

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.  
(**IGIM**)

AND

IN THE MATTER OF  
INVESTORS GROUP FINANCIAL SERVICES INC.  
(**IGFS**)

AND

IN THE MATTER OF  
INVESTORS GROUP SECURITIES INC.  
(**IGSI**, and together with IGIM and IGFS, the **Filers**)

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application (the **Application**) from IGIM on behalf of the Funds (as defined below) and the Principal Distributors for a decision under the securities legislation of the Jurisdictions (the **Legislation**) seeking relief:

- (a) exempting the Principal Distributors from the requirement in Subsection 3.2.01(1) of NI 81-101 to deliver or send the most recently filed fund facts document (a **Fund Facts**) in the manner as required under the Legislation (the **Fund Facts Delivery Requirement**) in respect of the purchases of High Net Worth Series (as defined below) securities of the Funds that are made pursuant to Automatic Switches (as defined below) (the **Fund Facts Delivery Relief**); and
- (b) exempting the Funds from the requirement in Section 2.1 of NI 81-101 to prepare a Fund Facts in the form of Form 81-101F3 Contents of Fund Facts Document (**Form 81-101F3**), to permit the Funds to deviate from certain requirements in Form 81-101F3 in order to prepare a Consolidated Fund Facts Document (as defined below) that includes the Switching Disclosure (as defined below);

the **Consolidated Fund Facts Relief**, and together with the Fund Facts Delivery Relief, 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 3.6 of NP 11-203, is intended to be relied upon in each of the other provinces and territories of Canada (the **Canadian Jurisdictions**), and that notice to the Canadian Jurisdictions, pursuant to Section 4.7(1) of MI 11-102, is provided by giving notice to the Principal Regulator; 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 MI 11-102 and 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:

#### *IGIM*

1. IGIM is a corporation amalgamated under the laws of Ontario with its head office in Winnipeg, Manitoba.
2. IGIM is registered as an investment fund manager in Manitoba, Ontario, Newfoundland and Labrador, and Quebec, and as a portfolio manager in all Jurisdictions.
3. IGIM is the manager of mutual funds (the **Existing Funds**), each of which is subject to the requirements of National Instrument 81-102 *Investment Funds (NI 81-102)*. IGIM may, in the future, become the manager of additional mutual funds (that are subject to the requirements of NI 81-102 (the **Future Funds**, and together with the Existing Funds, the **Funds** and, individually, a **Fund**).
4. IGIM and the Existing Funds are not in default of the securities legislation in any of the Canadian Jurisdictions.

#### *The Principal Distributors*

5. Securities of the Funds are, or will be, distributed through the Principal Distributors, which are affiliates of IGIM.
6. IGFS is registered as a mutual fund dealer in the Canadian Jurisdictions, was a member of the Mutual Fund Dealers Association of Canada and is a member of the New Self-Regulatory Organization (the **New SRO**) (effective January 1, 2023).
7. IGSI is registered as an investment dealer the Canadian Jurisdictions, was a member of the Investment Industry Regulatory Organization of Canada and is a member of the New SRO (effective January 1, 2023).
8. Neither of the Principal Distributors are in default of the securities legislation in any of the Canadian Jurisdictions.

## *The Funds*

9. Each Fund is, or will be, an open-end mutual fund trust created under the laws of Manitoba (or a Canadian Jurisdiction), or an open-end mutual fund that is a class of shares of a mutual fund corporation incorporated under the laws of Canada (if applicable).
10. Each Fund is, or will be, a reporting issuer under the laws of the Canadian Jurisdictions, and subject to NI 81-102. The securities of the Funds are, or will be, qualified for distribution pursuant to a simplified prospectus and Fund Facts that have been, or will be, prepared and filed in accordance with NI 81-101, except for certain Funds outlined in paragraph 11 below.
11. Certain Funds have series previously offered under simplified prospectus and are currently closed to new investors (Series A, A-RDSP, JDSC, JDSC-RDSP, TDSC, TJDSC, C and TC), or for switches made between DSC Series or the reinvestment of distributions made from investment held under any DSC Series (as defined below). **DSC Series** means Series A, A-RDSP, JDSC, JDSC-RDSP, TDSC, TJDSC and the DSC purchase option of Series C and TC.
12. The Funds currently offer up to 16 series of securities, Series A, A-RDSP, B, B-RDSP, C (deferred sales charge (**DSC**) and no-load (**NL**) purchase options), F (formerly Series U), FT (formerly TU), JDSC, JDSC-RDSP, JNL, JNL-RDSP, TDSC, TNL, TC (DSC and NL purchase options), TJDSC and TJNL securities, under a Simplified Prospectus and Fund Facts dated June 28, 2022, as amended. IGIM may also offer additional series of the Funds in the future.
13. Series JDSC, JDSC-RDSP, JNL, JNL-RDSP, TJDSC and TJNL, and any future applicable high net worth series of the Funds (the **High Net Worth Series**) generally have, or will have, lower combined management and administration fees than securities in their corresponding retail series, specifically, Series A, A-RDSP, B, B-RDSP, C, TC, TDSC, TNL, and any future applicable retail series of the Funds (the **Retail Series**). Securities in the High Net Worth Series are, or will be, only available to investors with Household Investments (as defined below) currently of \$500,000 or more at the time of investment (**Eligibility Criteria**). **Household Investments** includes all investments in the Funds held by an investor's household, in accounts with IGSI and IGFS, as well as investments in Guaranteed Investment Funds and IG/CL Segregated Funds (issued by The Canada Life Assurance Company, and its affiliates).
14. Each pair of series, namely Series A and JDSC, Series A-RDSP and JDSC-RDSP, Series B and JNL, Series B-RDSP and JNL-RDSP, Series C and J (DSC and NL purchase options), Series TC and Series TJ (DSC and NL purchase options), Series TDSC and Series TJDSC, and Series TNL and Series TJNL, and any future pairs of series (each a **Pair**) are each made up of a Retail Series and a High Net Worth Series. Each High Net Worth Series in a Pair is identical to its corresponding Retail Series but for the Eligibility Criteria and the fact that it has lower combined management and administration fees than the Retail Series.
15. IGIM will file an amended and restated simplified prospectus and Fund Facts to reflect the Automatic Switches (as defined below).

## *Automatic Switches*

16. IGIM will implement a program whereby investors holding Retail Series securities are automatically switched into the corresponding High Net Worth Series once they meet the Eligibility Criteria (the **Automatic Switches**), subject to certain exemptions outlined in paragraph 17 below, without the dealer or investor having to initiate the trade. If an investor holds High Net Worth Series securities through an Automatic Switch, they will remain in the High Net Worth Series even if they cease to maintain the Eligibility Criteria.

17. The following securities of the Funds are, or will be, excluded from Automatic Switches:
  - (a) in some cases, Series C securities will be excluded from the Automatic Switches, if the combined management, administration, and service fees charged in Series C of a Fund, when considering any applicable fee rebates, are lower than the High Net Worth Series; and
  - (b) Funds with Series that do not have a corresponding High Net Worth Series, for example:
    - IG Mackenzie Canadian Money Market Fund (Premium Series, Classic Series);
    - IG Mackenzie U.S. Money Market Fund (Mutual Funds Units);
    - Investors Cornerstone Portfolio;
    - Investors Cornerstone Portfolio (Series RDSP Units); and
    - IG Mackenzie Canadian Money Market Fund (Series RDSP Units).
18. The Automatic Switches take place when the investor purchases additional securities, or when positive market movement moves the investor to meet the Eligibility Criteria for the High Net Worth Series.
19. Once an account has qualified for the High Net Worth Series, the account will continue to enjoy the benefit of lower fees associated with the applicable High Net Worth Series, even if the account no longer meets the Eligibility Criteria.
20. Investors may access High Net Worth Series securities of a Fund by (a) initially investing in High Net Worth Series securities if they meet the Eligibility Criteria or (b) initially investing in Retail Series securities and then, upon meeting the Eligibility Criteria, having those Retail Series securities switched into High Net Worth Series securities by way of an Automatic Switch.
21. Investors may access Retail Series securities of a Fund by initially investing in Retail Series securities.
22. The trailing commissions for the High Net Worth Series and Retail Series securities are identical.
23. Further to each Automatic Switch, an investor's account would continue to hold securities in the same Fund(s) as before the Automatic Switch, with the only material differences to the investor being that the combined management and administration fees charged for the High Net Worth Series securities would be lower than those charged for Retail Series securities.
24. There are no switch fees or other fees payable by the investor upon an Automatic Switch.
25. The Automatic Switches have no adverse tax consequences on investors under current Canadian tax legislation.

*Consolidated Fund Facts Relief*

26. IGIM proposes to prepare, for each of their Funds, a consolidated Fund Facts for each Pair (a **Consolidated Fund Facts Document**).
27. Each Consolidated Fund Facts Document will include the information required by Form 81-101F3 for both series in the applicable Pair, except as set out below in paragraph 28.
28. Specifically, for each Consolidated Fund Facts Document, IGIM proposes to deviate from the following requirements in Form 81-101F3:

- (a) General Instructions (10) and (16), to permit the Consolidated Fund Facts Document to be the Fund Facts for, and disclose information relating to, both series in the applicable Pair, except as further described below;
- (b) Item 1(c.1) of Part I, to permit the Consolidated Fund Facts Document to name both series in the applicable Pair in the heading;
- (c) Item 1(e) of Part I, to permit the Consolidated Fund Facts Document to name both series in the applicable Pair in the introduction to the Fund Facts;
- (d) Instruction (0.1) of Part I, to permit the Consolidated Fund Facts Document to identify the fund codes of both series in the applicable Pair;
- (e) Instruction (1) of Item 2 of Part I, to permit the Consolidated Fund Facts Document to list the date that both series in the applicable Pair first became available to the public;
- (f) Instruction (3) of Item 2 of Part I, to permit the Consolidated Fund Facts Document to disclose the management expense ratio (the **MER**) of only the applicable Retail Series within the applicable Pair;
- (g) Instruction (6) of Item 2 of Part I, to permit the Consolidated Fund Facts Document to specify the minimum investment amount and additional investment amount of only the Retail Series within the applicable Pair;
- (h) General Instruction (8), to permit the Consolidated Fund Facts Document to include a footnote under the "Quick Facts" table that:
  - (i) states that the Fund Facts pertains to both series in the applicable Pair;
  - (ii) cross-references the "How much does it cost?" section of the Fund Facts for further details about the Automatic Switches;
  - (iii) cross-references the fee decrease table under the subheading "Fund Expenses" of the Fund Facts for further details about the minimum investment amount for both series in the applicable Pair; and
  - (iv) cross-references the "Fund Expenses" subsection of the Fund Facts for further details about the MER for both series of the applicable Pair;
- (i) Item 5(1) of Part I, to permit the Consolidated Fund Facts Document to:
  - (i) reference only the applicable Retail Series in the introduction under the heading "How has the fund performed?"; and
  - (ii) include, as a part of the introduction, disclosure explaining that the performance of the High Net Worth Series of the applicable Pair would be similar to the performance of the corresponding Retail Series, but would vary as a result of the difference in fees compared to the corresponding Retail Series, as set out in the fee decrease table under the subheading "Fund expenses";
- (j) Instruction (4) of Item 5 of Part I, to permit a Consolidated Fund Facts Document to show the required performance data under the subheadings "Year-by-year returns", "Best and worst 3-month returns", and "Average return" relating only to the applicable Retail Series;

- (k) Item 1(1.1) of Part II, to permit a Consolidated Fund Facts Document to:
  - (i) refer to both series in the applicable Pair in the introductory statement under the heading "How much does it cost?"; and
  - (ii) include, as part of the introductory statement, a summary of the Automatic Switches, consisting of:
    - a. a statement explaining that the High Net Worth Series charges lower combined management and administration fees than the corresponding Retail Series;
    - b. a statement explaining the scenarios in which the Automatic Switches will be made;
    - c. a cross-reference to the fee decrease table under the subheading "Fund expenses";
    - d. a cross-reference to specific sections of the simplified prospectus of the Funds for more details about the Automatic Switches; and
    - e. a statement disclosing that investors should speak to their representative for more details about the Automatic Switches;
- (l) Item 1(1.2)(1) of Part II, to permit a Consolidated Fund Facts Document to refer to both series in the applicable Pair in the introduction under the subheading "Sales charges", if applicable;
- (m) Instruction (1) of Item 1 of Part II, to permit a Consolidated Fund Facts Document to disclose all sales charge options for each series in the applicable Pair;
- (n) Item (1.3)(2) of Part II, to permit a Consolidated Fund Facts Document, where the applicable Fund is not new, to:
  - (i) disclose the MER, trading expense ratio and fund expenses of both series in the particular Pair, and where certain information is not available for a particular series, to state "not available" in the corresponding part of the table; and
  - (ii) add a row in the table:
    - a. in which the first column states "For every \$1,000 invested, this equals:"; and
    - b. which discloses the respective equivalent dollar amounts of the fund expenses of each series included in the table for each \$1,000 investment;
- (o) Item 1(1.3)(3) of Part II, to permit a Consolidated Fund Facts Document, where the applicable Fund and both series of the applicable Pair are not new, to include, instead of the mandated statement above the fund expenses table:
  - (i) a statement explaining that the applicable Retail Series has higher combined management and administration fees than the applicable High Net Worth Series; and
  - (ii) a statement stating "As of [the date of the most recently filed management report of fund performance], the fund expenses were as follows:";

- (p) Item 1(1.3)(3) of Part II, to permit a Consolidated Fund Facts Document, where the applicable Fund is not new but where one of the series in the applicable Pair is new, to include, instead of the mandated statement above the fund expenses table:
  - (i) a statement explaining that the applicable Retail Series has higher combined management and administration fees than the applicable High Net Worth Series;
  - (ii) a statement disclosing that the fund expenses information below is not available for one of the series because it is new, as indicated below; and
  - (iii) a statement stating "As of [the date of the most recently filed management report of fund performance], the fund expenses were as follows:";
- (q) Item 1(1.3)(4) of Part II, to permit a Consolidated Fund Facts Document, where the applicable Fund is new, to:
  - (i) include a statement explaining that the applicable Retail Series has higher combined management and administration fees than the applicable High Net Worth Series;
  - (ii) disclose the rates of the management fee and administration fee of only the applicable Retail Series; and
  - (iii) for only the applicable Retail Series, disclose that the operating expenses and trading costs are not available because it is new;
- (r) General Instruction (8), to permit a Consolidated Fund Facts Document to include, at the end of the disclosure under the sub-heading "Fund expenses":
  - (i) a table that discloses:
    - a. the name of, and qualifying investment amounts associated with each of the series in the applicable Pair; and
    - b. the combined management and administration fee decrease of the applicable High Net Worth Series from the combined management and administration fee of the applicable Retail Series, shown in percentage terms; and
  - (ii) an introduction to the table stating that the table sets out the combined management and administration fee decrease of the applicable High Net Worth Series from the combined management and administration fee of the applicable Retail Series.

(collectively, the **Switching Disclosure**).

29. IGIM submits that, given that each of the Retail Series and High Net Worth Series are a part of the Automatic Switches, and an investor in either series would make one investment decision at the outset by purchasing securities of a Retail Series of a Fund or, if eligible, of a High Net Worth Series of a Fund, a Consolidated Fund Facts Document containing the Switching Disclosure will provide investors with more comprehensive disclosure about the Automatic Switches and each of the series in the applicable Pair as compared to disclosure in separate Fund Facts for each of the series in the applicable Pair.
30. If the Fund Facts Delivery Relief is granted, the Fund Facts for the series that is being switched into pursuant to an Automatic Switch would not be delivered in connection with the Automatic Switch,

IGIM submits that there is little benefit to preparing separate Fund Facts for each of the series in the applicable Pair. IGIM submits that the Consolidated Fund Facts Document containing the Switching Disclosure, which would be delivered to investors before the initial investment in Retail Series securities or, if eligible, High Net Worth Series securities, provides investors with better disclosure than if investors received the Fund Facts pertaining only to the applicable Retail Series or High Net Worth Series.

31. In the absence of the Consolidated Fund Facts Relief, IGIM would be required to prepare separate Fund Facts for each of the Retail Series and High Net Worth Series.

#### Fund Facts Delivery Relief

32. Each Automatic Switch entails a redemption of the Retail Series security, immediately followed by a purchase of the corresponding High Net Worth Series security. Each purchase of securities done as part of an Automatic Switch is a "distribution" under the Legislation, which triggers the Fund Facts Delivery Requirement.
33. Pursuant to the Fund Facts Delivery Requirement, a dealer is required to deliver the most recently filed Fund Facts of a series of a fund to an investor before the dealer accepts an instruction from the investor for the purchase of securities of that series of the fund.
34. The Filer requests that starting on or about May 1, 2023 (the **Implementation Date**), that the Fund Facts Delivery Relief (as defined below) apply to Automatic Switches.
35. While IGIM will initiate each trade done as part of an Automatic Switch, IGIM and each Principal Distributor do not propose to deliver a Fund Facts to investors in connection with the purchase of securities made pursuant to an Automatic Switch since, after Implementation Date, investors will receive a Consolidated Fund Facts Document containing the Switching Disclosure before their first purchase of Retail Series or High Net Worth Series securities in accordance with Fund Facts Delivery Requirement. The Consolidated Fund Facts Document will provide investors with disclosure about the Automatic Switches and both series in the applicable Pair, and investors would derive little benefit from receiving a further Consolidated Fund Facts Document in conjunction with each Automatic Switch.
36. To ensure that existing investors in both the Retail Series and High Net Worth Series, prior to the Implementation Date, receive sufficient disclosure of the changes that will be implemented on the Implementation Date, IGIM will liaise with the Principal Distributors to devise and implement a notification plan for such investors to notify them about the Automatic Switches, as further described in Submission 2 below.
37. IGIM will also liaise with the Principal Distributors about Automatic Switches so that the Principal Distributors will be equipped to appropriately advise new investors about the Automatic Switches.
38. The most recently filed Consolidated Fund Facts Document for each series will be available to investors on IGIM's website.
39. IGIM will deliver, or will arrange for the delivery of, trade confirmations to investors in connection with each trade done further to an Automatic Switch. Furthermore, details of the changes in series of securities held will be reflected in the account statements sent to investors for the quarter in which the change occurred.
40. In the absence of the Fund Facts Delivery Relief, the Principal Distributors would be required to deliver the applicable Fund Facts to investors in connection with the purchase of securities made pursuant to each Automatic Switch.




## Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that:

1. the Consolidated Fund Facts Relief is granted provided that each Consolidated Fund Facts Document contains the Switching Disclosure; and
2. the Fund Facts Delivery Relief is granted provided that:
  - (a) for investors invested in the Retail Series or the High Net Worth Series prior to the Implementation Date, IGIM will liaise with the Principal Distributors to devise and implement a notification plan for such investors regarding the Automatic Switches to communicate the following:
    - (i) that their investment may be switched to the High Net Worth Series with lower management and administration fees upon meeting the Eligibility Criteria;
    - (ii) that other than a difference in management and administration fees, there will be no other material difference between the Retail Series and the High Net Worth Series;
    - (iii) that if they cease to meet the Eligibility Criteria, their investment will remain in the High Net Worth Series; and
    - (iv) that they will not receive the Consolidated Fund Facts Document when they purchase securities in connection with an Automatic Switch, but that:
      - a. they may request the most recently filed Consolidated Fund Facts Document for the relevant series by calling a specified toll-free number or by sending a request via email to a specified address;
      - b. the most recently filed Consolidated Fund Facts Document will be sent or delivered to them at no cost, if requested;
      - c. the most recently filed Consolidated Fund Facts Document may be found either on the SEDAR website or on IGIM's website; and
      - d. they will not have the right to withdraw from an agreement of purchase and sale (a **Withdrawal Right**) in respect of a purchase of securities made pursuant to an Automatic Switch, but they will have the right of action for damages or rescission in the event any Fund Facts or document incorporated by reference into a simplified prospectus for the relevant series contains a misrepresentation, whether or not they request the Fund Facts.
  - (b) IGIM incorporates disclosure in the simplified prospectus for each Fund participating in the Automatic Switches that describes the Automatic Switches, including setting out:
    - (i) the Eligibility Criteria;
    - (ii) the fees applicable to investments in the applicable Retail Series and High Net Worth Series; and

- (iii) that if investors cease to meet the eligibility requirements of the specific High Net Worth Series, their investment will remain in the High Net Worth Series.
- (c) for Retail Series and High Net Worth Series investors, IGIM sends these investors an annual reminder notice advising that they will not receive a Fund Facts when they purchase High Net Worth Series securities pursuant to an Automatic Switch, but that:
- (i) they may request the most recently filed Consolidated Fund Facts Document for the relevant series by calling a specified toll-free number or by sending a request via email to a specified address;
  - (ii) the most recently filed Consolidated Fund Facts Document will be sent or delivered to them at no cost, if requested;
  - (iii) the most recently filed Consolidated Fund Facts Document may be found either on the SEDAR website or on IGIM's website; and
  - (iv) they will not have a Withdrawal Right in respect of a purchase of series securities made pursuant to an Automatic Switch, but they will have a right of action for damages or rescission in the event any Fund Facts or document incorporated by reference into a simplified prospectus for the relevant series contains a misrepresentation, whether or not they request the Fund Facts.



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Chris Besko  
Director  
The Manitoba Securities Commission