

# Purpose

INVESTMENTS

August 8, 2025

## VIA SEDAR+

Ontario Securities Commission  
20 Queen Street West , 22<sup>nd</sup> Floor  
Toronto, Ontario M5H 3S8

Dear Sirs/Mesdames:

**Re: Purpose Investments Inc.**

**Application for relief under Section 3.2 of National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions (NP 11-203) for a decision pursuant to section 19.1 of National Instrument 81-102 – Investment Funds (NI 81-102) (this Application)**

### A. INTRODUCTION

Purpose Investments Inc. (the **Filer**), on behalf of each of the existing and future mutual funds governed by the provisions of NI 81-102 for which the Filer or an affiliate of the Filer is, or in the future will be, the investment fund manager (each, a **Fund**, and collectively, the **Funds**), hereby applies for a decision seeking discretionary relief pursuant to section 19.1 of NI 81-102 from paragraphs 2.5(2)(a), 2.5(2)(a.1) and 2.5(2)(c) of NI 81-102 to permit each Fund to invest up to 10 percent of its net assets, taken at market value at the time of the investment, in aggregate, in securities of existing and future exchange traded funds (**ETFs**) that are not “index participation units” as defined in NI 81-102 and whose securities are, or will be, listed for trading on a stock exchange in the United States (each, an **Underlying ETF** and together, the **Underlying ETFs**) (the **Exemption Sought**).

### B. PRINCIPAL REGULATOR

In accordance with Part 4 of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) and section 3.6 of NP 11-203, the Ontario Securities Commission (the **OSC**) is the principal regulator for the purposes of the Application, as the head office of the Filer is located in Toronto, Ontario.

We hereby provide notice that, pursuant to subsection 4.7(1) of MI 11-102, the Filer and the Funds intend to rely on any decision from the OSC in each of the other provinces and territories of Canada (all provinces and territories of Canada referred to herein collectively as the **Jurisdictions**).

### C. DEFINITIONS

Defined terms contained in NI 81-102, National Instrument 14-101 *Definitions*, and MI 11-102 have the same meaning in this decision unless otherwise defined.

### D. REPRESENTATIONS

#### *The Filer*

1. The Filer is a corporation amalgamated under the laws of the Province of Ontario, with its registered head office located 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 the investment fund manager of a Fund.
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 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 under the laws of the Jurisdictions.
9. Each Fund is, or will be, subject to National Instrument 81-107 *Independent Review Committee for Investment Funds*.
10. The Funds may, from time to time, wish to invest in Underlying ETFs.
11. No existing Fund is in default of the securities legislation in any of the Jurisdictions.

#### *The Underlying ETFs*

12. Each Underlying ETF is, or will be, a publicly offered mutual fund subject to the United States *Investment Company Act of 1940* (the **Investment Company Act**).
13. The securities of an Underlying ETF are, or will be, listed on 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.
14. 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.
15. 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 in securities of another investment fund unless the Underlying ETF is (i) a clone fund, as defined in NI 81-102, or (ii) 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.

## **E. SUBMISSIONS**

### *Necessity for the Exemption Sought*

- 16. 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.
- 17. Absent the Exemption Sought, an investment by a Fund in an Underlying ETF would:
  - (a) be prohibited by paragraphs 2.5(2)(a) and 2.5(2)(a.1) of NI 81-102, as applicable, because such Underlying ETF may not be subject to NI 81-102;
  - (b) be prohibited by paragraph 2.5(2)(c) of NI 81-102 because such Underlying ETF may 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 IPU's.

### *Rationale for Investment in the Underlying ETFs*

- 18. 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 an Underlying ETF will provide the Fund with access to specialized knowledge, expertise and/or analytical resources of the investment adviser and/or manager to the Underlying ETF;
  - (b) investing through an Underlying ETF provides a potentially better risk profile, diversification and improved liquidity/tradability than direct holding of asset classes to which the Underlying ETF provides 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.
- 19. 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.
- 20. 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.
- 21. 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.
- 22. An investment in an Underlying ETF by a Fund will represent the business judgment of responsible persons uninfluenced by considerations other than the best interest of the Fund.

*Similar Decisions*

23. Relief similar to the Exemption Sought has been granted in the past. Please see, among others, *BMO Asset Management Inc. and BMO AAA CLO ETF* (June 4, 2025), *Harvest Portfolios Group Inc. and Harvest Bitcoin Leaders Enhanced Income ETF* (April 23, 2025), *Yorkville Asset Management Inc.* (March 14, 2025), and *Ninepoint Partners LP* (January 17, 2025).

**F. ENCLOSURES**

In support of this Application, we have enclosed the following:

- (a) a draft copy of a decision document evidencing the Exemption Sought; and
- (b) a verification statement signed by an authorized signatory of the Filer authorizing the making of this application and verifying the trust of the facts contained herein.

The applicable filing fee has been paid.

Please do not hesitate to contact John Stanley at (647) 542-6048 if you have any questions or require further information.

Yours very truly,

*(signed) "Purpose Investments Inc."*

**PURPOSE INVESTMENTS INC.**

cc: Munier Saloojee, Fasken Martineau DuMoulin LLP