

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE
MR. JUSTICE PERELL

) MONDAY, THE 27TH DAY
) OF SEPTEMBER, 2010
)

BETWEEN:

**DENNIS FISCHER, SHEILA SNYDER,
LAWRENCE DYKUN, RAY SHUGAR
and WAYNE DZEOBA**

Plaintiffs

- and -

**IG INVESTMENT MANAGEMENT, LTD.,
CI MUTUAL FUNDS INC.
FRANKLIN TEMPLETON INVESTMENTS CORP.,
AGF FUNDS INC. and AIC LIMITED**

Defendants

Proceeding Under the *Class Proceedings Act, 1992*

ORDER

THIS MOTION made by the Plaintiff Lawrence Dykun ("Dykun") for an Order certifying this action as a class proceeding for settlement purposes only as against Franklin Templeton Investments Corp. ("Franklin Templeton"), approving the notice to the Franklin Templeton Class Members and for other declaratory relief was heard this day at Osgoode Hall in the presence of counsel for the Plaintiffs and counsel for the Defendant, Franklin Templeton;

ON READING the notice of motion and the material filed and on hearing submissions of counsel for the Plaintiffs and counsel for Franklin Templeton;

1. **THIS COURT ORDERS** that the use of capitalized terms in this Order shall have the same meaning as found in the Settlement Agreement dated September 16, 2010 between *inter alia* Dykun and Franklin Templeton (attached hereto as Schedule "A") except to the extent that the definition of a term in the Settlement Agreement and this Order conflict, in which case the definition of the term as set out in this Order shall govern.

2. **THIS COURT ORDERS** that, subject to paragraph 17 hereof, this action, as against Franklin Templeton, be and is hereby certified as a class proceeding under the *Class Proceedings Act, 1992*, S.O. 1992, c. 6 for settlement purposes only.

3. **THIS COURT ORDERS** that the Franklin Templeton Ontario Class shall include:

- (a) all persons in Canada, except Québec, who purchased and/or redeemed and/or held or otherwise acquired shares or other ownership units of one or more of the Franklin Templeton Funds during the period from February 1, 1999 to February 28, 2003.

4. **THIS COURT ORDERS** that the common issues for the Franklin Templeton Ontario Class are:

- (a) Did Franklin Templeton owe a fiduciary duty to the members of the Franklin Templeton Ontario Class to take steps to prevent "market timing" activities in the Franklin Templeton Funds?
- (b) If so, did Franklin Templeton breach such a fiduciary duty and, if so, what was the nature of the breach?

- (c) Did Franklin Templeton owe a duty of care to the members of the Franklin Templeton Ontario Class to take steps to prevent “market timing” activities in the Franklin Templeton Funds?
- (d) If so, did Franklin Templeton breach such a duty of care and, if so, what was the nature of the breach?

5. **THIS COURT ORDERS** that Dykun be and is hereby appointed as Representative Plaintiff for the Franklin Templeton Ontario Class.

6. **THIS COURT ORDERS** that the law firm of Rochon Genova LLP be and is hereby appointed counsel to the Franklin Templeton Ontario Class.

7. **THIS COURT ORDERS** that the Ontario Settlement Approval Motion and the motion by Ontario Plaintiffs’ Counsel for approval of its legal fees and disbursements in respect of the Ontario Action shall be heard by this Court on December 17, 2010 at Osgoode Hall, Toronto, Ontario.

8. **THIS COURT ORDERS** that Rochon Genova LLP shall cause the Notice of Certification substantially in the form attached hereto as Schedule “B” to be published on one occasion prior to October 22, 2010 in the list of publications attached hereto as Schedule “C”.

9. **THIS COURT ORDERS** that Rochon Genova LLP will place the Notice of Certification (attached hereto as Schedule “B”) on its website until December 17, 2010.

10. **THIS COURT ORDERS** that members of the Franklin Templeton Ontario Class may opt out of the class proceeding by sending written notice by prepaid mail or courier to:

ROCHON GENOVA LLP
121 Richmond Street West, Suite 900
Toronto, Ontario M5H 2K1

Attention: Joel Rochon
Fax: (416) 363-0263

11. **THIS COURT ORDERS** that notice from members of the Franklin Templeton Ontario Class wishing to opt out of the class proceeding must be received at the office of Rochon Genova LLP by no later than 5:00 p.m. on December 6, 2010, after which time a member of the Franklin Templeton Class may not opt out.

12. **THIS COURT ORDERS** that the notice of opt out for any Franklin Templeton Ontario Class Member delivered in accordance with paragraph 11 of this Order shall contain the Franklin Templeton Ontario Class Member's name, social insurance number, address, telephone number, fax number (if any) and email address (if any).

13. **THIS COURT ORDERS** that any member of the Franklin Templeton Ontario Class who does not opt out in accordance with paragraphs 10, 11 and 12 of this Order shall be bound by any future Orders in this action and shall be bound by the terms of the Settlement Agreement if approved by this Court.

14. **THIS COURT ORDERS** that on or before December 9, 2010, Rochon Genova LLP shall serve on Franklin Templeton and file with this Court a report identifying all persons who have opted out of the class proceeding.

15. **THIS COURT ORDERS** that Franklin Templeton Ontario Class Members who wish to file with the Court an objection to, or comment on, the Settlement or on the motion by Ontario Plaintiffs' Counsel for approval of its fees and disbursements shall provide a written submission

to Ontario Plaintiffs' Counsel by no later than December 6, 2010 at the address set forth in paragraph 10 above and Ontario Plaintiffs' Counsel shall file all such submissions with the Court prior to the hearing of the Ontario Settlement Approval Motion.

16. **THIS COURT ORDERS** that the written objection delivered by Franklin Templeton Ontario Class Members in accordance with paragraph 15 of this Order shall include the following:

- (a) The objecting Class Member's name, address, telephone number, e-mail address (if any), fax number (if any);
- (b) A brief statement of the nature of the objection, and the reason for the objection; and
- (c) A statement as to whether the objecting Class Member intends to appear at the hearing of the Ontario Settlement Approval Motion and, if so, whether such attendance will be in person or by counsel. If the attendance will be by counsel, the Class Member shall provide the relevant contact information for the designated counsel.

17. **THIS COURT ORDERS** that if the Settlement is terminated because one or more of the specified conditions in section 9 of the Settlement Agreement is not satisfied or waived, then i) this Order, including the certification of the Ontario Action as against Franklin Templeton as a class proceeding for the purposes of settlement, shall be set aside and be of no further force or effect, and without prejudice to the positions of the Parties in the Appeal, the Motion for Authorization and/or any subsequent proceedings between the Parties; and ii) this action as

against Franklin Templeton shall be immediately decertified as a class proceeding pursuant to section 10 of the *Class Proceedings Act, 1992*.

18. **THIS COURT ORDERS** that this Order, including without limiting the generality of the foregoing, the certification of this action against Franklin Templeton and the definition of the Franklin Templeton Class and the common issues which are set forth herein, is without prejudice to any position that the non-settling defendants, CI Mutual Funds Inc. and AIC Limited, may take in this or any other proceeding (or appeal) on any issue, including, without limitation, the issue of whether any action should be certified as a class proceeding.

Reed J.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

SEP 4 7 2010

AS DOCUMENT NO:
À TITRE DE DOCUMENT NO.:

PER / PAR:

SCHEDULE "A"

SETTLEMENT AGREEMENT

BETWEEN:

LAWRENCE DYKUN

- and -

FRANKLIN TEMPLETON INVESTMENTS CORP.

AND BETWEEN:

**PAUL HUNEAULT
GILLES GIRARD
PIERRETTE GIRARD
LISE DULUDE**

- and -

FRANKLIN TEMPLETON INVESTMENTS CORP.

WHEREAS the Plaintiff Lawrence Dykun commenced the Ontario Action against Franklin Templeton alleging that Franklin Templeton permitted, or failed to prevent, market timing in the Franklin Templeton Funds, and failed to disclose accurately information about the management of the funds;

AND WHEREAS the Plaintiffs Paul Huneault, Gilles Girard, Pierrette Girard, and Lise Dulude filed the Québec Motion against Franklin Templeton alleging that Franklin Templeton permitted, or failed to prevent, market timing in the Franklin Templeton Québec Funds;

AND WHEREAS by Order dated January 12, 2010, Mr. Justice Perell denied certification in the Ontario Action;

AND WHEREAS on February 10, 2010, the Plaintiffs in the Ontario Action served a Notice of Appeal of Mr. Justice Perell's January 12, 2010 Order;

AND WHEREAS the Québec Motion has been argued before Justice Claude Champagne of the Québec Superior Court, however no decision has yet been rendered by Justice Champagne in respect of that motion;

AND WHEREAS the Parties wish to resolve the issues raised in the Ontario Action and the Québec Motion;

NOW THEREFORE in consideration of the mutual covenants and agreements set forth below, the Parties agree as follows:

DEFINITIONS

1. In this Settlement Agreement:

- (a) "Affected Investors" has the same meaning as given to this term in the OSC Plan of Distribution;
- (b) "Appeal" means the appeal filed by the Plaintiffs in the Ontario Action from the Order of Mr. Justice Perell dated January 12, 2010;
- (c) "Class Members" means all persons who are members of the Franklin Templeton Ontario Class or the Franklin Templeton Québec Group;
- (d) "Effective Date" means the date on which the latest of the conditions in section 9 hereof have been satisfied or waived by Franklin Templeton;
- (e) "Franklin Templeton" means Franklin Templeton Investments Corp.;
- (f) "Franklin Templeton Ontario Class" means all persons in Canada, except Québec, who purchased and/or redeemed and/or held or otherwise acquired shares or other ownership units of one or more of the Franklin Templeton Funds during the period from February 1, 1999 to February 28, 2003;
- (g) "Franklin Templeton Ontario Class Members" means members of the Franklin Templeton Ontario Class;
- (h) "Franklin Templeton Funds" means:
 - (i) Templeton Growth Fund, Ltd.; [incorrectly referred to in the Ontario Action and Québec Motion as Templeton Global Growth]

- (ii) Templeton International Stock Fund;
 - (iii) Templeton Global Smaller Companies Fund; and
 - (iv) Templeton Emerging Markets Fund.
- (i) "Franklin Templeton Ontario Opt-Outs" means Franklin Templeton Ontario Class Members who opt out of the Ontario Action;
 - (j) "Franklin Templeton OSC Settlement Amount" means the "Settlement Amount" as defined in the OSC Plan of Distribution;
 - (k) "Franklin Templeton Québec Group" means all persons, physical or moral (of less than 50 employees), who were Québec residents and holders of units in the Franklin Templeton Funds between January 1, 2000 and December 31, 2003;
 - (l) "Franklin Templeton Québec Group Members" means members of the Franklin Templeton Québec Group;
 - (m) "Franklin Templeton Québec Opt-Outs" means Franklin Templeton Québec Group Members who opt out of the Québec Motion;
 - (n) "Ontario Action" means the proceeding commenced in *Fischer et al. v. IGIM et al.*, Court File No.: 06-CV-307599CP (Ontario Superior Court of Justice);
 - (o) "Ontario Plaintiffs' Counsel" means Rochon Genova LLP;
 - (p) "Ontario Settlement Approval Motion" means the motion returnable before the Ontario Superior Court of Justice for approval of the Settlement;
 - (q) "Ontario Settlement Approval Order" means an order by the Ontario Superior Court of Justice in the form attached hereto as Schedule "D" and the expiration of any applicable appeal period;
 - (r) "OSC Plan of Distribution" means the Franklin Templeton Plan of Distribution approved by the Ontario Securities Commission on June 30, 2005 (a copy of which is attached hereto as Schedule "I");
 - (s) "Party or Parties" means the parties to this Settlement Agreement being Lawrence Dykun, Paul Huneault, Gilles Girard, Pierrette Girard, Lise Dulude, and Franklin Templeton, or any one of them;
 - (t) "Québec Motion" means the Motion for Authorization to institute a class action entitled "*Requête ré-ré-ré amendée pour autorisation d'exercer un recours collectif*", dated April 17, 2009, in Court File No. 500-06-000256-046 of the Québec Superior Court;
 - (u) "Québec Plaintiffs' Counsel" means Sylvestre Fafard Painchaud;

- (v) "Québec Settlement Approval Motion" means the motion presentable before the Québec Superior Court for approval of the Settlement;
- (w) "Québec Settlement Approval Decision" means a decision by the Québec Superior Court in the form attached hereto as Schedule "H" and the expiration of any applicable appeal period;
- (x) "Releasers" mean, jointly and severally, individually and collectively, the Plaintiffs, the Class Members and their respective successors, heirs, executors and administrators.
- (y) "Released Claims" means any and all manner of claims, demands, actions, suits, causes of action, whether class, individual or otherwise in nature, whether personal or subrogated, for damages whenever incurred, damages of any kind, including compensatory, punitive or other damages, or for liabilities of any nature whatsoever, including interest, costs, expenses, class administration expenses, penalties, and lawyers' fees (including class counsel fees), known or unknown, suspected or unsuspected, foreseen or unforeseen, actual or contingent, and liquidated or unliquidated, in law, under statute or in equity that Releasers, or any of them, whether directly, indirectly, derivatively, or in any other capacity, ever had, now have, or hereafter can, shall, or may have, relating in any way to any conduct occurring anywhere, in respect of market timing in the Franklin Templeton Funds or relating to any conduct alleged (or which could have been alleged) in the Ontario Action or the Quebec Motion including, without limitation, any such claims that have been asserted, would have been asserted, or could have been asserted, directly or indirectly.
- (z) "Releasees" means jointly and severally individually and collectively Franklin Templeton and its present and former parents, subsidiaries, divisions, affiliates and all of their respective past, present and future officers, directors, employees, agents, shareholders, trustees, servants and representatives and the predecessors, successors, purchasers, heirs, executors and administrators.
- (aa) "Settlement" is the settlement agreed to in this Settlement Agreement; and
- (bb) "Settlement Payment" has the meaning set out in section 3 of this Settlement Agreement.

SETTLEMENT APPROVAL

2. (a) The Parties shall use their best efforts to effect this Settlement and to obtain court approval thereof on an expeditious basis.
- (b) At a time mutually agreed to by the Parties after the Settlement Agreement is executed, the Plaintiff, Lawrence Dykun, shall bring a motion before the Ontario court for an order, in the form attached hereto as Schedule "A", certifying the Ontario Action as against Franklin Templeton for settlement purposes only, and

for an Order approving the Notice attached hereto as Schedule "B" ("the Ontario Notice").

- (c) The Ontario Notice shall be disseminated to Ontario Class Members by the means outlined in Schedule "C", or in such other manner as may be ordered by the Ontario Court.
- (d) As soon as practicable thereafter, the Plaintiff, Lawrence Dykun, shall bring a motion before the Ontario Court for an order approving the Settlement, to be substantially in the form attached as Schedule "D".
- (e) At a time mutually agreed to by the Parties after the Settlement Agreement is executed, the Plaintiffs, Paul Huneault, Gilles Girard, Pierrette Girard and Lise Dulude, shall bring a motion before the Québec Court for an Order, in the form attached hereto as Schedule "E", authorizing the Québec Motion as against Franklin Templeton for settlement purposes only, and for an Order approving the Notice to the Class in the form attached hereto as Schedule "F".
- (f) The Québec Notice shall be disseminated to Québec Group Members by the means outlined in Schedule "G", or in such other manner as may be ordered by the Québec Court.
- (g) As soon as practicable thereafter, the Plaintiffs shall bring a motion for a Decision, in the form attached hereto as Schedule "H", approving the Settlement.
- (h) In the event that the Ontario Court or Québec Court indicates that an Order certifying the Ontario Action or authorizing the Québec Motion may not be granted in a form that is conditional on eventual settlement approval, the Parties shall immediately withdraw the motion for certification or authorization.

SETTLEMENT PAYMENT

- 3. Within twenty days of the Effective Date, in accordance with section 4 below, Franklin Templeton shall pay the sum of \$5,000,000 (five million) (the "Settlement Payment") less: (a) any amounts approved by the Ontario Superior Court or Québec Superior Court in connection with this Settlement for legal fees and disbursements for Ontario Plaintiffs' Counsel and Québec Plaintiffs' Counsel respectively; and (b) disbursements incurred in connection with implementing the Settlement (including the cost of newspaper advertisements, postage costs, etc.) to the Franklin Templeton Funds.
- 4. The Settlement Payment shall be allocated amongst the Franklin Templeton Funds in the same proportion that the Franklin Templeton OSC Settlement Amount was allocated among the Franklin Templeton Funds, based on the amounts allocated to Affected Investors, pursuant to the OSC Plan of Distribution. For greater certainty, the percentage allocation shall be as set out in Schedule "J".

RELEASES AND DISMISSAL

5. Upon the Effective Date, and for the consideration set forth in the Settlement Agreement, the Releasors forever and absolutely release the Releasees from the Released Claims.
6. The Releasors shall not now or hereafter institute, continue, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any class or any other person, any action, suit, cause of action, claim or demand against the Releasees or against any other person who may claim contribution or indemnity from any Releasees in respect of any Released Claim or any matter related thereto.
7. The Ontario Action shall be dismissed with prejudice and without costs.
8. Except as may be required to enforce the Settlement, neither Ontario Plaintiffs' Counsel nor Québec Plaintiffs' Counsel nor anyone employed by, associated with, or a partner of Ontario Plaintiffs' Counsel or Québec Plaintiffs' Counsel may directly or indirectly participate, be involved in any, or in any way assist with respect to any claim made or action by any person which relates to or arises from the Released Claims, including any claim by a person who opts out of the Franklin Templeton Ontario Class or Franklin Templeton Québec Group.

CONDITIONS

9. This Agreement is conditional upon the occurrence of the following:
 - (a) certification of the Ontario Action as against Franklin Templeton for settlement purposes only in accordance with an order issued by the Ontario Superior Court in the form attached hereto as Schedule "A";
 - (b) the Ontario Settlement Approval Order becomes final on or before January 31, 2011;
 - (c) authorization of the Québec Motion as against Franklin Templeton for settlement purposes only in accordance with a decision delivered in the form attached hereto as Schedule "E";
 - (d) the Québec Settlement Approval Decision becomes final on or before January 31, 2011;
 - (e) the amount which the Franklin Templeton Ontario Opt-Outs and Franklin Templeton Québec Opt-Outs collectively received, or were entitled to receive, pursuant to the OSC Plan of Distribution shall not exceed 2% of the Franklin Templeton OSC Settlement Amount; and
 - (f) the number of Franklin Templeton Ontario Opt-Outs and Franklin Templeton Québec Opt-Outs combined shall not exceed 100.

10. The conditions in subsection 9(b), 9(d), 9(e) and 9(f) above are solely for Franklin Templeton's benefit and can be waived by Franklin Templeton, in whole or in part, in its sole discretion at any time. With respect to the timing of the completion of the conditions in subsection 9(b) and 9(d), Franklin shall exercise its discretion with respect to waiver in a reasonable manner.
11. If the conditions in subsections 9(a) to 9(f) above are not satisfied or waived, this Settlement Agreement shall terminate and all discussions, actions, undertakings and agreements by and between the Parties in respect of the negotiation, execution and attempted implementation of this Settlement Agreement shall be without prejudice to the positions of the Parties in the Appeal, the Québec Motion and/or any subsequent proceedings between the Parties.
12. If this Settlement Agreement is not approved, is terminated or otherwise fails to take effect for any reason, the provisions of sections 2(h), 11, 12, 17, 18(a) and 18(b) shall survive termination and continue in full force and effect. The definitions and Schedules shall survive only for the limited purpose of the interpretation of sections 2(h), 11, 12, 17, 18(a) and 18(b) within the meaning of this Settlement Agreement, but for no other purposes. All other provisions of this Settlement Agreement and all other obligations pursuant to this Settlement Agreement shall cease immediately.

APPEAL TO DIVISIONAL COURT

13. Within 10 days of certification of the Ontario Action as against Franklin Templeton for the purposes of settlement, Lawrence Dykun shall abandon the Appeal as against Franklin Templeton and serve a notice of abandonment to this effect.
14. If the Settlement Agreement terminates because one or more of the conditions in subsections 9(a) to 9(f) above is not satisfied or waived, Franklin Templeton will consent to the late service and filing by Lawrence Dykun of a notice of appeal in respect of the Order.

CLASS COUNSEL FEES

15. Franklin Templeton agrees that it will take no position at either (a) the motion brought by Ontario Plaintiffs' Counsel for approval of legal fees and disbursements in respect of the Ontario Action (which motion shall be heard in conjunction with the Ontario Settlement Approval Motion) or (b) at the motion brought by Québec Plaintiffs' Counsel for approval of legal fees and disbursements in respect of the Québec Motion (which motion shall be heard in conjunction with the Québec Settlement Approval Motion).
16. The legal fees and disbursements approved by the Ontario Superior Court and the Québec Superior Court in connection with the motions referred to in section 15 above shall be paid by Franklin Templeton out of the Settlement Payment within twenty days of the Effective Date.

PUBLIC STATEMENTS WITH RESPECT TO THE SETTLEMENT

17. The Parties agree that no public statements will be made concerning the Ontario Action or the Québec Motion unless agreed to by the Parties. Nothing in this Settlement Agreement, however, precludes Franklin Templeton or any of its affiliates from discussing the Settlement with its auditors, accountants, rating agencies or financial institutions or making such disclosure as is required by law. In addition, nothing in this Settlement Agreement restricts (a) the Ontario Plaintiffs' Counsel or Québec Plaintiffs' Counsel from responding to any question or request for information from a Franklin Templeton Class Member or a Franklin Templeton Québec Group Member; or (b) Franklin Templeton or its affiliates from responding to any question or request for information from their clients or independent investment advisors.

GENERAL PROVISIONS

18. The Parties agree that:
- (a) no provision in this Settlement Agreement shall be construed as an admission by any Party of the existence of any liability to another Party or to any other person with respect to any matter whatsoever;
 - (b) any certification of the Ontario Action or authorization of the Québec Motion pursuant to the terms of this Agreement shall not constitute, and shall not be construed as, an admission on the part of the Parties that either the Ontario Action or the Québec Motion, or issues arising therein, is appropriate for prosecution or trial as a class proceeding.
 - (c) any decision rendered by Justice Champagne with respect to the Québec Motion prior to the orders described in paragraphs 2(e) and 2(g) above shall have no impact or effect on the terms of this Settlement.
 - (d) references in this Settlement Agreement to the singular shall include the plural and *vice versa*, as the context requires;
 - (e) the division of this Settlement Agreement into sections is for the convenience of reference only and shall not affect the construction or interpretation hereof;
 - (f) subject to paragraph 18(g), this Settlement Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein;
 - (g) as it relates to Franklin Templeton Québec Group Members and the Québec Motion, this Settlement Agreement shall be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein;
 - (h) this Settlement Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof. There are no oral warranties or

representations or other agreements between the Parties in connection with the subject matter hereof, except as expressly set forth and referred to herein. No amendment of this Settlement Agreement shall be binding unless executed in writing by the Parties to be bound thereby. No waiver of any provision of this Settlement Agreement shall be deemed or shall constitute a waiver of any other provision nor shall any such waiver constitute a continuing waiver unless otherwise expressed to provide it;

- (i) this Settlement Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective heirs, administrators and executors, successors and assigns; and
- (j) this Settlement Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

19. The Parties specifically require that this Settlement Agreement, and all notices and other documents related hereto, be drawn in the English and French language. In the event of a dispute or the need to interpret the content of the agreement, the English version will have precedence. *Les Parties exigent et acceptent par les présentes que cette transaction et tous avis ou documents relatifs ou requis par les présentes soient rédigés en langue anglaise. En cas de différend ou s'il devenait nécessaire d'interpréter le contenu de l'entente, la version anglaise prédominera.*

DATED at Toronto this ___ day of _____ 2010 _____
Lawrence Dykun

DATED at Montréal this ___ day of _____ 2010 _____
Paul Huneault

DATED at Montréal this ___ day of _____ 2010 _____
Gilles Girard

DATED at Montréal this ___ day of _____ 2010 _____
Pierrette Girard

DATED at Montréal this ___ day of _____ 2010 _____

Lise Dulude

DATED at Toronto this ____ day of _____ 2010 Franklin Templeton Investments Corp.

Per: _____

Per: _____

Schedule "A" to Settlement Agreement

Court File No. 06-CV-307599CP

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE
MR. JUSTICE PERELL

) FRIDAY, THE 27TH DAY
) OF AUGUST, 2010
)

BETWEEN:

**DENNIS FISCHER, SHEILA SNYDER,
LAWRENCE DYKUN, RAY SHUGAR
and WAYNE DZEOBA**

Plaintiffs

- and -

**IG INVESTMENT MANAGEMENT, LTD.,
CI MUTUAL FUNDS INC.
FRANKLIN TEMPLETON INVESTMENTS CORP.,
AGF FUNDS INC. and AIC LIMITED**

Defendants

Proceeding Under the *Class Proceedings Act, 1992*

ORDER

THIS MOTION made by the Plaintiff Lawrence Dykun ("Dykun") for an Order certifying this action as a class proceeding for settlement purposes only as against Franklin Templeton Investments Corp. ("Franklin Templeton"), approving the notice to the Franklin Templeton Class Members and for other declaratory relief was heard this day at Osgoode Hall in the presence of counsel for the Plaintiffs and counsel for the Defendant, Franklin Templeton;

ON READING the notice of motion and the material filed and on hearing submissions of counsel for the Plaintiffs and counsel for Franklin Templeton;

1. **THIS COURT ORDERS** that the use of capitalized terms in this Order shall have the same meaning as found in the Settlement Agreement dated ●, 2010 between *inter alia* Dykun and Franklin Templeton (attached hereto as Schedule "A") except to the extent that the definition of a term in the Settlement Agreement and this Order conflict, in which case the definition of the term as set out in this Order shall govern.

2. **THIS COURT ORDERS** that, subject to paragraph 17 hereof, this action, as against Franklin Templeton, be and is hereby certified as a class proceeding under the *Class Proceedings Act, 1992*, S.O. 1992, c. 6 for settlement purposes only.

3. **THIS COURT ORDERS** that the Franklin Templeton Ontario Class shall include:

- (a) all persons in Canada, except Québec, who purchased and/or redeemed and/or held or otherwise acquired shares or other ownership units of one or more of the Franklin Templeton Funds during the period from February 1, 1999 to February 28, 2003.

4. **THIS COURT ORDERS** that the common issues for the Franklin Templeton Ontario Class are:

- (a) Did Franklin Templeton owe a fiduciary duty to the members of the Franklin Templeton Ontario Class to take steps to prevent "market timing" activities in the Franklin Templeton Funds?
- (b) If so, did Franklin Templeton breach such a fiduciary duty and, if so, what was the nature of the breach?

- (c) Did Franklin Templeton owe a duty of care to the members of the Franklin Templeton Ontario Class to take steps to prevent "market timing" activities in the Franklin Templeton Funds?
- (d) If so, did Franklin Templeton breach such a duty of care and, if so, what was the nature of the breach?

5. **THIS COURT ORDERS** that Dykun be and is hereby appointed as Representative Plaintiff for the Franklin Templeton Ontario Class.

6. **THIS COURT ORDERS** that the law firm of Rochon Genova LLP be and is hereby appointed counsel to the Franklin Templeton Ontario Class.

7. **THIS COURT ORDERS** that the Ontario Settlement Approval Motion and the motion by Ontario Plaintiffs' Counsel for approval of its legal fees and disbursements in respect of the Ontario Action shall be heard by this Court on • at Osgoode Hall, Toronto, Ontario.

8. **THIS COURT ORDERS** that Rochon Genova LLP shall cause the Notice of Certification substantially in the form attached hereto as Schedule "B" to be published on one occasion prior to •, 2010 in the list of publications attached hereto as Schedule "C".

9. **THIS COURT ORDERS** that Rochon Genova LLP will place the Notice of Certification (attached hereto as Schedule "B") on its website until • [the date of the approval hearing], 2010.

10. **THIS COURT ORDERS** that members of the Franklin Templeton Ontario Class may opt out of the class proceeding by sending written notice by prepaid mail or courier to:

ROCHON GENOVA LLP
121 Richmond Street West, Suite 900

Toronto, Ontario M5H 2K1

Attention: Joel Rochon
Fax: (416) 363-0263

11. **THIS COURT ORDERS** that notice from members of the Franklin Templeton Ontario Class wishing to opt out of the class proceeding must be received at the office of Rochon Genova LLP by no later than 5:00 p.m. on • [45 days after the date set herein for the publication of the Certification Notice], 2010, after which time a member of the Franklin Templeton Class may not opt out.

12. **THIS COURT ORDERS** that the notice of opt out for any Franklin Templeton Ontario Class Member delivered in accordance with paragraph 11 of this Order shall contain the Franklin Templeton Ontario Class Member's name, social insurance number, address, telephone number, fax number (if any) and email address (if any).

13. **THIS COURT ORDERS** that any member of the Franklin Templeton Ontario Class who does not opt out in accordance with paragraphs 10, 11 and 12 of this Order shall be bound by any future Orders in this action and shall be bound by the terms of the Settlement Agreement if approved by this Court.

14. **THIS COURT ORDERS** that on or before _____, 2010, Rochon Genova LLP shall serve on Franklin Templeton and file with this Court a report identifying all persons who have opted out of the class proceeding.

15. **THIS COURT ORDERS** that Franklin Templeton Ontario Class Members who wish to file with the Court an objection to, or comment on, the Settlement or on the motion by Ontario Plaintiffs' Counsel for approval of its fees and disbursements shall provide a written submission

to Ontario Plaintiffs' Counsel by no later than ●, 2010 [45 days after the date set herein for the publication of the Certification Notice] at the address set forth in paragraph 10 above and Ontario Plaintiffs' Counsel shall file all such submissions with the Court prior to the hearing of the Ontario Settlement Approval Motion.

16. **THIS COURT ORDERS** that the written objection delivered by Franklin Templeton Ontario Class Members in accordance with paragraph 15 of this Order shall include the following:

- (a) The objecting Class Member's name, address, telephone number, ●, fax number (if any);
- (b) A brief statement of the nature of the objection, and the reason for the objection; and
- (c) A statement as to whether the objecting Class Member intends to appear at the hearing of the Ontario Settlement Approval Motion and, if so, whether such attendance will be in person or by counsel. If the attendance will be by counsel, the Class Member shall provide the relevant contact information for the designated counsel.

17. **THIS COURT ORDERS** that if the Settlement is terminated because one or more of the specified conditions in section 9 of the Settlement Agreement is not satisfied or waived, then i) this Order, including the certification of the Ontario Action as against Franklin Templeton as a class proceeding for the purposes of settlement, shall be set aside and be of no further force or effect, and without prejudice to the positions of the Parties in the Appeal, the Motion for Authorization and/or any subsequent proceedings between the Parties; and ii) this action as

against Franklin Templeton shall be immediately decertified as a class proceeding pursuant to section 10 of the *Class Proceedings Act, 1992*.

DENNIS FISCHER, ET AL.
Plaintiffs

- and -

IG INVESTMENT MANAGEMENT LTD., ET AL.

Defendants
Court File No. 06-CV-307599CP

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding Commenced at Toronto

ORDER

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Solicitors for Defendant,
Franklin Templeton Investments Corp.

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Schedule "B"

IG INVESTMENT MANAGEMENT LTD., FRANKLIN TEMPLETON INVESTMENTS CORP., AGF FUNDS INC. NOTICE OF CERTIFICATION AND CLASS ACTION SETTLEMENT

Read this notice carefully as it may affect your rights

PURPOSE OF THIS NOTICE

This is a court-approved notice to class members of the Order made by the Superior Court of Justice for Ontario on _____, 2010 certifying for settlement purposes a class action in Fischer et al v. IG Investment Management, Ltd., Court file no. 06-CV-307599CP, as against IG Investment Management Ltd., ("IGIM") Franklin Templeton Investments Corp. ("Franklin Templeton") and AGF Funds Inc. ("AGF") (collectively "the Fund Companies"). In this action, the representative plaintiffs allege that the Fund Companies breached a fiduciary duty or duty of care to class members by permitting, or failing to prevent, market timing activities in certain mutual funds managed by the Fund Companies or failing to disclose accurately information about the management of the funds. The Fund Companies dispute the existence of any liability to the representative plaintiffs or to any members of the Class (as defined below). Similar allegations have also been made against the Fund Companies in *Huneault et al v. IG Investment Management Ltd et al*, Court File No. 500-06-000256-046 (the "Québec proceeding"). The following persons are members of each class:

IG Class

All persons, except persons residing in Québec who purchased and/or redeemed and/or held or otherwise acquired shares or other ownership units of one or more of the following funds from October 1, 2000 to November 30, 2002:

- IG AGF Asian Growth Fund

- IG Scudder European Growth Fund (which changed its name to IG Mackenzie Ivy European Fund on July 12, 2002)
- IG Templeton International Equity
- IG Templeton World Allocation Fund
- Investors European Growth Fund
- Investors European Mid-Cap Growth Fund
- Investors Global Fund
- Investors Japanese Growth Fund
- Investors Pacific International Fund
- Investors World Growth Portfolio
- Rothschild Select: GS International Equity Fund (which changed its name to IG AGF International Equity Fund on October 9, 2001) (the "IG Funds").

Franklin Templeton Class

All persons in Canada, except persons residing in Québec, who purchased and/or redeemed and/or held or otherwise acquired shares or ownership units during the period February 1, 1999 to February 28, 2003 in one of the following funds:

Templeton Growth Fund, Ltd., Templeton International Stock Fund, Templeton Global Smaller Companies Fund, and Templeton Emerging Markets Fund ("Franklin Templeton Funds").

AGF Ontario Class

All persons in Canada, except persons residing in Québec, who purchased and/or redeemed and/or held or otherwise acquired shares or ownership units during the period August 1, 2000 to June 30, 2003 in one of the following funds:

- AGF Aggressive Global Stock Fund

- AGF Asian Growth Class
- AGF European Asset Allocation Fund/ (for the period prior to August 16, 2002, at which time the fund merged into AGF World Balanced Fund)
- AGF European Equity Class
- AGF Germany Class
- AGF Global Government Bond Fund
- AGF International Stock Class
- AGF International Value Fund
- AGF Japan Class
- AGF RSP European Equity Fund (for the period prior to June 14, 2003, at which time the fund merged into AGF RSP World Companies Fund)
- AGF RSP International Equity Allocation Fund (for the period prior to June 14, 2003, at which time the fund merged into AGF RSP World Companies Fund)
- AGF RSP International Value Fund
- AGF RSP World Equity Fund (for the period prior to June 16, 2003 at which time the fund merged into AGF RSP World Companies Fund)
- AGF RSP World Companies Fund
- AGF Short-Term Income Class
- AGF World Balanced Fund
- AGF World Companies
- AGF World Equity Class (renamed AGF Global Equity Class July 9, 2001)
- Global Strategy Europe Plus Fund (for the period prior to December 16, 2001 at which time the fund merged into AGF European Equity Class)
- Global Strategy Europe Plus RSP Fund (for the period prior to December 16, 2001 at which time the fund merged into AGF RSP European Equity Fund) (“AGF Funds”)

If you are a member of the IG Class, Franklin Templeton Class or AGF Ontario Class, you may be affected by this notice.

OPTING OUT

In order to opt-out of the class proceeding, you must ensure that a written notice to that effect is received at the offices of Rochon Genova LLP (“Class Counsel”) by registered mail or fax by 5:00 pm on ●, 2010. The written notice shall be signed, include your name and address, social insurance number, telephone number, fax number (if any) and email address (if any), and shall clearly request exclusion from the IG Class, Franklin Templeton Class or AGF Ontario Class. Class Counsel’s address is:

Rochon Genova LLP
121 Richmond Street West, Suite 900
Toronto, Ontario M5H 2K1

Attention: Joel Rochon
Fax No. (416) 363-0263

If you do not opt out prior to this date, you will be deemed to be a member of the Class and will be bound by any future Orders in this action and shall be bound by the settlement referenced below if the settlement is approved by the Court. You may wish to obtain independent legal advice with respect to this matter if you choose to opt out of the proceedings.

SETTLEMENT APPROVAL HEARING

Class Counsel will ask the Court to approve a settlement of the class action and approve Class Counsel’s fees and disbursements in connection with the class action on _____, 2010 beginning at _____ a.m. at Osgoode Hall, Toronto, Ontario.

Under the terms of the proposed settlement, in full and final settlement of the claims in both this proceeding and the Québec proceeding:

- a) IGIM will pay \$2.8 million to the IG Funds

b) Franklin Templeton will pay \$5 million to the Franklin Templeton Funds

c) AGF will pay \$3.5 million to the AGF Funds

These amounts will be reduced by:

i) amounts approved by the Ontario Superior Court for legal fees and disbursements for Ontario plaintiffs' counsel, ii) legal fees and disbursements approved by the Québec Superior Court for plaintiffs' legal counsel in connection with a parallel class action brought in Québec against the Fund Companies on behalf of individuals resident in Québec, and iii) the disbursements incurred in implementing the settlement. The Settlement Payments by each Fund Company shall be allocated in accordance with the Settlement Agreement which will be submitted for approval by the Superior Court of Justice for Ontario at the above-mentioned time and place.

At the settlement approval hearing, the Court will consider any objections to or comments concerning either the proposed settlement or Class Counsel's motion for approval of its fees and disbursements. Objections and/or comments are to be made in writing and shall be mailed or faxed to Class Counsel at the address listed above on or before _____, 2010. Class Counsel will ensure that any objections and/or comments received are filed with the Court in advance of the settlement approval hearing.

This Notice is only a summary of the Settlement Agreement. Further particulars concerning this proceeding, the proposed settlement, and the Order of the Superior Court of Justice for Ontario dated ●, 2010 can be obtained from Class Counsel's website at: www.rochongenova.com or by writing to Rochon Genova at the above address.

Questions about this notice should NOT be directed to the Court.

Schedule "C"

The Globe and Mail (National)

Vancouver Sun

Calgary Herald

Regina Leader Post

Winnipeg Free Press

London Free Press

Ottawa Citizen

Toronto Star

Halifax Chronicle Herald

Schedule "D" to Settlement Agreement

Court File No. 06-CV-307599CP

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE) DAY, OF THE DAY
MR. JUSTICE PERELL) OF , 2010
)

BETWEEN:

**DENNIS FISCHER, SHEILA SNYDER,
LAWRENCE DYKUN, RAY SHUGAR
and WAYNE DZEOBA**

Plaintiffs

- and -

**IG INVESTMENT MANAGEMENT, LTD.,
CI MUTUAL FUNDS INC.
FRANKLIN TEMPLETON INVESTMENTS CORP.,
AGF FUNDS INC. and AIC LIMITED**

Defendants

Proceeding Under the *Class Proceedings Act, 1992*

ORDER

THIS MOTION made by the Plaintiff Lawrence Dykun ("Dykun") for an Order approving the settlement of this action as against the Defendant Franklin Templeton Investments Corp. ("Franklin Templeton"), approving Ontario Plaintiffs' Counsel's fees and disbursements in respect of the Ontario Action and for other declaratory relief was heard this day at Osgoode Hall in the presence of counsel for the Plaintiffs and counsel for the Defendant, Franklin Templeton;

ON READING the notice of motion, the Certification Order dated ●, 2010, and the materials filed and on hearing submissions of counsel for the Plaintiffs and counsel for Franklin Templeton;

ON BEING ADVISED that Lawrence Dykun and Franklin Templeton consent to this Order;

1. **THIS COURT ORDERS** that the use of capitalized terms in this Order shall have the same meaning as found in the Settlement Agreement dated ●, 2010 between *inter alia* Dykun and Franklin Templeton (attached hereto as Schedule "A") except to the extent that the definition of a term in the Settlement Agreement and this Order conflict, in which case the definition of the term as set out in this Order shall govern.
2. **THIS COURT ORDERS** that the Settlement Agreement is fair, reasonable and in the best interests of the Franklin Templeton Ontario Class.
3. **THIS COURT ORDERS** that the settlement of this action, as against Franklin Templeton, on the terms set forth in the attached Settlement Agreement, be and is hereby approved pursuant to section 29(3) of the *Class Proceedings Act, 1992* and shall be implemented in accordance with its terms.
4. **THIS COURT ORDERS AND DECLARES** that Dykun has authority to execute and implement the Settlement Agreement.
5. **THIS COURT ORDERS AND DECLARES** that the Settlement Agreement is incorporated by reference into and forms part of this Order and is binding upon each member of the Franklin Templeton Ontario Class who has not opted out and his or her heirs, executors,

administrators, legal representatives, successors and assigns including those persons who are under disability and the requirements of Rules 7.04(1) and 7.08(4) of the *Rules of Civil Procedure* are dispensed with in respect of this action.

6. **THIS COURT ORDERS AND DECLARES** that, upon the Effective Date, each Franklin Templeton Ontario Class Member shall consent and shall be deemed to have consented to the dismissal as against the Releasees of any actions he, she or it has commenced without costs and with prejudice.

7. **THIS COURT ORDERS AND DECLARES** that, upon the Effective Date, any other action commenced in Ontario by any Franklin Templeton Ontario Class Member who has not validly opted out of this action shall be and is hereby dismissed against the Releasees without costs and with prejudice.

8. **THIS COURT ORDERS AND DECLARES** that this Order, including the Settlement Agreement, is binding upon each Franklin Templeton Ontario Class Member including those persons who are minors or mentally incapable and the requirements of Rules 7.04(1) and 7.08(4) of the *Rules of Civil Procedure* are dispensed with in respect of this action.

9. **THIS COURT ORDERS AND DECLARES** that each member of the Franklin Templeton Ontario Class who has not opted out and his or her heirs, executors, administrators, legal representatives, successors and assigns, have fully, finally and forever absolutely released and discharged the Releasees from and in respect of all Released Claims.

10. **THIS COURT ORDERS** each member of the Franklin Templeton Ontario Class who has not opted out and his or her heirs, executors, administrators, legal representatives, successors

and assigns shall not now or hereafter institute, continue, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, either on their own behalf or on behalf of any class or any other person, any action, suit, cause of action, claim or demand against the Releasees or any other person who may claim any form of contribution or indemnity or other relief over against the Releasees in respect of the Released Claims or any matter related thereto and are enjoined from doing so.

11. **THIS COURT ORDERS** that the action as against Franklin Templeton be and is hereby dismissed without costs and with prejudice.

12. **THIS COURT ORDERS** that Ontario Plaintiffs' Counsel and any person employed by, associated with, or a partner of Ontario Plaintiffs' Counsel shall not, directly or indirectly participate or be involved in or in any way assist with respect to any claim made or action by any person which relates to or arises from the Released Claims, including any person who opts out of the Franklin Templeton Ontario Class or the Franklin Templeton Québec Group.

13. **THIS COURT ORDERS AND DECLARES** that the approval of the Settlement Agreement is contingent upon approval by the Quebec Court and this Order shall have no force and effect if such approval is not obtained in Quebec.

14. **THIS COURT ORDERS** that should any of the conditions in paragraph 9 of the Settlement Agreement not be satisfied or waived, this Order shall be null and void and without prejudice to the rights of the Parties and this Order and any agreement between the Parties incorporated in this Order shall be deemed in any subsequent proceedings to have been made without prejudice.

15. **THIS COURT ORDERS** that, in accordance with section 32 of the *Class Proceedings Act, 1992*:

- (a) Ontario Plaintiffs' Counsel fees are fixed at \$● plus taxes of \$●; and

(b) Ontario Plaintiffs' Counsel's disbursements and taxes are fixed at \$●, for a total of \$●.

DENNIS FISCHER, ET AL.
Plaintiffs

- and -

IG INVESTMENT MANAGEMENT LTD., ET AL.
Defendants
Court File No. 06-CV-307599CP

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