

Nova Scotia Securities Commission

**Rule 81-101
Mutual Fund Prospectus Disclosure**

WHEREAS:

1. Pursuant to section 150 of the *Securities Act*, R.S.N.S. 1989, chapter 418, as amended (the "Act"), the Nova Scotia Securities Commission (the "Commission") has power to make rules subject to compliance with the requirements of the Act;
2. National Instrument 81-101, Mutual Fund Prospectus Disclosure and Form 81-101F1 Contents of Simplified Prospectus and Form 81-101F2 Contents of Annual Information Form, copies of which are attached hereto and are hereinafter call the "Rule" and "Forms" respectively, have been adopted as rules by one or more of the Canadian securities regulatory authorities;
3. The Commission is of the opinion that the attainment of the purpose of the Act is advanced by this Instrument.

NOW THEREFORE the Commission hereby

(a) pursuant to the authority contained in section 150 of the Act and subject to compliance with the requirements of section 150A of the Act, approves the Rule and makes the same a rule of the Commission except insofar as the Rule contains coming into force or effective date provisions; and

(b) declares that the rule approved and made pursuant to clause (a) shall take effect on **June 1, 2000** unless the Governor-in-Council disapproves the rule or returns it to the Commission in accordance with subsection 150A(3) of the Act in which event the rule shall not be effective until the rule is approved by the Governor-in-Council.

IN WITNESS WHEREOF this Instrument has been signed by all of the members of the Commission, the last of whom signed the same on the **10th** day of **March**, 2000.

"Robert B. MacLellan"

Robert B. MacLellan

"Kiki Kachafanas"

Kiki Kachanfanis

**NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE**

PART DEFINITIONS, INTERPRETATION AND APPLICATION

Definitions - In this Instrument

"commodity pool" means a mutual fund, other than a precious metals fund, that has adopted fundamental investment objectives that permit it to use

specified derivatives other than as permitted by National Instrument 81-102 Mutual Funds, or

physical commodities other than as permitted by National Instrument 81-102;

"educational material" means material containing general information about one or more of investing in general, mutual funds, portfolio management, capital markets, retirement savings, income or education saving plans and financial planning, if the material does not promote a particular mutual fund or mutual fund family or the products or services offered by a particular mutual fund or mutual fund family;

"financial year" includes the first completed financial period of a mutual fund beginning with the inception of the mutual fund and ending on the date of its first financial year end;

"material contract" means a contract listed in an annual information form in response to Item 16 of Form 81-101F2 Contents of Annual Information Form;

"multiple AIF" means a document containing two or more annual information forms that have been consolidated in accordance with section 5.4;

"multiple SP" means a document containing two or more simplified prospectuses that have been consolidated in accordance with subsection 5.1(1);

"Part A section" means the section of a simplified prospectus that contains the disclosure required by Part A of Form 81-101F1 Contents of Simplified Prospectus;

"Part B section" means the section of a simplified prospectus that contains the disclosure required by Part B of Form 81-101F1;

- 2 -

"plain language" means language that can be understood by a reasonable person, applying a reasonable effort;

"precious metals fund" means a mutual fund that has adopted fundamental investment objectives, and received all required regulatory approvals, that permit it to invest in precious metals or in entities that invest in precious metals and that otherwise complies with National Instrument 81-102;

"single AIF" means an annual information form that has not been consolidated with another annual information form under section 5.4; and

"single SP" means a simplified prospectus that has not been consolidated with another simplified prospectus under subsection 5.1(1).

Interpretation - Terms defined in National Instrument 81-102 or National Instrument 81-105 Mutual Fund Sales Practices and used in this Instrument have the respective meanings ascribed to them in those Instruments.

Application - This Instrument does not apply to mutual funds that are

labour-sponsored venture capital corporations;

commodity pools; or

listed and posted for trading on a stock exchange or quoted on an over-the-counter market.

PART DISCLOSURE DOCUMENTS

Filing of Disclosure Documents - A mutual fund

that files a preliminary prospectus shall file the preliminary prospectus in the form of a preliminary simplified prospectus prepared in accordance with Form 81-101F1, and shall concurrently file a preliminary annual information form prepared and certified in accordance with Form 81-101F2;

that files a *pro forma* prospectus shall file the *pro forma* prospectus in the form of a *pro forma* simplified prospectus prepared in accordance with Form 81-101F1, and shall concurrently file a *pro forma* annual information form prepared in accordance with Form 81-101F2;

- 3 -

that files a prospectus shall file the prospectus in the form of a simplified prospectus prepared in accordance with Form 81-101F1, and shall concurrently file an annual information form prepared and certified in accordance with Form 81-101F2; and

that files an amendment to a prospectus

shall file an amendment to a simplified prospectus and shall concurrently file an amendment to the related annual information form, or

in circumstances in which changes are made only to an annual information form, shall file an amendment to the annual information form.

Amendments to Disclosure Documents

An amendment to a simplified prospectus or to an annual information form may consist of either

an amendment that does not fully restate the text of the simplified prospectus or annual information form; or

an amended and restated simplified prospectus or annual information form.

Despite subsection (1), an amendment to the Part B section that is separately bound from the Part A section of a simplified prospectus shall be effected only by way of an amended and restated Part B section.

An amendment to a simplified prospectus or to an annual information form shall be identified and dated as follows:

1. For an amendment that does not restate the text of a simplified prospectus or annual information form:

"Amendment No. [insert amendment number] dated [insert date of amendment] to [identify document] dated [insert date of document being amended]."

2. For an amended and restated simplified prospectus, other than an amendment to which subsection (2) applies, or annual information form:

"Amended and Restated [identify document] dated [insert date of amendment], amending and restating [identify document] dated [insert date of document

- 4 -

being amended]."

Supporting Documents

A mutual fund shall

file with a preliminary simplified prospectus and a preliminary annual information form any other supporting documents required to be filed under securities legislation; and

at the time a preliminary simplified prospectus and preliminary annual information form are filed, deliver or send to the securities regulatory authority

a copy of all material contracts made by, and drafts of all material contracts intended to be made by, the mutual fund,

for

a new mutual fund, a copy of a draft opening balance sheet of the mutual fund, and

an existing mutual fund, a copy of the latest audited financial statements of the mutual fund, and

any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.

A mutual fund shall

file with a *pro forma* simplified prospectus and a *pro forma* annual information form

a copy of any material contract made by the mutual fund, and a copy of any amendment to a material contract made by the mutual fund, not previously filed, and

any other supporting documents required to be filed under securities legislation; and

at the time a *pro forma* simplified prospectus and *pro forma* annual information form are filed, deliver or send to the securities regulatory authority

a copy of the *pro forma* simplified prospectus, blacklined to

- 5 -

show changes and the text of deletions from the latest simplified prospectus previously filed,

a copy of the *pro forma* annual information form, blacklined to show changes and the text of deletions from the latest annual information form previously filed,

a copy of a draft of each material contract of the mutual fund, and a copy of each draft amendment to a material contract of the mutual fund, in either case not yet executed but proposed to be executed by the time of filing of the simplified prospectus, and

any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.

A mutual fund shall

file with a simplified prospectus and an annual information form

a copy of any material contract, and a copy of any amendment to a material contract, made by the mutual fund and not previously filed,

for a new mutual fund, a copy of the audited balance sheet of the mutual fund, and

any other supporting documents required to be filed under securities legislation; and

at the time a simplified prospectus is filed, deliver or send to the securities regulatory authority

a copy of the simplified prospectus, blacklined to show changes and the text of deletions from the preliminary or *pro forma* simplified prospectus,

a copy of the annual information form, blacklined to show changes and the text of deletions from the preliminary or *pro forma* annual information form, and

any other supporting document required to be delivered or sent to the securities regulatory authority under securities legislation.

A mutual fund shall

- 6 -

file with an amendment to a simplified prospectus and an amendment to the annual information form

a copy of any material contract made by the mutual fund, and a copy of any amendment to a material contract made by the mutual fund, not previously filed, and

any other supporting documents required to be filed under securities legislation; and

at the time an amendment to a simplified prospectus is filed, deliver or send to the securities regulatory authority

if the amendment to the simplified prospectus is in the form of an amended and restated simplified prospectus, a copy of that document blacklined to show changes and the text of deletions from the simplified prospectus,

if the amendment to the annual information form is in the form of an amended and restated annual information form, a copy of the amended annual information form, blacklined to show changes and the text of deletions from the annual information form, and

any other supporting document required to be delivered or sent to the securities regulatory authority under securities legislation.

A mutual fund shall

file with an amendment to an annual information form in circumstances in which the corresponding simplified prospectus is not amended

a copy of any material contract made by the mutual fund, and a copy of any amendment to a material contract made by the mutual fund, not previously filed, and

any other supporting documents required to be filed under securities legislation; and

at the time an amendment to an annual information form is filed, if the amendment is in the form of an amended and restated annual information form, deliver or send to the securities regulatory authority

a copy of the amended and restated annual information form blacklined to show changes and the text of deletions from the annual information form, and

- 7 -

any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.

Simplified Prospectus - A simplified prospectus is a prospectus for the purposes of securities legislation.

PART DOCUMENTS INCORPORATED BY REFERENCE AND DELIVERY TO SECURITYHOLDERS

Documents Incorporated by Reference - The following documents shall, by means of a statement to that effect, be incorporated by reference into, and shall form part of, a simplified prospectus:

1.The annual information form that is filed concurrently with the simplified prospectus.

2.The most recently filed comparative annual financial statements of the mutual fund, together with the accompanying report of the auditor, filed either before or after the date of the simplified prospectus.

3.The most recently filed interim financial statements of the mutual fund that were filed before or after the date of the simplified prospectus and that pertain to a period after the period to which the annual financial statements then incorporated by reference in the simplified prospectus pertain.

Delivery of Preliminary Simplified Prospectus and Simplified Prospectus

The requirement under securities legislation to deliver or send a preliminary prospectus of a mutual fund to a person or company is satisfied by delivering or sending a preliminary simplified prospectus for the mutual fund filed under this Instrument, prepared in accordance with Form 81-101F1, either with or without the documents incorporated by reference.

The requirement under securities legislation to deliver or send a prospectus of a mutual fund to a person or company is satisfied by delivering or sending a simplified prospectus for the mutual fund filed under this Instrument, prepared in accordance with Form 81-101F1, either with or without the documents incorporated by reference.

Documents to be Delivered or Sent upon Request

- 8 -

A mutual fund shall deliver or send to any person or company that requests the simplified prospectus of the mutual fund or any of the documents incorporated by reference into the simplified prospectus, a copy of the simplified prospectus or requested document.

A mutual fund shall deliver or send, to any person or company that requests the annual information form of the mutual fund, the current simplified prospectus of the mutual fund with the annual information form, unless the mutual fund has previously delivered or sent that simplified prospectus to that person or company.

A mutual fund shall deliver or send all documents requested under this section within three business days of receipt of the request and free of charge.

Toll-Free Telephone Number or Collect Telephone Calls - A mutual fund shall have a toll-free telephone number for, or accept collect telephone calls from, persons or companies that want to receive a copy of the simplified prospectus of the mutual fund and any or all documents incorporated by reference into the simplified prospectus.

Soliciting Expressions of Interest Prohibited - Neither a multiple SP that includes both a *pro forma* simplified prospectus and a preliminary simplified prospectus nor a multiple AIF that includes both a *pro forma* annual information form and a preliminary annual information form shall be used to solicit expressions of interest.

PART PLAIN LANGUAGE AND PRESENTATION

Plain Language and Presentation

A simplified prospectus and annual information form shall be prepared using plain language and in a format that assists in readability and comprehension.

A simplified prospectus

shall present all information briefly and concisely;

shall present the items listed in the Part A section of Form 81-101F1 and the items listed in the Part B section of Form 81-101F1 in the order stipulated in those parts;

- 9 -

may, unless the Part B section is being bound separately from the Part A section as permitted by subsection 5.3(1), place the Part B section of the simplified prospectus in any location in the simplified prospectus;

shall use the headings and sub-headings stipulated in Form 81-101F1, and may use sub-headings in items for which no sub-headings are stipulated;

shall contain only educational material or the information that is specifically mandated or permitted by Form 81-101F1; and

shall not incorporate by reference into the simplified prospectus, from any other document, information that is required to be included in a simplified prospectus.

Preparation in the Required Form - Despite provisions in securities legislation relating to the presentation of the content of a prospectus, the simplified prospectus and annual information form shall be prepared in accordance with this Instrument.

PART PACKAGING

Combinations of Documents

A simplified prospectus shall not be consolidated with one or more other simplified prospectuses to form a multiple SP unless the Part A sections of each simplified prospectus are substantially similar.

A multiple SP shall be prepared in accordance with the applicable requirements of Form 81-101F1.

A simplified prospectus or a multiple SP may only be attached to, or bound with, one or more of the following documents:

1. Documents incorporated by reference.
2. Educational material.
3. Account application documents.
4. Registered tax plan applications and documents.
5. Any point of sale disclosure documents required by

- 10 -

securities legislation.

Order of Contents of Bound Documents

If the material or documents referred to in paragraphs 1 to 5 of subsection 5.1(3) are attached to, or bound with, a single SP or multiple SP

the single SP or multiple SP shall be the first document contained in the package; and

no pages shall come before the single SP or multiple SP in the package other than, at the option of the mutual fund, a general front cover and a table of contents pertaining to the entire package.

The general front cover referred to in paragraph 1(b) may contain only the names of the mutual funds to which the package relates, trademark or tradenames identifying those mutual funds or other members of the organization of those mutual funds, and artwork.

Separate Binding of Part B Sections of a Multiple SP

The Part B sections of a multiple SP may be bound separately from the Part A section of that document.

If a Part B section of a multiple SP is bound separately from the Part A section of the multiple SP

all of the Part B sections of the multiple SP shall be bound separately from the Part A section; and

all or some of the Part B sections may be bound together with each other or separately.

Annual Information Forms

An annual information form shall be consolidated with one or more other annual information forms into a multiple AIF if the related simplified prospectuses are consolidated into a multiple SP.

A multiple AIF shall be prepared in accordance with the applicable requirements of Form 81-101F2.

- 11 -

PART EXEMPTION

Grant of Exemption

The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

Despite subsection (1), in Ontario only the regulator may grant such an exemption.

Evidence of Exemption by Securities Regulatory Authority - Without limiting the manner in which an exemption under section 6.1 may be evidenced, the issuance by the regulator of a receipt for a simplified prospectus and annual information form, or an amendment to a simplified prospectus and annual information form, is evidence of the granting of the exemption from any form or content requirements relating to a simplified prospectus or annual information form if

the person or company that sought the exemption sent to the regulator, with the *pro forma* or preliminary simplified prospectus and annual information form, or at least 10 days before the issuance of the receipt in the case of an amendment, a letter or memorandum describing the matters relating to the exemption and indicating why consideration should be given to the granting of the exemption; and

the regulator has not sent written notice to the contrary to the person or company that sought the exemption before, or concurrent with, the issuance of the receipt.

PART TRANSITIONAL

Effective Date - This Instrument comes into force on February 1, 2000.

Prospectus Disclosure - The simplified prospectus of a mutual fund for which a preliminary or *pro forma* simplified prospectus is filed, or for which a receipt is obtained, before the date that this Instrument comes into force is not required to comply with this Instrument if the simplified prospectus complies with National Policy Statement No. 36 as if that policy statement or a rule based on that policy statement were in force in the local jurisdiction.

- 12 -

Blacklined Copies - Despite Part 2, a mutual fund need not file a blacklined copy of a document prepared under this Instrument that compares the document with a document prepared under National Policy Statement No. 36.

**NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE
TABLE OF CONTENTS**

<u>PART</u>	<u>TITLE</u>	<u>PAGE</u>
PART 1	DEFINITIONS, INTERPRETATION AND APPLICATION	
		1
1.1	Definitions	1
1.2	Interpretation	2
1.3	Application	2
PART 2	DISCLOSURE DOCUMENTS	2
2.1	Filing of Disclosure Documents	2
2.2	Amendments to Disclosure Documents	3
2.3	Supporting Documents	4
2.4	Simplified Prospectus	8
PART 3	DOCUMENTS INCORPORATED BY REFERENCE AND DELIVERY TO SECURITYHOLDERS	8
3.1	Documents Incorporated by Reference	8
3.2	Delivery of Preliminary Simplified Prospectus and Simplified Prospectus	8
3.3	Documents to be Delivered or Sent upon Request	9
3.4	Toll-Free Telephone Number or Collect Telephone Calls	9
3.5	Soliciting Expressions of Interest Prohibited	9
PART 4	PLAIN LANGUAGE AND PRESENTATION	10
4.1	Plain Language and Presentation	10
4.2	Preparation in the Required Form	10
PART 5	PACKAGING	11
5.1	Combinations of Documents	11
5.2	Order of Contents of Bound Documents	11
5.3	Separate Binding of Part B Sections of a Multiple SP	12
5.4	Annual Information Forms	12
PART 6	EXEMPTION	12
6.1	Grant of Exemption	12
6.2	Evidence of Exemption by Securities Regulatory Authority	13
PART 7	TRANSITIONAL	13

7.1Effective Date	13
7.2Prospectus Disclosure	13
7.3Blacklined Copies	13

**NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE
FORM 81-101F1
CONTENTS OF SIMPLIFIED PROSPECTUS**

GENERAL INSTRUCTIONS:

General

This Form describes the disclosure required in a simplified prospectus of a mutual fund. Each Item of this Form outlines disclosure requirements. Instructions to help you provide this disclosure are printed in italic type.

Terms defined in National Instrument 81-101 Mutual Fund Prospectus Disclosure, National Instrument 81-102 Mutual Funds or National Instrument 81-105 Mutual Fund Sales Practices and used in this Form have the meanings that they have in those national instruments.

A simplified prospectus shall state the required information concisely and in plain language. Reference should be made to Part 3 of Companion Policy 81-101CP for a discussion concerning plain language and presentation.

Respond as simply and directly as is reasonably possible and include only as much information as is necessary for an understanding of the fundamental and particular characteristics of the mutual fund. Brevity is especially important in describing practices or aspects of a mutual fund's operations that do not differ materially from those of other mutual funds.

National Instrument 81-101 requires the simplified prospectus to be presented in a format that assists in readability and comprehension. This Form does not mandate the use of a specific format to achieve these goals. However, mutual funds are encouraged to use, as appropriate, tables, captions, bullet points or other organizational techniques that assist in presenting the required disclosure clearly and concisely.

Each Item shall be presented under the heading or sub-heading stipulated in this Form; references to the relevant Item number are optional. If no sub-heading for an Item is stipulated in this Form, a mutual fund may include sub-headings, under the required headings, at its option.

A simplified prospectus may contain photographs and artwork only if they are

- 2 -

relevant to the business of the mutual fund, mutual fund family or members of the organization of the mutual fund and are not misleading.

Any footnotes to tables provided for under any Item in this Form may be deleted if the substance of the footnotes is otherwise provided.

Contents of a Simplified Prospectus

A simplified prospectus shall pertain to one mutual fund, and shall consist of two sections, a Part A section and a Part B section.

The Part A section of a simplified prospectus contains the response to the Items in Part A of this Form and contains introductory information about the mutual fund, general information about mutual funds and information applicable to the mutual funds managed by the mutual fund organization.

The Part B section of a simplified prospectus contains the response to the Items in Part B of this Form and contains specific information about the mutual fund to which the simplified prospectus pertains.

Despite securities legislation, a simplified prospectus shall present each Item in the Part A section and each Item in the Part B section in the respective order provided for in this Form. However, the Part B section of the simplified prospectus may be placed in any location in the simplified prospectus. For a single SP, this means that the Part B section may be placed before the Part A section, somewhere in the middle of the Part A section or after the Part A section, except for the covers.

Subsection 5.1(3) of National Instrument 81-101 permits certain documents to be attached to, or bound with, a simplified prospectus. Those documents consist of the documents incorporated by reference into the simplified prospectus, educational material, account application documents, registered tax plan applications and documents and any point of sale disclosure documents required by securities legislation. No other documents may be attached to, or bound with, a simplified prospectus.

Consolidation of Simplified Prospectuses into a Multiple SP

Subsection 5.1(1) of National Instrument 81-101 states that simplified prospectuses shall not be consolidated to form a multiple SP unless the Part A sections of each simplified prospectus are substantially similar. The Part A sections in a consolidated document need not be repeated. These

- 3 -

provisions permit a mutual fund organization to create a document that contains the disclosure for a number of mutual funds in the same family.

As with a single SP, a multiple SP will consist of two Parts:

1.A Part A section that contains general information about the mutual funds, or the mutual fund family, described in the document.

2.A number of Part B sections, each of which will provide specific information about one mutual fund. The Part B sections shall not be consolidated with each other so that, in a multiple SP, information about each of the mutual funds described in the document shall be provided on a fund by fund or catalogue basis and shall set out for each mutual fund separately the information required by Part B of this Form. Each Part B section shall start on a new page.

For a multiple SP in which the Part A and Part B sections are bound together, the Part B sections may be placed at any location in the document; that is, before the Part A section, somewhere in the middle of the Part A section or after the Part A section, except for the back cover. If the Part B sections are bound with the Part A section, the Part B sections shall be kept together in the document.

Section 5.3 of National Instrument 81-101 permits the Part B sections of a multiple SP to be bound separately from the Part A section of the document. If one Part B section is bound separately from the Part A section of the document, all Part B sections must be separate from the Part A section of the document.

Subsection 5.3(2) of National Instrument 81-101 permits Part B sections that have been bound separately from the related Part A section to either be bound individually or together, at the option of the mutual fund organization. There is no prohibition against the same Part B section of a multiple SP being bound by itself for distribution to some investors, and also being bound with the Part B section of other mutual funds for distribution to other investors.

Section 3.2 of National Instrument 81-101 provides that the requirement under securities legislation to deliver a prospectus for a mutual fund will be satisfied by the delivery of a simplified prospectus, either with or without the documents incorporated by reference. Mutual fund organizations that bind separately the Part B sections of a multiple SP from the Part A section are reminded that, since a simplified prospectus consists of a Part A section and a

- 4 -

Part B section, delivery of both sections is necessary in order to satisfy the delivery obligations in connection with the sale of securities of a particular mutual fund.

In Items 1 through 4 of Part A of this Form, specific instructions are provided for a single SP and a multiple SP and in some cases for a multiple SP for which the Part A section is either bound with, or separate from, the Part B sections of the document. The remainder of Part A of this Form generally refers to disclosure required for "a mutual fund" in a "simplified prospectus". This disclosure should be modified as appropriate to reflect multiple mutual funds covered by a multiple SP.

PART A GENERAL DISCLOSURE

Item :Front Cover Disclosure

For a Single SP

Indicate on the front cover whether the document is a preliminary simplified prospectus, a *pro forma* simplified prospectus or a simplified prospectus.

Indicate on the front cover the name of the mutual fund to which the simplified prospectus pertains.

Despite securities legislation, state on the front cover of a preliminary simplified prospectus the following:

"A copy of this Simplified Prospectus has been filed with [the securities authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but the Simplified Prospectus has not yet become final for the purpose of a distribution. Information contained in this Simplified Prospectus may not be complete and may have to be amended. The [units/shares] described in this Simplified Prospectus may not be sold to you until a receipt for the Simplified Prospectus is obtained by the mutual fund from the securities regulatory [authority(ies)]."

If a commercial copy of the preliminary simplified prospectus is prepared, print the legend referred to in subsection (3) in red ink.

For a preliminary simplified prospectus or simplified prospectus, indicate the

- 5 -

date of the document, which shall be the date of the certificates contained in the related annual information form. This date shall be within three business days of the date the document is filed with the securities regulatory authority. Write the date in full, writing the name of the month in words. A *pro forma* simplified prospectus need not be dated, but may reflect the anticipated date of the simplified prospectus.

State, in substantially the following words:

"No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise."

For a Multiple SP in which the Part A section and the Part B sections are bound together

Indicate on the front cover whether the document is a preliminary simplified prospectus, a *pro forma* simplified prospectus or a simplified prospectus for each of the mutual funds to which the document pertains.

Indicate on the front cover the names of the mutual funds and, at the option of the mutual funds, the name of the mutual fund family, to which the document pertains.

Despite securities legislation, state on the front cover of a document that contains a preliminary simplified prospectus the following:

"A copy of this document has been filed with [the securities authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of a distribution. Information contained in this document may not be complete and may have to be amended. The [units/shares] described in this document may not be sold to you until receipts for this document are obtained by the mutual fund from the securities regulatory [authority(ies)]."

If a commercial copy of the document that contains a preliminary simplified prospectus is prepared, print the legend referred to in subsection (3) in red ink.

If the document contains a preliminary simplified prospectus or a simplified prospectus, indicate the date of the document, which shall be the date of the certificates contained in the related multiple AIF. This date shall be within three business days of the date the document is filed with the securities regulatory authority. Write the date in full, writing the name of the month in words. A document that is a *pro forma* multiple SP need not be dated, but may reflect the

- 6 -

anticipated date of the multiple SP.

State, in substantially the following words:

"No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise."

For a Multiple SP in which the Part A section is bound separately from the Part B sections

Comply with Item 1.2.

State prominently, in substantially the following words:

"A complete simplified prospectus for the mutual funds listed on this page consists of this document and an additional disclosure document that provides specific information about the mutual funds in which you are investing. This document provides general information applicable to all of the [name of mutual fund family] funds. You must be provided with the additional disclosure document."

Item :Table of Contents

For a Single SP

Despite securities legislation, at the option of the mutual fund, include a table of contents.

If a table of contents is included, begin it on a new page, which may be the inside front cover of the document.

For a Multiple SP in which the Part A section and the Part B sections are bound together

Include a table of contents.

Include in the table of contents, under the heading "Fund Specific Information", a list of all of the mutual funds to which the document pertains, with the numbers of the pages where information about each mutual fund can be found.

Begin the table of contents on a new page, which may be the inside front cover

- 7 -

of the document.

For a Multiple SP in which the Part A section is bound separately from the Part B sections

Include a table of contents for the Part A section of the multiple SP.

Begin the table of contents on a new page, which may be the inside front cover of the document.

Include, immediately following the table of contents and on the same page, a list of the mutual funds to which the multiple SP pertains and details on how the Part B disclosure for each mutual fund will be provided.

Item :Introductory Disclosure

For a Single SP

Provide, either on a new page or immediately under the table of contents, under the heading "Introduction", the following statement in substantially the following words:

"•This Simplified Prospectus contains selected important information to help you make an informed investment decision and to help you understand your rights.

•This Simplified Prospectus contains information about the Fund and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Fund.

•Additional information about the Fund is available in the Annual Information Form, the Fund's most recently filed annual financial statements and any interim financial statements of the Fund filed after those annual financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of the Annual Information Form and those financial statements, including a statement of portfolio transactions, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer.

- 8 -

•[If applicable] These documents are available on the [mutual fund's/mutual fund family's] Internet site at [insert mutual fund's Internet site address], or by contacting the [mutual fund/mutual fund family] at [insert mutual fund's/mutual fund family's e-mail address].

•These documents and other information about the Fund are available on the Internet at www.sedar.com."

For a Multiple SP

Provide, either on a new page or immediately under the table of contents, under the heading "Introduction" the following statement in substantially the following words:

"•This document contains selected important information to help you make an informed investment decision and to help you understand your rights as an investor.

•This document is divided into two parts. The first part, [from pages • through •], contains general information applicable to all of the [name of fund family] Funds. The second part, [from pages • through •] [which is separately bound], contains specific information about each of the Funds described in this document.

•Additional information about each Fund is available in the Fund's Annual Information Form and the Fund's most recently filed annual financial statements and any interim financial statements of the Fund filed after those annual financial statements. These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of the Fund's Annual Information Form and those financial statements, including a statement of portfolio transactions, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer.

•[If applicable] These documents are available on the [mutual funds'/mutual fund family's] Internet site at [insert mutual funds'/mutual fund family's Internet site address], or by contacting the [mutual funds'/mutual fund family] at [insert e-mail address].

•These documents and other information about the Funds are available at www.sedar.com."

- 9 -

Item :General Investment Risks

Disclose under the heading "What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund?"

a brief general description of the nature of a mutual fund; and

the risk factors or other investment considerations that an investor should take into account that are associated with investing in mutual funds generally.

For a multiple SP, at the option of the mutual fund, disclose the risk factors and investment considerations that are applicable to more than one of those mutual funds.

At a minimum, in response to the requirements of subsection (1), include disclosure in substantially the following words:

"•Mutual funds own different types of investments, depending upon their investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions, and market and company news. As a result, the value of a mutual fund's [units/shares] may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.

•[If applicable], The full amount of your investment in any [name of mutual fund family] mutual fund is not guaranteed.

•Unlike bank accounts or GICs, mutual fund [units/shares] are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer."

State that, under exceptional circumstances, a mutual fund may suspend redemptions. Provide a reference to the disclosure provided in response to Item 6(2) of Part A of this Form.

INSTRUCTIONS:

(1)Examples of the risks that may be disclosed under subsection (2) are stock market risk, interest rate risk, foreign security risk, foreign currency risk, specialization risk and risk associated with the use of derivatives. If this risk disclosure is provided under this subsection, the fund-specific disclosure about each mutual fund described in the document should contain a reference to the

- 10 -

appropriate parts of this risk disclosure.

(2)In providing disclosure under subsection (1), follow the instructions under Item 9 of Part B of this Form, as appropriate.

Item :Organization and Management Details for a Multiple SP

Provide, under the heading "Organization and Management of the [name of mutual fund family]", information about the manager, trustee, portfolio adviser, principal distributor, custodian, registrar and auditor of the mutual funds to which the document relates in the form of a diagram or table.

For each entity listed in the diagram or table, briefly describe the services provided by that entity and the relationship of that entity to the manager.

For each entity listed in the diagram or table, other than the manager of the mutual funds, provide the municipality and the province or country where it principally provides its services to the mutual funds. Provide the complete municipal address for the manager of the mutual funds.

At the option of the mutual fund, provide, under a separate sub-heading, details of the manager of the mutual fund, including the history and background of the manager and any overall investment strategy or approach used by the manager in connection with the mutual funds for which it acts as manager.

Despite subsection (1), if the information required by subsection (1) is not the same for substantially all of the mutual funds described in the document, provide in the diagram or table contemplated by subsection (1) only that information that is the same for substantially all of the mutual funds and provide the remaining disclosure required by that subsection in the diagram or table required by Item 4(1) of Part B of this Form.

INSTRUCTIONS:

(1)The information required to be disclosed in this Item shall be presented prominently, using enough space so that it is easy to read.

(2)The descriptions of the services provided by the listed entities should be brief. For instance, the manager may be described as "manages the overall business and operations of the funds", a portfolio adviser may be described as "provides investment advice to the manager about the investment portfolio of the funds" or "manages the investment portfolio of the funds", and a

- 11 -

"principal distributor" may be described as "markets the securities of the funds and sells securities [through brokers and dealers] [or its own sales force]".

Item :Purchases, Switches and Redemptions

Briefly describe, under the heading "Purchases, Switches and Redemptions", how an investor can purchase and redeem the securities of the mutual fund or switch them for securities of other mutual funds, how often the mutual fund is valued, and state that the issue and redemption price of those securities is based on the mutual fund's net asset value of a security of that class, or series of a class, next determined after the receipt by the mutual fund of the purchase order or redemption order.

State that, under extraordinary circumstances, the rights of investors to redeem securities may be suspended by the mutual fund, and describe the circumstances when the suspension of redemption rights could occur.

For a new mutual fund that is being sold on a best efforts basis, state whether the issue price will be fixed during the initial distribution period, and state when the mutual fund will begin issuing and redeeming securities based on the net asset value per security of the mutual fund.

Describe all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and, if applicable, that the choice of different purchase options affects the amount of compensation paid by a member of the organization of the mutual fund to a dealer. Include cross-references to the disclosure provided under Items 8 and 9 of Part A of this Form.

Item :Optional Services Provided by the Mutual Fund Organization

If applicable, under the heading "Optional Services", describe the optional services that may be obtained by typical investors from the mutual fund organization.

INSTRUCTION:

Disclosure in this Item should include, for example, any asset allocation services, registered tax plans, foreign content monitoring plans, regular investment and withdrawal plans, U.S. dollar purchase plans, periodic purchase plans, contractual plans, periodic withdrawal plans or switch privileges.

- 12 -

Item :Fees and Expenses**General Disclosure**

Set out information about the fees and expenses payable by the mutual fund and by investors in the mutual fund under the heading "Fees and Expenses".

The information required by this Item shall first be a summary of the fees, charges and expenses of the mutual fund and investors presented in the form of the following table, appropriately completed, and introduced using substantially the following words:

"This table lists the fees and expenses that you may have to pay if you invest in the [insert the name of the mutual fund]. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund."

Include the fees for any optional services provided by the mutual fund organization, as described by Item 7 of Part A of this Form, in the table.

If management fees are payable directly by investors, add a line item in the table to disclose the maximum percentage that could be paid by investors.

If the manager permits negotiation of a management fee rebate, provide disclosure of these arrangements. If these arrangements are not available for each mutual fund described in the document, make this disclosure in the description of fees and expenses required for each fund by Item 5 of Part B of this Form and include a cross-reference to that information in the table required by this Item.

Fees and Expenses Payable by the Fund	
Management Fees	<i>[See Instruction (1)] [disclosure re management fee rebate program]</i>
Operating Expenses	<i>[See Instructions (2) and (3)] Fund[s] pay[s] all operating expenses, including</i>
Fees and Expenses Payable Directly by You	

- 13 -

Sales Charges	<i>[specify percentage, as a percentage of _____]</i>
Switch Fees	<i>[specify percentage, as a percentage of _____ , or specify amount]</i>
Redemption Fees	<i>[specify percentage, as a percentage of _____ , or specify amount]</i>
Registered Tax Plan Fees <i>[include this disclosure and specify the type of fees if the registered tax plan is sponsored by the mutual fund and is described in the simplified prospectus]</i>	<i>[specify amount]</i>
Other Fees and Expenses <i>[specify type]</i>	<i>[specify amount]</i>

INSTRUCTIONS:

(1)If the table pertains to more than one mutual fund and not all of the mutual funds pay the same management fees, under "Management Fees" in the table, either

state that the management fees are unique to each mutual fund, include management fee disclosure for each mutual fund as a separate line item in the table required by Item 5 of Part B of this Form for that mutual fund, and include a cross-reference to that table; or

list the amount of the management fee, including any performance or incentive fee, for each mutual fund separately.

(2)If the table pertains to more than one mutual fund and not all of the mutual funds have the same obligations to pay operating expenses, either

(a)state that the operating expenses payable by the mutual funds are unique to each mutual fund, include the description of the operating expenses payable by each mutual fund as a separate line item in the table required by Item 5 of Part B of this Form for that mutual fund, and include a cross-reference to that table; or

- 14 -

(b) provide the disclosure concerning the operating expenses for each mutual fund contemplated by this Item separately.

(3) Under "Operating Expenses", state whether the mutual fund pays all of its operating expenses and list the main components of those expenses. If the mutual fund pays only certain operating expenses and is not responsible for payment of all such expenses, adjust the statement in the table to reflect the proper contractual responsibility of the mutual fund.

(4) Show all fees or expenses payable by the mutual fund, even if it is expected that the manager of the mutual fund or other member of the organization of the mutual fund will waive or absorb some or all of those fees and expenses.

(5) If the management fees of a mutual fund are payable directly by a securityholder and vary so that specific disclosure of the amount of the management fees cannot be disclosed in the simplified prospectus of the mutual fund, or cannot be derived from disclosure in the simplified prospectus, provide as much disclosure as is possible about the management fees to be paid by securityholders, including the highest possible rate or range of those management fees.

Illustrations of Different Purchase Options

Under the sub-heading "Impact of Sales Charges" provide information, substantially in the form of the following table, concerning the amount of fees payable by an investor under the available purchase options and introduced using substantially the following words:

"The following table shows the amount of fees that you would have to pay under the different purchase options available to you if you made an investment of \$1,000 in the Fund, if you held that investment for one, three, five or ten years and redeemed immediately before the end of that period.

	At Time of Purchase	1 Year	3 Years	5 Years	10 Years
Sales Charge Option	\$•	---	---	---	---

- 15 -

Redemption Charge Option ⁽¹⁾	---	\$•	\$•	\$•	\$•
No Load Option	---	---	---	---	---
[Other purchase options]	\$•	\$•	\$•	\$•	\$•

⁽¹⁾Redemption charges may apply only if you redeem your [units/shares] in a particular year. Redemption charges are shown under "Fees and Expenses" above.

In preparing the table contemplated by this Item, assume, in determining the fees paid under the sales charge option, that

the maximum sales commission disclosed in the simplified prospectus is paid by the investor; and

if the mutual fund has a deferred sales charge option in which the amount paid by an investor at the time of a redemption of securities is based upon the net asset value of those securities at that time, an annual return of five percent since time of purchase, and disclose that assumption in a footnote to the table.

Item :Dealer Compensation

General

Provide, under the heading "Dealer Compensation", the disclosure of sales practices and equity interests required by sections 8.1 and 8.2 of National Instrument 81-105.

INSTRUCTIONS:

(1)Briefly state the compensation paid and the sales practices followed by the members of the organization of the mutual fund in a concise and explicit manner, without explaining the requirements and parameters for permitted compensation contained in National Instrument 81-105.

(2)For example, if the manager of the mutual fund pays an up-front sales commission to participating dealers, so state and include the range

- 16 -

of commissions paid. If the manager permits participating dealers to retain the sales commissions paid by investors as compensation, so state and include the range of commissions that can be retained. If the manager or another member of the mutual fund's organization pays trailing commissions, so state and provide an explanation of the basis of calculation of these commissions and the range of the rates of such commissions. If the mutual fund organization from time to time pays the permitted marketing expenses of participating dealers on a co-operative basis, so state. If the mutual fund organization from time to time holds educational conferences that sales representatives of participating dealers may attend or from time to time pays certain of the expenses incurred by participating dealers in holding educational conferences for sales representatives, so state.

(3) If the members of the organization of the mutual funds follow any other sales practices permitted by National Instrument 81-105, briefly describe these sales practices.

(4) Include a brief summary of the equity interests between the members of the organization of the mutual fund and participating dealers and representatives as required by section 8.2 of National Instrument 81-105. This disclosure may be provided by means of a diagram or table.

Dealer Compensation from Management Fees

Disclose, under the heading "Dealer Compensation from Management Fees", the approximate percentage obtained from a fraction

the numerator of which is the aggregate amount of cash paid to registered dealers in the last completed financial year of the manager of the mutual fund, for payments made

by

the manager of the mutual fund, or

an affiliate of the manager,

in order to

pay compensation to registered dealers in connection with the distribution of securities of the mutual fund or mutual funds that are members of the same mutual fund family as the mutual fund, or

- 17 -

pay for any marketing, fund promotion or educational activity in connection with the mutual fund or mutual funds that are members of the same mutual fund family as the mutual fund; and

the denominator of which is the aggregate amount of management fees received by the managers of the mutual fund and all other mutual funds in the same mutual fund family as the mutual fund in the last completed financial year of the manager.

INSTRUCTION:

(1)The disclosure presented under this Item should be described as information about the approximate percentage of management fees paid by mutual funds in the same family as the mutual fund that were used to fund commissions or other promotional activities of the mutual fund family in the most recently completed financial year of the manager of the mutual fund.

(2)The calculations made under this Item should take into account the payment of sales and trailing commissions and the costs of participation in co-operative marketing, fund promotion and educational conferences.

(3)Amounts paid out by a mutual fund organization as sales commissions should be netted against amounts received from deferred sales charges.

Item :Income Tax Considerations for Investors

Briefly describe under the heading "Income Tax Considerations for Investors" the income tax consequences for investors of income and capital gains distributions made by the mutual fund, as well as of the gains or losses that occur on the disposition of securities of the mutual fund by the investor.

This description shall explain the different tax treatment applicable to mutual fund securities held in a registered tax plan as compared to mutual fund securities held in non-registered accounts.

Describe the impact of the mutual fund's distribution policy on a taxable investor who acquires securities of the mutual fund late in a calendar year.

If material, describe the potential impact of the mutual fund's anticipated portfolio turnover rate on a taxable investor.

- 18 -

Describe how the adjusted cost base of a security of a mutual fund can be calculated by those investors holding outside a registered tax plan.

INSTRUCTION:

(1) If management fees are paid directly by investors, describe generally the income tax consequences to taxable investors of this arrangement.

(2) Subsection (2) is particularly relevant for investors who hold their mutual fund investments through RRSPs, if they have invested in a mutual fund that requires management fees to be paid directly by the investors. Detailed disclosure of the tax consequences of this arrangement on those investors should be made by such mutual funds.

Item :Statement of Rights

Provide a brief explanation, under the heading "What are your Legal Rights?", of an investor's statutory rights of rescission and damages, including the right of action for misrepresentations contained in the simplified prospectus and in any documents incorporated by reference into the simplified prospectus, in substantially the following words:

"Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the Simplified Prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund [units/shares] and get your money back, or to make a claim for damages, if the Simplified Prospectus, Annual Information Form or financial statements misrepresent any facts about the Fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer."

Item :Additional Information

Provide any specific disclosure required or permitted to be disclosed in a prospectus under securities legislation or by an order or ruling of the securities regulatory authority pertaining to the mutual fund that is not otherwise required to be disclosed by this Form.

- 19 -

This Item does not apply to the requirements of securities legislation that are form requirements for a prospectus.

INSTRUCTIONS:

(1)An example of a provision of securities legislation that may be relevant to this Item is the requirement contained in the conflict of interest provisions of the Canadian securities legislation of a number of jurisdictions to the effect that a mutual fund shall not make an investment in respect of which a related person will receive any fee or compensation except for fees paid pursuant to a contract disclosed in, among other things, a prospectus. Another example is the requirement of some jurisdictions that certain statements be included in a simplified prospectus of a mutual fund with a non-Canadian manager.

(2)For a single SP, provide this disclosure either under this Item or under Item 14 of Part B of this Form, whichever is more appropriate.

(3)For a multiple SP, this disclosure should be provided under this Item if the disclosure pertains to all of the mutual funds described in the document. If the disclosure does not pertain to all of those funds, the disclosure should be provided in the fund-specific disclosure required or permitted under Item 14 of Part B of this Form.

Item :Part B Introduction

For a multiple SP, at the option of the mutual fund, include in a separate section any explanatory information that would otherwise be repeated identically in each Part B section of the document.

Any information included in an introductory section under subsection (1) may be omitted elsewhere in the Part B section of the document.

INSTRUCTION:

(1)This Item may be used to avoid the need for repetition of standard information in each Part B section of a multiple SP.

(2)Examples of the type of information that may be moved to an introductory section from other parts of the Part B section are:

(a)definitions or explanations of terms used in each Part B section, such as "portfolio turnover rate" and "management expense ratio"; and

- 20 -

(b) discussion or explanations of the tables or charts that are required in each Part B section of the document.

(3) A similar Item is contained in Item 3 of Part B of this Form. A mutual fund organization may include this section either at the end of the Part A section of the multiple SP or at the beginning of the Part B section, at its option.

Item :Back Cover

State on the back cover the name of the mutual fund or funds included in the document or the mutual fund family, as well as the name, address and telephone number of the manager of the mutual fund or funds.

State, in substantially the following words:

"•Additional information about the Fund[s] is available in the Fund['s/s'] Annual Information Form and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

•You can get a copy of the Fund['s/s'] Annual Information Form and financial statements, including a statement of portfolio transactions, at your request, and at no cost, by calling [toll-free/collect] [insert toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer or by e-mail at [insert e-mail address].

•These documents and other information about the Fund[s], such as information circulars and material contracts, are also available [on the [insert name of mutual fund manager] Internet site at [insert fund's Internet site] or] or at www.sedar.com."

For a multiple SP in which the Part A section is bound separately from the Part B sections, state, in substantially the following words:

"A complete simplified prospectus for the mutual funds listed on this cover consists of this document and an additional disclosure document that provides specific information about the mutual funds in which you are investing. This document provides general information applicable to all of the [name of mutual fund family] funds. You must be provided with the additional disclosure document."

- 21 -

PART B FUND-SPECIFIC INFORMATION

Item :General

For a multiple SP in which the Part B sections are bound separately from the Part A section, include at the bottom of each page of a Part B section a footer in substantially the following words and in a type size consistent with the rest of the document:

"This document provides specific information about [name of Fund]. It should be read in conjunction with the rest of the simplified prospectus of the [name of mutual fund family] dated [insert date]. This document and the document that provides general information about [name of mutual fund family] together constitute the simplified prospectus.

If the Part B section is an amended and restated document, add to the footer required by subsection (1) a statement that the document has been amended and restated on [insert date].

Item :Introductory

For a Single SP

Include at the top of the first page of the Part B section of the simplified prospectus, the heading "Specific Information about the [name of Fund]".

For a Multiple SP in which the Part A section and the Part B sections are bound together

Include

at the top of the first page of the first Part B section in the document, the heading "Specific Information about Each of the Mutual Funds Described in this Document"; and

at the top of each page of a Part B section of the document, a heading consisting of the name of the mutual fund described on that page.

For a Multiple SP in which the Part A section is bound separately from the Part B sections

Include at the top of each page of a Part B section of the document, a heading

- 22 -

consisting of the name of the mutual fund described on that page.

Item :General Information

For a multiple SP, at the option of the mutual fund, include in an introductory section any explanatory information that would otherwise be repeated identically in each Part B section of the document.

Any information included in an introductory section under subsection (1) may be omitted elsewhere in the Part B section of the document.

INSTRUCTIONS:

(1) See the Instruction to Item 13 of Part A of this Form.

(2) If the disclosure contemplated by this Item is included in Part A of the multiple SP under Item 13 of Part A of this Form, include in the introduction section of each Part B section of the multiple SP a cross-reference to where this disclosure is located in the Part A section of the multiple SP.

Item :Organization and Management Details

For a single SP, under the heading "Organization and Management of the [name of mutual fund]", provide information about the manager, trustee, portfolio adviser, principal distributor, custodian, registrar and auditor of the mutual fund in the form of a diagram or table.

For each entity listed in the diagram or table, briefly describe the services provided by that entity and the relationship of that entity to the manager.

For each entity listed in the diagram or table, other than the manager of the mutual fund, provide the municipality and the province or country where it principally provides its services to the mutual funds. Provide the complete municipal address for the manager of the mutual fund.

At the option of the mutual fund, include under a separate sub-heading, details of the manager of the mutual fund, including the history and background of the manager and any overall investment strategy or approach used by the manager in connection with its mutual funds.

Follow the requirements and instructions of Item 5 of Part A of this Form in connection with the diagram or table.

- 23 -

Item :Fund Details

Under the heading "Fund Details", disclose, in a table
the type of mutual fund that the mutual fund is best characterized
as;

the date on which the mutual fund was started;

the nature of the securities offered by the simplified prospectus;

whether the mutual fund is eligible as an investment for registered
retirement savings plans, registered retirement income funds or deferred profit
sharing plans;

whether securities of the mutual fund will constitute foreign
property under the ITA;

if this information is not contained in the table required by Item 8.1
of Part A of this Form

the amount of the management fee, including any performance or incentive fee,
charged to the mutual fund; and

details concerning the operating expenses paid by the mutual fund
contemplated by Instruction (3) of Item 8.1 of Part A of this Form; and

any information required by subsection (5) of Item 5 of Part A of this Form to be
contained in Part B.

INSTRUCTIONS:

*(1)In disclosing the date on which the mutual fund started, use the
date on which the securities of the mutual fund first became available to the
public, which will be on, or about, the date of the issuance of the first receipt for
a prospectus of the mutual fund. For a mutual fund that formerly offered its
securities privately, disclose this fact.*

*(2)If the mutual fund pays a fee that is determined by the
performance of the mutual fund, the disclosure required by paragraph 7.1(1)(c)
of National Instrument 81-102 to be described in a simplified prospectus of the
mutual fund should be included in a footnote to the description of the incentive*

- 24 -

fee in the table.

(3) Examples of types of mutual funds that could be listed in response to paragraph (a) are money market, equity, bond or balanced funds related, if appropriate, to a geographical region, or any other description that accurately identifies the type of mutual fund.

(4) If the rights attached to the securities being offered are materially limited or qualified by those attached to any other class or series of securities of the mutual fund or if another class or series of securities of the mutual fund ranks ahead of or equally with the securities being offered, include, as part of the disclosure provided in response to paragraph (c), information regarding those other securities that will enable investors to understand the rights attaching to the securities being offered.

(5) In providing the disclosure contemplated by paragraph (f), provide any disclosure required by, and follow, the Instructions to Item 8.1 of Part A of this Form.

Item :Fundamental Investment Objectives

Set out under the heading "What Does the Fund Invest In?" and under the sub-heading "Investment Objectives" the fundamental investment objectives of the mutual fund, including information that describes the fundamental nature of the mutual fund, or the fundamental features of the mutual fund, that distinguish it from other mutual funds.

Describe the nature of any securityholder or other approval that may be required in order to change the fundamental investment objectives of the mutual fund and any of the material investment strategies to be used to achieve those investment objectives.

Describe any restrictions on investments adopted by the mutual funds, beyond what is required under securities legislation, that pertain to the fundamental nature of the mutual fund.

If the mutual fund purports to arrange a guarantee or insurance in order to protect all or some of the principal amount of an investment in the mutual fund, include this fact as a fundamental investment objective of the mutual fund and

identify the person or company providing the guarantee or insurance;

provide the material terms of the guarantee or insurance, including the maturity

- 25 -

date of the guarantee or insurance;

if applicable, state that the guarantee or insurance does not apply to the amount of any redemptions before the maturity date of the guarantee or before the death of the securityholder and that redemptions before that date would be based on the net asset value of the mutual fund at the time; and

modify any other disclosure required by this section appropriately.

INSTRUCTIONS:

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

(2) If the mutual fund primarily invests, or intends to primarily invest, or if its name implies that it will primarily invest

(a) in a particular type of issuer, such as foreign issuers, small capitalization issuers or issuers located in emerging market countries;

(b) in a particular geographic location or industry segment; or

(c) in portfolio assets other than securities,

the mutual fund's fundamental investment objectives should so indicate.

(3) If a particular investment strategy is an essential aspect of the mutual fund, as evidenced by the name of the mutual fund or the manner in which the mutual fund is marketed, disclose this strategy as an investment objective. This instruction would be applicable, for example, to a mutual fund that described itself as an "asset allocation fund" or a "mutual fund that invests primarily through the use of derivatives".

Item :Investment Strategies

Describe under the heading "What Does The Fund Invest In?" and under the sub-heading "Investment Strategies"

the principal investment strategies that the mutual fund intends to use in achieving its investment objectives; and

the process by which the mutual fund's portfolio adviser

- 26 -

selects securities for the fund's portfolio, including any investment approach, philosophy, practices or techniques used by the portfolio adviser or any particular style of portfolio management that the portfolio adviser intends to follow.

Indicate what types of securities, other than those held by the mutual fund in accordance with its fundamental investment objectives, may form part of the mutual fund's portfolio assets under normal market conditions.

If the mutual fund intends to use derivatives

for hedging purposes only, state that the mutual fund may use derivatives for hedging purposes only;

for non-hedging purposes, or for hedging and non-hedging purposes, briefly describe

how derivatives are or will be used in conjunction with other securities to achieve the mutual fund's investment objectives,

the types of derivatives expected to be used and give a brief description of the nature of each type, and

the limits of the mutual fund's use of derivatives.

If the mutual fund is managed so that its securities do not constitute foreign property for purposes of the ITA, state whether any, and if so what proportion, of the assets of the mutual fund may or will be invested in foreign securities.

If the mutual fund is not a money market fund, and intends to engage in active and frequent trading of portfolio securities as a principal investment strategy to achieve its investment objectives such that the portfolio turnover rate of the mutual fund is expected to be more than 70 percent, describe

the tax consequences to securityholders of an active portfolio turnover, and

how the tax consequences of, or trading costs associated with, the mutual fund's portfolio turnover may affect the mutual fund's performance.

If the mutual fund may depart temporarily from its fundamental investment objectives as a result of adverse market, economic, political or other considerations, disclose any temporary defensive tactics the mutual fund's portfolio adviser may use or intends to use in response to such conditions.

- 27 -

Describe any restrictions on investments adopted by the mutual fund, beyond what is required under securities legislation, that do not pertain to the fundamental nature of the mutual fund.

INSTRUCTION:

A mutual fund may, in responding to this Item, provide a discussion of the general investment approach or philosophy followed by the portfolio adviser of the mutual fund.

Item :Top Ten Holdings

For any mutual fund other than a money market fund, list the ten largest holdings of the mutual fund, by percentage of net assets of the mutual fund, as at a date within 30 days of the date of the simplified prospectus and state the percentage of the net assets of the mutual fund that are invested in each of those holdings. Such listing shall be accompanied by a warning to the effect that the information contained in the list may change due to the ongoing portfolio transactions of the mutual fund and a statement on how more current information may be obtained by investors, if available.

INSTRUCTIONS:

(1)If the mutual fund owns more than one class of securities of an issuer, those classes should be aggregated for purposes of the calculations to be made under this Item.

(2)Portfolio assets other than securities should be aggregated if they have substantially similar investment risks and profiles. For instance, gold certificates should be aggregated, even if they are issued by different financial institutions.

(3)Cash and cash equivalents should be treated as one separate discrete category.

(4)In making the determinations of its holdings for purposes of the disclosure required by this Item, a mutual fund should, for each long position in a derivative that is held by the mutual fund for purposes other than hedging and for each index participation unit held by the mutual fund, consider that it holds directly the underlying interest of that derivative or its proportionate share of the securities held by the issuer of the index participation unit.

Item :Risks

- 28 -

Set out specific information concerning any material risks associated with an investment in the mutual fund, other than those risks previously discussed in response to Item 4 of Part A of this Form, under the heading "What are the Risks of Investing in the Fund?".

For a money market fund, include disclosure to the effect that although the mutual fund intends to maintain a constant price for its securities, there is no guarantee that the price will not go up and down.

Include specific cross-references to the risks described in response to paragraph 1(b) of Item 4 of Part A of this Form that are applicable to the mutual fund.

If the mutual fund offers more than one class or series of securities, disclose the risks that the investment performance, expenses or liabilities of one class or series may affect the value of the securities of another class or series, if applicable.

INSTRUCTIONS:

(1) Consider the mutual fund's portfolio investments as a whole.

(2) Provide the disclosure in the context of the mutual fund's fundamental investment objectives and investment strategies, outlining the risks associated with any particular aspect of those fundamental investment objectives and investment strategies.

(3) Include a discussion of general market, political, market sector, liquidity, interest rate, foreign currency, diversification, credit, legal and operational risks, as appropriate.

(4) Include a brief discussion of general investment risks, such as specific company developments, stock market conditions, general economic and financial conditions in those countries where the investments of the mutual fund are listed for trading, applicable to the particular mutual fund.

(5) If derivatives are to be used by the mutual fund for non-hedging purposes, describe the risks associated with any use or intended use by the mutual fund of derivatives.

Item :Suitability

- 29 -

Provide a brief statement of the suitability of the mutual fund for particular investors under the heading "Who Should Invest in this Fund?", describing either or both of the characteristics of the investor for whom the mutual fund may or may not be an appropriate investment, and the portfolios for which the mutual fund is suited or for which the mutual fund should not be used.

INSTRUCTIONS:

(1) In responding to the disclosure required by this Item, indicate the level of investor risk tolerance that would be appropriate for investment in the mutual fund.

(2) If the mutual fund is particularly unsuitable for certain types of investors or for certain types of investment portfolios, emphasize this aspect of the mutual fund, and disclose both the types of investors who should not invest in the mutual fund, with regard to investments on both a short and long term basis, and the types of portfolios that should not invest in the mutual fund. Conversely, it might be appropriate to discuss whether the mutual fund is particularly suitable for particular investment objectives.

Item :Past Performance

General

Item 11 applies only to mutual funds that are permitted under paragraph 15.6(a) of National Instrument 81-102 Mutual Funds to include performance data in their sales communications.

Despite the specific requirements of this Item, performance data shall not be provided for any period if the mutual fund was not offering its securities by way of a prospectus or simplified prospectus at all times during the period.

In responding to the requirements of this Item, a mutual fund shall comply with section 15.9 of National Instrument 81-102 as if that section applied to a simplified prospectus.

Set out in footnotes to the chart, graph or table required by this Item the assumptions relevant to the calculation of the performance information, and include a statement of the significance for taxable investors of the assumption that distributions are reinvested.

In the introduction to the chart, graph or table required by this Item, or in a general introduction to the "Past Performance" section, indicate

- 30 -

that

the returns or performance information shown assume that all distributions made by the mutual fund in the periods shown were reinvested in additional securities of the mutual fund;

the return or performance information do not take into account sales, redemption, distribution or other optional charges or income taxes payable that would have reduced returns or performance; and

how the mutual fund has performed in the past does not necessarily indicate how it will perform in the future.

Use a linear scale for the each axis of the bar chart and line graph required by this Item.

The y-axis for each of the bar chart and line graph shall start at 0.

Year-by-Year Returns

Provide a bar chart, under the heading "Past Performance" and under the sub-heading "Year-by-Year Returns", that shows, in chronological order with the most recent year on the right of the bar chart, the annual total return, calculated as provided under subsection (2), of the mutual fund for the lesser of

each of the ten most recently completed calendar years;
and

each of the completed calendar years in which the mutual fund has been in existence and in which the securities of the mutual fund have been offered by way of a prospectus or simplified prospectus.

Calculate the annual total return of the mutual fund for a year in accordance with the requirements of Part 15 of National Instrument 81-102.

Provide an introduction to the bar chart that

indicates that the bar chart shows the mutual fund's annual performance for each of the years shown, and illustrates that the mutual fund's performance has changed from year to year; and

indicates that the bar chart shows, in percentage terms, how much an investment made on January 1 in each year would have grown or

- 31 -

decreased by December 31 in that year.

Line Graph

If the mutual fund is not a money market fund, include immediately following the bar chart required by Item 11.2, under the sub-heading "Overall Past Performance", a line graph that shows the information described in subsection (2) for the period determined under subsection (3).

The information to be provided in the line graph shall be

the initial value, and final value, of a hypothetical \$10,000 investment in the mutual fund as at the beginning, and as at the end, of the period determined under subsection (3), with the dollar amounts of those values shown on the line graph;

the subsequent values, shown graphically, of the investment referred to in paragraph (a) at the end of each quarter in the period determined under subsection (3); and

assuming a level of \$10,000 at the beginning of the period determined under subsection (3), the subsequent levels, shown graphically, of each index selected under subsection (6) at the end of each quarter in the period determined under subsection (3), and the final value of each index at the end of that period with the dollar amount of the final value of each index shown on the line graph.

The period covered by the line graph shall be an unbroken period that

ends on December 31 of the year before the date of the simplified prospectus; and

consists of the least of

10 years,

the time since the inception of the mutual fund, and

the time since the mutual fund began to offer its securities by way of a prospectus or simplified prospectus.

Show the hypothetical values for the mutual fund and the index or indices in

- 32 -

chronological order, with the most recent year on the right.

Provide an introduction to the line graph that indicates that the graph shows the growth of a hypothetical \$10,000 investment in the mutual fund, as compared to the increase of the shown index or indices for the indicated number of years.

Include in the line graph, and provide a brief description of one or more appropriate broad-based securities market indices; and

at the option of the mutual fund, one or more non-securities financial indices or narrowly-based market indices that reflect the market sectors in which the mutual fund invests.

If the mutual fund includes in the line graph an index that is different from those included in the most recently filed simplified prospectus, explain the reason(s) for the change and include in the line graph the disclosure required by this Item for both the new and former indices.

INSTRUCTIONS:

(1)It is not necessary to disclose the exact value, in a dollar amount, of the hypothetical investment and index levels as at the end of each quarter in the period covered by the line graph. Subsection (2) requires only that the line graph itself be detailed enough to show increases or decreases of the relevant level in each quarter in graphic form. Actual dollar amounts may be included in the line graph at the option of the mutual fund, except that the initial value of \$10,000 and the final value at the end of the period covered by the line graph are to be shown as actual dollar amounts, as required by subsection (2).

(2)An "appropriate broad-based securities market index" is one that

(a) is administered by an organization that is not affiliated with any of the mutual fund, its manager, its portfolio adviser or principal distributor, unless the index is widely recognized and used; and

(b) has been adjusted by its administrator to reflect the reinvestment of dividends on securities in the index or interest on debt.

(3)It may be appropriate for a mutual fund that invests in more than one type of security to compare its performance to a mix of relevant indices. For example, a

- 33 -

balanced fund may wish to compare its performance to both a bond index and an equity index or to a blended return based on a combination of the returns of the bond index and the equity index, in proportions comparable to the mutual fund's own investment mix.

(4) In addition to the appropriate broad-based securities market index, the mutual fund may compare its performance to other more financial or narrowly based securities indices that reflect the market sectors in which the mutual fund invests or that provide useful comparatives to the performance of the mutual fund. For example, a mutual fund could compare its performance to an index that measured the performance of certain sectors of the stock market (e.g. communications companies, financial sector companies, etc.) or to a non-securities index, such as the Consumer Price Index, so long as the comparison is not misleading.

(5) The descriptions required by subsection (6) of the indices included in the line graph may, at the option of the mutual fund, be presented as footnotes to the line graph.

Annual Compound Returns

If the mutual fund is not a money market fund, disclose, in the form of a table immediately following the line graph required by Item 11.3, under the sub-heading "Annual Compound Returns"

the mutual fund's past performance for the 10, five, three and one year periods ended on December 31 in the year immediately before the year in which the simplified prospectus is filed; and

if the mutual fund was offering its securities by way of a prospectus or simplified prospectus for more than one and less than ten years, the mutual fund's past performance since the inception of the mutual fund.

Provide an introduction to the table that indicates that the table shows the mutual fund's historical annual compound total return for the periods indicated, as compared to the performance of an indicated index or indices.

Include in the table, for the same periods for which total return information about the mutual fund is provided, the historical annual compound total returns or changes of the index or indices for which information is provided in the line graph prepared under Item 11.3.

Calculate the compound total return in accordance with the requirements of

- 34 -

Part 15 of National Instrument 81-102.

If the mutual fund includes in the table an index that is different from those included in the most recently filed simplified prospectus, explain the reason(s) for the change and include in the table the disclosure required by this Item for both the new and former indices.

Item :Distribution Policy

State under the heading "Distribution Policy" whether distributions are made by the mutual fund in cash or reinvested in securities of the mutual fund, and indicate when distributions are made.

Item :Financial Highlights

Tables

Provide selected financial information about the mutual fund under the heading "Financial Highlights", in the form of the following tables, appropriately completed, and introduced using substantially the following words:

"The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past [insert number] years. This information is derived from the Fund's audited annual financial statements. Please see page [insert page number] for information about how you can obtain the Fund's audited financial statements."

The Fund's Distributions and Net Asset Value per [Unit/Share]

	[insert year]				
Distributions:	\$•	\$•	\$•	\$•	\$•
From net income	\$•	\$•	\$•	\$•	\$•
From realized gain	\$•	\$•	\$•	\$•	\$•
Return of capital	\$•	\$•	\$•	\$•	\$•

- 35 -

Total Annual Distributions⁽¹⁾	\$•	\$•	\$•	\$•	\$•
Net asset value at [insert last day of financial year] of year shown	\$•	\$•	\$•	\$•	\$•

⁽¹⁾Distributions were [paid in cash/reinvested in additional [units/shares] of the Fund].

Ratios and Supplemental Data

	[insert year]				
Net assets (000's) ⁽¹⁾	\$•	\$•	\$•	\$•	\$•
Number of [units/shares] outstanding ⁽¹⁾	•	•	•	•	•
Management expense ratio ⁽²⁾	•%	•%	•%	•%	•%
Portfolio turnover rate ⁽³⁾	•%	•%	•%	•%	•%

⁽¹⁾This information is provided as at [insert date of end of financial year] of the year shown.

⁽²⁾Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

⁽³⁾The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the

- 36 -

chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Derive the selected financial information in the tables referred to in subsection (1) from the audited annual financial statements of the mutual fund.

Provide per unit or per share amounts to the nearest cent, and provide percentage amounts to two decimal places.

Provide the selected financial information required by this Item in chronological order for each of the five most recently completed financial years of the mutual fund for which audited financial statements have been filed, with the information for the most recent financial year in the first column on the right of the table.

If the mutual fund was not in existence or was not offering its securities by way of prospectus for any year for which information would otherwise be required to be provided under subsection (4), the tables shall not include any information for that year and the mutual fund shall disclose by way of a note to the table that the information is unavailable because the mutual fund only came into existence or only commenced offering its securities by way of prospectus or simplified prospectus on a date specified in that note.

The management expense ratio for any period less than a full financial year of a mutual fund shall be annualized.

If the basis of the calculation of the management fees or of the other fees, charges or expenses that are charged to the mutual fund is changed or is proposed to be changed and if the change would have had an effect on the management expense ratio for the last completed financial year of the mutual fund if the change had been in effect throughout that financial year, disclose the effect of the change on the management expense ratio in a note to the appropriate table.

Do not include disclosure concerning portfolio turnover rate for a money market fund.

INSTRUCTIONS:

(1) Calculate the mutual fund's portfolio turnover rate by dividing the lesser of the amounts of the purchases and sales of portfolio securities for the financial year by the average of the value of the portfolio securities owned by the mutual fund in the financial year. Calculate the monthly average by

- 37 -

totalling the values of portfolio securities as at the beginning and end of the first month of the financial year and as at the end of each of the succeeding 11 months and dividing the sum by 13. Exclude from both numerator and denominator amounts relating to all securities having a remaining term to maturity on the date of acquisition by the mutual fund of one year or less.

(2) Calculate the management expense ratio of the mutual fund as required by Part 16 of National Instrument 81-102.

Illustration of Fund Expenses Indirectly Borne by Investors

Following the disclosure required by Item 13.2, under the heading "Fund Expenses Indirectly Borne by Investors", provide an example of the share of the expenses of the mutual fund indirectly borne by investors, containing the information and based on the assumptions described in subsection (2).

The information to be provided under this Item shall be an investor's cumulative proportional share of the fees and expenses paid by the mutual fund, in dollars, over a period of one, three, five and 10 years, assuming

(a) an initial investment of \$1,000;

(b) a total annual return of the mutual fund of five percent in each year, calculated in accordance with section 15 of National Instrument 81-102;

(c) a management expense ratio and operating expense of the mutual fund the same throughout the 10 year period as they were in the last completed financial year of the mutual fund, excluding any performance fees paid in a year which would not have been paid had the mutual fund earned a total return of five percent in that last completed financial year.

Provide an introduction to the disclosure that explains that the disclosure is intended to help an investor compare the cost of investing in the mutual fund with the cost of investing in other mutual funds, shows the amount of fees and expenses paid by the mutual fund that are indirectly borne by an investor, and describes the assumptions used.

Provide a cross-reference to the disclosure provided under Item 8 of Part A of this Form for information about fees and expenses paid directly by the investor.

Item :Additional Information

- 38 -

Provide any specific disclosure required or permitted to be disclosed in a prospectus under securities legislation or by an order or ruling of the securities regulatory authority pertaining to the mutual fund that is not otherwise required to be disclosed by this Form.

This Item does not apply to requirements of securities legislation that are form requirements for a prospectus.

INSTRUCTIONS:

(1) See Instruction (1) to Item 12 of Part A of this Form for examples of disclosure that might appropriately be made under these Items.

(2) For a simplified prospectus that is not part of a multiple SP, provide this disclosure either under this Item or under Item 12 of Part A of this Form, whichever is more appropriate.

(3) For a multiple SP, this disclosure should be provided under this Item if the disclosure does not pertain to all of the mutual funds described in the document. If the disclosure pertains to all of those funds, the disclosure should be provided in the fund-specific disclosure required or permitted under Item 12 of Part A of this Form.

**NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE
FORM 81-101F1
CONTENTS OF SIMPLIFIED PROSPECTUS**

TABLE OF CONTENTS

<u>PART</u>	<u>TITLE</u>	<u>PAGE</u>
	GENERAL INSTRUCTIONS	1
	PART A GENERAL DISCLOSURE	5
	Item 1:Front Cover Disclosure	5
	Item 2:Table of Contents	7
	Item 3:Introductory Disclosure	8
	Item 4:General Investment Risks	10
	Item 5:Organization and Management Details for a Multiple SP	11
	Item 6:Purchases, Switches and Redemptions	12
	Item 7:Optional Services Provided by the Mutual Fund	13
	Organization	13
	Item 8:Fees and Expenses	14
	Item 9:Dealer Compensation	17
	Item 10:Income Tax Considerations for Investors	20
	Item 11:Statement of Rights	20
	Item 12:Additional Information	21
	Item 13:Part B Introduction	22
	Item 14:Back Cover	23
	PART B FUND-SPECIFIC INFORMATION	24
	Item 1:General	24
	Item 2:Introductory	24
	Item 3:General Information	25
	Item 4:Organization and Management Details	26
	Item 5:Fund Details	26
	Item 6:Fundamental Investment Objectives	28
	Item 7:Investment Strategies	29
	Item 8:Top Ten Holdings	31
	Item 9:Risks	32
	Item 10:Suitability	33
	Item 11:Past Performance	34
	Item 12:Distribution Policy	40
	Item 13:Financial Highlights	40

Item 14:Additional Information 43

**NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE
FORM 81-101F2
CONTENTS OF ANNUAL INFORMATION FORM**

GENERAL INSTRUCTIONS:

General

This Form describes the disclosure that is required in an annual information form of a mutual fund. Each Item of this Form outlines disclosure requirements. Instructions to help you provide this disclosure are printed in italic type.

Terms defined in National Instrument 81-101 Mutual Fund Prospectus Disclosure, National Instrument 81-102 Mutual Funds or National Instrument 81-105 Mutual Fund Sales Practices and used in this Form have the meanings that they have in those national instruments.

An annual information form is intended to supplement the information contained in the related simplified prospectus. Information contained in the related simplified prospectus need not be repeated except as required to make the annual information form comprehensible as an independent document. Generally speaking, all of the disclosure required to be provided in connection with a particular requirement of Form 81-101F1 ("the SP Form") in order to satisfy statutory disclosure requirements should be contained in the simplified prospectus. For some Items, it may be appropriate to expand in the annual information form on matters discussed in the simplified prospectus; for instance, a mutual fund organization may wish to describe in an annual information form some of its optional services in more detail than in the simplified prospectus. Generally speaking, however, an annual information form is intended to provide disclosure about different matters than those discussed in the simplified prospectus, which may be of assistance or interest to some investors.

Unless otherwise required by this Form, information may be presented in a different format and style in an annual information form than in a simplified prospectus. An annual information form is required by National Instrument 81-101 to be presented in a format that assists in readability and comprehension. This Form generally does not mandate the use of a specific format to achieve this goal and mutual funds are encouraged to use, as appropriate, tables, captions, bullet points or other organizational techniques that assist in presenting the disclosure clearly.

- 2 -

An annual information form may contain photographs and artwork only if they are relevant to the business of the mutual fund, mutual fund family or members of the organization of the mutual fund and are not misleading.

As with a simplified prospectus, an annual information form is to be prepared using plain language. Reference should be made to Part 3 of Companion Policy 81-101CP for a discussion concerning plain language and presentation.

Any footnotes provided for under any Item of this Form may be deleted if the substance of the footnotes is otherwise provided.

Contents of an Annual Information Form

An annual information form pertains to one mutual fund but, unlike a simplified prospectus, is not required to be divided into a discrete Part A section, pertaining to general disclosure, and a Part B section, pertaining to fund-specific disclosure.

It is not necessary to disclose the Items required by this Form in an annual information form in any particular order or under any particular heading. This is unlike the rule for a simplified prospectus, which provides that information contained in a simplified prospectus must be in the order and under the headings required by the SP Form.

Consolidation of Annual Information Forms into a Multiple AIF

Section 5.4 of National Instrument 81-101 requires an annual information form to be consolidated with one or more other annual information forms into a multiple AIF if the related simplified prospectuses are consolidated into a multiple SP. As the Instrument does not prevent the consolidation of annual information forms even if the related simplified prospectuses are not consolidated, a mutual fund organization may prepare one multiple AIF that pertains to all of its mutual funds, even if the simplified prospectuses for those mutual funds are not fully or even partially consolidated.

Unlike the situation with a multiple SP, National Instrument 81-101 does not permit parts of a multiple AIF to be bound separately.

Unlike the requirements for a multiple SP, there are no requirements that disclosure concerning each mutual fund described in a multiple AIF be organized in any particular manner or order. In particular, it is not necessary to use the catalogue approach required to be used in a multiple SP in which disclosure about individual mutual funds is required to be separately

- 3 -

presented. Information may be presented separately for each mutual fund, or consolidated, at the option of the mutual fund organization.

The requirements in this Form generally speak of "a mutual fund". These requirements apply to each mutual fund to which a multiple AIF pertains.

Item :Front Cover Disclosure

For a Single AIF

Indicate on the front cover whether the document is a preliminary annual information form, a *pro forma* annual information form or an annual information form.

Indicate on the front cover the name of the mutual fund to which the annual information form pertains.

Despite securities legislation, state on the front cover of a preliminary annual information form the following:

"A copy of this annual information form has been filed with [the securities authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of a distribution. Information contained in this annual information form may not be complete and may have to be amended. The securities described in this annual information form may not be distributed to you until a receipt for the annual information form is obtained by the mutual fund from the securities regulatory [authority(ies)]."

If a commercial copy of the preliminary annual information form is prepared, print the legend referred to in subsection (3) in red ink.

For a preliminary annual information form or annual information form, indicate the date of the document, which shall be the date of the certificates for the document. This date shall be within three business days of the date it is filed with the securities regulatory authority. Write the date of the document in full, writing the name of the month in words. A *pro forma* annual information form need not be dated, but may reflect the anticipated date of the annual information form.

State, in substantially the following words:

"No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise."

- 4 -

For a Multiple AIF

Indicate on the front cover whether the document is a preliminary annual information form, a *pro forma* annual information form or an annual information form for each of the mutual funds to which the document pertains.

Indicate on the front cover the names of the mutual funds and, if desired, the name of the mutual fund family, to which the document pertains.

Despite securities legislation, state on the front cover of a document that contains a preliminary annual information form the following:

"A copy of this annual information form has been filed with [the securities authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of a distribution. Information contained in this annual information form may not be complete and may have to be amended. The securities described in this annual information form may not be distributed to you until a receipt for the annual information form is obtained by the mutual fund from the securities regulatory [authority(ies)]."

If a commercial copy of a document that contains a preliminary annual information form is prepared, print the legend referred to in subsection (3) in red ink.

If the document contains a preliminary annual information form or annual information form, indicate the date of the document, which shall be the date of the certificates for the document. This date shall be within three business days of the date it is filed with the securities regulatory authority. Write the date of the document in full, writing the name of the month in words. A document that is a *pro forma* multiple AIF need not be dated, but may reflect the anticipated date of the multiple AIF.

State, in substantially the following words:

"No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise."

Item :Table of Contents

Include a table of contents.

- 5 -

Item :Name, Formation and History of the Mutual Fund

State the full name of the mutual fund and the address of its head or registered office.

State the laws under which the mutual fund was formed and the date and manner of its formation.

Identify the constating documents of the mutual fund and, if material, state whether the constating documents have been amended in the last 10 years and describe the amendments.

If the mutual fund's name has been changed in the last 10 years, state the mutual fund's former name or names and the date on which it was changed.

Disclose, and provide details about, any major events affecting the mutual fund in the last 10 years. Include information, if applicable, about

the mutual fund having participated in, or been formed from, an amalgamation or merger with one or more other mutual funds;

the mutual fund having participated in any reorganization or transfer of assets in which the securityholders of another issuer became securityholders of the mutual fund;

any changes in fundamental investment objectives or material investment strategies;

any changes in the portfolio adviser or changes in, or of control of, the manager; and

the mutual fund, before it filed a prospectus as a mutual fund, having existed as a closed-end investment fund, non-public mutual fund or other entity.

Item :Investment Restrictions

Include a statement to the effect that the mutual fund is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102, which are designed in part to ensure that the investments of the mutual fund are diversified and relatively liquid and to ensure the proper administration of the mutual fund, and state that the mutual fund is managed in accordance with these restrictions and practices.

- 6 -

If the mutual fund has received the approval of the securities regulatory authorities to vary any of the investment restrictions and practices contained in securities legislation, including National Instrument 81-102, provide details of the permitted variations.

Describe the nature of any securityholder or other approval that may be required in order to change the fundamental investment objectives and any of the material investment strategies to be used to achieve the investment objectives.

State the restrictions on the investment objectives and strategies that arise out of any of the following matters:

1. Whether the securities of the mutual fund are or will be a qualified investment within the meaning of the ITA for retirement savings plans, retirement income funds, education savings plans, deferred profit sharing plans or other plans registered under the ITA.

2. Whether the securities of the mutual fund are or will be recognized as a registered investment within the meaning of the ITA.

3. Whether the securities of the mutual fund will constitute foreign property within the meaning of the ITA.

State whether the mutual fund has deviated in the last year from the rules under the ITA that apply to the status of its securities as

qualified investments within the meaning of the ITA for retirement savings plans, retirement income funds, education savings plans, deferred profit sharing plans or other plans registered under the ITA;

registered investments within the meaning of the ITA; or

non-foreign property under the ITA.

State the consequences of any deviation described in response to subsection (5).

Item :Description of Securities Offered by the Mutual Fund

State the description or the designation of securities, or the series or classes of securities, offered by the mutual fund under the related simplified prospectus

- 7 -

and describe the securities or all material attributes and characteristics, including

dividend or distribution rights;

voting rights;

liquidation or other rights upon the termination of the mutual fund;

conversion rights;

redemption rights; and

provisions as to amendment of any of these rights or provisions.

Describe the rights of securityholders to approve

the matters set out in section 5.1 of National Instrument 81-102; and

any matters provided for in the constating documents of the mutual fund.

Item :Valuation of Portfolio Securities

Describe the methods used to value the various types or classes of portfolio assets of the mutual fund and its liabilities for the purpose of calculating net asset value.

If the manager has discretion to deviate from the mutual fund's valuation practices described in subsection (1), disclose when and to what extent that discretion may be exercised and, if it has been exercised in the past three years, provide an example of how it has been exercised or, if it has not been exercised in the past three years, so state.

Item :Calculation of Net Asset Value

State that the issue and redemption price of securities of the mutual fund is based on the mutual fund's net asset value next determined after the receipt of a purchase order and a redemption order. Describe the method followed or to be followed by the mutual fund in determining the net asset value.

State the frequency at which the net asset value is determined

- 8 -

and the date and time of day at which it is determined.

If a money market mutual fund intends to maintain a constant net asset value per security, disclose this intention and disclose how the mutual fund intends to maintain this constant net asset value.

Item :Purchases and Switches

Describe the procedure followed or to be followed by investors who desire to purchase securities of the mutual fund or switch them for securities of other mutual funds.

State that the issue price of securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the mutual fund of the purchase order.

Describe how the securities of the mutual fund are distributed. If sales are effected through a principal distributor, give brief details of any arrangements with the principal distributor.

Describe all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and, if applicable, that the choice of different purchase options affects the amount of compensation paid by a member of the organization of the mutual fund to the dealer.

Disclose that a dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with a failed settlement of a purchase of securities of the mutual fund caused by the investor.

For a mutual fund that is being sold on a best efforts basis, state whether the issue price will be fixed during the initial distribution period, and state when the mutual fund will begin issuing securities at the net asset value per security of the mutual fund.

Item :Redemption of Securities

Describe the procedures followed, or to be followed, by an investor who desires to redeem securities of the mutual fund, specifying the procedures to be followed and documents to be delivered before a redemption order pertaining to securities of the mutual fund is accepted by the mutual fund for processing and before payment of the proceeds of redemption is made by the mutual fund.

- 9 -

State that the redemption price of the securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the mutual fund of the redemption order.

Disclose that a dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with any failure of the investor to satisfy the requirements of the mutual fund or securities legislation for a redemption of securities of the mutual fund.

Discuss the circumstances under which the mutual fund may suspend redemptions of the securities of the mutual fund.

Item :Responsibility for Mutual Fund Operations

General

Describe how each of the following aspects of the operations of the mutual fund are administered and who administers those functions:

the management and administration of the mutual fund, including valuation services, fund accounting and securityholder records, other than the management of the portfolio assets;

the management of the portfolio assets, including the provision of investment analysis or investment recommendations and the making of investment decisions;

the purchase and sale of portfolio assets by the mutual fund and the making of brokerage arrangements relating to the portfolio assets;

the distribution of the securities of the mutual fund;

if the mutual fund is a trust, the trusteeship of the mutual fund;

if the mutual fund is a corporation, the oversight of the affairs of the mutual fund by the directors of the mutual fund; and

the custodianship of the assets of the mutual fund.

INSTRUCTION:

- 10 -

The disclosure required under Item 10.1 may be provided separately from, or combined with, the detailed disclosure concerning the persons or companies that provide services to the mutual fund required by Items 10.2 through 10.10.

Manager

State the name, address, telephone number, e-mail address and, if applicable, website address of the manager of the mutual fund.

List the names and home addresses in full or, alternatively, solely the municipality of residence or postal address, and the respective positions and offices held with the manager and their respective principal occupations at, and within the five years preceding, the date of the annual information form, of all partners, directors and officers of the manager of the mutual fund at the date of the annual information form.

If a partner, director or officer of the manager of the mutual fund has held more than one office with the manager of the mutual fund within the past five years, state only the current office held.

If the principal occupation of a director or officer of the manager of the mutual fund is with an organization other than the manager of the mutual fund, state the principal business in which the organization is engaged.

Describe the circumstances under which any agreement with the manager of the mutual fund may be terminated, and include a brief description of the essential terms of this agreement.

Portfolio Adviser

If the manager of the mutual fund provides the portfolio management services in connection with the mutual fund, so state.

If the manager does not provide portfolio management services, state the names and municipality of the principal or head office for each portfolio adviser of the mutual fund.

State

the extent to which investment decisions are made by certain individuals employed by the manager or a portfolio adviser and whether those decisions are subject to the oversight, approval or ratification of a committee; and

- 11 -

the name, title, and length of time of service of the person or persons employed by or associated with either the manager or a portfolio adviser of the mutual fund who is or are principally responsible for the day-to-day management of a material portion of the portfolio of the mutual fund, implementing a particular material strategy or managing a particular segment of the portfolio of the mutual fund, and each person's business experience in the last five years.

Describe the circumstances under which any agreement with a portfolio adviser of the mutual fund may be terminated, and include a brief description of the essential terms of this agreement.

Brokerage Arrangements

State

the formula, method or criteria, if any, used in allocating brokerage business to persons or companies engaged in the distribution of the securities of the mutual fund;

the formula, method or criteria, if any, used in allocating brokerage business to persons or companies that furnish statistical, research or other services to the mutual fund, or to the manager or to the portfolio adviser of the mutual fund; and

the formula, method or criteria, if any, used in allocating brokerage business to an "affiliated entity", within the meaning of that term contained in the Instructions in Item 11.2, and any variation from any formula, method or criteria applied in allocating brokerage business to a non-affiliated entity.

State the name of any person or company that has provided investment decision-making services to the manager or a portfolio adviser of the mutual fund in connection with the mutual fund since the date of the last annual information form of the mutual fund, and a summary of the nature of those services, if all or some of those services were paid for through commissions or brokerage transactions executed on behalf of the mutual fund.

INSTRUCTION:

The term "investment decision-making services" means

(a) advice as to the value of securities and the advisability of

- 12 -

effecting transactions in securities;

(b)analyses and reports concerning securities, portfolio strategies or performance, issuers, industries, or economic or political factors and trends; and

(c)databases or software to the extent they are designed mainly to support the services referred to in paragraphs (a) and (b).

Principal Distributor

If applicable, state the name and address of the principal distributor of the mutual fund.

Describe the circumstances under which any agreement with the principal distributor of the mutual fund may be terminated, and include a brief description of the essential terms of this agreement.

Directors, Officers and Trustees

List the names and home addresses in full or, alternatively, solely the municipality of residence or postal address, and the principal occupations at, or within the five years preceding, the date of the annual information form, of all directors or officers of an incorporated mutual fund or of the individual trustee or trustees, if any, of a mutual fund that is a trust.

State, for a mutual fund that is a trust, the names and municipality of residence for each person or company that is responsible for performing the trusteeship function of the mutual fund.

Indicate, for an incorporated mutual fund, all positions and offices with the mutual fund then held by each person named in response to subsection (1).

If the principal occupation of a director, officer or trustee is that of a partner, director or officer of a company other than the mutual fund, state the business in which the company is engaged.

If a director or officer of an incorporated mutual fund has held more than one position in the mutual fund, state only the first and last position held.

For a mutual fund that is a limited partnership, provide the information required by this Item for the general partner of the mutual fund, modified as appropriate.

- 13 -

Custodian

State the name, municipality of the principal or head office, and nature of business of the custodian and any principal sub-custodian of the mutual fund.

Describe generally the sub-custodian arrangements of the mutual fund.

INSTRUCTION:

A "principal sub-custodian" is a sub-custodian to whom custodial authority has been delegated in respect of a material portion or segment of the portfolio assets of the mutual fund.

Auditor

State the name and municipality of the auditor of the mutual fund.

Registrar

If applicable, state the name of the registrar of securities of the mutual fund and the municipalities in which the register of securities of the mutual fund are kept.

Other Service Providers

State the name, municipality of the principal or head office, and the nature of business of each other person or company that provides services relating to portfolio valuation, securityholder records, fund accounting, or other material services, in respect of the mutual fund, and describe the material features of the contractual arrangements by which the person or company has been retained.

Item :Conflicts of Interest**Principal Holders of Securities**

The information required in response to this Item shall be given as of a specified date within 30 days before the date of the annual information form.

Disclose the number and percentage of securities of each class or series of voting securities of the mutual fund and of the manager of the mutual fund owned of record or beneficially, directly or indirectly, by each person or

- 14 -

company that owns of record, or is known by the mutual fund or the manager to own beneficially, directly or indirectly, more than 10 percent of any class or series of voting securities, and disclose whether the securities are owned both of record and beneficially, of record only, or beneficially only.

For any entity that is named in response to subsection (2), disclose the name of any person or company of which that entity is a "controlled entity".

If any person or company named in respect of subsection (2) owns of record or beneficially, directly or indirectly, more than 10 percent of any class of voting securities of the principal distributor of the mutual fund, disclose the number and percentage of securities of the class so owned.

Disclose the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the directors, senior officers and trustees

of the mutual fund

in the mutual fund if the aggregate level of ownership exceeds 10 percent,

in the manager, or

in any person or company that provides services to the mutual fund or the manager; and

of the manager

in the mutual fund if the aggregate level of ownership exceeds 10 percent,

in the manager, or

in any person or company that provides services to the mutual fund or the manager.

Affiliated Entities

State whether any person or company that provides services to the mutual fund or the manager in relation to the mutual fund is an affiliated entity of the manager, and show the relationships of those affiliated entities in the form of an appropriately labelled diagram.

- 15 -

State that disclosure of the amount of fees received from the mutual fund by each person or company described in subsection (1) is contained in the audited financial statements of the mutual fund.

Identify any individual who is a director or senior officer of the mutual fund or partner, director or officer of the manager and also of any affiliated entity of the manager described in response to subsection (1), and give particulars of the relationship.

INSTRUCTIONS:

(1)A person or company is an "affiliated entity" of another person or company if one is a subsidiary entity of the other or if both are subsidiary entities of the same person or company or if each of them is a controlled entity of the same person or company.

(2)A person or company is a "controlled entity" of a person or company if

(a)in the case of a person or company

(i)voting securities of the first-mentioned person or company carrying more than 50 percent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or company, and

(ii)the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned person or company;

(b)in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned person or company holds more than 50 percent of the interests in the partnership; or

(c)in the case of a limited partnership, the general partner is the second-mentioned person or company.

(3)A person or company is a "subsidiary entity" of another person or company if

(a)it is a controlled entity of

(i)that other,

(ii)that other and one or more persons or companies, each of which is a controlled entity of that other, or

- 16 -

(iii)two or more persons or companies, each of which is a controlled entity of that other; or

(b)it is a subsidiary entity of a person or company that is that other's subsidiary entity.

(4)For the purposes of subsection (1) of Item 11.2, the provision of services includes the provision of brokerage services in connection with execution of portfolio transactions for the mutual fund.

Dealer Manager Disclosure

If the mutual fund is dealer managed, disclose this fact and that the mutual fund is subject to the restrictions set out in section 4.1 of National Instrument 81-102, and summarize section 4.1 of National Instrument 81-102.

Item :Fund Governance

Provide detailed information concerning the governance of the mutual fund, including information concerning

the body or group that has responsibility for fund governance, the extent to which its members are independent of the manager of the mutual fund and the names and municipalities of residence of each member of that body or group; and

descriptions of the policies, practices or guidelines of the mutual fund or the manager relating to business practices, sales practices, risk management controls and internal conflicts of interest, and if the mutual fund or the manager have no such policies, practices or guidelines, a statement to that effect.

If the mutual fund intends to use derivatives, describe the policies and practices of the mutual fund to manage the risks associated with the use of derivatives.

In the disclosure provided under subsection (2), include disclosure of

whether there are written policies and procedures in place that set out the objectives and goals for derivatives trading and the risk management procedures applicable to derivatives trading;

- 17 -

who is responsible for setting and reviewing the policies and procedures referred to in paragraph (a), how often are the policies and procedures reviewed, and the extent and nature of the involvement of the board of directors or trustee in the risk management process;

whether there are trading limits or other controls on derivative trading in place and who is responsible for authorizing the trading and placing limits or other controls on the trading;

whether there are individuals or groups that monitor the risks independent of those who trade; and

whether risk measurement procedures or simulations are used to test the portfolio under stress conditions.

INSTRUCTION:

The disclosure provided under this Item should make appropriate distinctions between the risks associated with the intended use by the mutual fund of derivatives for hedging purposes as against the mutual fund's intended use of derivatives for non-hedging purposes.

Item :Fees and Expenses

Management Fee Rebate or Distribution Programs

Disclose details of all arrangements that are in effect or will be in effect during the currency of the annual information form that will result, directly or indirectly, in one securityholder in the mutual fund paying as a percentage of the securityholder's investment in the mutual fund a management fee that differs from that payable by another securityholder.

In the disclosure required by subsection (1), describe

who pays the management fee;

whether a reduced fee is paid at the relevant time or whether the full fee is paid at that time with a repayment of a portion of the management fee to follow at a later date;

who funds the reduction or repayment of management fees, when the reduction or repayment is made and whether it is made in cash or in securities of the

- 18 -

mutual fund;

whether the differing management fees are negotiable or calculated in accordance with a fixed schedule;

if the management fees are negotiable, the factors or criteria relevant to the negotiations and state who negotiates the fees with the investor;

whether the differing management fees payable are based on the number or value of the securities of the mutual fund purchased during a specified period or the number or value of the securities of the mutual fund held at a particular time; and

any other factors that could affect the amount of the management fees payable.

Disclose the income tax consequences to the mutual fund and its securityholders of a management fee structure that results in one securityholder paying a management fee that differs from another.

Item :Income Tax Considerations

State in general terms the bases upon which the income and capital receipts of the mutual fund are taxed.

State in general terms the income tax consequences to the holders of the securities offered of

any distribution to the holders in the form of dividends or otherwise, including amounts reinvested in securities of the mutual fund;

the redemption of securities;

the issue of securities; and

any transfers between mutual funds.

Item :Remuneration of Directors, Officers and Trustees

If the management functions of the mutual fund are carried out by employees of the mutual fund, provide for those employees the disclosure concerning executive compensation that is required to be provided for executive officers of an issuer under securities legislation.

- 19 -

Describe any arrangements, including the amounts paid, the name of the individual and any expenses reimbursed by the mutual fund to the individual, under which compensation was paid or payable by the mutual fund during the most recently completed financial year of the mutual fund, for the services of directors of the mutual fund and members of an independent board of governors or advisory board of the mutual fund

in that capacity, including any additional amounts payable for committee participation or special assignments; and

as consultants or experts.

Item :Material Contracts

List and provide particulars of

the declaration of trust or trust agreement of the mutual fund, if any;

any agreement of the mutual fund or trustee with the manager of the mutual fund;

any agreement of the mutual fund, the manager or trustee with the portfolio adviser or portfolio advisers of the mutual fund;

any agreement of the mutual fund, the manager or trustee with the custodian of the mutual fund;

any agreement of the mutual fund, the manager or trustee with the principal distributor of the mutual fund; and

any other contract or agreement that can reasonably be regarded as material to an investor in the securities of the mutual fund.

State a reasonable time at which and place where the contracts or agreements listed in response to subsection (1) may be inspected by prospective or existing securityholders.

Include, in describing particulars of contracts, the date of, parties to, consideration paid by the mutual fund under, termination provisions of, and general nature of, the contracts.

INSTRUCTION:

- 20 -

This Item does not require disclosure of contracts entered into in the ordinary course of business of the mutual fund.

Item :Legal and Administrative Proceedings

Describe briefly any ongoing legal and administrative proceedings material to the mutual fund, to which the mutual fund, its manager or principal distributor is a party.

For all matters disclosed under subsection (1), disclose

the name of the court or agency having jurisdiction;

the date on which the proceeding was instituted;

the principal parties to the proceeding;

the nature of the proceeding and, if applicable, the amount claimed; and

whether the proceedings are being contested and the present status of the proceedings.

Provide similar disclosure about any proceedings known to be contemplated.

Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of any settlement agreement and the circumstances that gave rise to the settlement agreement, if the manager of the mutual fund, or a director or officer of the mutual fund or the partner, director or officer of the manager of the mutual fund has,

in the 10 years before the date of the simplified prospectus, been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of a publicly-traded mutual fund, or theft of fraud, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in determining whether to purchase securities of the mutual fund; or

in the 10 years before the date of the simplified prospectus but after the date that National Instrument 81-101 came into force, entered into a settlement agreement with a court, securities regulatory or other regulatory

- 21 -

body, in relation to any of the matters referred to in paragraph (a).

If the manager of the mutual fund, or a director or officer of the mutual fund or the partner, director or officer of the manager of the mutual fund has, within the 10 years before the date of the simplified prospectus, been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of a publicly traded mutual fund, or theft or fraud, or has entered into a settlement agreement with a regulatory authority in relation to any of these matters, describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement.

Item :Other Material Information

Give particulars of any other material facts relating to the securities proposed to be offered that are not otherwise required to be disclosed by this Form or the SP Form.

Provide any specific disclosure required or permitted to be disclosed in a prospectus under securities legislation that is not otherwise required to be disclosed by this Form.

Subsection (2) does not apply to requirements of securities legislation that are form requirements for a prospectus.

INSTRUCTION:

The disclosure provided under subsection (2) may also be provided under Item 12 of Part A or Item 14 of Part B of the SP Form. If the disclosure is provided under one of these Items, it need not be provided under this Item.

Item :Certificate of the Mutual Fund

Include a certificate of the mutual fund that states:

"This annual information form, the financial statements of the fund [specify] for the financial period ended [specify] and the auditors' report on those financial statements, together with the simplified prospectus required to be sent or delivered to a purchaser during the currency of this annual information form, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus and do not contain any misrepresentation."

- 22 -

The certificate required to be signed by the mutual fund shall, if the mutual fund is established as a trust, be signed

if any trustee of the mutual fund is an individual, by each individual who is a trustee or by a duly authorized attorney of the individual; or

if any trustee of the mutual fund is a body corporate, by the duly authorized signing officer or officers of the body corporate.

Despite subsection (2), if the declaration of trust or trust agreement establishing the mutual fund delegates the authority to do so, or otherwise authorizes a person to do so, the certificate form required to be signed by the trustee or trustees of the mutual fund may be signed by the person to whom the authority is delegated or who is authorized.

Despite subsections (2) and (3), if the trustee of the mutual fund is also its manager, the certificate shall indicate that it is being signed by the person or company both in its capacity of trustee and in its capacity as manager of the mutual fund and shall be signed in the manner prescribed by Item 20.

Item :Certificate of the Manager of the Mutual Fund

Include a certificate of the manager of the mutual fund in the same form as the certificate signed by the mutual fund.

The certificate shall, if the manager is a company, be signed by the chief executive officer and the chief financial officer of the manager, and on behalf of the board of directors of the manager by any two directors of the manager other than the chief executive officer or chief financial officer, duly authorized to sign.

Despite subsection (2), if the manager has only three directors, two of whom are the chief executive officer and chief financial officer, the certificate required by subsection (2) to be signed on behalf of the board of directors of the manager shall be signed by the remaining director of the manager.

Item :Certificate of Each Promoter of the Mutual Fund

Include a certificate of each promoter of the mutual fund in the same form as the certificate signed by the mutual fund.

The certificate to be signed by the promoter shall be signed by any officer or director of the promoter duly authorized to sign.

- 23 -

Item :Certificate of the Principal Distributor of the Mutual Fund

Include a certificate of the principal distributor of the mutual fund that states:

"To the best of our knowledge, information and belief, this annual information form, the financial statements of the fund [specify] for the financial period ended [specify] and the auditors' report on those financial statements, together with the simplified prospectus required to be sent or delivered to a purchaser during the currency of this annual information form, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus and do not contain any misrepresentation."

The certificate to be signed by the principal distributor shall be signed by any officer or director of the principal distributor duly authorized to sign.

INSTRUCTION:

For a mutual fund that has a principal distributor, the certificate required by this Item is necessary to satisfy the requirements of securities legislation that an underwriter sign a certificate to a prospectus.

Item :Exemptions and Approvals

Describe all exemptions from, or approvals under, this Instrument, National Instrument 81-102, National Instrument 81-105 or National Policy Statement No. 39, obtained by the mutual fund or the manager that continue to be relied upon by the mutual fund or the manager.

Include the disclosure required by subsection (1) in the section of the annual information form that describes the matter to which the exemption pertains.

Item :Back Cover

State on the back cover the name of the mutual fund or funds included in the annual information form or the mutual fund family, as well as the name, address and telephone number of the manager of the mutual fund or funds.

State, in substantially the following words:

"•Additional information about the Fund[s] is available in the Fund['s/s'] financial statements.

- 24 -

- You can get a copy of the Fund['s/s'] financial statements, including a statement of portfolio transactions, at no cost by calling [toll-free/collect] [insert toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer or by e-mail at [insert e-mail address].

- The financial statements and other information about the Fund[s], such as information circulars and material contracts, are also available on the [insert name of mutual fund manager] Internet site at [insert fund's Internet site] or at www.sedar.com."

**NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE
FORM 81-101F2
CONTENTS OF ANNUAL INFORMATION FORM
TABLE OF CONTENTS**

<u>PART</u>	<u>TITLE</u>	<u>PAGE</u>
	GENERAL INSTRUCTIONS	1
Item 1:	Front Cover Disclosure	3
Item 2:	Table of Contents	5
Item 3:	Name, Formation and History of the Mutual Fund	5
Item 4:	Investment Restrictions	6
Item 5:	Description of Securities Offered by the Mutual Fund	7
Item 6:	Valuation of Portfolio Securities	8
Item 7:	Calculation of Net Asset Value	9
Item 8:	Purchases and Switches	9
Item 9:	Redemption of Securities	10
Item 10:	Responsibility for Mutual Fund Operations	10
Item 11:	Conflicts of Interest	16
Item 12:	Fund Governance	19
Item 13:	Fees and Expenses	20
Item 14:	Income Tax Considerations	21
Item 15:	Remuneration of Directors, Officers and Trustees	22
Item 16:	Material Contracts	22
Item 17:	Legal and Administrative Proceedings	23
Item 18:	Other Material Information	25
Item 19:	Certificate of the Mutual Fund	25
Item 20:	Certificate of the Manager of the Mutual Fund	26
Item 21:	Certificate of Each Promoter of the Mutual Fund	26
Item 22:	Certificate of the Principal Distributor of the Mutual Fund	27
Item 23:	Exemptions and Approvals	27
Item 24:	Back Cover	28

COMPANION POLICY 81-101CP TO NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE
(Incorporating Amendments to May 2, 2001)
TABLE OF CONTENTS

PART	TITLE	
Part 1	PURPOSE OF THE COMPANION POLICY	1
	1.1 Purpose of the Companion Policy.....	1
Part 2	PURPOSE AND GENERAL APPROACH OF THE INSTRUMENT.....	1
	2.1 Purpose of the Instrument	1
	2.2 Simplified Prospectus	1
	2.3 Annual Information Form.....	2
	2.4 Financial Statements.	3
	2.5 Filing and Delivery of Documents.....	3
	2.6 Supporting Documents.....	3
	2.7 Amendments	4
Part 3	PLAIN LANGUAGE AND PRESENTATION	5
	3.1 Plain Language:.....	5
	3.2 Presentation.....	6
Part 4	THE MULTIPLE SP.....	7
	4.1 General Provisions Relating to a Multiple SP	7
	4.2 Adding Additional Funds to a Multiple SP.....	9
Part 5	THE SIMPLIFIED PROSPECTUS	9
	5.1 General Purposes.....	9
	5.2 Catalogue Approach.....	9
	5.3 Additional Information	9
	5.4 Inclusion of Educational Material.....	10
	5.5 Format.	10
Part 6	THE ANNUAL INFORMATION FORM.....	11
	6.1 General Purposes.....	11
	6.2 Accessibility of an Annual Information Form	11
	6.3 Consolidation of Annual Information Forms.....	11
	6.4 Additional Material.....	11
Part 7	DELIVERY.....	12
	7.1 Delivery of the Simplified Prospectus and Annual Information Form.....	12
	7.2 Delivery of Documents by a Mutual Fund.	12
	7.3 Delivery of Separate Part A and Part B Sections.....	12
	7.4 Delivery of Non-Educational Material.	13
	7.5 Delivery of Financial Statements.	13
Part 8	COMMENTARY ON INVESTMENT AND RELATED DISCLOSURE.....	13
	8.1 Investment Disclosure.....	13
	8.2 Portfolio	13
Part 9	NEED FOR MULTIPLE OR SEPARATE APPLICATIONS	14
	9.1 Need for Multiple or Separate Applications	14

COMPANION POLICY 81-101CP TO NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE

PART 1 PURPOSE OF THE COMPANION POLICY

1.1 Purpose of the Companion Policy - The purpose of this Companion Policy is to state the views of the Canadian securities regulatory authorities on various matters relating to the Instrument, including,

- (a) a discussion of the general approach taken by the Canadian securities regulatory authorities in, and the general regulatory purpose for, the Instrument;
- (b) explanation and discussion of various parts of the Instrument; and
- (c) examples of some matters described in the Instrument.

PART 2 PURPOSE AND GENERAL APPROACH OF THE INSTRUMENT

2.1 Purpose of the Instrument

- (1) The purpose of the Instrument is to ensure that mutual funds provide investors with disclosure documents that clearly and concisely state information that investors should consider in connection with an investment decision about the mutual fund. Two general approaches have been used in the Instrument in order to achieve this result.
- (2) First, the Instrument requires, in subsection 4.1(1), that these documents be prepared using plain language and in a format that assists in readability and comprehension.
- (3) Second, the Instrument has been designed to ensure that investors receive disclosure documents that will be helpful to them, and permits mutual fund organizations considerable flexibility in designing those documents in order to assist investors. The Instrument contemplates the use of two documents by a mutual fund (in addition to financial statements): a simplified prospectus, which is given to all investors, and an annual information form, which is available on request, that, together with the financial statements, contain full, true and plain disclosure about the mutual fund. However, the Instrument contemplates that, at the option of mutual fund organizations, investors may receive only the disclosure documents that pertain to the mutual funds in which they are interested.

2.2 Simplified Prospectus

- (1) The Instrument contemplates that all investors in a mutual fund will receive a simplified prospectus, which is to be a clear concise document that is designed to

provide the typical investor with the necessary information to permit the making of an informed investment decision. The Instrument requires the delivery only of a simplified prospectus to an investor in connection with a purchase, unless the investor also requests delivery of the annual information form, financial statements or both.

- (2) The approach of the Instrument is to give investors a choice of the amount of information that they wish to consider before making a decision about investing in the mutual fund. Investors will have the option of purchasing the mutual fund's securities after reviewing the information in the simplified prospectus only or after requesting and reviewing the annual information form, financial statements, or both, incorporated by reference into the simplified prospectus.
- (3) The Instrument and Form 81-101F1 (the "SP Form") provide detailed requirements as to the contents and format of a simplified prospectus. These requirements
 - (a) are designed to ensure that simplified prospectuses are clear, concise, understandable and well-organized, and contain the most important information that an investor would consider in making an investment decision, in order to encourage investors to read and consider the contents of the simplified prospectus;
 - (b) standardize, to some degree, the order in which information is presented in a simplified prospectus, in order to ensure that investors may easily compare disclosure about one mutual fund with disclosure about other mutual funds in the same or a different simplified prospectus; and
 - (c) prohibit the addition of information in the simplified prospectus not specifically required by the SP Form, in order to prevent a simplified prospectus from expanding to a size that discourages an investor from reading it, and that obscures the most important information about a mutual fund that should be considered by an investor.

2.3 Annual Information Form

- (1) The Instrument contemplates that a supplemental disclosure document, the annual information form, will be provided to any person on request. The annual information form is incorporated by reference into the simplified prospectus.
- (2) Information contained in the related simplified prospectus will generally not be repeated in an annual information form except as necessary to make the annual information form comprehensible as an independent document. Generally speaking, an annual information form is intended to provide disclosure about different matters than those discussed in the simplified prospectus, such as information concerning the internal operations of the manager of the mutual fund, which may be of assistance or interest to some investors.

- (3) The Instrument and Form 81-101F2 (the "AIF Form") are designed to ensure that an annual information form, like a simplified prospectus, is prepared in a clear manner that will encourage investors to read it. Therefore, an annual information form is subject to the same general requirements of subsection 4.1(1) of the Instrument as the simplified prospectus, which is that both documents must be prepared using plain language and in a format that assists readability and comprehension.
- (4) The Instrument and the AIF Form allow for more flexibility in the preparation of an annual information form than is the case with a simplified prospectus. The rules pertaining to the order in which information is to be disclosed in an annual information form are not as stringent as for a simplified prospectus, and an annual information form may include information not specifically required by the AIF Form.

2.4 Financial Statements - The Instrument contemplates that the mutual fund's most recently filed audited financial statements, and any interim statements filed after those audited statements, will be provided upon request to any person or company requesting them. Like the annual information form, these financial statements are incorporated by reference into the simplified prospectus. The result is that future filings will be incorporated by reference into the simplified prospectus, while superseding the financial statements previously filed.

2.5 Filing and Delivery of Documents - Section 2.3 of the Instrument distinguishes between documents that are required by securities legislation to be "filed" with the securities regulatory authority and those that must be "delivered" or "sent" to the securities regulatory authority. The Canadian securities regulatory authorities remind mutual funds that documents that are "filed" are on the public record, and documents that are "delivered" or "sent" are not necessarily on the public record.

2.6 Supporting Documents

- (1) Section 2.3 of the Instrument and other Canadian securities legislation require supporting documents to be filed with a simplified prospectus and annual information form and amendments. A list of documents required is set out in an Appendix to National Policy 43-201 Mutual Reliance System for Prospectus and Initial AIFs.
- (2) Subsection 2.3(6) of the Instrument permits the filing of certain material contracts from which certain commercial or financial information was deleted in order to be kept confidential. The Canadian securities regulatory authorities are of the view that information such as fees and expenses and non-competition clauses is the type of information that could be kept confidential under this provision. In these cases, the benefits of disclosing that information to the public are outweighed by the potentially adverse consequences of disclosure for mutual fund managers and portfolio advisers. However, the basic terms of these agreements must be included in the contracts that are filed. These terms would include the provisions relating to

the term and termination of the agreements and the rights and responsibilities of the parties to the agreements.

2.7 Amendments

- (1) Paragraph 2.1(d) of the Instrument requires an amendment to an annual information form to be filed whenever an amendment to a simplified prospectus is filed. If the substance of the amendment to the simplified prospectus is not such as to require a change to the text of the annual information form, the amendment to the annual information form would consist only of the certificate page referring to the mutual fund to which the amendment to the simplified prospectus pertains.
- (2) The commercial copies of an amended and restated document can be created either by a full reprint of the entire document, or by the use of stickers, affixed to an existing document, that provide the new text created by the amendment. If stickers are used, it will be necessary to use both a sticker for the substance of the amendments and a separate sticker for the cover page of the document in order to describe the type and date of the document as required by subsection 2.2(1)(b) of the Instrument.
- (3) The requirements contained in section 2.2 of the Instrument apply both in relation to an amendment to a full simplified prospectus, and an amendment only to a Part A or Part B section of a simplified prospectus in cases in which the Part A and Part B sections are bound separately. The Canadian securities regulatory authorities note that section 2.2 of the Instrument would require amendments to various parts of a multiple SP to be evidenced as follows:
 1. For a multiple SP in which the Part A and the Part B sections are bound together, an amendment to either or both of the Part A or Part B sections could be in the form of a free standing amending instrument which would be delivered to investors with the rest of the multiple SP. The amending instrument would be identified, in accordance with subsection 2.2(3) of the Instrument, as "Amendment No. [insert number], dated [date of amendment] to the simplified prospectus document for the [name of funds] dated [date of original document]". Alternatively, the amendment could be in the form of a restated and amended multiple SP document, identified as such in accordance with subsection 2.2(3).
 2. For a multiple SP in which the Part A and the Part B sections are bound separately from each other, an amendment to the Part A section of the document in circumstances in which there was no amendment to a Part B section could be either in the form of an amending document or an amended and restated Part A document. An amending document could be identified as "Amendment No. [insert number], dated [date of amendment], to the Part A section of the simplified prospectuses of the [name of funds] dated [original date of multiple SP]", and the amended and restated Part A document could be identified as "Amended and

Restated Simplified Prospectuses dated [date of amendment] of the [name of funds], amending and restating the Simplified Prospectuses dated [original date of document]."

3. In the circumstances described in paragraph 2 above, it is noted that no amendment of any kind is required to be made to the Part B sections of the multiple SP. The footer required by Item 1 of Part B of Form 81-101F1 to be contained on the bottom of each page of a Part B section will continue to show the date of the original Part A document; for this reason the amended Part A document must be identified in a way that shows both the date of the amendments and the original date of the document so that it can be identified by investors as the document that relates to the corresponding Part B sections.
 4. For a multiple SP in which the Part A and the Part B sections are separately bound, an amendment to a Part B section must be made by way of an amended and restated Part B document, regardless of whether there is an amendment being made to the Part A section of the simplified prospectus. If no amendment to the Part A section of the simplified prospectus is being made, then it is not necessary to make any amendment to the Part A document. The amended and restated Part B document will be identified by an addition of a statement in the footer required by Item 1 of Part B of Form 81-101F1 that identifies the document as a document that amends and restates the original Part B document.
- (4) The Canadian securities regulatory authorities note that an amendment to a prospectus of a mutual fund, even if it amends and restates the prospectus, does not change the date under Canadian securities legislation by which the mutual fund must renew the prospectus. That date, which is commonly referred to as the "lapse date" for the prospectus, remains that date established under Canadian securities legislation.

PART 3 PLAIN LANGUAGE AND PRESENTATION

3.1 Plain Language - Subsection 4.1(1) of the Instrument requires that a simplified prospectus and annual information form be written in plain language. The term "plain language" is defined in the Instrument as "language that can be understood by a reasonable person, applying a reasonable effort". The Canadian securities regulatory authorities note that the purpose of requiring documents to be written in plain language is to ensure that disclosure documents will be easy to read, and therefore more widely read by investors than traditional prospectuses. Mutual funds should consider the following plain language techniques in preparing their documents:

- using short sentences
- using definite, concrete, everyday language

- "question and answer" formats
 - avoiding presenting blocks of text in upper-case or italicized letters
 - avoiding full-justified margins.
- (2) The Canadian securities regulatory authorities are of the view that documents may be easier to read and understand with the use of design features such as pictures, colour, boxes, shading, graphs, charts, tables, graphics, sidebars and logos that accurately depict aspects of the mutual fund industry, the mutual fund or mutual fund family or products and services offered by the mutual fund family. Mutual funds should, however, exercise caution when using design features in their documents, as excessive use or crowding of design features might make the documents more difficult to read or understand.
- (3) The Canadian securities regulatory authorities note that they have, on occasion, seen amendments to simplified prospectuses prepared in highly legal and technical styles. For example, some amendments merely reference specific lines or sections of a simplified prospectus that are being amended, without providing the reader with a restated section or an explanation for the changes. In addition, some amendments have been presented in the form of photocopies of some other documents, such as meeting materials, with the word "amendment" written on the top of the photocopy. The Canadian securities regulatory authorities are of the view that these approaches are inappropriate ways of amending a simplified prospectus or annual information form under the Instrument. Material changes to mutual funds must be described in a format that assists in readability and comprehension, as required by subsection 4.1(1) of the Instrument. Therefore, the Canadian securities regulatory authorities expect that amendments will be expressed clearly, and in a manner that enables the reader to easily read and understand both the amendment and the revised sections of the relevant document. This manner of expression may require the preparation of either an amended or restated simplified prospectus or annual information form or a clearly worded amendment insert for the existing simplified prospectus or annual information form.

PART 4 THE MULTIPLE SP

4.1 General Provisions Relating to a Multiple SP

- (1) The predecessor to the Instrument, National Policy Statement No. 36 ("NP36"), contemplated the consolidation of the disclosure concerning a number of mutual funds into one document. What NP36 implied, and what the Instrument makes explicit, is that a consolidated "simplified prospectus" pertaining to a number of mutual funds is in law a number of separate simplified prospectuses, one

simplified prospectus for each mutual fund. Further, a receipt issued by the securities regulatory authority in connection with a consolidated "simplified prospectus" in law represents a separate receipt for the simplified prospectus pertaining to each mutual fund. The Instrument and the SP Form make clear that a simplified prospectus under the Instrument pertains to one mutual fund and use the term "multiple SP" to refer to a document that contains more than one simplified prospectus. This distinction has been made explicit in order to clarify the statutory prospectus delivery obligation that arises on the sale of a security of a mutual fund if the two parts of the simplified prospectus are not bound together, as discussed in section 7.3 of this Policy.

- (2) Under the Instrument, a simplified prospectus consists of two sections: a Part A section, which provides introductory information about the mutual fund, general information about mutual funds and information applicable to the mutual funds managed by the mutual fund organization, and a Part B section, which contains specific information about the mutual fund.
- (3) The Instrument states that simplified prospectuses shall not be consolidated to form a multiple SP unless the Part A section of each simplified prospectus is substantially similar. In the view of the Canadian securities regulatory authorities, the term "substantially similar" would be applicable in this context if there is a high degree of similarity between the Part A sections of the simplified prospectuses that are proposed to be consolidated. This option would be available generally to mutual funds in the same mutual fund family that are administered by the same entities and operated in the same manner. There may be some deviation between the disclosure that would be provided for some of the mutual funds; those deviations have been largely contemplated by the SP Form.
- (4) In order to maximize flexibility for mutual fund organizations and improve the accessibility of disclosure provided to investors, the Instrument allows the Part B sections of a multiple SP to be bound separately from the Part A section. In addition, the Instrument permits the physical separation of each Part B section that pertains to a different mutual fund. This would permit an investor to be provided with a Part A section that described the mutual fund family and mutual fund organization generally, and only the fund-specific disclosure that relates to the mutual fund or funds in which the investor is interested. This approach could permit a "back pocket" approach in which the Part B sections of a simplified prospectus could be inserted in a pocket of the Part A section of the document.
- (5) The Instrument and the SP Form contain detailed requirements designed to ensure that the investor is aware that both the general and fund-specific parts of a multiple SP should be read.
- (6) The Instrument contains no restrictions on how many simplified prospectuses can be consolidated into a multiple SP.

4.2 Adding Additional Funds to a Multiple SP

- (1) It is noted that, as with NP36, mutual funds may create and file a document that contains both a pro forma simplified prospectus and a preliminary simplified prospectus in order to include the disclosure of a new mutual fund in documents that already pertain to existing mutual funds.
- (2) It is also possible to add a new mutual fund to a multiple SP that contains final simplified prospectuses. In this circumstance, an amended multiple SP and multiple AIF containing disclosure of the new mutual fund would be filed. The preliminary filing would constitute the filing of a preliminary simplified prospectus and annual information form for the new mutual fund and a draft amended and restated simplified prospectus and annual information form for each existing fund. Once comments concerning the document had been cleared, a final filing of the documents could be made; these documents would be a simplified prospectus and annual information form for the new mutual fund and an amended and restated simplified prospectus and annual information form for each previously existing mutual fund.
- (3) As noted under subsection 2.7(4) of this Policy, an amendment to a prospectus of a mutual fund does not change the "lapse date" of the prospectus under Canadian securities legislation. Mutual funds are encouraged to pay particular attention to this issue when following the procedures described in subsection (2).

PART 5 THE SIMPLIFIED PROSPECTUS

- 5.1 **General Purposes** - The general purposes of a simplified prospectus are described in section 2.2 of this Policy. In light of those purposes, the Canadian securities regulatory authorities wish to bring a number of matters to the attention of the persons or companies that prepare simplified prospectuses.
- 5.2 **Catalogue Approach** - The Instrument requires that a multiple SP must present the fund-specific, or Part B, disclosure about each fund using a catalogue approach, with the disclosure about each mutual fund presented separately from the disclosure about each other mutual fund. The Canadian securities regulatory authorities consider this requirement to be a key element of the disclosure regime created by the Instrument and related forms and expect that the catalogue approach will be strictly followed.
- 5.3 **Additional Information**
 - (1) Paragraph 4.1(2)(a) of the Instrument provides that a simplified prospectus shall provide all information briefly and concisely. Paragraph 4.1(2)(e) of the Instrument requires that a simplified prospectus shall include only educational material or information that is specifically mandated or permitted by the required form.

- (2) As described in Part 2 of this Policy, the general requirements referred to in subsection (1) are important elements of the disclosure regime implemented by the Instrument and related forms. The Canadian securities regulatory authorities are of the view that simplified prospectuses must be restricted to key information and kept short in order to encourage as many potential investors as possible to read simplified prospectuses.
- (3) Item 12 of Part A and Item 14 of Part B of Form 81-101F1 permit disclosure of information required or permitted by securities legislation or by an order or ruling of the securities regulatory authority pertaining to the mutual fund that is not otherwise required to be disclosed by Form 81-101F1. This addition has been made to ensure that such information is not technically prohibited from being included in a simplified prospectus by paragraph 4.1(2)(e) of the National Instrument. Instruction (1) to Item 12 of Part A of Form 81-101F1 contains examples of the type of disclosure that may be appropriately included under these Items.

5.4 Inclusion of Educational Material

- (1) Paragraph 4.1(2)(e) of the Instrument permits the inclusion of educational material in a simplified prospectus. There are no requirements as to the location of any educational material; however, the Canadian securities regulatory authorities recommend that educational material contained in a simplified prospectus be close to mandated disclosure to which the educational material substantively relates.
- (2) It is noted that educational material contained in a simplified prospectus is subject to the general requirements of the Instrument, and therefore should be presented in a manner consistent with the rest of the simplified prospectus. Therefore, the educational material should be concise, clear and not so lengthy as to detract from the clarity or presentation of the balance of the simplified prospectus.
- (3) The definition of "educational material" contained in section 1.1 of the Instrument excludes material that promotes a particular mutual fund or mutual fund family or the products or services offered by the mutual fund or mutual fund family. A mutual fund, mutual fund family or those products or services may be referred to in educational material as an example so long as the reference does not result in the promotion of those entities, products or services. Mutual funds should ensure that any material included within, attached to or bound with a simplified prospectus is educational material within the meaning of this definition.

5.5 Format - The Canadian securities regulatory authorities emphasize that a simplified prospectus is required to use the headings and specified sub-headings exactly as they are set out in the Instrument. For sections for which no sub-heading is specified, a simplified prospectus is permitted to include sub-headings, under the required headings, if it is so desired.

PART 6 THE ANNUAL INFORMATION FORM

- 6.1 General Purposes** - The general purposes of an annual information form are described in section 2.3 of this Policy. In light of those purposes, the Canadian securities regulatory authorities wish to bring a number of matters to the attention of the persons or companies that prepare annual information forms.
- 6.2 Accessibility of an Annual Information Form** - The Canadian securities regulatory authorities expect that mutual funds, managers of mutual funds, principal distributors and participating dealers will encourage investors who want more information about a mutual fund to both request and read annual information forms. The Instrument requires that an annual information form be sent within three business days of a request, and the Canadian securities regulatory authorities expect that mutual funds and their managers will be diligent in complying with this requirement.
- 6.3 Consolidation of Annual Information Forms** - Subsection 5.4(1) of the Instrument requires the consolidation of annual information forms into a multiple AIF if the related simplified prospectuses are consolidated into a multiple SP. It is noted that the Instrument does not prevent the consolidation of annual information forms even if the related simplified prospectuses are not consolidated. Therefore, a mutual fund organization may prepare, for instance, one multiple AIF that pertains to all of its mutual funds, even if the simplified prospectuses for those mutual funds are not fully or even partially consolidated.
- 6.4 Additional Material**
- (1) The Instrument and AIF Form do not prohibit the inclusion in an annual information form of information not specifically required by the AIF Form. Among other things, a mutual fund may therefore include educational information in an annual information form. Additional material in an annual information form is, however, subject to the general requirements contained in subsection 4.1(1) of the Instrument that all information must be presented in plain language and in a format that assists in readability and comprehension.
 - (2) The Canadian securities regulatory authorities remind mutual funds that include additional information, such as educational material, in an annual information form to ensure that that material is not included primarily for purpose of promotion. An annual information form is designed to be easily understandable to investors and less legalistic in its drafting than traditional prospectuses, but it still constitutes part of a prospectus under securities legislation.

PART 7 DELIVERY

7.1 Delivery of the Simplified Prospectus and Annual Information Form

- (1) The Instrument contemplates delivery to all investors of a simplified prospectus in accordance with the requirements of securities legislation, and does not require the delivery of the documents incorporated by reference into the simplified prospectus unless requested. However, a mutual fund is free to adopt a practice of routinely providing investors or potential investors with a simplified prospectus, annual information form and financial statements if it so chooses.
- (2) The Canadian securities regulatory authorities encourage mutual funds, their managers and principal distributors to make simplified prospectuses available to potential investors as soon as possible in the sales process, in advance of any requirements contained in the Instrument or securities legislation, either directly or through dealers and others involved in selling mutual fund securities to investors.
- (3) The Canadian securities regulatory authorities do not consider the requirements of section 3.4 of the Instrument to be exclusive. Mutual funds are therefore encouraged to inform investors that they may use the mutual fund's Internet sites and e-mail addresses to request further information and additional documents.

7.2 Delivery of Documents by a Mutual Fund - Section 3.3 of the Instrument requires that a mutual fund deliver or send to a person or company, upon request, a simplified prospectus or documents incorporated by reference. The Canadian securities regulatory authorities are of the view that compliance with this specifically-mandated requirement by an unregistered entity is not a breach of the registration requirements of securities legislation.

7.3 Delivery of Separate Part A and Part B Sections

- (1) Mutual fund organizations that create physically separate Part B sections are reminded of section 3.2 of the Instrument, which provides that the requirement under securities legislation to deliver or send a prospectus for a mutual fund is satisfied by the delivery or sending of a simplified prospectus for the mutual fund. This obligation would be satisfied only by the delivery of both the Part A and Part B sections of a simplified prospectus. Particularly in the case of a switch by an investor from one mutual fund to another in a mutual fund family, the mutual fund organization must ensure that the investor is provided with the Part B section of the simplified prospectus pertaining to the mutual fund just purchased, even if the Part A section of the simplified prospectus was previously delivered.
- (2) Subsection 5.3(2) of the Instrument permits Part B sections that have been bound separately from the related Part A section to either be bound individually or together, at the option of the mutual fund organization. There is no prohibition against the same Part B section of a multiple SP being bound by itself for

distribution to some investors, but also being bound with the Part B section of other mutual funds for distribution to other investors.

- 7.4 Delivery of Non-Educational Material** - The Instrument and related forms contain no restrictions on the delivery of non-educational material such as promotional brochures with either of the simplified prospectus or the annual information form. This type of material may, therefore, be delivered with, but cannot be included within, wrapped around, or attached or bound to, the simplified prospectus and annual information form.
- 7.5 Delivery of Financial Statements** - The Canadian securities regulatory authorities remind mutual funds that statements of portfolio transactions, as part of the financial statements of a mutual fund, are documents that are incorporated by reference in a simplified prospectus and are to be delivered upon request. Statements of portfolio transactions are only required to be delivered if specifically requested, and not automatically required to be delivered in response to requests for financial statements.

PART 8 COMMENTARY ON INVESTMENT AND RELATED DISCLOSURE

- 8.1 Investment Disclosure** - The SP Form requires detailed disclosure concerning a number of aspects of the investment approach taken by a mutual fund, including disclosure concerning fundamental investment objectives, investment strategies, and risk and risk management. The SP Form has been prepared to require better disclosure in this regard than what was required under NP36. The Canadian securities regulatory authorities emphasize the importance that they attach to this disclosure, and note that, for many mutual funds, the best persons to prepare and review the disclosure are the portfolio advisers of the mutual fund. Therefore, it is highly recommended that those persons play an important role in the preparation and review of this disclosure.
- 8.2 Portfolio Advisers** - The AIF Form requires disclosure concerning the extent to which investment decisions are made by particular individuals employed by a portfolio adviser, or by committee, and requires in section 10.3(3)(b) of the AIF Form that certain specified information be given about those individuals principally responsible for the investment portfolio of the mutual fund. Section 5.10 of National Instrument 81-102 Mutual Funds requires that a simplified prospectus be amended if a significant change occurs to the operations of the mutual fund. Reference is made to section 7.4 of Companion Policy 81-102CP Mutual Funds for a discussion of when a departure of a high-profile individual from a portfolio adviser of a mutual fund may constitute a significant change for the mutual fund. Mutual funds should consider these provisions if and when they encounter the departure of such a person from a portfolio adviser. If such a departure is not a significant change for the mutual fund, then there is no requirement for an amendment to a simplified prospectus, subject to the general requirement that a simplified prospectus contain full, true and plain disclosure about the mutual fund.

PART 9 NEED FOR MULTIPLE OR SEPARATE APPLICATIONS

9.1 Need for Multiple or Separate Applications

- (1) The Canadian securities regulatory authorities note that a person or company that obtains an exemption from a provision of the Instrument need not apply again for the same exemption at the time of each simplified prospectus and annual information form refiling unless there has been some change in an important fact relating to the granting of the exemption.
- (2) It should be noted that the principle described in subsection (1) does not necessarily apply to applications required to be made under the Regulations to the Securities Act (Quebec) for relief from provisions of those Regulations that are substantially similar to those contained in the Instrument. In that case, an application may be required with each refiling of a simplified prospectus and annual information form of a mutual fund.
- (3) In Quebec, it may be necessary to apply for exemptions from the equivalent sections in the Act and the Regulations.