

July 21, 2015

In the Matter of  
the Securities Legislation of  
Ontario, Alberta, British Columbia, Saskatchewan,  
Manitoba, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador,  
Prince Edward Island,  
Yukon, Northwest Territories, and Nunavut  
(the **Jurisdictions**)

AND

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

**And**

In the Matter of IA Clarington Investments Inc. (**IA Clarington**) and  
T.E. Investment Counsel Inc. (**TEIC**)  
(IA Clarington and TEIC are together **the Managers**)

And

Jov Leon Frazer Bond Fund, Jov Leon Frazer Dividend Fund and  
Jov Leon Frazer Preferred Equity Fund (the **Jov Funds**)

And

Jov Prosperity Canadian Fixed Income Fund, Jov Prosperity Canadian Equity Fund,  
Jov Prosperity U.S. Equity Fund and Jov Prosperity International Equity Fund  
(the **Prosperity Funds**)  
(the Jov Funds and the Prosperity Funds are together, **the Funds**).

(the Managers and the Funds are together, **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**) that each Fund is not a reporting issuer in each Jurisdiction (the **Exemption Sought**).

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

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

### **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:

### **The Managers**

1. IA Clarington is a corporation established under the laws of Canada and its head office is in Quebec City, Quebec.
2. On March 1, 2015, the amalgamation of IA Clarington and JovFinancial Solutions Inc. became effective. Prior to March 1, 2015, JovFinancial Solutions Inc. was the investment fund manager of the Jov Funds. Due to the amalgamation, both entities now continue as IA Clarington Investments Inc.
3. IA Clarington is registered as an investment fund manager in Ontario, Newfoundland and Labrador, and Quebec and as a portfolio manager in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec, and Saskatchewan.
4. IA Clarington is the registered investment fund manager of the Jov Funds. JovFinancial, a division of IA Clarington, carries out the management and trustee duties of the Jov Funds
5. TEIC is incorporated under the laws of Ontario and its head office is in Toronto, Ontario.
6. TEIC is registered as an investment fund manager in Ontario, Newfoundland and Labrador and Quebec, and as a portfolio manager in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan. It is also registered as an exempt market dealer in Ontario.
7. TEIC is the investment fund manager of the Prosperity Funds and an affiliate of IA Clarington. The trustee of the Prosperity Funds is RBC Investor Services Trust.
8. Neither IA Clarington or TEIC are in default of their obligations under the Legislation.

### **The Funds**

9. Each Fund is an open-end investment fund trust created under the laws of Ontario.

10. Each of the Funds is a reporting issuer in all Jurisdictions as a result of having filed a prospectus in the Jurisdictions. As reporting issuers, each Fund is subject to National Instrument 81-102 *Investment Funds*. The Prosperity Funds ceased to offer units under a prospectus no later than January 5, 2012. The Jov Funds ceased to offer units under a prospectus no later than June 8, 2015.
11. None of the Funds are in default of any of their obligations under the Legislation as reporting issuers, other than, from late 2009 to March 2015, continuous disclosure filings of the Prosperity Funds in Northwest Territories, Prince Edward Island, Newfoundland and Labrador, Yukon and Nunavut. In late 2009, the SEDAR profile of the Prosperity Funds was inadvertently changed to indicate that the Prosperity Funds were not reporting issuers in these five jurisdictions. As a result, SEDAR filings made in the other eight jurisdictions of Canada were not made in those five jurisdictions on SEDAR. The Prosperity Funds, however, continued to comply with their continuous disclosure obligations under Part 5 of National Instrument 81-106 *Investment Fund Continuous Disclosure (NI 81-106)* in all 13 jurisdictions of Canada. This administrative error in connection with the SEDAR profile of the Prosperity Funds has now been corrected and, since that time, all required filings have been made by the Prosperity Funds, other than an annual information form, which filing became due in all jurisdictions on June 29, 2015 while anticipating the grant of the Exemption Sought.
12. None of the Funds are currently traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.
13. Each of Leon Frazer & Associates Inc. and TEIC (together, the **Portfolio Management Firms**) are affiliates of IA Clarington. Leon Frazer & Associates Inc. is registered as a portfolio manager in Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan and TEIC is registered as a portfolio manager in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan. Each Portfolio Management Firm offers discretionary investment management services to individuals, corporations and other entities (each a **Client**) seeking wealth management or related services through a managed account (**Managed Account**).
14. The Managed Accounts are serviced by individual portfolio managers of each Portfolio Management Firm (the **Portfolio Managers**) who meet the proficiency requirements of an advising representative (or associate advising representative) under the applicable Legislation.
15. The Portfolio Managers and similarly qualified portfolio managers have full discretionary authority to trade in securities for the Managed Account without obtaining the specific consent of the Client to the trade pursuant to investment management services agreements executed by each Client (the **Managed Account Agreements**). The Managed Account Agreements further set out how the applicable Managed Account operates and informs the Client of the applicable Manager's various rules, procedures and policies.

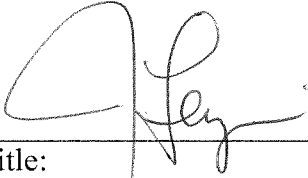
16. Clients receive a quarterly statement showing current holdings and a summary of all transactions carried out in their Managed Account in each month during which a transaction was effected in such clients' accounts.
17. As of April 17, 2015, all series of units of each Fund, other than Series B and Series O units of the Prosperity Funds and Series I units of the Jov Funds that are offered only to Managed Accounts, were terminated and there are no longer any unitholders in such series. The Funds are currently owned by, and distributed only to, clients who have signed Managed Account Agreements and therefore are not offered to the public.
18. Investors in the Funds are only comprised of, and will in the future only be comprised of, persons from the following categories:
  - (a) Investors who qualify as "accredited investors", as defined in NI 45-106, other than pursuant to paragraph (q) of the definition; and
  - (b) Where permitted, investors who have entered into a Managed Account Agreement with a Manager or a qualified portfolio manager, making the portfolio manager the accredited investor on behalf of the Client's Managed Account pursuant to paragraph (q) of the "accredited investor" definition in NI 45-106.
19. The Managers will send a notice to each investor that holds units of the Funds in their quarterly reporting package to be mailed in October 2015 advising that the Funds have ceased to be reporting issuers and explaining the implications of such fact. Investors will be permitted to instruct their portfolio manager if they no longer wish to be invested in the Funds and there will be no fees associated with such redemption.
20. Each of the Funds has more than 51 securityholders in total in Canada. In addition, each of the Funds has 15 or more securityholders in one or more jurisdictions in Canada. As a result, the Funds are not eligible for relief pursuant to CSA Staff Notice 12-307 *Application for a Decision that an Issuer is not a Reporting Issuer* because of the number of securityholders in each Fund and because each Fund is a reporting issuer in British Columbia.
21. The Funds do not qualify to use the procedures in BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* because of the number of securityholders in each Fund.
22. Each of the Funds will continue as pooled funds subject to NI 81-106 and the regulatory obligations therein.
23. The Managers shall provide to all securityholders of the Funds resident in jurisdictions other than Ontario the same disclosure to be provided to securityholders of the Funds resident in Ontario as may be required pursuant to NI 81-106. The Funds intend to rely on the filing exemption set out in section 2.11 of NI 81-106.
24. The Applicants seek the Exemption Sought because the only unitholders in the Funds are, or will be, Managed Account clients or accredited investors. The Applicants submit that ceasing to be a reporting issuer will reduce the regulatory and financial burdens

associated therewith, such as the costs of preparing the Management Reports of Fund Performance. As the expenses of the Funds will be reduced, this will be a benefit to unitholders to the extent the costs and expenses associated with these requirements will no longer be applicable.

**Decision**

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted.



Title:  
Ontario Securities Commission



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