

**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
PURPOSE INVESTMENTS INC.
(Purpose)**

DECISION

I. BACKGROUND

The principal regulator in the Jurisdiction has received an application (the **Application**) from Purpose, on behalf of existing investment funds (**Existing Funds**) and future investment funds (together with the Existing Funds, the **Funds**, and each, a **Fund**) that are subject to National Instrument 81-102 *Investment Funds* (**NI 81-102**) for which Purpose is, or in the future will be, the manager, for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) providing an exemption from paragraphs:

- (a) 2.5(2)(a) of NI 81-102 to permit each Fund that is a mutual fund but not an alternative mutual fund to purchase and/or hold shares of an Underlying Fund (as defined below), even though the Underlying Fund is not subject to NI 81-102;
- (b) 2.5(2)(a.1) of NI 81-102 to permit each Fund that is an alternative mutual fund or a non-redeemable investment fund to purchase and/or hold shares of an Underlying Fund, even though the Underlying Fund is not subject to NI 81-102; and
- (c) 2.5(2)(c) of NI 81-102 to permit each Fund to purchase and/or hold shares of an Underlying Fund, even though the Underlying Fund is not a reporting issuer in a Canadian Jurisdiction (as defined below) (together with paragraphs (a) and (b) above, the **Exemption Sought**).

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

- (a) the Ontario Securities Commission is the principal regulator for the Application; and
- (b) Purpose has provided notice that subsection 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 (together with Ontario, the **Jurisdictions**).

II. 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.

FCA means the Financial Conduct Authority of the United Kingdom.

NI 41-101 means National Instrument 41-101 *General Prospectus Requirements*.

NI 81-101 means National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.

Company means Neuberger Berman Investment Funds PLC (the **Company**), an investment company with variable capital constituted as an umbrella fund with segregated liability between sub-funds under the laws of Ireland and authorised by the Central Bank of Ireland pursuant to the UCITS Regulations.

KIID means a Key Investor Information Document prepared by the Company for each of the Underlying Funds which contains disclosure similar to that required to be included in a fund facts document prepared under NI 81-101.

UCITS means investment funds authorised as Undertaking for Collective Investment in Transferable Securities under the UCITS Regulations.

UCITS Notices means the series of UCITS notices, memorandums, guidelines and letters issued by the Central Bank of Ireland.

UCITS Regulations means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, which transpose Council Directive 2009/65/EC, Commission Directive 2010/43/EC, Commission Directive 2010/44/EC, and Commission Directive 2014/91/EC into Irish law, and are effective from July 1, 2011.

LSE means the London Stock Exchange.

NBEL means Neuberger Berman Europe Limited, investment fund manager of the Underlying Funds.

Underlying Funds means collectively, the Underlying UCITS Funds and the Underlying Guernsey Funds.

Underlying Guernsey Fund means a closed-end investment company managed by NBEL that is incorporated and registered under the laws of Guernsey (including any closed-end investment company for which NBEL may act as investment manager in the future).

Underlying UCITS Fund means a sub-fund of the Company managed by NBEL (including any sub-fund of the Company for which NBEL may act as investment manager in the future).

III. REPRESENTATIONS

This decision is based on the following facts represented by Purpose.

Purpose

1. Purpose is a corporation amalgamated under the laws of the Province of Ontario with its registered office located in Toronto, Ontario.
2. Purpose is registered under applicable securities laws as: (a) an investment fund manager and an exempt market dealer in each of the Provinces of Canada, (b) a portfolio manager in the Provinces of British Columbia, Ontario and Quebec and (c) a commodity trading manager in the Province of Ontario.
3. Purpose or its affiliate acts, or will act, as manager of each of the Funds.
4. Purpose is not in default of securities legislation in any of the Jurisdictions.

The Funds

5. Each Fund is, or will be, an investment fund established under the laws of a Jurisdiction of Canada and a reporting issuer under the laws of some or all of the Jurisdictions.
6. Each Fund is, or will be, governed by NI 81-102, subject to any relief therefrom granted by the securities regulatory authorities.
7. The securities of each Fund are, or will be, qualified for distribution in some or all of the Jurisdictions under a prospectus or a simplified prospectus prepared in accordance with NI 41-101 or NI 81-101, as applicable.
8. Neuberger Berman Breton Hill ULC or Neuberger Berman Investment Advisers LLC, each, an affiliate of NBEL, acts, or may act, as the case may be, as investment sub-advisor of a Fund.
9. The Existing Funds are not in default of securities legislation in any of the Jurisdictions.

The Underlying Funds

10. Each Fund proposes, from time to time, to invest up to 10% of its net asset value in shares of one or more Underlying Funds.
11. The Underlying UCITS Funds are, or will be, sub-funds of the Company and are or will be subject to the UCITS Regulations. The Company was registered in Ireland pursuant to The Companies Acts 1963 to 2009 on 11 December 2000 and is authorized by the Central Bank of Ireland as a UCITS. The objective of the Company is the collective investment in

transferable securities and other liquid financial assets of capital raised from the public, operating on the principle of risk spreading in accordance with the UCITS Regulations.

12. The investment objective and policy of each Underlying UCITS Fund is, or will be, disclosed in the most current supplement to the Company's prospectus as filed with the Central Bank of Ireland.
13. Each Underlying Guernsey Fund is, or will be, governed under the provisions of the Companies (Guernsey) Law 2008 as amended, the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Scheme Rules 2018 issued by the Guernsey Financial Services Commission (the **Guernsey Regulations**). Each Underlying Guernsey Fund is, or will be, a non-cellular company limited by shares and has, or will have, been declared by the Guernsey Financial Services Commission to be a registered closed-end collective investment scheme.
14. The investment objective and policy of each Underlying Guernsey Fund is, or will be, disclosed either in the most current prospectus for the Underlying Guernsey Fund as filed with the Guernsey Financial Services Commission or in the respective annual report of each Underlying Guernsey Fund.
15. NBEL acts, or will act, as investment manager of each of the Underlying Funds.
16. NBEL, being subject to regulatory oversight by the FCA, is subject to substantially equivalent regulatory oversight as Purpose, which is primarily regulated by the Ontario Securities Commission. In discharging its duties, NBEL must conduct its business with due skill, care and diligence.
17. The Underlying Funds are subject to investment restrictions and practices that are generally similar to those applicable to the Funds. The Underlying Funds are available for purchase by the public and are not considered to be hedge funds.
18. Each of the Underlying UCITS Funds is considered to be an "investment fund" and a "mutual fund" and each of the Underlying Guernsey Funds is considered to be a "non-redeemable investment fund", each within the meaning of applicable Canadian securities legislation.
19. The Underlying Funds are distributed in certain European countries pursuant to MiFID II and globally where permissible, pursuant to applicable local law (including private placement regimes).
20. The Underlying Funds are qualified by way of: (a) in the case of an Underlying UCITS Fund, a prospectus, relating to the Company, and an individual prospectus supplement pertaining to each sub-fund (including each of the Underlying UCITS Funds) of the

Company and (b) in the case of an Underlying Guernsey Fund, a prospectus relating to the Underlying Guernsey Fund.

21. The Company on behalf of each of the Underlying UCITS Funds and NBEL on behalf of each Underlying Guernsey Fund, prepares and files with the Central Bank of Ireland and the Guernsey Financial Services Commission, respectively, a KIID.
22. NBEL serves as the promoter, investment manager and distributor of each of the Underlying Funds, subject to the supervision of the directors of the Company or the Underlying Guernsey Fund, as applicable.
23. The following third parties are currently involved in the administration of the Company:
 - (a) Brown Brothers Harriman Fund Administration Services (Ireland) Limited is the administrator of the Company, and is responsible for performing the day-to-day administration of the Company and for providing fund accounting for the Company, including the calculation of the net asset value of the Company and the shares of the Underlying Funds, and for providing registrar, transfer agency and related support services to the Company;
 - (b) Brown Brothers Harriman Trustee Services (Ireland) Limited is the depositary for the Company; and
 - (c) Ernst & Young is the auditor of the Company.
24. The following third parties are currently involved in the administration of the existing Underlying Guernsey Funds:
 - (a) U.S. Bank Global Fund Services (Guernsey) Limited is the administrator (and designated administrator for Guernsey regulatory purposes) and U.S. Bank Global Fund Services (Ireland) Limited is the sub-administrator, also serving as secretary and custodian of the Underlying Guernsey Funds and are responsible for performing the day-to-day administration of the Underlying Guernsey Funds and for providing fund accounting for the Underlying Guernsey Funds, including the calculation of the net asset value of the Underlying Guernsey Funds and the shares of the Underlying Guernsey Funds;
 - (b) Link Asset Services Limited is the Underlying Guernsey Funds' registrar and transfer agent to the Underlying Guernsey Funds; and
 - (c) PricewaterhouseCoopers CI LLP is the current auditor of the Underlying Guernsey Funds. PricewaterhouseCoopers CI LLP is anticipated to be replaced by KPMG Channel Islands Limited.
25. Affiliates of NBEL may be appointed from time to time to act as sub-investment managers in respect of certain Underlying Funds, with the prior approval of, in the case of an Underlying UCITS Fund, the Company and the Central Bank of Ireland and, in the case of an Underlying Guernsey Fund, the directors of the Underlying Guernsey Fund and the Guernsey Financial Services Commission.

26. The Underlying UCITS Funds qualify, or will qualify, as UCITS and the shares of the Underlying UCITS Funds are managed in accordance with the UCITS Regulations.
27. Each of (a) the Underlying UCITS Funds is, or will be, regulated by the Central Bank of Ireland and (b) the Underlying Guernsey Funds, is or will be, regulated by the Guernsey Financial Services Commission, and is subject to the following regulatory requirements and restrictions, which are generally similar to the requirements and restrictions set forth in NI 81-102:
- (a) each Underlying Fund is subject to a risk management framework through prescribed rules on governance, risk, regulation of service providers and safekeeping of assets;
 - (b) each Underlying UCITS Fund is restricted to investing a maximum of 10% of its net assets in a single issuer;
 - (c) each Underlying UCITS Fund is subject to investment restrictions designed to limit its holdings of illiquid securities to 10% or less of its net asset value;
 - (d) each Underlying UCITS Fund holds no more than 10% of its net asset value in securities of other investment funds, including other collective investment undertakings;
 - (e) each Underlying Guernsey Fund is permitted to hold no more than 15% of its total assets in securities of other listed closed-end investment funds at any time;
 - (f) each Underlying UCITS Fund is subject to investment restrictions designed to limit holdings of transferrable securities which are not listed on a stock exchange or regulated market to 10% or less of the Underlying UCITS Fund's net asset value;
 - (g) the rules governing the use of derivatives by the Underlying UCITS Funds are comparable to the rules regarding the use of derivatives under NI 81-102 with respect to the types of derivatives allowed to be used, issuer concentration, risk exposure in connection with mark to market value, the disclosure required in offering documents and the monitoring requirements, and with only a slight difference between the two regimes in connection with counterparty credit ratings (A-1 under NI 81-102 versus an effective rating requirement of A-2 for counterparties which are not regulated as credit institutions under the UCITS Regulations);
 - (h) an Underlying Fund may engage in securities lending activities if provided for in its prospectus or prospectus supplement, as applicable of the Underlying Fund;
 - (i) each Underlying Fund makes, or will make, the net asset value of its holdings available to the public through at least one price information system (e.g Bloomberg or Reuters) and all prices are published daily on the Company's or the Underlying Guernsey Fund's website, as applicable;
 - (j) the Company and each of the Underlying Guernsey Funds is required to prepare a prospectus (and, in the case of the Company a prospectus supplement in respect of each sub-fund of the Company) that discloses material facts pertaining to each

Underlying Fund. The prospectus (together with, in the case of the Company, the corresponding prospectus supplement) provide disclosure that is similar to the disclosure required to be included in a simplified prospectus under NI 81-101 and a prospectus under NI 41-101, although some information, such as annual returns, management expense ratios, trading expense ratios, and trading price and volume, is not included in the prospectus and/or prospectus supplement of an Underlying Fund, as applicable;

- (k) each Underlying Fund publishes a KIID which contains disclosure similar to that required to be included in a fund facts document prepared under NI 81-101;
 - (l) each Underlying Fund is subject to continuous disclosure obligations which are similar to the disclosure obligations of the Funds under National Instrument 81-106 *Investment Fund Continuous Disclosure*;
 - (m) any material change in the investment objective or material change to the investment policy of an Underlying Fund will only be effected following the written approval of all shareholders of the Underlying Fund or a resolution of a majority of the voting shareholders of that Underlying Fund at a general meeting;
 - (n) NBEL is subject to approval by the FCA to permit it to manage and provide portfolio management advice to each Underlying Fund and is subject to an investment management agreement which sets out a duty of care and a standard of care requiring NBEL to act in the best interest of each Underlying Fund and the shareholders of each Underlying Fund;
 - (o) all investment management activities of NBEL must be conducted at all times in accordance with (i) in the case of an Underlying UCITS Fund, the UCITS Regulations, the UCITS Notices and the investment policy of the Underlying Fund and (ii) in the case of an Underlying Guernsey Fund, the Guernsey Regulations and the investment policy of the Underlying Guernsey Fund, and are at all times subject to the supervision of the board of directors of the Company or the directors of the Underlying Guernsey Fund, respectively; and
 - (p) the auditor of each of the Underlying Funds, is required to prepare an audited set of accounts for each Underlying Fund at least annually.
28. Each Underlying Guernsey Fund discloses, or will disclose, in its prospectus that the Underlying Guernsey Fund will not use derivatives for the purpose of obtaining leveraged exposure to the assets in which it invests.
29. A Fund will only invest in an Underlying Guernsey Fund that has restrictions on its investment activities which are at least as restrictive as those applicable to non-redeemable investment funds in NI 81-102 or on the basis of the parameters applicable to Underlying Guernsey Funds set forth in representation 27 above.

Investment by the Funds in the Underlying Funds

30. The investment objective and strategies of each Fund are, or will be, disclosed in each Fund's prospectus or simplified prospectus and any Fund that invests in an Underlying Fund will be permitted to do so in accordance with its investment objectives and strategies.
31. The investment strategies of each Fund stipulate, or will stipulate, that the Fund may invest a portion of its assets in other investment funds, domestic or foreign.
32. The prospectus or simplified prospectus of each Fund provides, or will provide, all disclosure mandated for investment funds investing in other investment funds.
33. There will be no duplication of management fees or incentive fees as a result of an investment by a Fund in an Underlying Fund.
34. The amount of loss that could result from an investment by a Fund in an Underlying Fund will be limited to the amount invested by the Fund in such Underlying Fund.
35. Securities of the existing Underlying UCITS Funds are sold to the public by dealers registered pursuant to MiFID II and globally pursuant to applicable local law (including private placement regimes).
36. As is the case with the purchase or sale of conventional mutual funds in Canada, dealers may be paid a commission in connection with the purchase and sale of shares of the Underlying UCITS Funds.
37. Each class of shares of the existing Underlying Guernsey Funds was admitted to the LSE's official list and is trading on the LSE's main market for listed securities. The FCA, in its role as the UK Listing Authority (**UKLA**), is the regulator for the LSE. The UKLA has the responsibility for overseeing the admission process to the LSE.
38. The LSE is subject to substantially equivalent regulatory oversight to securities exchanges in Canada and the requirements to be complied with by the existing Underlying Guernsey Funds in order to be admitted to trading on the LSE are consistent with the Toronto Stock Exchange listing requirements.
39. The Funds will purchase and sell shares of the Underlying Guernsey Funds on the LSE and will pay commissions to brokers in connection with such purchase or sale.
40. There are appropriate restrictions on sales fees and redemption charges for any purchase or sale of shares of an Underlying Fund.

Rationale for Investment in the Underlying Fund

41. A Fund is not permitted to invest in shares of an Underlying Fund unless the requirements of section 2.5(2) of NI 81-102 are satisfied.
42. Section 2.5 of NI 81-102 would permit the Funds to invest in the Underlying Funds but for the fact that (a) each Underlying Fund is not subject to NI 81-102 and is not a reporting issuer in any of the Jurisdictions and (b) each Underlying Guernsey Fund may invest more than 10% of its net asset value in securities of other investment funds.

43. Other than the paragraphs of section 2.5 of NI 81-102 from which the Funds seek relief, the Funds will otherwise comply fully with section 2.5 of NI 81-102 when investing in the Underlying Funds, and each Fund's prospectus or a simplified prospectus, as applicable, will provide all applicable disclosure mandated for investment funds investing in other investment funds.
44. An investment by a Fund in one or more Underlying Funds will be made in accordance with the fundamental investment objectives of the Fund.
45. A Fund will not invest in an Underlying Guernsey Fund if the Underlying Guernsey Fund holds more than 10% of its total assets in securities of other investment funds at the time of purchase.
46. Purpose believes that it is in the best interest of the Funds that they be permitted to invest in the Underlying Funds, because investing in an Underlying Fund: (a) will provide an efficient and cost-effective manner to administer one or more investment strategies similar to that of the applicable Underlying Fund and (b) would allow the Funds to invest in securities via already established comingled vehicles that are more targeted and concentrated than what could be achieved by investing outside of a comingled vehicle and which the investment objectives and strategies of the Fund may contemplate.
47. A Fund's investment in shares of the Underlying Fund is not for the purpose of distributing the Underlying Fund to the Canadian public. The investments by a Fund in an Underlying Fund are proposed not to allow the Underlying Fund to be indirectly distributed in Canada, but to allow a Fund to achieve its investment objective by investing, to a very limited extent, in professionally managed lower-cost mutual funds, where the investment style and approach is known to the manager of the Fund.
48. An investment by a Fund in shares of each Underlying Fund will represent the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Fund.
49. In the absence of the Exemption Sought the investment restriction in:
 - (a) paragraph 2.5(2)(a) of NI 81-102 would prohibit a Fund that is a mutual fund but not an alternative mutual fund from purchasing and/or holding shares of an Underlying Fund because the Underlying Fund is not subject to NI 81-102;
 - (b) paragraph 2.5(2)(a.1) of NI 81-102 would prohibit a Fund that is an alternative mutual fund or a non-redeemable investment fund from purchasing and/or holding shares of an Underlying Fund because the Underlying Fund is not subject to NI 81-102; and
 - (c) paragraph 2.5(2)(c) of NI 81-102 would prohibit a Fund from purchasing and/or holding shares of an Underlying Fund because the Underlying Fund is not a reporting issuer in a Canadian Jurisdiction.

IV. 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 the Exemption Sought is granted, provided that:

- (a) the Underlying UCITS Funds qualify as UCITS and are managed in accordance with the UCITS Regulations, which subject the Underlying UCITS Funds to investment restrictions and practices that are substantially similar to those that govern the Funds;
- (b) the Underlying Guernsey Funds are registered closed-end investment companies and are managed in accordance with the Guernsey Regulations, which subject the Underlying Guernsey Funds to investment restrictions and practices that are generally similar to those that govern the Funds;
- (c) the investment of by a Fund in an Underlying Fund otherwise complies with section 2.5 of NI 81-102, and the prospectus or a simplified prospectus, as applicable, of the Fund provides, or will provide, all applicable disclosure mandated for investment funds investing in other investment funds;
- (d) a Fund does not invest in an Underlying Fund if, immediately after the investment, more than 10% of its net assets, taken at market value at the time of the investment, would consist of investments in Underlying Funds;
- (e) in the event that there is a change to the regulatory regime applicable to the Underlying Funds that results in a less restrictive regulatory regime compared to the current regime and that has a material impact on the management or operation of the Underlying Funds in which the Funds are invested, the Funds do not acquire additional shares of such Underlying Funds, and dispose of any shares of such Underlying Funds in an orderly and prudent manner; and
- (f) the Exemption Sought will terminate six months after the coming into force of any amendments to NI 81-102 that would permit a Fund to invest in the Underlying Funds subject to the provisions of such amendments.

“Darren McKall”

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

Application #: 2020/0417

Sedar Nos. 3095810, 3095814, 3095818, 3095820, 3095822, 3095823, 3095824, 3095826,
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