

October 16, 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  
Sarbit Asset Management Inc. ("**SAMI**")

and

In the Matter of  
Sarbit Canadian Bond Trust, Sarbit Canadian Equity Trust, Sarbit Global Balanced Trust, Sarbit  
Global Equity Trust, Sarbit Money Market Trust, Sarbit Real Return Bond Trust and Sarbit US  
Equity Trust (the "**Sarbit Funds**" and collectively with SAMI, the "**Filers**")

## **DECISION**

### **BACKGROUND**

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

(a) approval of the Decision Maker of the change of control of SAMI (the "**Change of Control**") in accordance with subsection 5.5(2) of national Instrument 81-102 – *Mutual Funds* ("**NI 81-102**"); and

(b) a decision of the Decision Makers abridging the 60 day notice requirement in subsection 5.8(1) of NI 81-102 (the "**Notice Requirement**") to 40 days.

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(a) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in British Columbia, Alberta, Saskatchewan,

New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, the Northwest Territories, Nunavut and the Yukon Territory, 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**

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

## **REPRESENTATIONS**

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

1. SAMI is a private issuer incorporated under the *Canada Business Corporations Act* on April 28, 2005.
2. The authorized capital of SAMI is comprised of an unlimited number of common shares, Series I through 10, and an unlimited number of special common shares, Series I through 4, of which there are currently 1,287,361 shares issued and outstanding.
3. The Filers are not in default of securities legislation in any jurisdiction.
4. The principal shareholder of SAMI is The Sarbit Family Trust, the family trust of Lawrence Sarbit, President and Chief Executive Officer of SAMI, which owns approximately 40% of the issued and outstanding SAMI Shares. The SAMI Shares are held by a total of 42 shareholders. All of the shareholders of SAMI are party to the SAMI Shareholder Agreement.
5. SAMI has a wholly-owned subsidiary, Sarbit Advisory Services Inc. ("SASI"), a corporation incorporated under the *Canada Business Corporations Act*, which is registered in the categories of investment counsel and portfolio manager in the provinces of Manitoba and Ontario.
6. SAMI is the manager of the Sarbit Funds for the purposes of NI 81-102. Units of the Sarbit Funds are currently qualified for distribution to the public in all jurisdictions of Canada (other than the Province of Quebec) pursuant to a simplified prospectus and annual information form each dated September 18, 2007. SAMI is not currently registered in any capacity under Canadian securities legislation. Portfolio management for the Sarbit Funds is provided by SASI pursuant to agreements entered into between SAMI and SASI.
7. SAMI is experiencing financial difficulty and may soon no longer be able to meet its financial obligations as they fall due. If a sale or refinancing transaction is not completed in the very near term, it is expected that SAMI will not be in a position to continue operating the SAMI Funds.
8. Industrial Alliance Insurance and Financial Services Inc. ("IA") has offered to acquire, directly or through an affiliate, all of the issued and outstanding SAMI Shares.

9. IA is a life and health insurance company that offers a wide range of life and health insurance products, mutual funds and segregated funds, securities, auto and home insurance, mortgage loans and other financial products and services and is the fourth largest life and health insurance company in Canada. IA is at the head of a large financial group, which has operations across Canada as well as in the Western United States. IA administers approximately \$50 billion in assets. The common shares of IA are listed on the Toronto Stock Exchange and trade under the ticker symbol "IAG."

10. IA owns nationally-registered mutual fund dealers, investment dealers and securities advisory firms. IA Clarington Investments Inc., a subsidiary of IA, manages over \$7.5 billion of assets in investment funds, including public mutual funds governed by NI81-102.

11. Additional information regarding IA is available in IA's annual information form and other publicly available disclosure documents.

12. Before the IA offer was made, the holders of over 72.5% of the SAMI Shares entered into lock-up agreements with IA pursuant to which such shareholders agreed to accept IA's offer to acquire all of the SAMI Shares held by them. SAMI's independent directors a support agreement dated September 4, 2008 between SAMI and IA pursuant to which SAMI has agreed to support IA's offer. SAMI sent IA's offer to all of the shareholders of SAMI on September 4, 2008.

13. Acceptance of the offer is governed by the terms of the Offer and the SAMI Shareholder Agreement. 100% of the SAMI Shareholders have accepted the Offer. Accordingly, subject to the satisfaction of certain other conditions of the Offer, it is anticipated that IA will acquire all of the issued and outstanding SAMI Shares on or before October 31, 2008.

14. If successful, the transaction will result in a change of control of SAMI, with 100% of the shares of SAMI being owned by IA Clarington Investments Inc., an affiliate of IA.

15. A press release announcing the proposed change of control was issued by IA on September 9, 2008.

16. The mailing of the Change of Control Notice was completed on September 9, 2008. The closing of IA's acquisition of the SAMI Shares will be completed as soon as conditions are satisfied, and it is expected that the closing will be no later than October 31, 2008. SAMI and IA agree that the closing of the acquisition of the SAMI Shares by IA will not occur until at least 40 days after the notice has been mailed.

17. In connection with IA's acquisition of the SAMI Shares:

(a) SAMI will sell 80% of the shares of SASI to Lawrence Sarbit, the President and Chief Executive Officer of SASI; and

(b) SAMI and SASI will enter into a new sub-advisory agreement pursuant to which SASI will continue to provide portfolio management services for the U.S. equity funds among the Sarbit Funds.

18. Management of SAMI is of the view that the change of control of SAMI will have no adverse effect on the management and administration of the Sarbit Funds. No material changes will be made to the management, operations or portfolio management of the Sarbit Funds for a period of 60 days following the date that notice of the change of control is given to securityholders of the Sarbit Funds, except that Industrial Alliance Investment Management Inc. will be appointed as the portfolio manager of the Sarbit Funds effective on the change of control of SAMI and SASI will be appointed as sub-advisor in respect of the Sarbit US Equity Trust. To the extent to which any changes are made on, or following, the change of control to SAMI which constitute a material change within the meaning of National Instrument 81-106 – *Investment Fund Continuous Disclosure* ("NI 81-106"), the Sarbit Funds will comply with the continuous disclosure obligations set out in section 11.2 of NI 81-106 and will file an amendment to the prospectus and annual information form of the Sarbit Funds.

## **DECISION**

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

The decision of the Decision Makers under the Legislation is that:

(a) the Change of Control is approved pursuant to subsection 5.5(2) of NI 81-102; and

(b) an exemption from the Notice Requirement is granted provided that:

i. securityholders of the Sarbit Fund are given at least 40 days notice of the Change in Control; and

ii. no material changes will be made to the management, operations or portfolio management of the Sarbit Funds for a period of 60 days following the date that notice of the change of control is given to securityholders of the Sarbit Funds, except that Industrial Alliance Investment Management Inc. will be appointed as the portfolio manager of the Sarbit Funds effective on the change of control of SAMI and SASI will be appointed as sub-advisor in respect of the Sarbit US Equity Trust.

"Robert Bouchard"

Director, Corporate Finance