

August 10, 2021

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ONTARIO (the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
CI INVESTMENTS INC. (the Filer)
and the FUNDS (as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of the Filer, and any affiliate of the Filer, which acts as the manager and/or portfolio manager for each existing investment fund or future investment fund to which National Instrument 81-102 *Mutual Funds* (**NI 81-102**) applies (each an **NI 81-102 Fund**, or collectively, the **NI 81-102 Funds**) and does not apply (each a **Pooled Fund**, or collectively, the **Pooled Funds**), for a decision under the securities legislation of the Jurisdiction of the Principal Regulator (the **Legislation**):

1. exempting the Funds (as defined below) from the requirements (the **Related Securityholder Requirements**) of the securities legislation that prohibit an investment fund from making an investment, or holding an investment, in:

(a) any person or company who is a substantial securityholder of the investment fund, its management company or distribution company (each a **Related Securityholder**), or

(b) an issuer in which any officer or director of the investment fund, its management company or distribution company or an associate of any of them, or a Related Securityholder (each, a **Related Person**), has a significant interest;

(the **Requested Related Securityholder Relief**);

2. exempting the NI 81-102 Funds from the requirements of subsection 4.1(2) of NI 81-102 (the **NI 81-102 Related Issuer Requirements**) that prohibit a dealer managed investment fund from knowingly making an investment in a class of securities of an issuer, of which:

(a) a partner, director, officer or employee of the dealer manager of the investment fund, or

(b) a partner, director, officer or employee of an affiliate or associate of the dealer manager of the investment fund,

is a partner, director, officer or employee, unless the partner, director, officer or employee:

(i) does not participate in the formulation of investment decisions made on behalf of the dealer managed investment fund;

- (ii) does not have access before implementation to information concerning investment decisions made on behalf of the dealer managed investment fund; and
- (iii) does not influence, other than through research, statistical and other reports generally available to clients, the investment decisions made on behalf of the dealer managed investment fund;

3. exempting the Filer and its affiliates, as the registered advisers of the Funds, from the requirements of section 13.5 of NI 31-103 (the **NI 31-103 Related Issuer Requirements**) that prohibit a registered adviser of an investment portfolio, including an investment portfolio of an investment fund, from causing the investment portfolio managed by it to invest in any issuer in which a responsible person or an associate of a responsible person is a partner, officer or director, unless the specific fact is disclosed to the client and the written consent of the client to the investment is obtained;

(the NI 31-103 Related Issuer Requirements and the NI 81-102 Related Issuer Requirements, together, the **Related Issuer Requirements** and 2 and 3 together, the **Requested Related Issuer Relief**);

to enable the Funds (as defined below) to invest in non-exchange-traded debt securities of Related Issuers in a Primary Offering and in the secondary market having a “designated rating” within the meaning of that term in NI 44-101, and, as applicable, to enable the Pooled Funds to invest in exchange-traded securities of Related Issuers in the secondary market, in conjunction with the replacement of the Original Decisions.

4. revoking the **Original Decisions** (as defined below), insofar as the Original Decisions pertain to prior relief granted to the Filer, its affiliated and predecessor entities, and the

Funds (as defined below), from the Related Securityholder Requirements and Related Issuer Requirements (the **Revocation Relief**).

The proposed transactions outlined in 1, 2 and 3 above are referred to in this decision as the **Related Issuer Transactions**.

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

(a) the Ontario Securities Commission is the principal regulator for this application (the **Principal Jurisdiction**); and

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied on in Alberta, British Columbia, Saskatchewan, Manitoba, Québec, Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Yukon Territory, Northwest Territories and Nunavut Territory (the **Non-Principal Jurisdictions** and collectively with the Principal Jurisdiction, the **Jurisdictions**).

Interpretation

Terms defined in the Legislation, MI 11-102, National Instrument 14-101 *Definitions*, NI 81-102 and National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**) have the same meaning if used in this decision, unless otherwise defined.

In addition, in this decision the following terms have the following meanings:

Fund means a Pooled Fund and/or a NI 81-102 Fund, and **Funds** means two or more of such Funds;

NI 31-103 means National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registrant Obligations*;

NI 44-101 means National Instrument 44-101 *Short Form Prospectus Distributions*;

Primary Offering means a primary distribution or treasury offering of non-exchange-traded debt securities of a Related Issuer;

Related Issuer means a Related Securityholder, a Related Person, or an issuer of the type described under the Requested Related Issuer Relief (as defined above); and

Related Funds includes one or more other Funds under common management with the relevant Fund.

FACTS

A. The Filer

1. The Filer is a corporation amalgamated under the laws of Ontario and is wholly-owned by CI Financial Corp (**CIX**) with its head office in Toronto, Ontario.

2. The Filer is registered:

(a) as an investment fund manager under the securities legislation in Ontario, Québec and Newfoundland and Labrador,

(b) as a portfolio manager and exempt market dealer under the securities legislation of each of the Jurisdictions, and

(c) as a commodity trading counsel and commodity trading manager under the *Commodity Futures Act* (Ontario).

B. The Funds

3. Each of the NI 81-102 Funds and the Pooled Funds is, or will be, an investment fund established under the laws of Ontario or the laws of one of the other Non-Principal Jurisdictions.
4. The securities of each of the NI 81-102 Funds are, or will be, qualified for distribution pursuant to prospectuses and annual information forms that have been, or will be, prepared and filed in accordance with the securities legislation of each of the Jurisdictions. The NI 81-102 Funds will include conventional mutual funds subject to NI 81-102, exchange-traded funds that meet the definition of 'mutual fund' in securities legislation and non-redeemable investment funds that, in each case, are subject to NI 81-102.
5. Each of the NI 81-102 Funds is, or will be, a reporting issuer in the Principal Jurisdiction and one or more of the Non-Principal Jurisdictions.
6. The securities of each of the Pooled Funds are, or will be, distributed on a private placement basis pursuant to available prospectus exemptions in the Jurisdictions. The Pooled Funds are not, or will not be, reporting issuers.
7. The Filer, or an affiliate of the Filer, is, or will be, the manager and/or portfolio manager of each of the Funds. Each NI 81-102 Fund is or will be a “dealer managed investment fund” within the meaning set out in NI 81-102.
8. Except as noted in paragraph 19 below, neither the Filer nor the Funds are in default of securities legislation.

C. Substantial Securityholders, Significant Issuers and Common Officers/Directors

9. CIX is a substantial securityholder of the Filer. By virtue of its affiliation through CIX with “specified dealers” Assante Capital Management Ltd. and CI Investment Services Inc, the Filer is a “dealer manager” within the meaning of section 4.1(2) of NI 81-102 and the NI 81-102 Funds are “dealer managed investment funds”.

10. A director, officer or employee of the Filer (including that acts as the portfolio manager of a Fund), an associate of a director, officer or employee of the Filer (including that acts as the portfolio manager of a Fund), or a director, officer or employee of an affiliate or associate of the Filer, may also be a director, officer or employee of a Related Issuer of the Filer.

D. The Independent Review Committees of the Funds

11. Each NI 81-102 Fund has, or will have, an independent review committee (an IRC) in accordance with the requirements of NI 81-107. The mandate of the IRC of each NI 81-102 Fund will include approving Related Issuer Transactions involving an NI 81-102 Fund. The IRC of an NI 81-102 Fund will not approve a Related Issuer Transaction subject to its mandate unless the IRC has made the determination set out in subsection 5.2(2) of NI 81-107 and the manager and the IRC of the NI 81-102 Fund, as applicable, 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.

12. Though the Pooled Funds are not, or will not be, subject to the requirements of NI 81-107, each Pooled Fund has, or will have, an IRC at the time the Pooled Fund conducts a Related Issuer Transaction. All existing Pooled Funds have already established an IRC in order to comply with the conditions of previously granted exemptive relief. The mandate of the IRC of each Pooled Fund will include approving Related Issuer Transactions involving a Pooled Fund.

13. The IRC of a Pooled Fund will be composed in accordance with section 3.7 of NI 81-107 and will comply with the standard of care set out in section 3.9 of NI 81-107. The IRC of a Pooled Fund will not approve a Related Issuer Transaction subject to its mandate unless the IRC has made the determination set out in subsection 5.2(2) of NI 81-107.

14. If the IRC of a Fund becomes aware of an instance where the Filer or an affiliate of the Filer, as manager of the Fund, did not comply with the terms of this decision or a condition imposed by securities legislation or the IRC in its approval, the IRC of the Fund will, as soon as practicable, notify in writing the securities regulatory authority or regulator in the jurisdiction under which the Fund is organized.

E. Investment in Securities of Related Issuers

15. The Related Issuers are or may be significant issuers of investment grade quality fixed income securities in the debt market. The Filer considers that it would be in the best interest of the Funds to have access, on the terms and conditions described herein, to non-exchange-traded debt securities of the Related Issuers with a “designated rating” by a “designated rating organization” within the meaning of those terms in NI 44-101, for the reasons set out below:

(a) 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” within the meaning of those terms in NI 81-102;

(b) diversification is reduced to the extent that a Fund is limited with respect to investment opportunities; and

(c) investing in debt securities of Related Issuers is a fundamentally distinct investment and cannot simply be replicated by investing in other securities of similarly situated issuers. A Fund may be prejudiced if it cannot purchase, in

either a Primary Offering or the secondary market, non-exchange-traded debt securities of a Related Issuer that are consistent with the Fund's objective.

16. Section 6.2 of NI 81-107 provides the NI 81-102 Funds with an exemption from the Related Securityholder Requirements and the NI 31-103 Related Issuer Requirements in respect of purchasing exchange-traded securities, such as common shares, in the secondary market. It does not permit an NI 81-102 Fund, or the Filer on behalf of an NI 81-102 Fund, to purchase non-exchange-traded securities issued by Related Issuers.

17. NI 81-107 does not apply to the Pooled Funds as they are not reporting issuers. Accordingly, it does not permit the Pooled Funds to purchase exchange-traded securities such as common shares of Related Issuers in the secondary market, or non-exchange-traded securities issued by Related Issuers.

18. The Filer and the Funds (as defined, including the Pooled Funds) previously received relief in the Original Decisions (defined below). The Original Decisions granted relief, subject to conditions:

(a) In the Original Decision dated December 11, 2008, from the Related Securityholder Requirements to:

(i) the Funds which allows them to invest in non-exchange traded debt securities of one or more Related Issuers having a “designated rating” within the meaning of that term in NI 81-102; and

(ii) the Pooled Funds to invest in exchange-traded securities of Related Issuers in the secondary market; and

(b) In the Original Decision dated August 16, 2012, from the Related Securityholder Requirements and the NI 31-103 Related Issuer Requirements to the Filer and the Funds which allows the Funds to invest in non-exchange-traded debt securities of Related Issuers purchased in a Primary Offering having a “designated rating” within the meaning of that term in NI 81-102.

19. The Filer inadvertently failed to seek exemptive relief:

(a) from the NI 31-103 Related Issuer Requirements in respect of investments by the Funds described in paragraph 18(a) above; and

(b) from the NI 81-102 Related Issuer Requirements in respect of investments by the NI 81-102 Funds described in paragraphs 18(a)(i) and 18(b) above when the NI 81-102 Funds became “dealer-managed investment funds”.

Any such investments have been conducted subject to the conditions of the Original Decisions, which the Filer submits are the conditions of exemptive relief from the Related Issuer Requirements that the Filer would have proposed based on previous relief granted had it sought same.

20. The debt securities of Related Issuers that are purchased by a Fund in a Primary Offering pursuant to the Requested Related Securityholder Relief and Requested Related Issuer Relief will be non-exchange-traded debt securities, other than asset backed commercial paper securities, with a term to maturity of 365 days or more, that 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, and will be purchased in a Primary Offering where the terms, such as the size and the pricing, will be a matter of public record as evidenced in a prospectus, offering memorandum, press release or other public document.

21. Each non-exchange-traded debt security of a Related Issuer purchased by a Fund in the secondary market pursuant to the Requested Related Securityholder Relief and Requested Related Issuer Relief, 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.

22. Each exchange-traded security of a Related Issuer purchased by a Pooled Fund in the secondary market pursuant to the Requested Related Securityholder Relief and

Requested Related Issuer Relief, will be purchased on an exchange where the securities are listed.

23. Each Related Issuer Transaction conducted by a Fund will represent the business judgement of 'responsible persons' uninfluenced by considerations other than the best interests of the Funds.

Original Decisions

24. As referenced above, subject to the terms and conditions described therein, the Filer, and certain of its affiliates and predecessor entities, obtained orders on the dates set forth below (the **Original Decisions**), which permit, among other things, a Fund, as a result of a Related Issuer Transaction, to make and hold an investment in non-exchange-traded debt securities of one or more Related Issuers in a Primary Offering or the secondary market. The dates of the orders are: December 11, 2008 and August 16, 2012.

25. As of the date of this decision, the Original Decisions will no longer be relied upon by the Filer or the Funds in respect of the Related Issuer Transactions.

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:

A) The Revocation Relief is granted.

B) The Requested Related Securityholder Relief and the Requested Related Issuer Relief are granted:

1. to permit a 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 Fund;

(b) at the time of the purchase, the IRC of the Fund has approved the transaction on behalf of the Fund in accordance with subsection 5.2(2) of NI 81-107;

(c) the manager of the Fund complies with section 5.1 of NI 81-107 and the manager and the IRC of the Fund 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 the purchase, to have a “designated rating” by a “designated rating organization” within the meaning of those terms in 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 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 Fund does not purchase the security from an independent arm's-length seller, the 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;

(h) no later than the time the Fund files its annual financial statements, and no later than the 90th day after each financial year-end, the Filer, or an affiliate of the Filer, as manager of the Fund, files with the securities regulatory authority or regulator the particulars of any such investments; and

2. to permit a Fund to make and hold an investment in non-exchange-traded debt securities of a Related Issuer in a Primary Offering on the following conditions:

(a) the purchase or holding is consistent with, or is necessary to meet, the investment objective of the Fund;

(b) at the time of the purchase, the IRC of the Fund has approved the investment in accordance with subsection 5.2(2) of NI 81-107;

(c) the manager of the Fund complies with section 5.1 of NI 81-107 and the manager and the IRC of the Fund 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 the purchase, to have a “designated rating” by a “designated rating organization” within the meaning of those terms in NI 44-101;

(e) the size of the Primary Offering is at least \$100 million;

(f) at least two purchasers who are independent, arm's-length purchasers, which may include “independent underwriters” within the meaning of National Instrument 33-105 Underwriting Conflicts, collectively purchase at least 20% of the Primary Offering;

(g) no Fund shall participate in the Primary Offering if following its purchase the Fund would have more than 5% of its net assets invested in non-exchange-traded debt securities of a Related Issuer;

(h) no Fund shall participate in the Primary Offering if following its purchase the Fund together with Related Funds will hold more than 20% of the securities issued in the Primary Offering;

(i) the price paid for the securities by a Fund in the Primary Offering shall be no higher than the lowest price paid by any of the arm's-length purchasers who participate in the Primary Offering;

(j) no later than the time the Fund files its annual financial statements, and no later than the 90th day after each financial year-end, the Filer, or an affiliate of the Filer, as manager of the Fund, files with the securities regulatory authority or regulator the particulars of any such investments; and

3. to permit a Pooled Fund 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 Pooled Fund;

(c) at the time of the purchase, the IRC of the Pooled Fund has approved the transaction on behalf of the Pooled Fund in accordance with subsection 5.2(2) of NI 81-107;

(d) the manager of the Pooled Fund complies with section 5.1 of NI 81-107 and the manager and the IRC of the Pooled Fund 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 Pooled Fund files its annual financial statements, and no later than the 90th day after each financial year-end, the Filer, or an affiliate of the Filer, as manager of the Pooled Fund, files with the securities regulatory authority or regulator the particulars of any such investments.

The Revocation Relief and the Requested Related Issuer Relief

“Darren McKall”

Darren McKall
Manager, Investment Funds and Structured Products Branch
Ontario Securities Commission

The Revocation Relief and the Requested Related Securityholder Relief

“Craig Hayman”

Craig Hayman
Commissioner
Ontario Securities Commission

“Cecilia Williams”

Cecilia Williams
Commissioner
Ontario Securities Commission

Application #s 2020/0459, 2020/0460, 2020/0461, 2020/0464, 2020/0465, 2020/0467

**Sedar Nos. 3112793, 3112794, 3112796, 3112812, 3112818, 3112820, 3112821,
3112827, 3112828, 3112830, 3112831, 3112832, 3112833, 3112836, 3112838,
3112840, 3112826**