Telephone 416-643-4030
Facsimile 416-643-4039
gerry.rocchi@barclaysglobal.com

PERFORMANCE THROUGH INNOVATION
BARCLAYS GLOBAL INVESTORS.

September 3, 2002

Denise Brousseau, Secretary
Commission des valeurs mobiliéres du Québec
800 Victoria Square, Stock Exchange Tower
P.O. Box 246, 22nd Floor
Montreal, Quebec H4Z 1G3
e-mail: consultation-en-cours@cvmq.com

Dear Sirs:

Re: Notice of Proposed Amendments to National Instrument 81-102 and Companion Policy 81-102CP Mutual Funds and Related Instruments (the "Proposals")

We at Barclays Global Investors Canada Limited ("BGI") would like to take this opportunity to comment on the Proposals. We are strong believers in the value of meaningful dialogue between regulators and industry participants and, in this regard, are particularly interested in pursuing a dialogue with the securities regulators relating to certain aspects of the Proposals.

BGI, which currently manages over $40 billion in assets, is one of Canada's largest and fastest growing investment managers. We are not the manager of any traditional mutual funds but do manage the iUnits family of exchange-traded funds and use non-prospectused mutual funds ("pooled funds") to a fairly significant extent in our core business of providing investment advisory services to Canadian pension funds and other institutional investors. BGI is part of a global investment managed business that manages over a trillion dollars in assets, including exchange-traded funds in the United States, the United Kingdom and elsewhere, and we therefore have very broad experience in regulatory approaches applied to this industry. While we have an interest in the impact that the Proposals may have on the Canadian mutual fund industry as a whole, our comments will primarily focus on the Proposals as they relate to index participation units ("IPU's") and pooled funds.

<u>Proposals Relating to Index Participation Units</u>

Based upon our review, we understand that the Proposals will introduce two new and significant restrictions upon the ability of mutual funds to invest in IPU's:

(i) a mutual fund will only be permitted to purchase IPU's if it has become a "top fund", which we understand will require most mutual funds to amend their investment objectives if they wish to purchase and hold IPU's; and

(ii) a mutual fund will only be able to purchase an IPU if there is no duplication between the management fees of the purchasing fund and the management fees charged by the manager of the IPU.

We understand, in addition, that the Proposals contemplate that the 10% restrictions on concentration (the "Concentration Restriction") and on control (the "Control Restriction") now found in NI 81-102 will stay in place with respect to the purchase of units of an IPU fund by a mutual fund, as will the 20% restriction on aggregate acquisitions by related mutual funds (the "Related Group Restriction") contained in applicable securities legislation, notwithstanding that these restrictions will be removed in respect of qualifying passively or actively managed conventional mutual funds.

Throughout the Proposal and the accompanying commentary, the Canadian Securities Administrators ("CSA") have stated that their concern is to ensure efficient capital markets while providing adequate protection for investors. We believe that the proposed regulatory regime for investments by mutual funds in IPU's will not accomplish this objective. Rather we believe that the proposed regime for IPU's:

(i) will impose unwarranted restrictions on the ability of mutual fund portfolio managers to manage their assets, given that IPU's are valuable investment tools to asset managers;

(ii) will result in an "unlevel" playing field between IPU's and index and other mutual funds which is not justified by differences in applicable regulatory treatment, product-related risks or disclosure requirements;

(iii) will create barriers to the use of IPU's compared to competing products, such as exchange-traded index futures and other "specified derivatives", in circumstances where they would otherwise be alternative investment tools; and

(iv) may discriminate against U.S. IPU's, to the extent that the restriction on duplication of management fees is interpreted to prohibit mutual funds from investing in U.S. IPU's which, by law, cannot negotiate or rebate management fees.

For purposes of the discussion which follows with respect to the key elements of the Proposals referred to above, we believe that the following background information and comments may prove helpful.

Overview of IPU's

As defined in National Instrument 81-102, the term "index participation unit" ("IPU") includes only those index-linked funds traded on stock exchanges in Canada or the United States. As of June 28, 2002, there were 102 U.S.-listed IPU funds, with assets under management of approximately U.S.$90.1 billion and 14 Canadian-listed IPU funds, with assets under management of approximately $5.1 billion. Schedule "A" sets out relevant information with respect to the U.S.-listed IPU's while Schedule "B" sets out relevant information with respect to Canadian-listed IPU's.

If the defined term "index participation unit" were expanded to include securities of index-linked exchange-traded funds listed elsewhere than Canada and the U.S., then, as of June 28, 2002, there were an additional 120 IPU's listed on stock exchanges in Europe, Japan, Australia, South Africa, Hong Kong, India, Israel and Singapore, with aggregate assets under management of approximately U.S.$27.1 billion. We believe that the CSA should give consideration to recognition of the proliferation of index-linked exchange-traded funds by augmenting the defined term IPU to include funds listed on recognized international stock exchanges. In this connection, we believe that the approach in NI 81-102 to permitted exchange-traded futures contracts could serve as a helpful model.

IPU's are passively managed portfolios designed to provide relatively low-cost investments in broad-based or proprietary indexes. Some IPU's offer relatively low-risk, broadly diversified portfolios, while others offer diversified investments in particular styles, sectors, industries, regions or countries.

All IPU funds operate in Canada and the United States in a functionally similar manner. Funds continually create new IPU's through a creation mechanism involving block-sized "creation units" (usually between 40,000 and 60,000, often 50,000) which are acquired by an authorized investment dealer or broker depositing to the funds a "basket", i.e. a portfolio of shares very closely approximating the holdings of the applicable underlying index. Typically this deposit is accompanied by a cash component which will cover any applicable "creation fee" as well as, in effect, cause the value of the aggregate amount of the "basket" delivered and cash deposited to be equal to the net asset value of the purchased IPU's. In a similar fashion, IPU's can be redeemed through an "in-kind" mechanism in which the redeeming investor must redeem some integral multiple of "creation units" and will receive, in turn, the "baskets" of underlying securities. In the United States, this "in-kind" redemption does not constitute a taxable event; this is viewed as a particular advantage of an IPU in the United States compared to a conventional mutual fund. Redeeming investors will also receive a cash amount which will cause the aggregate value of the "baskets" and cash paid to equal the net asset value of the redeemed IPU's. In Canada, virtually all IPU funds also permit investors to redeem units in amounts less than "creation units", but then only at redemption prices which are based on a discounted percentage of market (i.e. stock-exchange traded) prices, and not on net asset value.

We are aware, given the nature of this "in-kind" redemption mechanism and the fact that it is limited, in practical terms, to use by investment brokers or dealers or large institutional investors, that some observers question from time to time whether IPU's are mutual fund securities. It is, for example, the position of the Quebec Securities Commission that the Canadian IPU's listed in Schedule "B" are not mutual funds. As currently formulated, section 2.5 of the Proposals prohibits a mutual fund from purchasing a security of another "mutual fund"; we believe that this ambiguity requires resolution in the context of the Proposals and we would suggest that the this could be attained by using the phrase "mutual fund or IPU" in the operative opening language of section 2.5. The rules relating to the acquisition of IPU's by Canadian mutual funds should be consistent and consistently applied.

IPU's are now widely followed by analysts at major international investment brokers and dealers, including Morgan Stanley, Salomon Smith Barney, Goldman Sachs and Credit Suisse First Boston in the U.S. and CIBC World Markets Inc. and TD Newcrest in Canada. Research reports on index-linked exchange-traded funds repeatedly identify the following key characteristics of IPU's compared to conventional mutual funds and closed-end funds:

- IPU's are more "transparent" than mutual funds or closed-end funds because they disclose their holdings daily (our website, www.iunits.com, for example, discloses daily holdings of each of our Canadian IPU's)
- IPU's can be purchased and sold at visible and widely-quoted market prices throughout a trading day. Conventional mutual funds on the other hand may only be purchased on a trading day at a price to be determined after the close of trading on that day. This ability to trade at widely-quoted market prices throughout the day is regarded as particularly valuable in volatile markets where there may be significant market movements between the time that an investment decision is made and the time that a conventional mutual fund calculates its net asset value
- because issuances of new IPU's and redemptions are effected in-kind in "creation units", the difference between the market price and the net asset value of an IPU at any time tends to be very small, as any divergence would create an arbitrage opportunity; this feature distinguishes IPU's from closed-end funds, which lack a creation and redemption mechanism to ensure convergence between market price and net asset value
- unlike traditional closed-end funds, small capitalization stocks with a fixed number of shares and some mutual funds, liquidity is not a concern for IPU's because large investors have the ability to create or redeem shares; it is only the liquidity of the underlying stocks in an IPU fund that limits the IPU's liquidity.

Research studies undertaken by analysts at major investment dealers have also documented the fact that expense ratios of IPU funds are significantly lower than those of traditional mutual funds. These IPU management expense ratios are typically "capped" at specified amounts. Information with respect to expense ratios of U.S. and Canadian IPU's is set out in the attached Schedules "A" and "B".

A research report published on June 28, 2002 included the following data compiled by Morningstar with respect to U.S. IPU funds compared to U.S. mutual funds:

IPU's	**Average Expense Ratio**
Major Market IPU's	18 Basis Points
Style IPU's	23 Basis Points
Sector IPU's	46 Basis Points
International IPU's	74 Basis Points
All IPU's	47 Basis Points
Traditional Mutual Funds	
Actively Managed Domestic	140 Basis Points
Actively Managed International	194 Basis Points
Passive/Indexed Domestic	75 Basis Points
Passive/Indexed International	95 Basis Points

Source: Published by Morgan Stanley, Equity Research Global, June 28, 2002.

In the U.S., IPU funds and other investment funds which are organized as unit trusts or open-ended funds are not permitted, by law, to provide management fee rebates. Accordingly, mutual funds in Canada and the U.S. who acquire U.S. IPU's must pay the same effective management fee as all other retail and institutional investors.

In Canada, based upon current information derived from the data in Schedule "B", average expense ratios for Canadian IPU's are as follows:

	Average Expense Ratio
Major Market IPU's	25 Basis Points
Style IPU's	55 Basis Points
Sector IPU's	55 Basis Points
International IPU's	33 Basis Points

Based on a research report released by CIBC World Markets in August, 2002, the average expense ratio for Canadian index mutual funds is 100 basis points.

In Canada, IPU funds typically will permit management fee rebates in respect of extremely large investments. Under our current prospectuses for IPU's managed by us, we have stated that, in order to encourage large investments and to achieve management fees which are competitive for these investments, we may agree to reduce the fee that we otherwise would be entitled to receive from an IPU with respect to investments in those IPU's managed by us by investors who hold, on average throughout any period specified by us from time to time (currently a quarter), units having a value in excess of Cdn$25 million of the IPU's managed by us and any other stock-exchange traded fund or funds sponsored by us and designated by us for this purpose from time to time. In order to receive a management fee distribution for any applicable period, an owner of units must submit a claim for a management fee distribution which is verified by proof of IPU holdings over the relevant period.

The amount of any such management fee reductions is distributed quarterly in cash by the IPU to the relevant investors.

These rebates, accordingly, have the effect of decreasing the management expense ratio to large investors, including Canadian mutual funds, who submit claims to us. The average expense ratios incurred by Canadian mutual funds who invest in IPU's managed by us and who receive management fee rebates are less than the average expense ratios for comparable U.S. IPU's, as disclosed in the Morningstar tables referred to above.

Use of IPU's by Mutual Funds

As the members of the CSA will recall, mutual fund managers recognized many years ago that IPU's could be valuable investment tools in portfolio management. For this reason, primarily, mutual fund managers pressed heavily for the existing provisions found in NI 81-102 which permit investment in IPU's without regard to "fund on fund" considerations and which essentially recognize the differences between IPU's and conventional mutual funds in this context.

In our experience and that of our U.S. affiliate, Barclays Global Fund Advisors, mutual funds and other institutional investors in Canada and the U.S. are increasingly using IPU's as a simple and efficient way to achieve asset allocation, diversification and other investment objectives. Although there are a small number of conventional mutual funds whose principal investment objective is direct investment in IPU's, the vast majority of conventional mutual funds who acquire IPU's are using them as portfolio management tools. IPU's are particularly favoured as investment tools, compared to the traditional alternatives of program trading (involving the accumulation of "baskets" of securities in approximately the same proportions as they are reflected in an index) or futures contracts, due to the relatively low cost, ease of trading and tax efficiency of IPU's.

Most industry analysts would agree that the following IPU investment strategies are proving useful to conventional North American mutual funds:

- Cash Management or "Equitization"

  When a mutual fund is in a start-up position or receives an inflow of cash that is too small to be invested in a cost-effective manner in securities consistent with its investment objectives, a portfolio manager can use IPU's to gain exposure to an index which is most consistent with the fund's investment objectives and consequently avoid "cash drag". Similarly, where a mutual fund receives a cash inflow for which an asset allocation decision is yet to be made, an IPU allows the portfolio manager to invest in the fund's target market, as represented by an index. As a result, the mutual fund does not have to quickly make an asset allocation decision, but can gradually move into an active position while maintaining appropriate equity exposure. For example, a Canadian mutual fund which invests in Canadian mid-capitalization stocks may buy units of our iUnits S&P/TSX Canadian MidCap Index Fund in order to stay fully invested. As another example, a Canadian mutual fund investing in value securities might experience delays in identifying appropriate value investments. This delay would result in "cash drag" that may cause substantial underperformance during periods when the value style is yielding superior returns. Although the mutual fund's strategy will remain long term in nature, the portfolio manager may choose to buy value-style IPU's as a means of gathering temporary exposure to the sector, while the portfolio manager searches for securities which will ultimately meet the value-investing parameters.

In a similar fashion, mutual fund portfolio managers may use IPU's when trying to acquire a large position in a particular individual security. Avoidance of market impact costs may require a more patient accumulation of the security; as a result, while acquiring the position, a mutual fund portfolio manager will acquire a position in the applicable sector, market or style IPU to achieve the target market exposure, and will gradually dispose of it as a desired particular security is accumulated.

Mutual fund portfolio managers may also hold IPU's, in lieu of cash, for the purpose of managing redemptions. Given the liquidity and ease of trading of IPU's, these securities can be converted to cash as required in a quick and cost-effective manner, while at the same time providing market exposure consistent with the mutual fund's underlying investment objectives.

- Portfolio Completion Strategies

IPU's allow mutual funds to gain market exposure to a particular sector or combinations of market or industry sectors, capitalization levels, geographic regions and investment styles, such as growth or value.

- Foreign Exposure

IPU's can be particularly significant as a means for a Canadian mutual fund to increase non-Canadian exposure. IPU's can provide access to baskets of stocks in specific countries or regions in a single security which is generally well diversified. As such, IPU's typically provide a less volatile way to obtain exposure to foreign countries than the purchase of individual shares or ADRs. Such diversified and easy access to foreign markets is typically only otherwise available through closed-end funds that may trade at significant and recurring discounts from net asset value.

- Asset Allocation

If a mutual fund needs to increase or reduce the size of an existing asset allocation, moving the actual securities within the portfolio to meet the new asset allocation guidelines can prove disruptive from both a tax and a market impact standpoint. By using IPU's as a proxy for those asset reallocations, a mutual fund can buy the IPU that corresponds with the exposure in which it desires a long position and simultaneously dispose in a more orderly fashion of the securities which it desires to sell for purposes of reducing its weighing.

- Tax Planning

Mutual fund managers are using IPU's to manage the tax exposure of their investors to income and capital gains. The "wash-sale" rules in both Canada and the United States, which disallow losses on a security if the same security is repurchased within the specified period of time, apply slightly differently to IPU's. A mutual fund that wishes to crystallize a tax loss in order to offset present or future gains could sell a position and incur a loss on one security or an IPU and immediately establish a position in an IPU in the same sector. In this way, portfolio managers may be able to minimize capital gains which are passed on ultimately to investors, while maintaining the desired market exposure consistent with the mutual fund's investment objective.

IPU's are more attractive to mutual funds for tax planning purposes than are investments in comparable conventional index mutual funds. The latter will typically generate significantly more capital gains than do IPU's, since index mutual funds will be subject to redemptions, which will often cause the fund to realize gains, and, as well, will often be required to sell securities in order to deal with index adjustments. IPU funds, in contrast, are less subject to redemptions, since most trading occurs through the stock exchange, and IPU funds have the ability to finance index adjustments by issuing additional units instead of selling underlying securities.

U.S. IPU's are additionally attractive from a gains minimization perspective because of unique U.S. tax features. In the United States, "in-kind" redemptions are not treated as a taxable event and, accordingly, U.S. IPU funds do not incur gains on redemptions. In addition, U.S. IPU funds have the ability to regulate the cost base of their outstanding units. U.S. tax laws do not require IPU's to average the cost base across all outstanding IPU's, with the result that, on redemptions, IPU's can choose to allocate to units being redeemed the lowest-available cost base, with the result that, following the redemption, the outstanding cost base of all existing units will be effectively raised.

- Transition Management

IPU's provide mutual funds with an effective "parking place" for cash in the event that they need to reposition their portfolios. For example, if a mutual fund is changing managers while portfolio positions are being disposed of and reinvested, mutual funds can maintain exposures to their desired securities in the form of an IPU.

Industry analysts would also agree that U.S. mutual funds are also extensively using IPU's to effect risk management strategies. In the U.S., mutual funds are permitted to engage in short-selling and IPU's can be sold short through exchange facilities. As well, the Securities and Exchange Commission has granted exemptions to virtually all IPU's from Rule 10a-1 under the *Securities Exchange Act* to permit investors in IPU's to sell them short on a downtick. As a result, mutual funds can more extensively use IPU's to hedge against an entire market sector or style. Indeed, in a research report published in April, 2002, an analyst at Goldman Sachs stated: "It is evident that IPU's [ETFs] have become popular instruments for hedging and also implementing a negative view on a market segment." Goldman Sachs now follows and publishes significant changes in short interest positions for IPU's on a quarterly basis.

We would urge the Canadian Securities Administrators to consider amendments to NI 81-102 to permit Canadian mutual funds to engage in short-selling of IPU's in order to recognize the fact that IPU's are a valid alternative to "specified derivatives" for hedging purposes, and that the ability to short sell them will allow mutual fund portfolio managers to use IPU's as a more effective substitute for futures contracts. We would be pleased to discuss this matter further with the CSA and to make further submissions in this regard at an appropriate time.

As indicated above, for purposes of the above-described investment strategies which are being used by Canadian mutual funds, the principal alternative investment tools for mutual funds have traditionally been trades involving purchases of securities underlying the indices ("baskets") or futures contracts. It is now widely recognized by industry analysts that IPU's are in many cases preferred alternatives to these and other portfolio management techniques such as options or swaps.

Trading "Baskets" of Securities

The trading of "baskets" of securities comprising or representing a proxy for an underlying index would generally involve multiple trades, resulting in higher transactions costs than a single transaction involving the purchase of corresponding IPU's. Depending on the length of the holding period for the investment, the expense ratio of the comparable IPU, the weighted average spread of the individual stocks that make up the basket, the number of securities in the underlying index (i.e. in the basket) and the size of the trade, IPU's are in many instances a preferred alternative to program trading for portfolio managers. This will generally always be the case where the holding period of the investment is relatively short and where the trade is not a large one, and it is often the case for trades involving longer holding periods and larger sizes. In particular, in these latter cases, IPU's provide an additional advantage to a portfolio manager in that the holding of IPU's, rather than the underlying securities, relieves the portfolio manager from the burden of having to manage portfolio adjustments which would be necessitated by index adjustments. The latter occur in connection with such events as mergers, amalgamations or reorganizations of companies whose securities comprise the index, stock splits or consolidations or the payment of special distributions, or adjustments made by index providers to remove or add new securities to the indices. The management fee paid to the manager of the IPU for this purpose would generally represent a smaller cost to a mutual fund portfolio manager than would the cost of having to effect all of the necessary adjustment-related trades in multiple transactions involving many securities, as well as the management effort of the portfolio manager in designing and effecting such necessary trades.

Futures Contracts

In contrast to futures contracts, IPU's have the following advantages:

- they can be bought and sold in much smaller sizes (i.e. the S&P 500 SPDR trades at 1/10 of an index level, while the S&P 500 E-Mini futures contract trades at 50 times the level; consequently, assuming an index level of 1,500, 100 IPU's represent a U.S.$15,000 investment and a single futures contract will cost roughly U.S.$75,000)
- IPU's do not require any special contract or other documentation or special accounts
- for investors who want to implement a longer-term view, generally three months or more, IPU's do not have "roll" costs (these are the costs incurred when the expiring contract is sold and a new contract with a longer expiry is simultaneously purchased) or the administration costs and risks of managing "rolls" and daily mark-to-market margin requirements; industry analysts agree that, in these cases, holding futures contracts can result in higher costs to an investor than would a holding of comparable IPU's.

Where an investor, such as a mutual fund, needs to execute a large trade, industry analysts have also concluded that the "market impact costs in [using] futures appears to be higher [than it would be if IPU's were used instead.]" (Salomon Smith Barney, February 11, 2002)

Perhaps, however, the greatest advantage that IPU's offer to mutual fund portfolio managers in comparison to futures contracts is the wide array of indices to which they offer exposure. Based on data as of June 28, 2002, there were 102 U.S. IPU's tracking 100 indices, including broad-based, style-specific, sector, country and international indices (see Schedule "A"). In comparison, as at that date, futures contracts were available on only 18 indices. In Canada, where there are currently 14 IPU's trading on 14 indices, there are only futures contracts available on 1 broad-based index and 4 sector indices. As a result of this greater choice and variety, use of an IPU for the various applications described above will often create less basis risk for a mutual fund than would the use of a futures contract that has a lower correlation to the fund's benchmark.

Moreover, even where futures contracts exist for a given benchmark or index, many are regarded as too illiquid to be traded efficiently and cost-effectively. As an industry analyst at Goldman Sachs commented in a report in June, 2001: "Very few of the style, sector, or industry indexes are characterized by the continuous trading interest on the part of investors that provides the underpinning for a liquid futures market." In these cases, again, IPU's are a preferred alternative since they do not face the same liquidity constraints. The same analyst stated: "These indexes are frequently based on stocks with high levels of liquidity, which makes ETFs suitable for capital commitment-type trades in these indexes that can be handled in a stock trading format. Market makers, on or off the floor, can give a customer a price for buying or selling an ETF position and then hedge their exposure with positions in stocks or related trading vehicles."

In addition, an industry analyst at Salomon Smith Barney notably commented in February, 2002 that: "Given the lack of sector-specific futures contracts, ETF's [IPU's] are the most efficient means of equitizing cash for sector fund managers. Style specific managers may also find ETF's [IPU's] more liquid than their options in the futures arena, if futures are available at all. As for international investors ETF's [IPU's] offer access to the most widely used benchmarks, the MSCI Series".

Analysts and users of IPU's have also recognized that IPU's have distinct tax advantages to users in contrast to futures contracts. Futures gains are taxed as ordinary income, while gains on IPU's are treated as capital gains.

<u>Options</u>

Options may also be an alternative in some circumstances to IPU's for purposes such as cash "equitization" or asset allocation. They tend to be expensive to use, however, and may be complex to value and trade. They also do not serve as a proxy for an underlying benchmark. As a result, the explicit and implicit costs of using options will exceed the explicit costs of using IPU's. Accordingly, most mutual fund portfolio managers would choose not to use them for these purposes except in circumstances in which special option trading techniques or strategies are integral to the achievement of the mutual fund's investment objectives.

<u>Swaps</u>

Swaps may also be an alternative to IPU's in certain circumstances but, again, the costs to using them, including documentation costs, typically mean that their implicit usage costs will exceed the explicit costs of using IPU's.

<u>Conventional Mutual Funds</u>

Conventional mutual funds have not typically been regarded as viable alternatives to IPU's, futures contracts or basket "trades" for purposes of the institutional investment strategies described above. The reasons for this include their comparatively higher costs (i.e. management fees and expenses) and comparative lack of "transparency", their pricing mechanism and issuance frequency, their comparatively lower liquidity and their comparatively lower tax efficiency.

Comments on Specific Proposals Related to IPU's

1. The "Top Fund" Requirement

We understand that proposed Section 2.5(1)(a) would require a mutual fund that wishes to purchase IPU's for any reason to have adopted fundamental investment objectives that include those specified in the definition of "top fund" in proposed section 1.1(j). We believe that, as drafted, this requirement could have the effect of requiring mutual funds who wish to continue using IPU's as investment tools to amend their existing fundamental investment objectives, necessitating authorization by securityholders at duly convened meetings.

We agree that it is appropriate for a mutual fund which primarily invests in mutual funds and/or IPU's and/or other investment funds to have this objective form part of the fund's fundamental investment objectives and for that to be clearly stated in the mutual fund's prospectus. Where, however, as is most typically the case, a mutual fund wishes to reserve the right to use IPU's as investment tools, it should be sufficient for that fact to be clearly stated in the mutual fund's prospectus. In our view, a requirement for an existing mutual fund to hold a securityholders' meeting solely for the purpose of authorizing the fund to use IPU's would result in significant and unwarranted costs to the mutual fund and to its securityholders.

Moreover, if the requirement is imposed, and a mutual fund believes that the cost of holding a securityholders' meeting to implement the change would be excessive in the circumstances, it would appear from the Proposals that the mutual fund portfolio manager would be prevented from using IPU's as investment tools. As we have demonstrated in the foregoing, there are many instances in which IPU's are preferred tools. An effective regulatory restriction of this nature would limit this choice, and will likely result, among other things, in mutual fund portfolio managers using, instead, futures contracts or "basket" trades, which may yield results less favourable to the mutual fund than those that would have been attained with IPU's. In this case, we believe that an unwarranted restriction will have been imposed on the ability of a portfolio manager to manage the mutual fund's assets in the best interest of its securityholders.

2. Prohibition on Duplication of Management Fees

As indicated in the foregoing "Overview of IPU's", average management expense ratios for IPU's tend to be significantly lower than for conventional mutual funds with similar objectives and strategies. A preliminary observation which can be drawn from this is that concerns about layering of fees and expenses should not be as significant in the context of mutual funds investing in IPU's as compared to mutual funds investing in other actively or passively managed mutual funds.

More significantly, however, we believe that IPU's provide mutual fund portfolio managers with investment services that are different from, and not merely duplicative of, the advisory services which are provided by the portfolio manager of a mutual fund who uses IPU's.

As discussed in "Use of IPU's by Mutual Funds", we believe that the significant majority of mutual funds which invest in IPU's do so as an investment tool, and that, like other tools, there is a cost associated with them. This is clear, for example, in comparing traditional alternative investment tools, including futures and program trades, in respect of which there are associated explicit and implicit costs. As a result, we believe that a prohibition on duplication of management fees is both unwarranted and confusing in this context; it is our view that mutual fund portfolio managers could legitimately conclude that fees associated with investments in IPU's are not duplicative of the fees charged by the mutual fund portfolio manager.

Indeed, it is our view that a mutual fund portfolio manager should be entitled to select from alternative investment tools those which the portfolio manager feels are in the best interests of the mutual fund and its securityholders and that it is inappropriate to place artificial limits on the costs or expenses of certain investment tools as compared to others. We note, for example, that there are no limits imposed by NI 81-102 on the initial costs and ongoing "roll" costs associated with the use of futures contracts by mutual fund portfolio managers, nor are there limits imposed on transaction costs, or for that matter, costs associated the use by mutual funds of swaps or options. We believe that it is inappropriate, accordingly, for the CSA to impose effective cost limits on only one of these investment alternatives.

If one were to interpret the prohibition in proposed section 2.5(d) to require mutual fund portfolio managers to negotiate and obtain rebates of the fees of managers of IPU's, significant difficulties would arise. As a practical matter, unlike purchases of securities of conventional mutual funds, institutional investors typically purchase IPU's in the secondary market. As such, there is no direct contact at the time of the purchase with the manager of the IPU nor is there a practical opportunity to negotiate any management fee rebate at or before the time of purchase. Where a portfolio manager is using IPU's as an investment tool, as is typically the case, the portfolio manager will have taken into account, in choosing alternative tools, the known costs associated with them. In the case of IPU's, known costs are the transactions costs in executing the trade, the management expense ratio and, in respect of Canadian IPU's as we have outlined, the knowledge that management fee distributions may be available depending upon the size and holding period of the investment in those IPU's. The practical difficulties of attempting to negotiate, and negotiating, management fee rebates on a case by case basis in recurring circumstances would be very significant, both to the mutual fund portfolio manager as well as the manager of the IPU.

Under U.S. law, a U.S. IPU fund organized as a unit trust or open-ended mutual fund trust cannot provide a management fee rebate or negotiate the management fee payable by any investor. Accordingly, if proposed section 2.5(d) were interpreted to prohibit the investing mutual fund from effectively paying management fees to the IPU fund manager, this would have the practical effect of prohibiting all Canadian mutual funds from acquiring or holding U.S. IPU's. We believe that this is fundamentally inconsistent with the CSA's original objectives in permitting mutual funds to invest in index participation units of both Canadian and U.S. issuers. It would be, again, in our view an unwarranted restriction on the ability of a mutual fund portfolio manager to manage the mutual fund's portfolio in the best interest of the fund and its securityholders.

We acknowledge that there are now a number of conventional mutual funds in Canada, including index mutual funds, who invest substantial amounts of their assets in Canadian IPU's. In our view, the already-low average management expense ratios of IPU's, taken together with the existing management fee rebate arrangements which will permit management fee distributions to those mutual funds who hold significant investments over an appropriate investment time horizon, as described beforehand, should provide a satisfactory mechanism to deal with layered fees in those cases.

3. <u>Concentration Restriction, Control Restriction and Related Group Restriction</u>

We endorse and support the CSA's policy decision that a portfolio manager of a mutual fund, in appropriate circumstances, should be able to determine, at any given time, how much to invest in one or more other mutual funds in order to meet its investment objective. We endorse and support the principle that a portfolio manager be permitted to actively manage the investments made by a mutual fund and in other mutual funds.

Given this, we do not believe that there is an appropriate policy basis to discriminate between conventional mutual funds and IPU's. We question, in particular, whether there is a legitimate policy reason to apply the Concentration Restriction, Control Restriction and Related Group Restriction to IPU's while removing them from conventional mutual funds, including, in particular, index mutual funds. As we understand the Proposals, an index mutual fund will be exempted from these provisions provided that its simplified prospectus contains the disclosure prescribed by Form 81-101F with respect to the name and nature of the underlying permitted index and the associated risks, as contemplated in Item 9 of the Form. Although IPU's are not permitted to use Form 81-101F, they comply with comparable long-form prospectus requirements for mutual funds (Form 15, in the case of the *Securities* Act (Ontario)). The disclosure which is mandated for index funds under NI 81-101 is, in fact, an integral part of the disclosure contained in the prospectus and registration statements for all Canadian and U.S. IPU's; accordingly, the CSA could easily condition comparable relief for IPU's on the requirement for comparable disclosure in an IPU's public offering document.

An IPU, moreover, could readily provide in its prospectus the additional applicable disclosure which is otherwise mandated for index mutual funds and "bottom funds" subject to NI 81-101. This requirement could be imposed by the CSA by way of amendment to Form 15 and its other provincial and territorial counterparts.

In this regard, we would also note one key difference between index mutual funds and IPU's which we believe lends further support to our view that the present Concentration, Control and Related Party Group restrictions should be removed with respect to investments by mutual funds in IPU's: that difference is that IPU's are much less at risk from massive redemptions than are conventional mutual funds. We note that the draft Proposals contemplate that a "bottom fund" must disclose the risks associated with a possible redemption requested by a "top fund". The CSA has also sought specific comment as to whether the removal of the Control Restriction or Concentration Restriction may impose a risk that a massive redemption by a "top fund" could impact the "bottom fund" and its securityholders.

We understand that there are three principal concerns about the impact that the risk of massive redemptions by a "top fund" may have on an underlying mutual fund:

(i) the underlying fund would need to retain excessive cash balances to satisfy massive redemption requests and the retention of excessive cash balances would be inconsistent with the interests of other underlying fund securityholders because the fund would not be fully invested in portfolio securities;

(ii) management of the top fund may, through threat of redemption, induce deviations from the underlying fund's investment program or policies; and

(iii) massive redemptions could burden securityholders with unnecessary capital gains and disrupt the orderly management of the underlying funds.

We believe, for the reasons set out below, that massive redemptions do not pose a significant risk to IPU funds.

First, we do not believe that IPU funds are, or would be, required to maintain excessive cash balances. IPU's are not individually redeemable, with the exception of certain IPU's (including our Canadian IPU's) which permit individual redemptions at a discount to market trading price. In our experience, however, and the experience of the TIPs 35 fund and TIPS 100 (HIPs) fund that preceded us in Canada, these redemption provisions have never been utilized. Rather, as expected, investors dispose of IPU's in amounts less than "creation units" by trading them in the secondary market. Investors seeking to sell IPU's in aggregations of one or more “creation units” may also find it advantageous to sell IPU’s in the secondary market and may not necessarily redeem “creation units” from the funds. In our experience, for example, investment dealers typically prefer to sell IPU’s in the secondary market. Since secondary market trading activity occurs away from the IPU funds, the portfolio management of an IPU fund would not be disrupted or even affected by securityholder selling activities in the secondary market. Further, to the extent investment dealers utilize the IPU "in-kind" creation and redemption process they are never entitled to more than their pro rata share of any cash held by the IPU fund at the time of redemption. This is because, under an "in-kind" redemption, the IPU fund is only required to return to the redeemer a "slice" of portfolio assets that reflects the redeemed units' proportionate share of the cash and individual securities in the fund at the time of the redemption. Some IPU’s, such as our iUnits Funds, do hold cash, consistent with their investment objective of tracking an underlying price index, while many U.S. IPU’s reinvest dividends consistent with the underlying indices they track. However, in all cases, the IPU fund’s portfolio always contains the exact combination of securities and cash needed to meet its redemption obligations and, as a result, there is no need to hold excess cash regardless of the magnitude of these in-kind redemptions.

We also believe that a “top fund” would not be able to exert undue influence over IPU funds or induce them to deviate from their investment program or policies. IPU’s are traded in the secondary market and such market activity would not disrupt or even affect the management of IPU funds. Furthermore, due to the passive manner in which IPU funds are managed, and the fact that IPU managers have very limited discretion to vary funds’ investment programs in light of the funds’ investment objectives, it is extremely unlikely that a mutual fund investing in IPU’s would be able to exert influence over an IPU fund or induce an IPU fund to deviate from its investment program.

Lastly, we believe, that given the lesser risk and frequency of redemptions, in general, for IPU’s compared to conventional mutual funds, there is a concomitantly smaller risk that large-scale redemptions of “creation units” would burden remaining IPU fund securityholders with unnecessary capital gains or disrupt the orderly management of the funds. In the U.S., in particular, “in-kind” redemptions by IPU funds are not treated as taxable events, and do not create capital gains for the IPU fund.

We appreciate that, in the context of the Control Restriction, there may be a perceived difference between an index mutual fund and an IPU to the extent that “take-over” concerns might be considered to exist in respect of securities which are exchange-traded. We believe, however, that these perceived concerns could be addressed in the same manner as the CSA determined to be appropriate in connection with the orders which have been granted to certain Canadian IPU’s relieving investors in specified circumstances from the take-over bid provisions of applicable legislation. (See, for example, the MRRS Decision Document dated July 26, 2002 in respect of certain IPU funds managed by us, and an MRRS Decision Document dated November 16, 2001 in respect of TD TSX 300 Index Fund and TD TSX Capped Index Fund.) The arguments which were made by Canadian IPU’s in connection with those orders would apply to most IPU’s. These include, for example, that the manner in which IPU units trade and are priced would deter an institutional investor, or any other investor, from seeking to acquire control, or offering to pay a control premium, for IPU’s because pricing is dependent upon, and generally represents a prescribed percentage of, the level of the relevant underlying index. We would submit that, in any instance in which an IPU fund can demonstrate that it is not, and would not be, possible for one or more fund securityholders to exercise control or direction over an IPU fund on the basis that its constating documents generally ensure that no changes can be made to the IPU fund without the support of the trustee or manager (or, alternatively, in any instance where an order has been granted by Canadian securities regulators to an IPU which relieves all investors from the take-over bid requirements), that it would be appropriate to permit mutual funds to invest in those IPU's on the same basis and subject to the same conditions as imposed in the existing orders. In effect, then, we believe that it would be acceptable to require a mutual fund, which, together with its related funds, wishes to acquire more than 20% of the outstanding units of an IPU fund, to be restricted, together with its related funds, from voting more than 20% of the outstanding IPU's.

We also understand that there is a distinction between index mutual funds and IPU's to the extent that a mutual fund which holds a number of IPU's equal to the redeemable "creation unit" number or an integral multiple thereof may be perceived to effectively hold securities which are exchangeable into the underlying securities of the issuers included in the index. In such a circumstance, i.e. where IPU's are exchangeable into underlying securities, and where the position in the IPU's is held for purposes other than hedging, it would be appropriate to deem the mutual fund to hold directly its proportionate share of the securities held by the IPU fund for purposes of applying the 10% concentration limits applicable to securities of the single issuer. This would parallel the treatment of specified derivatives in NI 81-102 where those instruments are being used for purposes other than hedging. In our view, it would be appropriate to retain a concentration restriction applicable to IPU's where, in those circumstances described above, a mutual fund would be deemed to have invested more than 10% of its net assets in the securities of any issuer included in the index in which the IPU invests. Section 2.1(4)(b) of NI 81-102 should also be retained in this regard.

For all of the foregoing reasons, we believe that the Concentration Restriction, Control Restriction and Related Group Restriction should be removed in respect of IPU's, subject to the suggestions which we have made to ensure adequate safeguards.

We strongly believe in this need for the removal of these restrictions given the importance of IPU's as investment tools to mutual fund portfolio managers, and the importance of avoiding the creation of regulatory barriers to their use.

4. Restrictions Applicable to Bottom Funds

The Proposals would prevent "bottom funds" from using IPU's. For all of the reasons set out beforehand, we believe that it is important to permit all mutual funds to use IPU's as investment tools.

Pooled Funds

In the Commentary accompanying the Proposal, the CSA has invited comments on whether the investment options for a "top fund" should be expanded to include other types of mutual funds and investment funds such as pooled funds or commodity pools.

In our view, based upon our considerable experience as managers of pooled funds, as well as our experience in acting as portfolio advisors to conventional mutual funds, we believe that it would be appropriate to permit mutual funds to invest in pooled funds which would otherwise comply with certain of the criteria found in NI 81-102. In particular, as a general rule, we think that it would be appropriate to require, in this regard, that the pooled funds comply with the provisions of NI 81-102 which prescribe investment restrictions relating to types of investments and assets, as well as permitted investment practices and transactions in specified derivatives, as well as sections 6.1(1), 6.1(2), 6.2 and 6.3 relating to the use of qualified custodians and sub-custodians. With respect to the restrictions applicable to specified derivatives, we would also encourage the CSA to be prepared to entertain exemption applications with respect to the general compliance rule in circumstances in which appropriate safeguards exist and the public interest can be adequately protected.

We would be pleased to discuss our comments with members of the CSA and, in particular, to meet with any of the representatives designated in the Notice describing the Proposals. As indicated, we are particularly concerned with the regulatory regime, which the Proposals would impose with respect to IPU's, and we would welcome the opportunity to have further discussions as the consultation process proceeds.

Sincerely

Gerry Rocchi

Gerry Rocchi
President

GR/st
Enclosures
cc: Patricia A. Koval, Torys LLP
Warren V. Collier, BGI

SCHEDULE "A"

US INDEX-LINKED EXCHANGE-TRADED FUNDS

Source: as published by Morgan Stanley, Equity Research Global, June 28, 2002

	Approx No. of Stocks in Fund	Expense Ratio (%)	Total Assets (U.S. $ Mil)	Avg Daily Volume (1000/shrs)
<u>Major Market ETFs</u>				
Broad Market				
iShares DJ US Total Market	1,646	0.20	111	17
iShares Russell 3000	2,701	0.20	1,120	280
Total Stock Market VIPERs	3,438	0.15	1,295	122
Extended Market VIPERs	3,050	0.20	17	6
Large-Cap				
Diamond Trust Series 1	30	0.18	3,390	4,370
Nasdaq-100 Index Tracking Stock	100	0.20	18,733	78,357
iShares S&P 100	100	0.20	110	25
iShares S&P 500	500	0.09	3,909	246
Standard & Poor's Depositary Receipts	500	0.12	28,508	18,222
iShares Russell 1000	954	0.15	464	78
streetTRACKS Fortune 500	453	0.20	72	22
Mid-Cap				
iShares S&P MidCap 400	400	0.20	633	45
S&P MidCap Depositary Receipts	400	0.25	6,748	1,219
iShares Russell MidCap	751	0.20	66	12
Small-Cap				
iShares S&P SmallCap 600	600	0.20	1,385	174
iShares Russell 2000	1,888	0.20	3,187	721
<u>Style ETFs</u>				
Broad Market Growth				
iShares Russell 3000 Growth	1,593	0.25	39	15
Broad Market Value				
iShares Russell 3000 Value	1,814	0.25	82	8
Large-Cap Growth				
iShares S&P 500/Barra Growth	151	0.18	434	62

US INDEX-LINKED EXCHANGE-TRADED FUNDS

Source: as published by Morgan Stanley, Equity Research Global, June 28, 2002

	Approx No. of Stocks in Fund	Expense Ratio (%)	Total Assets (U.S. $ Mil)	Avg Daily Volume (1000/shrs)
iShares Russell 1000 Growth	538	0.20	450	109
streetTRACKS DJ US Large Cap Growth	60	0.20	16	7
Large-Cap Value				
iShares S&P 500/Barra Value	351	0.18	715	95
iShares Russell 1000 Value	686	0.20	845	181
streetTRACKS DJ US Large Cap Value	110	0.20	39	2
Mid-Cap Growth				
iShares S&P Midcap 400/Barra Growth	164	0.25	354	40
iShares Russell MidCap Growth	404	0.25	69	17

US INDEX-LINKED EXCHANGE-TRADED FUNDS

Source: as published by Morgan Stanley, Equity Research Global, June 28, 2002

	Approx No. of Stocks in Fund	Expense Ratio (%)	Total Assets (U.S. $ Mil)	Avg Daily Volume (1000/shrs)
Mid-Cap Value				
iShares S&P MidCap 400/Barra Value	238	0.25	589	54
iShares Russell MidCap Value	545	0.25	72	11
Small-Cap Growth				
iShares S&P SmallCap 600/Barra Growth	222	0.25	240	28
iShares Russell 2000 Growth	1,225	0.25	429	190
streetTRACKS DJ US Small Cap Growth	356	0.25	21	68
Small-Cap Value				
iShares S&P SmallCap 600/Barra Value	380	0.25	632	84
iShares Russell 2000 Value	1,249	0.25	940	133
streetTRACKS DJ US Small Cap Value	336	0.25	54	8

Sector ETFs

US INDEX-LINKED EXCHANGE-TRADED FUNDS

Source: as published by Morgan Stanley, Equity Research Global, June 28, 2002

	Approx No. of Stocks in Fund	Expense Ratio (%)	Total Assets (U.S. $ Mil)	Avg Daily Volume (1000/shrs)
Consumer Discretionary				
Consumer Discretionary Select Sector SPDR	87	0.28	170	240
iShares DJ US Consumer Cyclical Sector	266	0.60	201	37
Consumer Staples				
Consumer Staples Select Sector SPDR	34	0.28	295	156
iShares DJ US Consumer Non-Cyclical Sector	97	0.60	131	24
Energy				
Energy Select Sector SPDR	25	0.28	359	451
iShares DJ US Energy Sector	58	0.60	98	22
Financials				
Financial Select Sector SPDR	76	0.28	449	1,459
iShares DJ US Financial Sector	283	0.60	115	15
iShares DJ US Financial Services	157	0.60	57	6
Healthcare				
Health Care Select Sector SPDR	46	0,28	164	63
iShares DJ Nasdaq Biotechnology	77	0.50	315	279
iShares DJ US Healthcare Sector	184	0.60	219	36
Industrials				
Industrial Select Sector SPDR	69	0.28	206	160
iShares DJ US Industrial Sector	246	0.60	75	11
Information Technology - Broad Based				
iShares DJ US Technology Sector	317	0.60	124	43
iShares Goldman Sachs Tech	230	0.50	30	52
streetTRACKS Morgan Stanley High-Tech 35	35	0.50	55	71
Technology Select Sector SPDR	90	0.28	827	1,158

US INDEX-LINKED EXCHANGE-TRADED FUNDS

Source: as published by Morgan Stanley, Equity Research Global, June 28, 2002

	Approx No. of Stocks in Fund	Expense Ratio (%)	Total Assets (U.S. $ Mil)	Avg Daily Volume (1000/shrs)
Information Technology - Internet				
iShares DJ US Internet	41	0.60	11	29
streetTRACKS Morgan Stanley Internet	26	0.50	4	10
streetTRACKS Fortune e-50 Index Tracking Stock	50	0.20	6	4
Information Technology - Other				
iShares Goldman Sachs Networking	39	0.50	39	187
iShares Goldman Sachs Semiconductor	50	0.50	47	46
iShares Goldman Sachs Software	53	0.50	42	130
Materials				
iShares DJ US Basic Materials Sector	65	0.60	58	15
iShares DJ US Chemical	33	0.60	11	7
Materials Select Sector SPDR	37	0.28	327	344
Natural Resources				
iShares Goldman Sachs Natural Resources	104	0.50	24	2
Real Estate				
iShares DJ US Real Estate	68	0.60	117	28
iShares Cohen & Steers Realty Majors	31	0.35	119	17
streetTRACKS Wilshire REIT	92	0.25	32	4
Telecommunications				
iShares DJ US Telecom Sector	32	0.60	69	28
Utilities				
iShares DJ US Utilities Sector	78	0.60	153	43
Utilities Select Sector SPDR Fund	37	0.28	159	82
<u>International ETFs</u>				
Global (including US)				
Broad Based				
streetTRACKS DJ Global Titans	50	0.50	25	2
iShares S&P Global 100	98	0.40	39	14

US INDEX-LINKED EXCHANGE-TRADED FUNDS

Source: as published by Morgan Stanley, Equity Research Global, June 28, 2002

	Approx No. of Stocks in Fund	Expense Ratio (%)	Total Assets (U.S. $ Mil)	Avg Daily Volume (1000/shrs)
Sectors				
iShares S&P Global Energy Sector	44	0.65	15	5
iShares S&P Global Financial	193	0.65	10	1
iShares S&P Global Healthcare Sector	68	0.65	15	2
iShares S&P Global Technology Sector	125	0.65	6	16
iShares S&P Global Telecom Sector	45	0.65	11	5

US INDEX-LINKED EXCHANGE-TRADED FUNDS

Source: as published by Morgan Stanley, Equity Research Global, June 28, 2002

	Approx No. of Stocks in Fund	Expense Ratio (%)	Total Assets (U.S. $ Mil)	Avg Daily Volume (1000/shrs)
International (non-US)				
Broad Based				
iShares MSCI EAFE	784	0.35	3,780	298
Regional				
iShares MSCI Pacific ex-Japan	135	0.50	91	18
iShares MSCI EMU	268	0.84	128	23
iShares S&P Europe 350	339	0.60	588	65
iShares S&P Latin America 40	38	0.50	8	3
Country Specific International				
Asia/Pacific				
iShares MSCI Australia	70	0.84	88	38
iShares MSCI Hong Kong	29	0.84	114	90
iShares MSCI Japan	284	0.84	691	771
iShares S&P/TOPIX 150	151	0.50	33	3
iShares MSCI Malaysia (Free)	70	0.84	97	72
iShares MSCI Singapore	35	0.84	86	85

US INDEX-LINKED EXCHANGE-TRADED FUNDS

Source: as published by Morgan Stanley, Equity Research Global, June 28, 2002

	Approx No. of Stocks in Fund	Expense Ratio (%)	Total Assets (U.S. $ Mil)	Avg Daily Volume (1000/shrs)
iShares MSCI South Korea	78	0.99	103	75
iShares MSCI Taiwan	90	0.99	167	110
Europe				
iShares MSCI Austria	16	0.84	19	9
iShares MSCI Belgium	19	0.84	11	5
iShares MSCI France	54	0.84	56	23
iShares MSCI Germany	51	0.84	107	51
iShares MSCI Italy	43	0.84	31	8
iShares MSCI Netherlands	24	0.84	21	7
iShares MSCI Spain	36	0.84	24	10
iShares MSCI Sweden	36	0.84	9	7
iShares MSCI Switzerland	39	0.84	35	15
iShares MSCI United Kingdom	132	0.84	124	61
Americas				
iShares MSCI Canada	80	0.84	52	36
iShares MSCI S&P/TSE 60	61	0.50	6	0
iShares MSCI Brazil	39	0.99	171	256
iShares MSCI Mexico	31	0.84	122	160

SCHEDULE "B"

TSX IPU'S

Name of Fund	Approximate No. of Shares in Fund	Expense Ratio (%)
Major Market		
iUnits S&P/TSX 60 Index Fund	60	0.17
iUnits S&P/TSX 60 Capped Index Fund	60	0.17
iUnits S&P/TSX Canadian MidCap Index Fund	60	0.55
SSgA Dow Jones Canada Titans 40 Index Participation Fund [1]	40	0.08
TD S&P/TSX Composite Index Fund	275	0.25
TD S&P/TSX Capped Composite Index Fund	275	0.25
International		
iUnits S&P 500 Index RSP Fund	500	0.30
iUnits MSCI International Equity Index RSP Fund	1019	0.35
Sectors		
iUnits S&P/TSX Canadian Energy Index Fund	23	0.55
iUnits S&P/TSX Canadian Financials Index Fund	23	0.55
iUnits S&P/TSX Canadian Gold Index Fund	9	0.55
iUnits S&P/TSX Canadian Information Technology Index Fund	21	0.55
iUnits S&P/TSX Canadian REIT Index Fund [2]	12	0.55
Style		
TD Select Canadian Growth Index Fund	43	0.55
TD Select Canadian Value Index Fund	66	0.55

1. SSgA has announced that it intends to discontinue this Fund.
2. Expected to be launched on October 15, 2002.