

COMMODITY FUTURES ACT) Order No. 5286
)
Section 66(1)) January 17, 2007

BROCKHOUSE COOPER ASSET MANAGEMENT INC.

WHEREAS:

(A) Brockhouse Cooper Asset Management Inc. (the “Applicant”) has applied to the Manitoba Securities Commission (the “Commission”) pursuant to Section 66(1) of The Commodity Futures Act (the “Act”) for an Order that the Applicant be exempted from the requirements of section 3.17 of the MSC Rule 2000-11 to be a member of a Commodity Futures Exchange registered under the Act (being the Winnipeg Commodity Exchange);

(B) The Applicant has represented to the Commission that:

1. The Applicant is an investment management firm established in Quebec. It is currently registered as (i) an adviser with an unrestricted practice, including investment contracts, under the *Securities Act* (Québec) and (ii) Extra Provincial Limited Market Dealer & Investment Counsel & Portfolio Manager under the *Securities Act* (Ontario).
2. The Applicant has made application to the Commission to become registered as a Portfolio Manager under *The Securities Act* (Manitoba) and as an Advisor under the Act.
3. The Applicant specializes in portfolio management in a risk controlled environment using a manager-of-managers approach. The Applicant’s clients generally include mid-size pension funds and high-net-worth individuals. The firm also offers multi-manager products in a pooled fund or mutual fund format to established distribution networks for smaller institutional and retail accounts.

The Applicant constructs portfolios using the client’s long-term investment policy statement, risk tolerance, and asset/liability profile where appropriate. The investment committee develops the asset allocation strategy based on long-term market forecasts for the major and sub-asset classes using a fundamental and quantitative approach. The Applicant implements the asset allocation strategy, within the tolerance limits defined by the client, by combining specialist sub-advisors or pooled funds which are created that utilize groups of specialist sub-advisors. The Applicant also offers its clients products dedicated to absolute return strategies and alpha transport strategies. Sub-advisors are combined with sensitivity towards risk reduction.

Sub-advisors selected, using qualitative and quantitative criteria, are subject to a due diligence exercise and are closely monitored.

The Applicant’s clients generally own either segregated securities mirroring a model portfolio managed by a sub-advisor, or units of a single manager or multi-manager pooled fund if it is

deemed to be a more efficient solution.

The Applicant rebalances all client portfolios simultaneously by buying or selling securities or units: 1) when deviations from target due to market movements are deemed material; or 2) to reflect any changes in a sub-advisor's model portfolio; or 3) to reflect the addition of a sub-advisor or the deselection of a sub-advisor.

The Applicant provides clients with performance attribution and risk attribution reports on their consolidated portfolio as well as on the component parts.

Certain products to be recommended to the Applicant's clients in Manitoba will contain futures, namely investment contracts.

4. MSC Rule 2000-11, registration requirements under the Act, requires an applicant under the Act to become a member of the Commodities Futures Exchange registered under the Act. At present, only the Winnipeg Commodity Exchange is registered as a Commodity Futures Exchange under the Act.

5. The Applicant does not, and has no intention on advising with respect to futures contracts or options traded on the Winnipeg Commodity Exchange.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the Order requested.

IT IS ORDERED:

1. **THAT** pursuant to Section 66(1) of the Act, the Applicant be exempt from the requirements of section 3.17 of the MSC Rule 2000-11 to be a member of a Commodity Futures Exchange registered under the Act provided that the Applicant immediately notifies the Commission if it becomes a member of the Winnipeg Commodity Exchange, or intends to commence trading in contracts on the Winnipeg Commodity Exchange or on a Commodity Futures Exchange registered under the Act.

2. **THAT** the fee for this order shall be \$650.00.

BY ORDER OF THE COMMISSION

Director – Legal