers in every jurisdiction in Canada and they are not in default of any requirements of the act or rules applicable in any such jurisdiction. The securities of the C.I. Reference Funds are currently qualified for distribution pursuant to a simplified prospectus and annual information form dated August 5, 1999.

9. The prospectuses of the RSP Funds contain and will contain disclosure with respect to the investment objective, investment strategies, investment practices and restrictions of the RSP Funds.

10. To achieve their investment objectives, the RSP Funds will invest their assets in securities such that their units will be "qualified investments" for registered retirement savings plans, registered retirement income funds and deferred profit sharing plans ("Registered Plans") and will not constitute foreign property in a Registered Plan.

11. The Counsel Focus RSP Portfolio will, through direct investments and through investment in forward contracts or other specified derivatives with one or more financial institutions or dealers (the "Counterparties"), acquire exposure to units of its Reference Fund.

12. Each of the Counsel World Equity RSP Portfolio and Counsel Select Sector RSP Portfolio will, through direct investments and through investment in forward contracts or other specified derivatives with one or more Counterparties, acquire exposure to units of its Reference Funds according to the target percentages (the "Target Percentages") set forth in the Prospectus.

13. The aggregate amount of each RSP Fund's direct investments in securities of its Reference Fund(s) will not at any time exceed the maximum limit permitted under the *(Income Tax Act (Canada))* (the "Tax Act") from time to time (the "Permitted Limit"). Counsel and the RSP Funds will comply with the Conditions of this Decision in respect of such investments. The investment by the RSP Funds in the Reference Funds will be adjusted from time to time so that, except for transitional cash, the aggregate of derivative exposure to, and direct investments in, the Reference Funds will equal 100 percent of the assets of the RSP Funds.

14. The investment objectives of the Reference Funds are and will be described in the prospectuses of the RSP Funds and are and will be achieved through investment primarily in foreign securities. If available, the investment strategies of the Reference Funds, as set forth in the most recently filed prospectus of such Reference Funds at such time, will be disclosed in the prospectuses of the RSP Funds. The risk factors of the Reference Funds are and will also be described in those prospectuses.

15. A Counterparty is expected (but is not obligated) to hedge its obligations under the forward contracts by investing an amount equal to its exposure to the net assets of the RSP Funds in securities of the relevant Reference Funds ("Hedge Units").

16. Counsel will ensure that there is no duplication of management fees as between the RSP Funds and the Reference Funds. This will be achieved by Counsel (i) waiving all or a portion of the management fee which it would otherwise earn at the RSP Funds level with respect to such RSP Funds' direct investment in, and any Counterparties' holdings as a hedge of, securities of the Reference Fund managed by Counsel and/or (ii) ensuring that the amounts payable by or to the Funds under the forward are adjusted to eliminate the duplication of management fees.

17. Where investments are made in units of a Reference Fund other than the Related Reference Fund, the Reference Fund's manager has agreed to pay to the RSP Fund a management fee rebate distribution on such units. This management fee rebate distribution is being made so that, when added to the management fee charged directly to the RSP Fund, the total effective management fee charged indirectly to an investor in the RSP Fund will not exceed an annual fee of 2.50% (the stated management fee of the RSP Fund).

18. The Reference Funds of the RSP Funds other than Counsel Focus RSP Portfolio are not currently invested in other mutual funds. The RSP Funds will not invest in any mutual fund whose investment objective includes investing in other mutual funds.

#### Counsel Select Sector Portfolio and the Select Sector Investments

19. The Prospectus discloses that Counsel Select Sector Portfolio seeks long-term growth of capital primarily by investing in four global equity sectors through "fund-on-fund" arrangements with four mutual funds - the two AIM Reference Fund and the two C.I. Reference Funds.

20. The Prospectus discloses that Counsel Select Sector Portfolio will invest 25% (the "Fixed Percentage") of its portfolio assets in each of the AIM Reference Funds and C.I. Reference Funds. The Fixed Percentage may vary by 2.5% up or down due solely to market fluctuations.

21. The Select Sector Investments will be without sales or redemption charges and without duplication of management fees. Counsel pays the investment management fees to AIM and C.I. from its management fee. AIM and C.I. have agreed to arrange for the AIM Reference Funds and the C.I. Reference Funds, respectively, to pay to Counsel Select Sector Portfolio a management fee rebate distribution (calculated and accrued daily and paid monthly) in accordance with their investment management agreements with Counsel. This management fee rebate distribution is being made so that, when added to the management fee charged directly to Counsel Select Sector Portfolio, the total effective management fee indirectly charged to an investor in Counsel Select Sector Portfolio will not exceed an annual fee of 2.50% (the stated management fee of this Portfolio).

22. Counsel will amend the relevant prospectus and provide 60 days' notice to investors or obtain approval of unitholders of Counsel Select Sector Portfolio in the event that it changes its Reference Funds or the Fixed Percentage investment in each of the Reference Funds.

23. The AIM Reference Funds and the C.I. Reference Funds are not currently invested in other mutual funds. Counsel Select Sector Portfolio will not invest in any mutual fund whose investment objective includes investing in other mutual funds.

#### Generally

24. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Instrument 81-102, the Direct Investments and the Select Sector Investments have been structured to comply with the investment restrictions of the Legislation and National Instrument 81-102.

25. In the absence of this Decision, each of the RSP Funds and Counsel Select Sector Portfolio is prohibited from knowingly making and holding an investment the relevant Reference Fund in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder.

26. In the absence of this Decision, the Legislation requires Counsel to file a report on every purchase or sale of securities of the relevant Reference Fund by the RSP Funds or Counsel Select Sector Portfolio.

27. The Direct Investments and the Select Sector Investments are in the best interests of the RSP Funds and the Reference Funds and represent the business Judgment of "responsible persons (as defined in the Legislation), uninfluenced by considerations other than the best interests of the RSP Funds and the Reference Funds.

AND WHEREAS under the System, this MRRS Decision Document evidences the Decision of each Decision Maker;

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 Requirements shall not apply to the RSP Funds, Counsel Select Sector Portfolio or Counsel, as the case may be, in respect of the Direct Investments and Select Sector Investments.

PROVIDED THAT IN RESPECT OF the investment by the RSP Funds in securities of the Reference Funds:

1. the 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 dealing with matters in section 2.5 of National Instrument 81-102.
2. the Decision shall only apply in respect of the Direct Investments made by the RSP Funds in compliance with the following conditions:

a) the RSP Funds and the Related Reference Fund are under common management and the securities of the RSP Funds and the Reference Funds are offered for sale in the jurisdiction of the Decision Maker pursuant to a prospectus which has been filed with and accepted by the Decision Maker;

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

c) the prospectus of each RSP Fund describes the Intent of the RSP Funds to invest subject to the Target Percentages in the Reference Funds;

d) with respect to the RSP Funds other than Counsel Focus RSP Portfolio, the Reference Funds and the Target Percentages may not be changed unless and until the relevant prospectus is amended or a new prospectus is filed, and the securityholders of such RSP Funds have either been given at least 60 days written notice of the change, or the prior approval of the securityholders has been obtained at a meeting of securityholders of such RSP Funds called for that purpose;

e) the investments by each RSP Fund in securities of its Reference Fund(s) are compatible with the fundamental investment objectives of the RSP Fund;

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

g) there are compatible dates for the calculation of the net asset value of the RSP Funds and the Reference 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 Reference Funds in respect of the redemption by the RSP Funds of securities of the Reference Funds owned by the RSP Funds;

i) the arrangements between or in respect of the RSP Funds and the Reference Funds are such as to avoid the duplication of management fees;

j) no fees and charges of any sort are paid by the RSP Funds or by the Reference Funds or by the manager, principal distributor, affiliate or associate of any of the foregoing entities to anyone in respect of the RSP Funds' purchase, holding or redemption of the securities of the Reference Funds other than the management fees as addressed in representations #16 & 17 above;

k) in the event of the provision of any notice to securityholders of the Reference Fund of an RSP Fund, as required by the constating documents of or the laws applicable to such Reference Fund, such notice will also be delivered to the securityholders of the RSP Fund; all voting rights attached to the securities of the

Reference Fund which are owned by the RSP Fund, will be passed through to the securityholders of the RSP Fund;

l) in the event that a meeting is called for the securityholders of a Reference Fund of an RSP Fund, all of the disclosure and notice material prepared in connection with such meeting that are received by the RSP Fund will be provided to the securityholders of the RSP Fund, and such securityholders will be entitled to direct a representative of the RSP Fund to vote the RSP Fund's holding in the Reference Fund in accordance with their direction; the representative of the RSP Fund will not be permitted to vote the RSP Fund's holdings in the Reference Fund except to the extent the securityholders of the RSP Fund so direct;

m) in addition to receiving the annual and, upon request, the semi-annual financial statements, of the RSP Funds, securityholders of each RSP Fund will receive the annual and, upon request, the semi-annual financial statements, of its Reference Fund(s) in either a combined report, containing both financial statements, or in a separate report containing the Reference Fund(s) financial statements;

n) to the extent that the RSP Funds and the Reference Funds do not use a combined simplified prospectus and annual information form containing disclosure about the RSP Funds and their Reference Funds, copies of the simplified prospectus and annual information form of the Reference Funds may be obtained upon request by a securityholder of the RSP Funds.

AND PROVIDED THAT IN RESPECT OF the investment by Counsel Select Sector Portfolio directly in securities of the AIM Reference Funds and C.I. Reference Funds:

1. the 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 dealing with matters in section 2.5 of National Instrument 81-102.

2. the Decision shall only apply in respect of the Select Sector Investments made by Counsel Select Sector Portfolio in compliance with the following conditions:

a) the securities of Counsel Select Sector Portfolio and the AIM Reference Funds and C.I. Reference Funds are offered for sale in the jurisdiction of the Decision Maker pursuant to prospectuses that have been filed with and accepted by the Decision Maker;

b) the Select Sector Investments are compatible with the fundamental investment objective of Counsel Select Sector Portfolio;

c) the prospectus of the Counsel Select Sector Portfolio describes the intent of Counsel Select Sector Portfolio to invest in the AIM Reference Funds and C.I. Reference Funds;

d) Counsel Select Sector Portfolio invests its assets (exclusive of cash and cash equivalents) in each of the AIM Reference Funds and C.I. Reference Funds in the specified Fixed Percentages, which may vary by plus or minus 2.5% (the "Permitted Deviation") to account for market fluctuations and without any action being taken by Counsel Select Sector Portfolio to increase or decrease its investments in each of the AIM Reference Funds and C.I. Reference Funds within the Permitted Deviation;

e) the Fixed Percentages and the AIM Reference Funds and C.I. Reference Funds in which Counsel Select Sector Portfolio may invest may not be changed unless and until Counsel Select Sector Portfolio amends its prospectus to reflect the proposed change or files a renewal prospectus reflecting such change, and its unitholders are given at least 60 days' prior written notice of the proposed change;

f) if at any time the investment of Counsel Select Sector Portfolio in each of the AIM Reference Funds and C.I. Reference Funds exceeds (or declines below) the Permitted Deviation, Counsel will make the necessary changes in such fund's investment portfolio at its next valuation date in order to re-balance its investments in accordance with the Fixed Percentages;

g) no sales charges are payable by Counsel Select Sector Portfolio in relation to its purchases of securities of the AIM Reference Funds and C.I. Reference Funds;

h) there are compatible dates for the calculation of the net asset value of Counsel Select Sector Portfolio and the AIM Reference Funds and C.I. Reference Funds for the purpose of the issue and redemption of the securities of such mutual funds;

i) no redemption fees or other charges are charged by the AIM Reference Funds and C.I. Reference Funds in respect of the redemption by Counsel Select Sector Portfolio of securities of the AIM Reference Funds and C.I. Reference Funds owned by Counsel Select Sector Portfolio:

j) the arrangements between or in respect of Counsel Select Sector Portfolio and the AIM Reference Funds and C.I. Reference Funds are such as to avoid the duplication of management fees;

k) no fees and charges of any sort are paid by Counsel Select Sector Portfolios and the AIM Reference Funds and C.I. Reference Funds, by their respective managers or principal distributors, or by any affiliate or associate of any of the foregoing entities to anyone in respect of Counsel Select Sector Portfolio's purchase, holding or redemption of the securities of the AIM Reference Funds and C.I. Reference Funds;

l) in the event of the provision of any notice to securityholders of an AIM Reference Fund and C.I. Reference Fund, as required by the constating documents of or the laws applicable to such AIM Reference Fund and C.I. Reference Fund,



such notice will also be delivered to the securityholders of the RSP Fund; all voting rights attached to the securities of the AIM Reference Funds and C.I. Reference Funds that are directly owned by Counsel Select Sector Portfolio will be passed through to the security holders of Counsel Select Sector Portfolios;

m) in the event that a meeting is called for the securityholders of an AIM Reference Fund and C.I. Reference Fund, all of the disclosure and notice material prepared in connection with such meeting and received by Counsel Select Sector Portfolio will be provided to its securityholders, and such security holders will be entitled to direct a representative of Counsel Select Sector Portfolio to vote its holdings in the AIM Reference Funds and C.I. Reference Funds in accordance with their direction; the representative of Counsel Select Sector Portfolio will not be permitted to vote its holdings in the AIM Reference Funds and C.I. Reference Funds except to the extent the securityholders of Counsel Select Sector Portfolio so direct;

n) in addition to receiving the annual and, upon request, the semi-annual financial statements, of Counsel Select Sector Portfolio, its security holders will receive the annual and, upon request, the semi-annual financial statements, of the AIM Reference Funds and C.I. Reference Funds in either a combined report containing financial statements of Counsel Select Sector Portfolio and the AIM Reference Funds and C.I. Reference Funds, or in a separate report containing the financial statements of the AIM Reference Funds and C.I. Reference Funds; and

o) to the extent that Counsel Select Sector Portfolio and the AIM Reference Funds and C.I. Reference Funds do not use a combined Simplified prospectus and annual information form containing disclosure about Counsel Select Sector Portfolio and the AIM Reference Funds and C.I. Reference Funds, copies of the simplified prospectus and annual information form of the AIM Reference Funds and C.I. Reference Funds may be obtained upon request by a securityholder of Counsel Select Sector Portfolio.

DATED at Toronto, Ontario this "4<sup>th</sup>" day of "August", 2000.