

September 25, 2024

**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.  
(THE FILER)**

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of each of the Existing Funds (as defined below) and such other mutual funds as are managed or may be managed by the Filer, or an affiliate of the Filer, now or in the future that offer ETF Securities (as defined below) either alone or along with Mutual Fund Securities (as defined below) (collectively, the **Future Funds** and together with the Existing Funds, the **Funds**, and each, a **Fund**), for a decision under the securities legislation of the Jurisdiction (the **Legislation**) granting exemptive relief that:

- (a) revokes and replaces the Previous Decision (as defined below) (the **Revocation Relief**);
- (b) exempts the Filer, an affiliate of the Filer, and each Fund from the requirement in subsection 3.1(2) of National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) to prepare and file a long form prospectus for the ETF Securities in the form prescribed by Form 41-101F2 *Information Required in an Investment Fund Prospectus* (the **Form 41-101F2**) provided that the Filer files (i) a prospectus for the ETF Securities in accordance with the provisions of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**), other than the requirements pertaining to the filing of a fund facts document; and (ii) an ETF facts document in accordance with Part 3B of NI 41-101 (the **ETF Prospectus Form Relief**); and
- (c) permits the Filer, an affiliate of the Filer, and each Fund that offers both ETF Securities and Mutual Fund Securities to treat the ETF Securities and the Mutual Fund Securities as if such securities were separate funds in connection with their compliance with the provisions of Parts 9, 10 and 14 of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Sales and Redemptions Relief** and collectively with the Revocation Relief and the ETF Prospectus Form Relief, 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 this application;
- (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 upon in all of the provinces and territories of Canada other than the Jurisdiction (together with Ontario, the **Jurisdictions**).

## **Interpretation**

Terms defined in National Instrument 14-101 *Definitions*, NI 41-101 or in NI 81-102 have the same meaning if used in this decision unless otherwise defined herein, and capitalized terms used herein have the meaning ascribed thereto below.

**Affiliate Dealer** means a registered dealer that is an affiliate of an Authorized Dealer or Designated Broker and that participates in the re-sale of Creation Units (as defined below) from time to time.

**Authorized Dealer** means a registered dealer that has entered, or intends to enter, into an agreement with the manager of a Fund authorizing the dealer to subscribe for, purchase and redeem Creation Units from one or more Funds on a continuous basis from time to time.

**Basket of Securities** means, in relation to the ETF Securities of a Fund, a group of some or all of the constituent securities of the Fund, a group of securities or assets representing the constituents of the Fund, or a group of securities selected by the portfolio manager or sub-advisor, as applicable, from time to time.

**Designated Broker** means a registered dealer that has entered, or intends to enter, into an agreement with the Filer or an affiliate of the Filer on behalf of a Fund to perform certain duties in relation to the ETF Securities of the Fund, including the posting of a liquid two-way market for the trading of the Fund's ETF Securities on an Exchange or another Marketplace.

**ETF Facts** means an ETF facts document prepared in accordance with Part 3B of NI 41-101.

**ETF Securities** means securities of an exchange-traded Fund or of an exchange-traded series of a Fund that are listed or will be listed on an Exchange or another Marketplace and that will be distributed pursuant to a simplified prospectus prepared in accordance with NI 81-101 and Form 81-101F1.

**Exchange** means the Toronto Stock Exchange or Cboe Canada Inc., as applicable.

**Existing ETFs** means Apple (AAPL) Yield Shares Purpose ETF, Amazon (AMZN) Yield Shares Purpose ETF, Tesla (TSLA) Yield Shares Purpose ETF, Berkshire Hathaway (BRK) Yield Shares Purpose ETF, Alphabet (GOOGL) Yield Shares Purpose ETF, Microsoft (MSFT) Yield Shares Purpose ETF and NVIDIA (NVDA) Yield Shares Purpose ETF.

**Existing ETF Series Mutual Funds** means the mutual funds managed by the Filer that are distributed pursuant to a simplified prospectus dated October 13, 2023, as amended.

**Existing Funds** means the Existing ETFs and the Existing ETF Series Mutual Funds.

**Form 81-101F1** means Form 81-101F1 *Contents of Simplified Prospectus*.

**Fund Facts** means a prescribed summary disclosure document required pursuant to NI 81-101 in respect of one or more classes or series of Mutual Fund Securities being distributed under a prospectus.

**Marketplace** means a “marketplace” as defined in National Instrument 21-101 *Marketplace Operation* that is located in Canada.

**Mutual Fund Securities** means securities of a non-exchange-traded series of a Fund that are or will be distributed pursuant to a simplified prospectus prepared in accordance with NI 81-101 and Form 81-101F1.

**Prescribed Number of ETF Securities** means, in relation to a Fund, the number of ETF Securities of the Fund determined by the Filer from time to time for the purpose of subscription, orders, exchanges, redemptions or for other purposes.

**Securityholders** means beneficial or registered holders of ETF Securities or Mutual Fund Securities of a Fund, as applicable.

## **Representations**

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

### ***The Filer***

1. The Filer is a corporation amalgamated under the laws of the Province of Ontario with its head office located in Toronto, Ontario.
2. The Filer currently is registered under the securities legislation in: (a) Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec and Saskatchewan in the categories of investment fund manager and exempt market dealer; (b) British Columbia, Ontario and Québec in the category of portfolio manager; and Ontario as a commodity trading manager.
3. The Filer, or an affiliate of the Filer, is, or will be, the investment fund manager of each of the Funds.
4. The Filer is not in default of securities legislation in any of the Jurisdictions.

### ***The Funds***

5. Each Fund is, or will be, an open-ended mutual fund established as either a trust or a class of shares of a mutual fund corporation under the laws of a Jurisdiction. Each Fund is, or will be, a reporting issuer in the Jurisdictions in which its securities are distributed. Each Fund that relies on the Exemption Sought will offer ETF Securities either alone or along with Mutual Fund Securities.

6. Subject to any exemptions therefrom that have been, or may be, granted by the applicable securities regulatory authorities, each Fund is, or will be, subject to NI 81-102 and Securityholders will have the right to vote at a meeting of Securityholders in respect of matters prescribed by NI 81- 102.
7. The Existing ETFs are distributed pursuant to a long form prospectus dated November 28, 2023, as amended, in the form prescribed by Form 41-101F2. Each of the Existing ETFs currently offers ETF Securities listed on an Exchange.
8. Pursuant to the terms of the Previous Decision (as defined below), the Existing ETF Series Mutual Funds are distributed pursuant to a simplified prospectus dated October 13, 2023, as amended (the **Simplified Prospectus**). Each Existing ETF Series Mutual Fund currently offers ETF Securities listed on an Exchange, as well as Mutual Fund Securities.
9. If the Exemption Sought is granted, it is expected that when the Simplified Prospectus is renewed in 2024, the Filer will file a pro forma simplified prospectus in the form prescribed by Form 81-101F1, in respect of the Existing Funds, pursuant to which it will continue to offer ETF Securities of the Existing Funds. Fund Facts documents in the form prescribed by Form 81-101F3 *Contents of Fund Facts Document* (the **Form 81-101F3**) for each series of Mutual Fund Securities of the Existing Funds and ETF Facts documents in the form prescribed by Form 41-101F4 *Information Required in an ETF Facts Document* (**Form 41-101F4**) for each series of ETF Securities of the Existing Funds will also be filed.
10. The Filer has applied, or will apply, to list any ETF Securities of each of the Funds that relies on the Exemption Sought on an Exchange or another Marketplace. In the case of a Future Fund, the Filer will not file a final or amended simplified prospectus for any of the Funds in respect of the ETF Securities until an Exchange or other applicable Marketplace has conditionally approved the listing of the ETF Securities.
11. The Existing Funds are not in default of securities legislation in any of the Jurisdictions.
12. Mutual Fund Securities may be subscribed for or purchased directly from a Fund through appropriately registered dealers.
13. ETF Securities will be distributed on a continuous basis in one or more of the Jurisdictions under a simplified prospectus. ETF Securities may generally only be subscribed for or purchased directly from the Funds (**Creation Units**) by Authorized Dealers or Designated Brokers. Generally, subscriptions or purchases may only be placed for a Prescribed Number of ETF Securities (or a multiple thereof) on any day when there is a trading session on an Exchange or other Marketplace. Authorized Dealers or Designated Brokers subscribe for Creation Units for the purpose of facilitating investor purchases of ETF Securities on an Exchange or another Marketplace.
14. In addition to subscribing for and reselling their Creation Units, Authorized Dealers, Designated Brokers and Affiliate Dealers will also generally be engaged in purchasing and selling ETF Securities of the same class or series as the Creation Units in the secondary market.
15. Except for Authorized Dealer and Designated Broker subscriptions for Creation Units, as described above, ETF Securities generally will not be able to be purchased directly from a

Fund. Investors are generally expected to purchase and sell ETF Securities, directly or indirectly, through dealers executing trades through the facilities of an Exchange or another Marketplace. ETF Securities may also be issued directly to Securityholders upon a reinvestment of distributions of income or capital gains.

16. Securityholders that are not Designated Brokers or Authorized Dealers that wish to dispose of their ETF Securities may generally do so by selling their ETF Securities on an Exchange or other Marketplace, through a registered dealer, subject only to customary brokerage commissions. A Securityholder that holds a Prescribed Number of ETF Securities or multiple thereof may exchange such ETF Securities for Baskets of Securities and/or cash, securities other than Baskets of Securities and/or cash, or cash only, at the discretion of the Filer or an affiliate. Securityholders may also redeem ETF Securities for cash at a redemption price equal to 95% of the net asset value of the ETF Securities on the date of redemption.

### *The Previous Decision*

17. In a previous decision dated August 2, 2013 (the **Previous Decision**), the Existing ETF Series Mutual Funds and such other mutual funds as are managed or may be managed by the Filer now or in the future that offer ETF Securities and Mutual Fund Securities were granted relief similar to the ETF Prospectus Form Relief and the Sales and Redemptions Relief in order to allow ETF Securities of such funds to be offered under a simplified prospectus in the form prescribed by Form 81-101F1.
18. The Previous Decision applies to funds that offer both ETF Securities and Mutual Fund Securities while the Exemption Sought would apply to Funds that offer ETF Securities either alone or along with Mutual Fund Securities. Accordingly, the Filer wishes to revoke and replace the Previous Decision with this decision to allow the Filer to offer Funds that offer ETF Securities alone (i.e. without Mutual Fund Securities) under the same prospectus as Funds that offer Mutual Fund Securities either alone or along with ETF Securities.

### *ETF Prospectus Form Relief*

19. The Filer believes it is more efficient and expedient to include all classes or series of Mutual Fund Securities and ETF Securities (as applicable), in one prospectus form instead of two different prospectus forms and that this presentation will assist in providing full, true and plain disclosure of all material facts relating to the securities of the Funds by permitting disclosure relating to all classes or series of securities to be included in one prospectus.
20. The Filer or an affiliate will file ETF Facts in the form prescribed by Form 41-101F4 in respect of each class or series of ETF Securities, and will file Fund Facts in the form prescribed by Form 81-101F3 in respect of each class or series of Mutual Fund Securities.
21. The Filer or an affiliate will ensure that any additional disclosure included in the simplified prospectus of the Funds relating to the ETF Securities will not interfere with an investor's ability to differentiate between the Mutual Fund Securities and the ETF Securities and their respective attributes.
22. The Funds will comply with the provisions of NI 81-101 when filing any prospectus or amendment thereto.

23. The Funds will comply with Part 3B of NI 41-101 when preparing and filing ETF Facts for the ETF Securities of the Funds.

***Sales and Redemption Relief***

24. Parts 9, 10 and 14 of NI 81-102 do not contemplate both Mutual Fund Securities and ETF Securities being offered in a single fund structure. Accordingly, without the Sales and Redemption Relief, the Filer or an affiliate and each Fund that offers both ETF Securities and Mutual Fund Securities would not be able to technically comply with those parts of NI 81-102.
25. The Sales and Redemptions Relief will permit the Filer or an affiliate and each Fund that offers both ETF Securities and Mutual Fund Securities to treat the ETF Securities and the Mutual Fund Securities as if such securities were separate funds in connection with their compliance with Parts 9, 10 and 14 of NI 81-102. The Exemption Sought will enable each of the ETF Securities and Mutual Fund Securities to comply with Parts 9, 10 and 14 of NI 81-102, as appropriate, for the type of security being offered.

**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:

1. in respect of the ETF Prospectus Form Relief, the Filer or an affiliate complies with the following conditions;
  - (i) the Filer, or an affiliate of the Filer, files a simplified prospectus in respect of the ETF Securities in accordance with the requirements of NI 81-101 and Form 81-101F1, other than the requirements pertaining to the filing of a fund facts document;
  - (ii) the Filer, or an affiliate of the Filer, includes disclosure required pursuant to Form 41-101F2 (that is not contemplated by Form 81-101F1) in respect of the ETF Securities in each Fund's simplified prospectus; and
  - (iii) the Filer, or an affiliate of the Filer, includes disclosure regarding this decision under the heading "Additional Information" in each Fund's simplified prospectus; and
2. in respect of the Sales and Redemptions Relief, the Filer, or an affiliate of the Filer, and each Fund comply with the following conditions:
  - (i) with respect to its Mutual Fund Securities, each Fund complies with the provisions of Parts 9, 10 and 14 of NI 81-102 that apply to mutual funds that are not exchange-traded mutual funds; and
  - (ii) with respect to its ETF Securities, each Fund complies with the provisions of Parts 9 and 10 of NI 81-102 that apply to exchange-traded mutual funds.

***“Darren McKall”***

---

Darren McKall  
Manager, Investment Management Division  
Ontario Securities Commission

Application #2024/0538  
SEDAR+ Project #6183751