

## MATERIAL CHANGE REPORT

### Filed pursuant to Section 75(2) of the *Securities Act* (Ontario) and corresponding provisions of the securities legislation in other provinces

1. **Reporting Issuer**

The name and address of the reporting issuer is:

TSE 100 Index Participation Fund  
Suite 3500, P.O. Box 23  
100 King Street West  
Toronto, Ontario  
M5X 1A9

2. **Date of Material Change**

The material change occurred on January 19, 2000

3. **Press Release**

The material change was announced in a press release transmitted on January 19, 2000 through Canada News Wire.

A copy of the press release is attached as Schedule A.

4. **Summary of Material Change**

Each of the Toronto 35 Index Participation Fund ("TIPS 35 Fund") and the TSE 100 Index Participation Fund ("TIPS 100 Fund") has entered into an agreement to merge with the iUnits S&P/TSE 60 Index Participation Fund ("i60s Fund"). The mergers are subject to regulatory approval and the approval of the unitholders of each of the TIPS 35 Fund and the TIPS 100 Fund (the "TIPS Funds"). Special meetings of the TIPS Funds will be held on February 28, 2000 to consider the merger. If the necessary approvals are received, the mergers are expected to be completed on March 6, 2000 with the assets of each of the

TIPS Funds being exchanged for units of the i60s Fund based on end-of-day market values on that date.

5. **Full Description of Material Change**

Each of the TIPS 35 Fund and the TIPS 100 Fund has entered into a merger agreement dated January 19, 2000 with the i60s Fund. Also parties to the merger agreements are The Toronto Stock Exchange, as sponsor of the TIPS 35 Fund and TIPS 100 Fund, and Barclays Global Investors Canada Limited, as manager of the i60s Fund.

The mergers are subject to approval by the unitholders of TIPS Funds and to the receipt of necessary regulatory approvals. Special meetings of the unitholders of the TIPS Funds will be held on February 28, 2000. January 21, 2000 has been established as the record date for determining unitholders entitled to receive notice of and to vote at the special meetings of the TIPS Funds.

Subject to approval by unitholders and to the receipt of required regulatory approvals, the mergers would be completed on March 6, 2000. In order to facilitate the mergers, it is anticipated that the TIPS Funds will not undertake a general issuance of additional units prior to the proposed closing date of the merger and will not accept requests for redemption on or after March 1, 2000. In addition, it is expected that special distributions of the income of each of the TIPS Funds and the i60s Fund will be made prior to the closing of the mergers to unitholders of record on March 3, 2000.

On closing, the assets of each of the TIPS Funds will be exchanged for i60s based on end-of-day market values on that date. Each of the TIPS Funds will distribute the i60s to their respective unitholders in exchange for the outstanding units of the TIPS Funds on a pro rata basis, and then each TIPS Fund will wind up. Any fractional i60s units will be sold on behalf of unitholders on the TSE and the proceeds, net of commissions and related expenses, will be remitted to unitholders.

The mergers will be completed using the mutual fund merger "rollover" rules contained in the *Income Tax Act* (Canada). Accordingly, the transfer by the TIPS Funds of their assets to the i60s Fund will take place on a tax-deferred basis and the exchange of TIPS 35 and TIPS 100 units for i60s will take place on a tax-deferred basis.

Following completion of the mergers, the i60s Fund will rebalance its portfolio by selling shares received from the TIPS Funds which are not shares of companies in the S&P/TSE 60 Index and by selling or buying additional shares of companies in the S&P/TSE 60 Index as necessary. This will result in the i60s Fund holding shares of only those companies included in the S&P/TSE 60 Index in the same proportion as they are reflected in the S&P/TSE 60 Index. No brokerage fees will be payable by the i60s Fund in respect of the disposition of shares pursuant to rebalancing.

If the mergers of the TIPS Funds are completed as contemplated, neither the TIPS 35 Fund nor the TIPS 100 Fund would have to rebalance their respective portfolios on the annual revision of the Toronto 35 Index and the TSE 100 Index scheduled to be effective on March 17, 2000.

6. **Reliance on Section 75(3) of the Act**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Senior Officers**

Mr. Richard Carleton  
Vice-President, Index and Market Data Services  
The Toronto Stock Exchange

(416) 947-4397

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

SIGNED this 21st day of January, 2000, at Toronto, Ontario.

**TSE 100 INDEX PARTICIPATION FUND**

“Richard Carleton”

Richard Carleton

Vice-President Index and Market Data Services

Toronto Stock Exchange

On behalf of the TSE 100 Index Participation Fund

## SCHEDULE "A"

TSE: TIP, HIP, XIU

For Immediate Release:

### **TSE and Barclays Global Investors Canada to Merge TIPS 35 & TIPS 100 Funds with iUnits™ S&P /TSE™ 60 Index Participation Fund**

TORONTO – January 19, 2000 – The Toronto Stock Exchange (TSE) and Barclays Global Investors Canada Limited (BGI Canada) announced today an agreement to merge the Toronto 35 Index Participation Fund (TIPS 35 Fund) and the TSE 100 Index Participation Fund (TIPS 100 Fund) with the iUnits S&P/TSE 60 Index Participation Fund (i60s Fund) managed by BGI Canada. The mergers are subject to approval by TIPS unitholders and to the receipt of necessary regulatory approvals.

The i60s Fund is similar to the TIPS 35 Fund, which invests in the shares underlying the Toronto 35 Index, and the TIPS 100 Fund, which invests in shares underlying the TSE 100 Index. The i60s Fund invests in shares underlying the S&P/TSE 60 Index and, accordingly, provides investors with a convenient and flexible way to participate in the performance of the S&P/TSE 60 Index.

Launched in 1998, the S&P/TSE 60 Index was developed with investors, including pension fund and mutual fund managers as well as investment dealers from across Canada. It is Canada's leading stock market barometer, consisting of 60 of the largest and most liquid stocks traded on the TSE. Richard Carleton, Vice-President, Index and Market Data Services at The Toronto Stock Exchange said, "In our view, the S&P/TSE 60 Index provides the Canadian market with a single index which combines the liquidity associated with the Toronto 35 Index with the market representation of the TSE 100 Index. It offers a better market capitalization proxy than either the Toronto 35 Index or the TSE 100 Index. The S&P/TSE 60 Index is also the Canadian component of the S&P Global 1200 Index, and we believe that this will raise the profile of Canadian companies in international investment portfolios."

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The S&P/TSE 60 Index will eventually replace both the Toronto 35 Index and the TSE 100 Index. After December 31, 2000 only end-of-day values will be calculated for the Toronto 35 Index and the TSE 100 Index. Options and futures based on the Toronto 35 Index and the TSE 100 Index ceased to be traded on an exchange in December, 1999.

Mr. Carleton said, "We are very pleased at this time to present this merger opportunity to unitholders of the TIPS 35 and TIPS 100 Funds. Unitholders will be able, on a straightforward basis, to convert their holdings to iUnits S&P/TSE 60s (i60s). They will then be able to participate on an ongoing basis in the performance of the S&P/TSE 60 Index and benefit from what we believe will be increased market liquidity."

"BGI Canada is excited to offer TIPS 35 and TIPS 100 unitholders the opportunity to participate in the i60s Fund and S&P/TSE 60 Index," said Gerry Rocchi, Managing Director and President, BGI Canada. "i60s combine S&P's global leadership in equity index construction with our expertise in creating and managing leading edge index products for retail and institutional investors. i60s are among the lowest cost index-based products available to Canadian investors."

**About the proposed mergers:**

Meetings of TIPS 35 and TIPS 100 unitholders to consider and approve the mergers are scheduled for February 28, 2000. Unitholders of record on January 21, 2000 will be entitled to receive notice of, and to attend and vote at, the meetings. Subject to approval by TIPS unitholders, and to the receipt of required regulatory approvals, the TSE and BGI Canada expect to complete the mergers on March 6, 2000. In order to facilitate the mergers, it is anticipated that the TIPS Funds will not accept requests for redemption on or after March 1, 2000. In addition, it is expected that special distributions of the income of each of the TIPS Funds and the i60s Fund will be made prior to the closing of the mergers to unitholders of record on March 3, 2000.

On closing, the assets of the TIPS 35 and TIPS 100 Funds will be exchanged for i60s based on end-of-day market values on that date. Each of the TIPS 35 and TIPS 100 Funds will distribute the i60s to their respective unitholders in exchange for the outstanding units of the Funds on a pro rata basis. Fractional i60s will be sold on behalf of unitholders on the TSE and the proceeds, net of commissions and related expenses, will be remitted to unitholders.

The mergers will be completed using the mutual fund merger “rollover” rules contained in the *Income Tax Act* (Canada). Accordingly, the transfer by the TIPS Funds of their assets to the i60s Fund will take place on a tax-deferred basis and the exchange of TIPS 35 and TIPS 100 units for i60s will take place on a tax-deferred basis.

Following completion of the mergers, the i60s Fund will rebalance its portfolio. This will be accomplished by selling shares received from the TIPS Funds which are not shares of companies in the S&P/TSE 60 Index and by selling or buying additional shares of companies in the S&P/TSE 60 Index as necessary. This will result in the i60s Fund thereafter holding shares of only those companies included in the S&P/TSE 60 Index in the same proportion as they are reflected in the S&P/TSE 60 Index. No brokerage fees will be payable by the i60s Fund in respect of the disposition of shares pursuant to rebalancing.

The i60s Fund may realize net capital gains as a result of selling shares in this rebalancing. Based on certain assumptions which BGI Canada believes to be reasonable, BGI Canada has estimated that the realized capital gain per each i60 expected to be outstanding immediately after the mergers, if the mergers and rebalancing had been completed on January 17, 2000, would have been approximately \$0.09 while the unrealized capital gain underlying each such i60 would be approximately \$10.43. BGI Canada has further estimated that, if the prices of all of the shares underlying the Toronto 35 Index and the TSE 100 Index were to increase uniformly by 5% between January 17, 2000 and the date of closing of the mergers, the realized capital gain per each i60 expected to be outstanding immediately after the mergers would be approximately \$0.47, while the unrealized capital gain underlying each such i60 would be approximately \$12.53. These amounts are estimates only. Actual realized and unrealized gains may be higher or lower than these estimates and actual realized gains may or may not result in distributions to i60 unitholders.

**About BGI Canada and i60s:**

Barclays Global Investors Canada Limited has been the fastest growing pension manager in Canada over the past five years, with more than \$24 billion in assets currently under management for over 100 institutional clients.

Based in Toronto, BGI Canada is an indirect subsidiary of Barclays PLC and part of Barclays Global Investors, the world’s largest institutional investment manager, with over \$1 trillion in assets under management. Barclays Global Investors is also the largest manager of index funds in the world, offering over 1,300 index funds in more than 50 countries around the globe.

i60s are listed on the TSE and can be bought or sold at any time during a trading day through any registered broker or online brokerage firm in Canada. i60s trade at approximately 1/10<sup>th</sup> of the value of the S&P/TSE 60 index at any given time. i60s closed at \$50.35 at the end of trading on January 18, 1999. As of that date, the i60s Fund had assets of approximately \$591,418,634.

**About the TSE:**

The fully automated Toronto Stock Exchange consistently ranks as one of the world's top exchanges by market capitalization and trading volume. In 1999, the average daily value of TSE trading exceeded \$2 billion. The TSE provides investors with a well regulated, fair and accessible marketplace.

**For more information, please contact:**

Investors wishing to obtain additional information about the TSE can visit the TSE's Website at [www.tse.com](http://www.tse.com) or telephone 416-947-4704. Investors wishing to obtain information on iUnits can visit the BGI web site, [www.iunits.com](http://www.iunits.com) or telephone 1-877-464-8648.

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