

**August, 14 2008**

**In the Matter of the Securities Legislation of  
Manitoba and Ontario  
(the "Jurisdictions")**

**and**

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

**and**

**In the Matter of the Mergers of  
IG Templeton World Allocation Fund, IG FI U.S. Equity Fund,  
IG FI U.S. Equity Class, IG FI Global Equity Fund and  
IG FI Global Equity Class  
(the "Terminating Funds")**

**into**

**Investors Tactical Asset Allocation Fund, IG AGF U.S. Growth Fund,  
IG AGF U.S. Growth Class, Investors Global Fund and  
Investors Global Class  
(the "Continuing Funds" and collectively with  
the Terminating Funds referred to as the "Funds")**

**and**

**In the Matter of  
I.G. Investment Management, Ltd.  
(referred to as the "Investors Group" and  
collectively with the Funds referred to the "Filers")**

**Decision**

## **Background**

The securities regulatory authority or regulator in each of the Jurisdictions (the "Decision Maker") has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the "Legislation") for:

- approval under paragraph 5.5(1)(b) of National Instrument 81-102 ("NI 81-102") of the Mergers of the Terminating Funds into the applicable Continuing Funds (as defined below in paragraph number 6, referred to as the "Proposed Mergers"); and
- relief from the simplified prospectus and financial statements delivery requirements contained in subsection 5.6(1)(f)(ii) of NI 81-102 in respect of the Proposed Mergers and

all future mergers of mutual funds managed by Investors Group or an affiliate of Investors Group (referred to as the "Future Mergers" and collectively with the Proposed Mergers, the "Mergers").

(the "Requested Relief")

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

(a) The Manitoba Securities Commission is the principal regulator for this application;

(b) the Filers have provided notice that section 4.7(1) of Multi-Lateral Instrument 11-102 Passport System (MI 11-102) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the North West Territories; and

(c) the decision is the decision of the Principal Regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

## **Interpretation**

Defined terms contained in National Instrument 14-101 – *Definitions* and MI 11-102 have the same meaning if used in this decision, unless they are otherwise defined herein below:

- IG Templeton World Allocation Fund, Investors Tactical Asset Allocation Fund, IG FI U.S. Equity Fund, and IG FI Global Equity Fund are herein collectively referred to as the "Unit Trust Funds";
- IG FI U.S. Equity Class, IG FI Global Equity Class, IG AGF U.S. Growth Class and Investors Global Class are hereinafter collectively referred to as the "Corporate Class Funds".

## **Representations**

This decision is based on the following facts represented by the Filers:

1. Investors Group is a corporation continued under the laws of Ontario. It is the trustee and manager of the Unit Trust Funds and the manager of the Corporate Class Funds (collectively, the "Funds"). I.G. Investment Management, Ltd. is registered as a Portfolio Manager in Manitoba; as an Investment Counsel and Portfolio Manager in Ontario; and as an Unrestricted Practice Advisor in Quebec. It is also registered as an Advisor under the Commodity Futures Act in Manitoba. The head office of Investors Group is in Winnipeg, Manitoba and, accordingly, Manitoba is the principal regulator. To the best of its knowledge and belief, Investors Group is not in default of securities legislation.

2. Investors Group Corporate Class Inc. (the "Corporation") is the issuer of the Corporate Class Funds.

3. All of the Funds are open-end mutual funds continued under a Master Declaration of Trust under the laws of Manitoba (in the case of the Unit Trust Funds), or governed by the *Canada Business Corporations Act* (in the case of the Corporate Class Funds).

4. All of the Funds are reporting issuers under the Legislation in each Jurisdiction and are not on the list of defaulting reporting issuers maintained under the Legislation in each Jurisdiction, and are not in default of any of the requirements of the securities legislation of any of the provinces and territories of Canada. The securities of each of the Funds are qualified for distribution in each of the Jurisdictions pursuant to their own simplified prospectus and AIF (referred to as the "Masterseries Prospectus" for the Unit Trust Funds) dated July 14, 2008 (and referred to as the "Corporate Class Prospectus" for the Corporate Class Funds) also dated July 14, 2008, except for Series "Z" and "S" units issued by certain of the Funds which are not qualified by prospectus as indicated in paragraph number 5.

5. Each Unit Trust Fund issues 3 series of units to retail purchasers. Each Corporate Class Fund issues 2 series of shares to retail purchasers. IG FI U.S. Equity Fund and Investors Global Fund also issue Series "Z" units to certain accredited institutional investors, being fund-of-funds sponsored by Investors Group, which are not qualified by prospectus. Investors Global Fund also issues Series "S" units for purchase by an IG/GWL Segregated Fund, which is also not qualified by prospectus.

6. Investors Group proposes that each Terminating Fund be merged into an applicable Continuing Fund, as follows:

- (i) IG Templeton World Allocation Fund will merge into Investors Tactical Asset Allocation Fund;
- (ii) IG FI U.S. Equity Fund will merge into IG AGF U.S. Growth Fund;
- (iii) IG FI U.S. Equity Class will merge into IG AGF U.S. Growth Class;
- (iv) IG FI Global Equity Fund will merge into Investors Global Fund; and
- (v) IG FI Global Class will merge into Investors Global Class.

7. Meetings of the securityholders of the Terminating Funds are being convened on or about September 2, 2008, to approve the Proposed Mergers of the Terminating Funds. Meetings of the securityholders of the Continuing Corporate Class Funds are also being convened as required by the provisions of the CBCA to approve changes to their Articles of Incorporation in order to facilitate the Proposed Mergers with their respective Terminating Funds. A notice of meeting, a management information circular and a proxy in connection with the meetings of securityholders of the Terminating Funds and Continuing Corporate Class Funds (collectively, the "Meeting

Materials"), were mailed to securityholders of the Terminating Funds on August 8, 2008, and were filed via SEDAR that same date.

8. Investors Group has determined that the Proposed Mergers of the Unit Trust Funds will not be a material change to the relevant Continuing Funds due to the small size of the Terminating Funds relative to the relevant Continuing Funds. The Proposed Mergers involving the Continuing Corporate Class Funds will entail an amendment to the Articles of Incorporation of the Corporation that requires the approval of the shareholders of the Continuing Corporate Class Funds pursuant to the *Canada Business Corporations Act*. Investors Group confirms that these approvals in connection with the Proposed Mergers of the Corporate Class Funds will also be sought.

9. The tax implications of the Proposed Mergers, as well as the material differences between each Terminating Fund and the applicable Continuing Fund, will be described in the Meeting Materials so securityholders of the Terminating Funds will be fully informed when considering whether to approve the Proposed Merger of their Fund at the Meeting of their Fund. Accordingly, implicit in the approval by securityholders of the Proposed Mergers is the acceptance by the securityholders of the Terminating Funds of the proposed tax treatment and their adoption of the investment objective, strategy and fee structure of the applicable Continuing Fund.

10. An Amendment to the simplified prospectus and annual information form of each Terminating Fund, and a material change report, was filed on SEDAR with respect to the Mergers as required by the Legislation of the Jurisdictions on or after June 23, 2008.

11. The Terminating Funds will merge into the Continuing Funds on or about the close of business on September 5, 2008, and the Continuing Funds will continue as publicly offered open-end mutual funds.

12. The Terminating Funds will be wound up as soon as reasonably possible following the Proposed Mergers.

13. No sales charges will be payable in connection with the acquisition by the Continuing Funds of the investment portfolios of the Terminating Funds.

14. Securityholders of the Terminating Funds will continue to have the right to redeem securities of the Terminating Funds for cash at any time up to the close of business on the business day immediately before the effective date of the Proposed Mergers.

15. Other than circumstances in which the securities regulatory authority of a Jurisdiction has expressly exempted the Funds therefrom, each of the Funds follows the standard investment restrictions and practices established under the Legislation of the Jurisdictions.

16. The net asset values of each series of all the Funds are calculated on a daily basis on each day that the Manager is open for business.

17. The Continuing Funds and the Terminating Funds have substantially similar fundamental investment objectives, although in some instances their strategies may differ.

18. The portfolio securities and other assets of the Terminating Funds to be acquired by the Continuing Funds arising from the Proposed Mergers are currently (or will be) acceptable prior to the effective date of the Proposed Mergers to the Portfolio Advisor of the Continuing Fund, or will be rationalized prior to or after the Mergers.

19. Investors Group will pay for all costs associated with the Meetings, including legal, proxy solicitation, printing, and mailing expenses, as well as any brokerage transaction fees associated with any Proposed Merger related trades referred to in paragraph 18, and regulatory fees.

20. The fee structures of the Terminating Funds is generally the same as the fee structures of the Continuing Funds and, in some cases, the annual management fees and administration fees of the Continuing Funds are lower than those of the Terminating Funds.

21. Investors Group does not intend to send the most recent simplified prospectus and annual and interim financial statements of the relevant Continuing Fund to securityholders of the Terminating Funds. Instead, Investors Group will send to each securityholder of the Terminating Funds:

(a) a tailored document, consisting of the Part A and the Part B for the relevant Continuing Fund, as set out in the current simplified prospectus of the Continuing Fund filed on SEDAR; and

(b) a management information circular fully describing the relevant Proposed Merger, which prominently discloses that the most recent audited annual and unaudited interim financial statements of the Continuing Funds can be obtained by accessing the same at the Investors Group website or the SEDAR website, or requesting the same from Investors Group by toll-free number, by fax, or by contacting their servicing advisor at Investor Group ("Investors Group Consultant"), all as described in the Management Information Circular.

22. Approval of the Mergers is required because one or more of the Mergers does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102 in the following ways:

(a) contrary to section 5.6(1)(a)(ii), a reasonable person may not consider the Investors Tactical Asset Allocation Fund as having a substantially similar fundamental investment strategy as the IG Templeton World Allocation Fund;

(b) contrary to section 5.6(1)(b), the Proposed Mergers of IG Templeton World Allocation Fund into Investors Tactical Asset Allocation Fund, and IG FI U.S. Equity Fund into IG AGF U.S. Growth Fund will not occur on a tax-deferred basis as a "qualifying exchange" within the meaning of section 132.2 of the Tax

Act or a tax-deferred transaction under sub-section 85(1), 85.1(1), 86(1) or 87(1) of the Tax Act;

(c) contrary to section 5.6(1)(d)(ii), most of the portfolio assets of the Terminating Funds are not likely to be acceptable to the Portfolio Advisors of the Continuing Funds;

(d) in addition, contrary to subparagraph 5.6(1)(f)(ii) of NI 81-102, Investors Group would not be permitted to send a tailored simplified prospectus of the Continuing Funds, nor provide access to the annual and interim financial statements of the Continuing Funds, instead of mailing the same to investors in the Terminating Funds.

23. Except as noted above, the Proposed Mergers will otherwise comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

24. The Proposed Mergers will reduce duplication between the Funds, thereby increasing operational efficiency as trading costs and other common expenses of each Continuing Fund will be spread across a greater pool of assets, also allowing for greater diversification. The Mergers will also eliminate the duplication of time, effort and costs associated with the audit, board review and other compliance requirements arising from having multiple mandates.

25. On June 23, 2008, the Independent Review Committee of the Funds provided a positive recommendation with respect to the Proposed Mergers and has determined that they achieve a fair and reasonable result for the Funds and their securityholders, and such recommendation was included in the Management Information Circular described in paragraph number 7.

## **Decision**

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation of the Decision Maker to make the decision.

The Decision of the Decision Makers under the Legislation is that the Requested Relief is granted, provided that:

1. In connection with Mergers:

(a) the information circular sent to securityholders in connection with a Merger provides sufficient information about the Merger to permit securityholders to make an informed decision about the Merger;

(b) the information circular sent to securityholders in connection with a Merger prominently discloses that securityholders can obtain the most recent interim and annual financial statements of the applicable continuing fund by accessing the SEDAR website at [www.sedar.com](http://www.sedar.com), by accessing the Investors Group website, by

calling Investors Group's toll-free telephone number, by faxing a request to Investors Group or by contacting an Investors Group Consultant;

(c) upon request by a securityholder for financial statements of an applicable continuing fund, Investors Group will make best efforts to provide the securityholder with the financial statements of the applicable continuing fund in a timely manner so that the securityholder can make an informed decision regarding a Merger;

(d) each applicable continuing fund and terminating fund with respect to a Merger have an unqualified audit report in respect of their last completed financial period; and

(e) the meeting materials sent to securityholders in respect of a Merger includes a tailored simplified prospectus consisting of:

(i) the current Part A of the simplified prospectus of the applicable Continuing Fund; and

(ii) the current Part B of the simplified prospectus of the applicable Continuing Fund.

2. This decision with respect to Future Mergers will terminate one year after the publication in final form of any legislation or rule dealing with matters in paragraph 5.5(1)(b) of NI 81-102.

"Doug R Brown"

Doug Brown

Director – Legal & Enforcement

The Manitoba Securities Commission