

**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

**In the Matter of  
the Investors Group Funds  
(as defined below)**

**DECISION**

**BACKGROUND**

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for exemptive relief under section 15.1 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) from section 13.5(2)(a) of NI 31-103, which prohibits a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director (a **Related Issuer**) unless this fact is disclosed to the client and the written consent of the client is obtained before the purchase (the **Related Issuer Prohibition**), in order to permit (a) Investors Risk Parity Private Pool and future mutual funds of which the Filer or an affiliate of the Filer is, or will be, the investment fund manager, to which National Instrument NI 81-102 – *Investment Funds* (**NI 81-102**) does not apply (each a **Private Pool Fund** and, collectively, the **Private Pools**) to purchase, in the secondary market, non-exchange-traded debt securities and exchange-traded debt or equity securities of a Related Issuer, and (b) existing mutual funds and future mutual funds of which the Filer is, or will be, the investment fund manager, to which NI 81-102 applies (each an **NI 81-102 Fund**, and, collectively, the **NI 81-102 Funds**) and Private Pools (collectively, the **Investors Group Funds**) to purchase, in the secondary market, non-exchange-traded debt securities of a Related Issuer (the **Exemption Sought**).

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; and
- (b) the Filers have provided notice that section 5.4(1) of Multilateral 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 (the **Passport Jurisdictions**);
- (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* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined. The following terms have the following definitions:

“**Canadian Jurisdictions**” means the Jurisdictions and the Passport Jurisdictions;

“**IRC**” means the independent review committee of the Investors Group Funds; and

“**NI 81-107**” means National Instrument 81-107 – *Independent Review Committee*.

## REPRESENTATIONS

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

### The Filer and the Investors Group Funds

1. The head office of the Filer is located in Winnipeg, Manitoba.
2. Each NI 81-102 Fund is, or will be, organized under the laws of Manitoba as an open-ended mutual fund established as a trust pursuant to a master declaration of trust dated October 1, 2007, as amended from time to time (the **NI 81-102 Fund Trusts**), or is, or will be, organized as an open-ended mutual fund established as a separate class of mutual fund shares issued by Investors Group Corporate Class Inc., a mutual fund corporation governed by the *Canada Business Corporations Act* (**IG Corporate Class**).
3. The Filer, or an affiliate of the Filer, is, or will be, the investment fund manager and portfolio advisor of the NI 81-102 Funds and the trustee of the NI 81-102 Fund Trusts.
4. Each Private Pool is, or will be, organized under the laws of Manitoba as an open-ended mutual fund established as a trust pursuant to a master declaration of trust dated as of January 15, 2016, as amended from time to time (the **Private Pool Trusts**), or is, or will be, organized as an open-ended mutual fund established as a separate class of mutual fund shares issued by IG Corporate Class.
5. The Filer, or an affiliate of the Filer, is, or will be, the investment fund manager and portfolio advisor of the Private Pools and the trustee of the Private Pool Trusts.
6. The Filer is registered as a portfolio manager and an investment fund manager in Manitoba, Ontario and Quebec, and as an investment fund manager in Newfoundland and Labrador. It is also registered as an advisor under the *Commodity Futures Act* in Manitoba.
7. Each of the NI 81-102 Funds is, or will be, a reporting issuer in each of the Canadian Jurisdictions. The securities of the NI 81-102 Funds are, or will be, qualified for distribution pursuant to simplified prospectuses, annual information forms and fund facts prepared and filed in accordance with the securities legislation of each of the Canadian Jurisdictions.
8. Each of the NI 81-102 Funds is, or will be, subject to NI 81-102.
9. Investors Risk Parity Private Pool is not a reporting issuer under the Legislation. None of the future Private Pools will be a reporting issuer under the Legislation. The securities of the Private Pools are, or will be, distributed in Canada pursuant to exemptions from the prospectus requirement. The Private Pools are not, or will not, be subject to NI 81-102.
10. Neither the Filer nor any Investors Group Fund is in default of securities legislation in any Jurisdiction.



## Exemption Sought

11. Each of Power Corporation of Canada ("**PCC**"), Power Financial Corporation ("**PFC**") and Great-West Lifeco Inc. ("**GWL**") is a reporting issuer of equity securities which are listed on the Toronto Stock Exchange, and is a significant issuer of non-exchange traded debt securities. All of PCC, PFC and GWL are significant issuers in the Canadian capital markets.
12. Each of PCC, PFC and GWL (the **Related Issuers**, and each a **Related Issuer**) is an affiliate of the Filer. Each Related Issuer may have from time to time directors and/or officers who are also directors and/or officers of the Filer. In circumstances where an individual serves as a director and/or officer of both the Filer and a Related Issuer, such director and/or officer is a "responsible person" of the Filer.
13. The Related Issuer Prohibition set out in Section 13.5(2)(a) of NI 31-103 prohibits a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, director or officer, unless this fact is disclosed to the client and written consent is obtained before the purchase.
14. In circumstances where an individual serves as a director and/or officer of both the Filer and a Related Issuer, the Related Issuer Prohibition prohibits the Filer from purchasing a security of such Related Issuer on behalf of an Investors Group Fund unless this fact is disclosed to the client and written consent is obtained before the purchase.
15. The Filer wishes to invest on behalf of the Investors Group Funds in the securities of the Related Issuers when such investments are consistent with the investment objectives and strategies of the relevant Investors Group Fund.
16. Without the Exemption Sought, the Filer would be precluded from investing in the securities of one or more Related Issuers on behalf of (a) all Investors Group Funds, in respect of non-exchange traded debt securities of the Related Issuers which may be issued from time to time, and (b) the Private Pools, in respect of exchange-traded equity and debt securities of Related Issuers (the **Related Issuer Transactions**).
17. The NI 81-102 Funds can rely on the exemption set out in section 6.2 of NI 81-107 (the **Related Issuer Exemption**), which permits NI 81-102 Funds to invest in securities of Related Issuers, subject to certain condition, including that trades in securities of Related Issuers are made on an exchange and approved by the IRC of the NI 81-102 Funds.
18. The Related Issuer Exemption is not available to the Private Pools as the Private Pools are not reporting issuers and thus are not subject to NI 81-107.
19. The Related Issuer Exemption is also not available to the NI 81-102 Funds where the securities of the Related Issuer are non-exchange-traded debt securities.
20. Investing in the securities of Related Issuers cannot be replicated by investing in other securities of similarly situated issuers, as they are a distinct investment. The Related Issuers are significant participants in the Canadian insurance and financial services industries and may be included in investment portfolios which offer sector exposure to the Canadian, North American and/or global financial services industry, geographic exposure to Canada or North America, asset class exposure to large-capitalization issuers or a combination of the foregoing objectives and/or strategies.
21. There may be significant benefit to a Private Pool to be able to trade in the secondary market in exchange-traded debt and equity securities of Related Issuers, and the Filer is capable of complying with the same conditions as apply to the NI 81-102 Funds that rely on the Related Issuer Exemption when trading in exchange-traded equity and debt securities of Related Issuers on behalf of the Private Pools.

22. The Related Issuers may be significant issuers of non-exchange traded, investment grade quality fixed income securities in the debt markets. There may be significant benefit to the Investors Group Funds to be able to invest in non-exchange traded debt securities of Related Issuers with a "designated rating" by a "designated rating organization" within the meaning of National Instrument 44-101 – *Short Form Prospectus Distributions* ("NI 44-101"), on the terms and conditions noted below, for the following reasons:
- (i) there is a limited supply of debt securities issued by an issuer other than the federal or a provincial government which have a "designated rating" by a "designated rating organization";
  - (ii) diversification is reduced to the extent that an Investors Group Fund is limited with respect to investment opportunities; and
  - (iii) Investors Group Funds may be prejudiced if they cannot purchase non-exchange-traded debt securities of Related Issuers that are consistent with the Investors Group Fund's investment objective.
23. The Filer has determined that it would be in the best interests of the Investors Group Funds to have the ability to invest in non-exchange-traded debt securities of Related Issuers.
24. The Filer has also determined that it would be in the best interests of the Private Pools to have the same ability to invest in exchange-traded debt and equity securities of Related Issuers as the NI 81-102 Funds have.
25. Each exchange-traded debt or equity security of a Related Issuer purchased by a Private Pool in the secondary market pursuant to the Exemption Sought will be purchased on an exchange where the securities are listed.
26. Each non-exchange-traded debt security of a Related Issuer purchased by an Investors Group Fund in the secondary market pursuant to the Exemption Sought will have been given, and continue to have, at the time of purchase, a "designated rating" by a "designated rating organization" within the meaning of those terms in NI 44-101.
27. Each purchase of securities of a Related Issuer will occur in the secondary market, and not under primary distributions or treasury offerings of a Related Issuer.
28. Each purchase of securities of a Related Issuer conducted by an Investors Group Fund will represent the business judgement of 'responsible persons' uninfluenced by considerations other than the best interest of the Investors Group Funds.

#### **Independent Review Committee**

29. The Filer has established an IRC in respect of each NI 81-102 Fund in accordance with the requirements of NI 81-107.
30. The IRC has adopted procedures for approving transactions by NI 81-102 Funds in securities of Related Issuers in accordance with the Related Issuer Exemption.
31. The Filer has amended the mandate of the IRC to include approving the Related Issuer Transactions.
32. The IRC is, and will continue to be, comprised by the Filer in accordance with section 3.7 of NI 81-107 and is expected to comply with the standard of care set out in section 3.9 of NI 81-107.
33. Related Issuer Transactions will be referred to and approved by the IRC under sections 5.2(1) and 5.4 of NI 81-107.
34. The IRC will not provide approval for any Related Issuer Transaction unless it has made the



determination set out in section 5.2(2) of NI 81-107.

35. The Filer and the IRC will comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Related Issuer Transaction.
36. If the IRC becomes aware of an instance where the Filer did not comply with the terms of the Exemption Sought or a condition imposed by the IRC in its approval, the IRC will, as soon as reasonably practicable, notify the securities regulatory authority or regulator in the jurisdiction under which the Investors Group Fund is organized in writing.
37. The Filer has determined that it will be in the best interests of the Investors Group Funds to receive the Exemption Sought.

## 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 the Exemption Sought is granted to permit:

1. a Private Pool to make and hold an investment in exchange-traded securities of a Related Issuer listed and traded on an exchange, on the following conditions:
  - (a) the purchase is made on an exchange where the securities are listed and traded;
  - (b) the purchase or holding is consistent with, or is necessary to meet, the investment objective of the Private Pool;
  - (c) at the time of the purchase, the IRC of the Private Pool has approved the transaction in accordance with section 5.2(2) of NI 81-107;
  - (d) the Filer, as the manager of the Private Pool, complies with section 5.1 of NI 81-107 and the Filer, as the manager of the Private Pool, and the IRC of the Private Pool comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the investment;
  - (e) the transaction complies with any applicable "market integrity requirements" as defined in NI 81-107; and
  - (f) no later than the time the Private Pool files its annual financial statements, if required, and no later than the 90<sup>th</sup> day after each financial year-end of the Private Pool, the Filer, or an affiliate of the Filer, as manager of the Private Pool, files with the securities regulatory authority or regulator the particulars of any such investments; and
2. an Investors Group Fund to make and hold an investment in non-exchange traded debt securities of a Related Issuer in the secondary market on the following conditions:
  - (a) the purchase or holding is consistent with, or is necessary to meet, the investment objective of the Investors Group Fund;
  - (b) at the time of the purchase, the IRC has approved the transaction on behalf of the Investors Group Fund in accordance with subsection 5.2(2) of NI 81-107;
  - (c) the Filer, as the manager of the Investors Group Fund, complies with section 5.1 of NI 81-107 and the Filer, as the manager of the Investors Group Fund, and the IRC comply with section 5.4 of NI 81.107 for any standing instructions the IRC provides in connection with the investment;

- (d) the security has been given and continues, at the time of purchase, to have a "designated rating" by a "designated rating organization" within the meaning of NI 44-101;
- (e) the price payable for the security is not more than the ask price of the security;
- (f) the ask price of the security is determined as follows:
  - (i) if the purchase occurs on a marketplace, the price payable is determined in accordance with the requirements of that marketplace; or
  - (ii) if the purchase does not occur on a marketplace,
    - A. the Investors Group Fund may pay the price for the security at which an independent, arm's-length seller is willing to sell the security; or
    - B. if the Investors Group Fund does not purchase the security from an independent arm's length seller, the Investors Group Fund must pay the price quoted publicly by an independent marketplace or obtain, immediately before the purchase, at least one quote from an independent, arm's length purchaser or seller and not pay more than that quote;
- (g) the transaction complies with any applicable "market integrity requirements" as defined in NI 81-107; and
- (h) no later than the time the Investors Group Fund files its annual financial statements if required, and no later than the 90<sup>th</sup> day after each financial year-end of the Investors Group Fund, the Filer, or an affiliate of the Filer, as manager of the Investors Group Fund, files with the securities regulatory authority or regulator the particulars of any such investments.



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**Name: Chris Besko**  
**Title: Director**  
**Manitoba Securities Commission**