

August 26, 2010

**In the Matter of
the Securities Legislation of
Ontario
(the Jurisdiction)**

and

**In the Matter of
the Process for Exemptive Relief
Applications in Multiple Jurisdictions**

and

**In the Matter of
Sceptre Investment Counsel Limited
(the Filer)
and
the Sceptre Mutual Funds Listed
on Schedule A
(the Sceptre Funds)**

and

**In the Matter of
Fiera Capital Inc.
(Fiera)**

Decision

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for approval of a change in the manager of the Sceptre Funds pursuant to paragraph 5.5(1)(a) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) (the **Approval Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Ontario Securities Commission (the **OSC**) is the principal regulator for this application; and
- (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied on in all of the provinces and territories of Canada other than Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer and/or Fiera, as the case may be:

1. The Filer is a corporation governed by the Business Corporations Act (Ontario) (the **OBCA**). It is a reporting issuer in British Columbia, Alberta and Ontario and its common shares are listed for trading on the Toronto Stock Exchange (the **TSX**). Its head office is located in Toronto, Ontario.
2. The Filer is an investment management firm that has assets under management in excess of \$6.6 billion. Its Pension and Institutional Fund Group manages investment portfolios for a broad range of clients that include corporations, governments, hospitals, charitable foundations, endowments, universities and unions. Its Wealth Management Group provides discretionary segregated account and investment fund management services for high net worth individuals and it acts as the manager for the Sceptre Funds.
3. The Filer is registered as a portfolio manager under the securities legislation of all provinces of Canada other than Prince Edward Island, as both an exempt market dealer and an investment fund manager under the Legislation and as an investment adviser with the U.S. Securities and Exchange Commission.
4. The Sceptre Funds are qualified for distribution in all provinces and territories of Canada pursuant to a simplified prospectus and an annual information form that have been prepared and filed in accordance with applicable Canadian securities regulatory requirements including NI 81-102. The Sceptre Funds are also subject to, among other laws and regulations, National Instrument 81-106 Investment Fund Continuous Disclosure and National Instrument 81-107 Independent Review Committee for Investment Funds (**NI 81-107**). The Sceptre Funds account for approximately \$947 million of the assets under management by the Filer.
5. Neither the Filer nor any of the Sceptre Funds is in default of securities legislation in any province or territory of Canada.
6. Fiera is a corporation governed by the *Canada Business Corporations Act*. Its head office is located in Montreal, Québec.

7. Fiera is an independent, full-service, multi-product investment firm that has a unique expertise in asset allocation, equity and fixed-income management and non-traditional investment solutions. It is focused on delivering competitive and tailored multi-style investment solutions to its clients that consist primarily of institutional investors, investment funds, religious and charitable organizations and high net-worth investors. Fiera has assets under management in excess of \$22 billion.

8. Fiera is registered as a portfolio manager under the securities legislation of all provinces and territories of Canada, as an exempt market dealer under the securities legislation of the Jurisdiction and Newfoundland and Labrador, as a commodity trading manager under the Commodity Futures Act (Ontario) (the **CFA**), and as a derivatives portfolio manager under the Derivatives Act (Quebec).

9. Fiera is not in default of securities legislation in any province or territory of Canada.

10. The Filer and Fiera have entered into a definitive Transaction Agreement dated June 16, 2010 pursuant to which Fiera has agreed to transfer substantially all of its assets to the Filer in exchange for the Filer's assumption of substantially all of Fiera's liabilities and the issuance by the Filer to Fiera of approximately 21.1 million Class B special voting shares of the Filer (the **Class B Shares**) pursuant to a court-approved plan of arrangement under the OBCA (the **Transaction**).

11. The Transaction is subject to court approval and the approval of at least two-thirds of the votes cast by the common shareholders of the Filer that are represented in person or by proxy at the meeting of the common shareholders that is to be held on August 24, 2010 (the **Shareholder Meeting**). It must also be approved by at least a simple majority of the votes cast by "minority" shareholders at the Shareholder Meeting, as determined in accordance with applicable securities laws and stock exchange rules.

12. In addition to such approvals, completion of the Transaction will constitute a change in the manager of the Sceptre Funds rather than a change in control of the Filer for purposes of NI 81-102. As a result, the change in the manager and trustee of each Sceptre Fund is subject to the prior approval of the unitholders of the Sceptre Fund. Meetings of the unitholders of the Sceptre Funds were therefore held on August 20, 2010 (the **Unitholder Meetings**) to consider, and if thought advisable, to pass resolutions approving of the change in manager and trustee. During the Unitholder Meetings, a resolution approving of the change in manager and trustee of each Sceptre Fund was passed by the unitholders of the Sceptre Funds.

13. The Transaction is scheduled to close on August 31, 2010. The material steps that will be taken to complete the Transaction on closing comprise the following:

- (a) the articles of the Filer will be amended to (i) change the name of the Filer to Fiera Sceptre Inc. (**Fiera Sceptre**); (ii) create new Class A subordinate voting shares (the **Class A Shares**) that will be listed on the TSX in substitution for the common shares of the Filer (the **Common Shares**);

(iii) create the new Class B Shares; (iv) change the number of directors of the Filer from a minimum of three and a maximum of fifteen to nine;

- (b) holders of Common Shares will exchange each outstanding Common Share for one Class A Share (resulting in the issuance of approximately 14 million Class A Shares) and a cash payment of \$0.60;
- (c) the articles of Fiera Sceptre will be amended to cancel the Common Shares as a class of shares authorized to be issued by Fiera Sceptre; and
- (d) Fiera Sceptre will acquire all of the assets and other property beneficially owned by Fiera (other than certain excluded assets) in exchange for the assumption by Fiera Sceptre of Fiera's liabilities (other than certain excluded non-client liabilities) and the issuance to Fiera of approximately 21.1 million Class B Shares representing 60% of the total number of Class A Shares and Class B Shares to be outstanding at closing.

14. Upon completion of the Transaction, Fiera Sceptre will continue to be the same legal entity as the Filer with certain changes in its capital structure, shareholder base, management and business operations resulting from the combination of the businesses of the Filer and Fiera. These changes are described in the management information circular in relation to the Shareholder Meeting and the management information circular in relation to the Unitholder Meetings, both dated July 23, 2010. Fiera will own 60%, or approximately 21.1 million, of the 35.1 million outstanding Class A Shares and Class B Shares of Fiera Sceptre, which it will hold through Fiera Sceptre LP, a limited partnership that is to be established by Fiera or any of its affiliates prior to closing of the Transaction.

15. The business and operations of Fiera Sceptre will consist primarily of the combined business and operations of the Filer and Fiera. As a result of these combined operations, Fiera Sceptre will be a publicly traded, independent money manager with assets under management in excess of approximately \$30 billion.

16. The Transaction will have no adverse impact upon the financial stability of Fiera Sceptre.

17. Following completion of the Transaction, as part of its post-acquisition integration process, Fiera Sceptre will conduct a comprehensive review of its combined business operations which will include a consideration of possible changes to the various businesses that are currently conducted by the Filer and Fiera. As part of this review, Fiera Sceptre will consider alternatives for achieving enhanced performance and growth for the Sceptre Funds. While this could result in future changes to the Sceptre Funds, management has not made any decisions respecting changes that might be made to the combined operations of the Filer and Fiera, including any changes that might be made in respect of the Sceptre Funds, and it will not do so until it has completed its review of the combined operations following completion of the Transaction. Any changes that are made post closing will be disclosed and communicated to unitholders of the Sceptre

Funds, as required, and unitholders of each Sceptre Fund will have an opportunity to consider and approve any changes to a Sceptre Fund that require unitholder approval.

18. The Filer has referred the proposed change in the manager and trustee of the Sceptre Funds that will occur upon completion of the Transaction to the Independent Review Committee (**IRC**) of the Sceptre Funds for its review and the IRC has advised the Filer that in the IRC's determination, after reasonable inquiry, the proposed change in the manager and trustee of the Sceptre Funds does not create any potential conflict of interest issues as between the Filer and the Funds that have not been adequately addressed.

19. The Funds will not bear any of the costs and expenses associated with the change in the manager and trustee of the Sceptre Funds. Such costs and expenses will be borne by the Filer.

20. A news release with respect to the Transaction was issued by the Filer on June 16, 2010 and by the Sceptre Funds on July 2, 2010. Related material change reports were filed on June 23, 2010 by the Filer and on July 2, 2010 by the Sceptre Funds. Amendments to the simplified prospectus and annual information form for the Sceptre Funds dated August 26, 2009 were filed on July 2, 2010.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Approval Sought is granted.

"Vera Nunes"

Vera Nunes,

Assistant Manager, Investment Funds Branch

Ontario Securities Commission

SEDAR # 1618212

SCHEDULE A

The Sceptre Mutual Funds

Sceptre Income & Growth Fund

Sceptre Bond Fund

Sceptre High Income Fund

Sceptre Canadian Equity Fund

Sceptre Equity Growth Fund

Sceptre U.S. Equity Fund

Sceptre Global Equity Fund

Sceptre Money Market Fund

Sceptre Large Cap Canadian Equity Fund