

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

AND

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

AND

IN THE MATTER OF
DESJARDINS TRUST INC.
DESJARDINS INVESTMENT MANAGEMENT INC.
DESJARDINS SELECT AMERICAN FUND
DESJARDINS SELECT BALANCED FUND
DESJARDINS SELECT CANADIAN FUND
DESJARDINS SELECT GLOBAL 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, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Desjardins Trust Inc. (the "Manager"), the trustee and manager of Desjardins Select American Fund, Desjardins Select Balanced Fund, Desjardins Select Canadian Fund and Desjardins Select Global Fund (collectively the "Top Funds" or "Select Funds") and Desjardins Investment Management Inc. (the "Portfolio Manager"), the portfolio manager for the Select Funds for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following requirements contained in the Legislation (the "Requirements") do not apply to the investments described in this decision:

1. the requirements contained in the Legislation requiring the offeror 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 to refrain from purchasing additional securities of such 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 Select Funds in certain arms-length prospectus qualified mutual funds (the "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 securityholder shall not apply in respect of certain investments to be made by the Select Funds in the 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 shall not apply in respect of certain investments to be made by the Select Funds in the Underlying Funds.

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

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

1. The Select Funds are each an unincorporated mutual fund trust established under the laws of the Province of Quebec by declaration of trust.
2. The Manager is a trust company governed by an Act respecting Trust Companies and Savings Companies (Quebec) and registered under the *Loan and Trust Corporations Act* (Ontario).
3. The Manager acts as the trustee and manager of each of the Select Funds for purposes of National Policy Statement No. 39 ("NP 39"), and engages the Portfolio Manager as portfolio adviser for each of the Select Funds. The Portfolio Manager is registered as an adviser under the *Securities Act* (Quebec) and the *Securities Act* (Ontario).
4. The Select Funds are currently distributed in the Provinces of Quebec and Ontario pursuant to a simplified prospectus dated January 19, 1999 and filed under SEDAR Project No. 141558.
5. The Manager has filed with the Decision Makers in the Jurisdictions, and with the Commission des valeurs mobilières du Québec and the Ontario Securities Commission a preliminary and proforma simplified prospectus (the "Preliminary Prospectus") and a preliminary and proforma annual information form dated August 11, 1999 for the purpose of continuing the distribution of units of the Select Funds in the Provinces of Quebec and Ontario and qualifying the distribution of units of the Select Funds in all of the other Provinces and Territories of Canada.
6. The Select Funds invest in Underlying Funds managed by fund managers (the "Underlying Managers") selected by the Portfolio Manager. The Underlying Funds are prospectus-qualified mutual funds at arms-length with, and whose investment objectives align with the investment objectives of, the Select Funds.
7. The Select Funds have identified fixed percentages of their assets (exclusive of cash and cash equivalents) of between 10% and 30% that may be invested or remain invested in any one of the Underlying Funds, prohibited any investment which exceeds individually a 20% interest in the Underlying Funds, and in fixing

such percentages, the Select Funds have provided that such percentages may vary above and below such fixed percentages by no more than 2.5%. The Preliminary Prospectus identifies both the fixed percentages and the range of variance from such percentages.

8. As disclosed in the Preliminary Prospectus, no sales commissions, inclusive of trailer or service fees, are paid in connection with an investment by a Select Fund in an Underlying Fund. The avoidance of duplication of fees is obtained through the reimbursement by the Manager of the Underlying Fund, in favour of the Select Fund, of management fees together with certain expenses incurred relevant to the management of the Underlying Fund. In this manner the Underlying Funds are not themselves prejudiced, nor is the Select Fund in that there is no duplication of management fees.

9. The rebate mechanism that has been negotiated does not extend to portfolio advisory fees, or to brokerage costs, interests or taxes on the basis that these costs are properly incurred at the level of the Underlying Fund and accrue in that sense to the benefit of the Select Fund as a securityholder of the Underlying Fund. Since the Select Fund does not incur these costs at the Select Fund level there is no duplication in costs as a result. With respect to the portfolio advisory fees, each Select Fund will bear proportional responsibility for the portfolio advisory fees of the Underlying Fund held by it.

10. The purchase and sale of units of an Underlying Fund by a Select Fund represents the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Select Fund.

11. Except to the extent evidenced by this decision and the anticipated specific approvals to be granted by the Decision Makers in the Jurisdictions pursuant to NP 39, the investments by the Select Funds in units of Underlying Funds will comply in all respects with the investment restrictions in the Legislation and in NP 39.

12. In the absence of this decision, as soon as the aggregate holdings by a Select Fund of securities of an Underlying Fund exceeds 10% of the outstanding securities of the Underlying Fund, the Manager and Select Fund would be required to comply with the reporting and other requirements of the Legislation.

13. In the absence of this decision, pursuant to the Legislation, the Select Funds are 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 securityholder; and (b) knowingly holding an investment referred to in subsection (a). As a result, in the absence of this decision, each Select Fund would be required to divest itself of any investments referred to in subsection (a).

14. In the absence of this decision, the Legislation requires the Manager to file a report on certain purchases or sales of securities of the Underlying Funds by the Select 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 Requirements do not apply to the Select Funds or the Manager investing in or redeeming the securities of the Underlying Funds:

PROVIDED IN EACH CASE THAT:

1. The Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the coming into effect in final form of any legislation, or any rule of the Decision Maker, dealing with mutual funds investing in other mutual funds; and

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

a) the investments by each of the Select Funds in the Underlying Fund are compatible with the fundamental investment objective of the Select Fund;

b) each Underlying Fund will be a prospectus-qualified mutual fund offered for sale in the jurisdiction of the Decision Maker;

c) each Select Fund has specified percentages of its assets (exclusive of cash and cash equivalents) that are to be invested or remain invested in specified Underlying Funds and, in specifying such percentages, the Select Fund has provided that such percentages may vary above and below such specified percentages by no more than 2.5%;

d) the prospectus of the Select Fund (the "Prospectus") discloses the identity of the specified Underlying Funds in which the Select Fund may invest from time to time (the "Specified Underlying Funds");

e) the Prospectus discloses the specified percentages in the Specified Underlying Funds and the permitted range within which such specified percentages may vary (○Permitted Percentages○);

f) the Permitted Percentages and the Specified Underlying Funds may not be changed unless the Prospectus is amended or a new prospectus is filed and the unitholders of the Select Funds have been given at least 60 days§ prior written notice of the change and this fact is disclosed in the Prospectus;

g) if at any time the assets of a Select Fund that are invested in an Underlying Fund deviate from the Permitted Percentages, the necessary changes are made in the Select Fund§s investment portfolio as at the next valuation date of the Select Fund in order to bring the Select Fund§s investment portfolio within the Permitted Percentages;

h) there are compatible dates for the calculation of the net asset value of the Select Funds and each of the Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds;

i) no sales charges are payable by the Select Fund in relation to its purchases of securities of the Underlying Funds;

j) no redemption fees or other charges are charged by an Underlying Fund in respect of the redemption by the Select Fund of securities of the Underlying Fund owned by the Select Fund;

k) the arrangements between or in respect of the Select Fund and the Underlying Funds are such as to avoid the duplication of management fees;

l) no fees and charges of any sort are paid by a Select Fund or by the Underlying Fund or by the manager or principal distributor of a Select Fund or the Underlying Fund or by any affiliate or associate of any of the foregoing entities to anyone in respect of a Select Fund§s investment in, or redemption of, the securities of the Underlying Fund;

m) unitholders of the Select Funds will receive the audited annual, and upon request, the semi-annual financial statements of the Select Funds; and will also receive either (i) appropriate summary disclosure in the financial statements of each Select Fund of financial information relating to each of the Underlying Funds in

which it invests, or (ii) the annual and, upon request, the semi-annual financial statements of each applicable Underlying Fund;

n) in the event of the provision of any notice to the securityholders of an Underlying Fund, as required by the constating documents of the Underlying Fund or by the laws applicable to the Underlying Fund, such notice will also be delivered to the unitholders of each Select Fund that then holds securities of the Underlying Fund. All voting rights attached to the securities of the Underlying Funds will be passed through to the unitholders of the Select Fund. In the event that a meeting of the securityholders of the Underlying Fund is convened, all of the disclosure and notice material prepared in connection with such meeting will be provided to the unitholders of the Select Fund and such unitholders will be able to direct the Manager as trustee of the Select Fund, to vote the Select Fund's holdings in the Underlying Fund in accordance with their direction. Where a matter relating to an Underlying Fund requires a vote of securityholders of the Underlying Fund (other than regular business conducted at an annual meeting of an Underlying Fund which is a corporation, i.e., the election of directors and appointment of auditors), the Manager will either hold a meeting of unitholders of each Select Fund which holds securities of the Underlying Fund or will give unitholders of each Select Fund the opportunity to vote by proxy without holding a meeting. The Manager will cause the securities of the Underlying Fund held by such Select Fund to be voted in the same proportions as unitholders of the Select Fund have voted; and

o) copies of the simplified prospectus and the annual and semi-annual financial statements relating to each Underlying Fund may be obtained by a unitholder of the Select Fund upon request and this fact is disclosed in the Prospectus.

DATED at Halifax, Nova Scotia this 29th day of October, 1999.

Robert B. MacLellan Daniel F. Gallivan, Q.C.