

October 6, 2025

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

I. BACKGROUND

The principal regulator in the Jurisdiction has received an application from the Filer in respect of existing and future investment funds that are or will be managed by the Filer or an affiliate of the Filer (the **Funds**), for a decision under the securities legislation of the principal regulator (the **Legislation**) exempting each Fund from the following provisions of National Instrument 81-102 *Investment Funds (NI 81-102)* in order to permit the Funds to invest in securities of existing and future exchange-traded funds (**ETFs**) that are not index participation units (**IPUs**) and whose securities are, or will be, listed for trading on a stock exchange in the United States (the **Underlying ETFs**):

- (a) paragraphs 2.5(2)(a) and (a.1) to permit each Fund to purchase and/or hold securities of an Underlying ETF even though the Underlying ETF is not subject to NI 81-102; and
- (b) paragraph 2.5(2)(c) to permit each Fund to purchase and/or hold securities of an Underlying ETF even though the Underlying ETF is not a reporting issuer in any province or territory of Canada

(collectively, 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, 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 upon in each of the other provinces and territories of Canada (together with Ontario, the **Canadian Jurisdictions**).

II. INTERPRETATION

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 81-102 have the same meanings if used in this decision, unless otherwise defined.

III. 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 in Toronto, Ontario.
2. The Filer is registered as (a) an exempt market dealer in each of the provinces of Canada, (b) a portfolio manager in Alberta, British Columbia, Newfoundland and Labrador, Ontario and Québec, (c) an investment fund manager in each of the provinces of Canada, and (d) a commodity trading manager in Ontario.
3. The Filer or an affiliate of the Filer acts, or will act, as investment fund manager of each Fund.
4. The Filer is not in default of securities legislation in any of the Canadian Jurisdictions.

The Funds

5. Each Fund is, or will be, an open-ended mutual fund established either as a trust or a class of shares of a mutual fund corporation under the laws of a Jurisdiction.
6. The securities of each of the Funds are, or will be, qualified for distribution pursuant to one or more prospectuses or simplified prospectuses, as the same may be amended from time to time.
7. Each Fund is, or will be, governed by the applicable provisions of NI 81-102, subject to any exemptions therefrom that have been, or may in the future be, granted by the securities regulatory authorities.
8. Each Fund is, or will be, a reporting issuer in one or more Canadian Jurisdictions.
9. Each Fund is, or will be, subject to National Instrument 81-107 *Independent Review Committee for Investment Funds*.
10. Each existing Fund is not in default of applicable securities legislation in any Canadian Jurisdiction.
11. The Funds may, from time to time, wish to invest in Underlying ETFs.

The Underlying ETFs

12. Each Underlying ETF is, or will be a publicly distributed “investment company” subject to the *Investment Company Act of 1940* (the **Investment Company Act**) in the United States.
13. Each Underlying ETF is or will also be considered a “mutual fund” under the Legislation.
14. Securities of each Underlying ETF will be distributed pursuant to a prospectus and related documents filed with the United States Securities Exchange Commission pursuant to the *Securities Act of 1933* and the requirements of other applicable laws of the United States.
15. The securities of an Underlying ETF are, or will be, listed on an exchange that is a “national stock exchange” as defined in the *Securities Exchange Act of 1934* (a **Recognized Exchange**) in the United States and the market for them is, or will be, liquid because it is, or will be, supported by designated brokers. As a result, the Filer expects a Fund to be able to dispose of such securities

through market facilities in order to raise cash, including to fund the redemption requests of its securityholders.

16. The securities of an Underlying ETF will not meet the definition of an IPU in NI 81-102 because the purpose of the Underlying ETF will not be to:
- (a) hold the securities that are included in a specified widely quoted market index in substantially the same proportion as those securities are reflected in that index; or
 - (b) invest in a manner that causes the Underlying ETF to replicate the performance of that index.

Necessity for the Exemption Sought

17. None of the Underlying ETFs are, or will be, reporting issuers in a Jurisdiction, and are not or will not be subject to NI 81-102, or seek to comply with NI 81-102.
18. Absent the Exemption Sought, an investment by a Fund in an Underlying ETF would:
- (a) be prohibited by paragraphs 2.5(2)(a) or (a.1) of NI 81-102, as applicable, because such Underlying ETF will not be subject to NI 81-102;
 - (b) be prohibited by paragraph 2.5(2)(c) of NI 81-102 because such Underlying ETF will not be a reporting issuer in any Canadian Jurisdiction; and
 - (c) not qualify for the exception in paragraph 2.5(3)(a) of NI 81-102 because the securities of the Underlying ETF are not IPUs.

Reasons for Investment in the Underlying ETFs

19. The key benefits of a Fund investing in the Underlying ETFs are greater choices, improved portfolio diversification and potentially enhanced returns. For example:
- (a) an investment in the Underlying ETFs will provide the Funds with access to specialized knowledge, expertise and/or analytical resources of the investment adviser and/or portfolio manager to the Underlying ETFs;
 - (b) the Underlying ETFs provide a potentially better risk profile, diversification and improved liquidity/tradability than direct holdings of asset classes to which the Underlying ETFs provide exposure; and
 - (c) the investment strategies of the Underlying ETFs offer significantly broader exposure to asset classes, sectors and markets than those available in the existing Canadian exchange-traded fund market.
20. The Filer submits that having the option to allocate a limited portion of each Fund's assets to Underlying ETFs will increase diversification opportunities and may improve a Fund's overall risk/reward profile.
21. An investment in an Underlying ETF by a Fund is an efficient and cost-effective alternative to obtaining exposure to securities held by the Underlying ETF rather than purchasing those securities directly by the Fund.

22. An investment in an Underlying ETF by a Fund should pose limited investment risk to the Fund because each Underlying ETF will be subject to the Investment Company Act, subject to any exemption therefrom that is or may in the future be granted by the applicable securities regulatory authorities.

Generally

23. An investment in an Underlying ETF by a Fund will otherwise comply with section 2.5 of NI 81-102, including that:
- (a) no Underlying ETF will hold more than 10% of its net asset value (**NAV**) in securities of another investment fund unless the Underlying ETF (a) is a clone fund, as defined in NI 81-102, or (b) in accordance with NI 81-102, purchases or holds securities (i) of a money market fund, as defined in NI 81-102, or (ii) that are IPUs issued by an investment fund; and
 - (b) no Fund will pay management or incentive fees which to a reasonable person would duplicate a fee payable by an Underlying ETF for the same service.
24. An investment by a Fund in an Underlying ETF will represent the business judgment of responsible persons uninfluenced by considerations other than the best interest of the Fund.

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 investment by a Fund in securities of an Underlying ETF is in accordance with the investment objective of the Fund;
- (b) a Fund does not purchase securities of an Underlying ETF if, immediately after the purchase, more than 10% of the NAV of the Fund, in aggregate, taken at market value at the time of the purchase, would consist of securities of Underlying ETFs;
- (c) securities of each Underlying ETF are listed on a Recognized Exchange in the United States;
- (d) each Underlying ETF is, immediately before the purchase by a Fund of securities of that Underlying ETF, an investment company subject to the Investment Company Act in good standing with the United States Securities and Exchange Commission; and

- (e) the prospectus of each Fund discloses, or will disclose in the next renewal of its prospectus following the date of this decision, in the investment strategy section, the fact that the Fund has obtained the Exemption Sought to permit investments in Underlying ETFs on the terms described in this decision.

“Darren McKall”

Darren McKall
Associate Vice President, Investment Management Division

ONTARIO SECURITIES COMMISSION

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