

DECISION DOCUMENT

April 25, 2013

**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
I.G. Investment Management, Ltd. (the "Filer") and
I.G. Mackenzie Sentinel Strategic Income Fund (the "Fund")**

DECISION

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") exempting the Fund pursuant to section 19.1 of National Instrument 81-102 *Mutual Funds* ("NI 81-102") from the requirement in section 2.1(1) of NI 81-102 to permit the Fund to invest up to:

- (a) 20% of its net asset value, taken at market value at the time of purchase, in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction in Canada, or the government of the United States of America and are rated "AA" by Standard & Poor's, or have an equivalent rating by one or more other approved credit rating organizations; and
- (b) 35% of its net asset value, taken at market value at the time of purchase, in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction in Canada, or the government of the United States of America and are rated "AAA" by Standard & Poor's, or have an equivalent rating by one or more other approved credit rating organizations.

(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 Filer has provided that Section 4.7(1) of Multilateral Instrument 11-102 Passport System (MI 11-102) is intended to be relied upon in all of the provinces and territories of Canada other than Ontario, and
- c) The decision is the decision of the principal regulator and the decision 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 in this decision unless they are otherwise defined in this decision.

Representations

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

1. The Fund is a mutual fund trust that has been established under the laws of Manitoba. The Filer is the trustee of the Fund.
2. The Fund is a reporting issuer under the securities laws of all of the provinces and territories of Canada and is subject to the requirements of NI 81-102.
3. The securities of the Fund are qualified for distribution in each province and territory of Canada pursuant to a combined simplified prospectus and annual information form, both dated January 7, 2013, in compliance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* ("NI 81-101"), except to the extent the Fund has received exemptive relief from the requirements of NI 81-101.
4. The Fund is not in default of securities legislation in any of the provinces and territories of Canada.
5. The investment objective of the Fund is to seek income with the potential for long-term capital growth by investing primarily in fixed income and/or income-oriented equity securities. The Fund's investments are not limited geographically.
6. The investment strategy of the Fund is to pursue a flexible approach to investing in fixed income and/or equity asset classes with no geographic restriction. The Fund will generally invest 30% to 70% of its assets in any one asset class, but may invest 0% to 100% of its assets in any one asset class. Allocations between asset classes are based on economic conditions and/or the portfolio managers' assessment of relative valuations.

7. Fixed income investments may include, but are not limited to, corporate bonds, (investment grade and noninvestment grade), convertible bonds, and/or government bonds. The Fund's investments in Canadian or U.S. dollar denominated corporate bonds are generally expected to have a weighted average credit rating of "BB" or higher, as rated by Standard & Poor's Corporation or an equivalent bond rating service.
8. The Fund wishes to have the ability to invest up to 20% of the proportion of its net assets then invested in evidences of indebtedness, taken at market value at the time of purchase, in government-issued or guaranteed debt securities with a credit rating of "AA" or higher, and similarly, up to 35% of the proportion of its net assets then invested in evidences of indebtedness, taken at market value at the time of purchase, in government-issued or guaranteed debt securities with a credit rating of "AAA" or higher.
9. Section 2.1(1) of NI 81-102 restricts mutual funds from investing no more than ten (10%) percent of their net asset value in any single issuer, save and except for securities issued or guaranteed as to principal and interest by the Government of Canada or an agency thereof, or by the Government of any Province of Canada or an agency thereof, or by the Government of the United States of America or an agency thereof.
10. In the Companion Policy to NI 81-102, the Canadian Securities Administrators state their views on various matters relating to NI 81-102. Section 3.1(4) of the Companion Policy indicates that the relief from paragraph 2.04(1)(a) of NP39, which is replaced by Section 2.1 of NI 81-102, has been provided to mutual funds generally under the following circumstances:
 - i. The mutual Fund has been permitted to invest up to 20% of its net asset value, taken at market value at the time of purchase, in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction or the government of the United States of America and are rated "AA" by Standard & Poor's, or have an equivalent rating by one or more other approved credit rating organizations; and
 - ii. The mutual fund has been permitted to invest up to 35% of its net asset value, taken at market value at the time of purchase, in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued by issuers described in paragraph 1 and are rated "AAA" by Standard & Poor's, or have an equivalent rating by one or more other approved credit rating organizations.
11. The Fund seeks the Requested Relief to enhance its ability to pursue and achieve its fundamental investment objectives. The Requested Relief will enable the Fund to increase its exposure to highly rated fixed income securities issued by foreign governments and/or supranational agencies that offer higher yields and/or are undervalued and may be expected to generate capital growth over the long term.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted subject to the following:

1. Paragraphs (a) and (b) of the Requested Relief cannot be combined for one issuer;
2. Any security that may be purchased under the Requested Relief is traded on a mature and liquid market;
3. The acquisition of the securities purchased pursuant to this Decision is consistent with the fundamental investment objectives the Fund;
4. The simplified prospectus of the Fund discloses the additional risks associated with the concentration of net assets of the Fund in securities of fewer issuers, such as the potential additional exposure to the risk of default of the issuer in which the Fund has so invested and the risks, including foreign exchange risks, of investing in the country in which that issuer is located; and
5. The simplified prospectus of the Fund discloses, in the investment strategy section, the details of the Requested Relief along with the conditions imposed and the type of securities covered by this Decision.



R.B. Bouchard
Director, Corporate Finance
The Manitoba Securities Commission

SEDAR Project # 1972858