

THE SECURITIES ACT) Order No. 5773
)
Section 5.5 of)
National Instrument 81-102) September 12, 2008

ENSIS GROWTH FUND INC.

WHEREAS:

(A) The Manitoba Securities Commission (the "**Decision Maker**") has received an application from ENSIS Growth Fund Inc. ("**ENSIS**") for:

(a) approval under Section 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* ("**NI 81-102**") of a proposed merger of ENSIS into GrowthWorks Canadian Fund Ltd. ("**GWCF**") (the "**Merger**"), (the "**Merger Approval**") and

(b) approval pursuant to Section 5.5(1)(d) of NI 81-102 of ENSIS suspending the rights of its security holders to request redemptions of their Class A shares during a short data transfer and records update transition period prior to the completion of the Merger (the "**Redemption Suspension**");

(the Merger Approval and Redemption Suspension being collectively the "**Requested Relief**");

(B) This decision is based on the following facts represented by ENSIS and GWCF:

GrowthWorks Canadian Fund Ltd.

1. GWCF was incorporated under the *Canada Business Corporations Act*.
2. GWCF is a registered labour-sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario) and is a registered labour-sponsored venture capital corporation under the *Income Tax Act* (Canada). GWCF is an approved fund under the *Labour-sponsored Venture Capital Corporations Act* (Saskatchewan). GWCF's investing activities are governed by such legislation (the "**LSIF Legislation**").
3. GWCF primarily invests in small and medium sized businesses with the objective of obtaining long term capital appreciation and must make "eligible investments" in "eligible businesses" as prescribed under the LSIF Legislation.
4. The labour sponsor of GWCF is the Canadian Federation of Labour.
5. The authorized capital of GWCF is as follows:

(a) an unlimited number of Class A shares issuable in series, which are widely held, of which there are currently 19 series created and 14 series offered under GWCF's current prospectus;

(b) 1,000 Class B Shares which are held by the sponsor of GWCF; and

(c) an unlimited number of Class C shares issuable in series, of which there is one issued series designated as "IPA shares" held by the manager of GWCF to provide for a "participating" or "carried" interest in the venture investments of GWCF.

6. GrowthWorks WV Management Ltd. (the "**Manager**") is the manager of GWCF under a management contract. The Manager is part of the GrowthWorks group of companies and is a wholly-owned subsidiary of GrowthWorks Ltd. ("**GWL**"). Affiliates of GWL manage several labour-sponsored venture capital corporations ("**LSVCCs**") across Canada, including ENSIS, with a total of approximately \$830 million in net assets.

7. GWCF's shares are not listed on an exchange. GWCF currently offers 14 series of its Class A shares: Venture/Balanced Commission I and II, Venture/Growth Commission I and II, Venture/Income Commission I and II, Venture/Financial Services Commission I and II, Venture/Resource Commission I and II, Venture/Diversified Commission I and II and Venture/GIC Commission I and II under a prospectus dated November 7, 2007, as amended (the "**GWCF Prospectus**").

8. As of May 31, 2008, GWCF had approximately \$333 million in net assets (based on Pricing NAV).

9. The net asset value of GWCF Class A Shares is calculated at least weekly.

10. GWCF has complied with Part 11 of National Instrument 81-106 *Investment Fund Continuous Disclosure* ("**NI 81-106**") in connection with the proposed Merger.

ENSIS Growth Fund Inc.

11. ENSIS was incorporated under *The Corporations Act* (Manitoba).

12. ENSIS is a registered labour-sponsored venture capital corporation under *The Labour-Sponsored Venture Capital Corporations Act* (Manitoba) (the "**Manitoba Act**"). ENSIS' investing activities are governed by the Manitoba Act.

13. ENSIS primarily invests in small and medium sized businesses operating in Manitoba with the objective of obtaining long term capital appreciation and must make "eligible investments" in "eligible business entities" as prescribed under the Manitoba Act.

14. The labour sponsor of ENSIS is the Association of Canadian Financial Officers (formerly the Association of Public Service Financial Administrators).

15. The authorized capital of ENSIS is as follows:

- (a) unlimited number of Class A Shares, which have been offered only in Manitoba and are widely held;
- (b) unlimited number of Class B Shares, of which 1,000 are issued and held by the sponsor of ENSIS;
- (c) an unlimited number of Class C Shares, issuable in series, of which none are issued;
- (d) an unlimited number of Class D Shares, issuable in series, of which none are issued;
- (e) an unlimited number of Class E Shares, issuable in series, of which none are issued;
- (f) an unlimited number of Class S Shares, issuable in series, of which none are issued; and
- (g) one Class G Share issuable only to the Province of Manitoba, of which one is issued and held by the Province of Manitoba (it is expected that this share will be redeemed prior to closing of the Merger).

16. ENSIS Management Inc. ("EMI") is the manager of ENSIS under a management contract.

17. ENSIS offers Class A Shares under a prospectus dated December 21, 2007, as amended (the "**ENSIS Prospectus**").

18. As of March 31, 2008, ENSIS had approximately \$93.4 million in net assets (based on Pricing NAV).

19. The net asset value of ENSIS is calculated at least weekly.

20. ENSIS has complied with Part 11 of NI 81-106 in connection with the proposed Merger.

The Merger

21. On July 2, 2008, GWCF and ENSIS announced that they had entered into a Merger Agreement (the "**Merger Agreement**") that sets out the terms and conditions of the Merger of ENSIS into GWCF. Under the Merger Agreement, the Merger is subject to approval by the shareholders of ENSIS, as well as applicable regulatory approvals.

22. Shareholders of GWCF approved the Merger at GWCF's annual general meeting of shareholders held on December 6, 2007.

23. Class A shareholders of ENSIS approved the Merger at ENSIS' annual general meeting of shareholders held on July 24, 2008 (the "**ENSIS Shareholder Meeting**"). In connection with the ENSIS Shareholder Meeting, shareholders of ENSIS were sent an information circular (the "**Circular**") which contained details of the proposed Merger, including the income tax considerations associated with the Merger.

24. The Merger Agreement provides that the Merger is subject to a number of conditions, including the implementation of changes to the Manitoba Act and the regulations thereunder (the "**Regulations**") that would allow GWCF to become a registered LSVCC under that Act and would provide for a fair transition of ENSIS' investment pacing obligations to GWCF. Changes to the Manitoba Act have been implemented. If the changes to the Regulations are implemented and the necessary approvals are obtained it is expected the effective date of the Merger would be prior to ENSIS' October 31, 2008 year-end (the "**Effective Date**").

25. The Board of Directors of ENSIS appointed a special committee of independent directors (the "**Special Committee**") to review, consider and make recommendations to the board of ENSIS with respect to the proposed Merger.

26. The Board of Directors of GWCF authorized the Independent Review Committee of GWCF to review, consider and make a recommendation to the board of GWCF with respect to the proposed Merger.

27. The Merger will be subject to the completion of a valuation review by KPMG LLP (the "**Valuation Expert**") of each Fund's venture investments as contemplated in the engagement letter signed by the Funds and KPMG LLP dated May 7, 2008 and the satisfaction of each Fund with the report summarizing the results of the review. A preliminary report has been completed and will be updated as of the Effective Date.

28. The Merger will be completed pursuant to the Merger Agreement between the Funds and the plan (the "**Merger Plan**") attached thereto and will be effected by the following steps:

(a) GWCF will purchase the net assets (including unamortized deferred sales commissions) of ENSIS in exchange for shares of a newly created series of Class A shares of GWCF (the "**Merger Shares**"); and

(b) ENSIS will redeem all of its own issued Class A shares through an automatic redemption procedure in exchange for transferring Merger Shares to its shareholders.

The end result of these steps is that the net assets of ENSIS will be held by GWCF and shareholders of ENSIS will become shareholders of GWCF.

ENSIS will retain sufficient assets to pay its liabilities, if any, as of the Effective Date. With no public shareholders and no assets or liabilities, ENSIS will be dissolved or wound-up as soon as reasonably possible following the Effective Date.

GWCF will not generally assume the liabilities of ENSIS in connection with the Merger. The directors and officers of ENSIS will have indemnity agreements from ENSIS as at the effective date of the Merger. ENSIS' obligations under those indemnity agreements will be assumed by GWCF provided however that:

(i) there will be no recourse against GWCF under any such indemnity unless and until the person claiming under the indemnity has first exhausted his or her recourse to any available directors' and officers' liability insurance; and

(ii) recourse against GWCF under all such indemnities will be strictly limited, in aggregate, to the value of the net assets of GWCF attributable to the books and records of GWCF to the Merger Shares, except for claims in respect of losses caused by breaches by GWCF of its covenants or representations under the Merger Agreement or misrepresentations by GWCF in Schedule C or D to the Circular which shall be dealt with in accordance with Article 7 to the Merger Plan.

The Merger Agreement also contains a mechanism for allocating undisclosed or unknown liabilities that relate to the business activities of the Funds prior to the Effective Date and arise within two years of the Effective Date. ENSIS will also secure run-off directors' and officers' liability insurance in an amount of \$35,000,000 extending for a period of at least six years after the effective date of the Merger, 50% of the cost of which, to a maximum contribution of \$300,000, will be borne by the Manager of GWCF, and the balance of which shall be paid by GWCF and charges as an expense against the NAV of the Merger Shares.

29. For a moment in time immediately after GWCF purchases the net assets of ENSIS in exchange for the Merger Shares of GWCF, ENSIS will have 100% of its portfolio invested in shares of GWCF and ENSIS will own greater than 10% of the outstanding Class A Shares of GWCF.

30. The Merger will not be a "qualifying transaction" within the meaning of Section 132.2 of the Tax Act. Therefore, the distribution of Merger Shares of GWCF on the redemption of Class A shares of ENSIS will be a taxable event resulting in a capital gain or capital loss to the shareholders of ENSIS depending on each shareholder's adjusted cost base of the shares. However, approximately 95% of the Class A shares of ENSIS are held in registered retirement savings plans not subject to tax. Moreover, based on historical selling prices and the current value of ENSIS' Class A shares, it's anticipated that fewer than 8% of the outstanding shares of ENSIS will generate a capital gain as a result of the Merger. As a result, it's estimated that fewer than 0.5% of shareholders will be required to pay income tax as a result of the Merger.

31. The last pricing date for Class A Shares of ENSIS before the Merger will be between 5 and 15 business days before the Effective Date of the Merger. If the conditions to the Merger are satisfied or waived by the Funds, the Class A Shares of ENSIS will go off-sale and off-redemption as at the close of business on the Friday 10 to 15 business days prior to the Effective Date of the Merger (expected to be a Friday) while back office data transfers/conversions from existing service providers take place and the Merger transaction is completed and reported out to dealer back-offices. Shareholder approval for going off-redemption temporarily during this short transition period will be sought at the ENSIS shareholder meeting at which shareholder approval of the Merger transaction is sought. Post-Merger, the Merger Shares will be redeemable on similar terms to those that apply to ENSIS Class A shares now.

32. Shareholders of ENSIS were entitled to exercise dissent rights pursuant to and in the manner set forth in Section 184 of *The Corporations Act* (Manitoba) with respect to the resolution approving the sale of all or substantially all of the assets of ENSIS to GWCF. No ENSIS shareholders exercised their right of dissent.

33. The Manager will continue to serve as manager for GWCF post-Merger.

34. Reasonable due diligence expenses associated with the Merger will be paid by the Manager of GWCF or its affiliates, not the Funds. If the Merger is completed, other incremental reasonable costs of effecting the Merger will be paid by the Manager of GWCF or its affiliates, not the Funds.

35. Following the Merger, the Manager of GWCF will maintain an office in Winnipeg, Manitoba for the primary purpose of managing existing and new venture investments in Manitoba businesses. Staff at this office will include the investment professionals who currently provide investment management services to ENSIS.

Shareholder Disclosure

36. The materials sent to shareholders of ENSIS did not include: a copy of the current long form prospectus for GWCF (as a series of Class A shares of GWCF outside of those offered under GWCF's long form prospectus will be distributed to ENSIS shareholders under the Merger), or a copy of the annual and interim financial statements of GWCF as required by Section 5.6(1)(f)(ii) of NI 81-102. However, the Circular sent to ENSIS shareholders instead:

(a) included prospectus like disclosure concerning GWCF and the shares of GWCF to be issued under the Merger;

(b) for purposes of NI 81-106 and NI 51-102, incorporated by reference the GWCF Prospectus (as permitted under NI 51-102);

(c) disclosed that shareholders can obtain a current copy of the GWCF Prospectus at no cost by accessing the SEDAR website at www.sedar.com, by accessing the GrowthWorks website at www.growthworks.ca or by calling a toll-free telephone

number (in which case the requested material would be promptly mailed to the requesting shareholder); and

(d) disclosed that shareholders could obtain annual and interim financial statements and management reports of fund performance of GWCF as at and for the periods ended August 31, 2007 and February 29, 2008 at no cost by accessing the SEDAR website at www.sedar.com, by accessing the GrowthWorks website at www.growthworks.ca or by calling a toll-free telephone number (in which case the requested material would be promptly mailed to the requesting shareholder);

37. The Circular sent to ENSIS shareholders contained a description of the Merger, including the tax considerations associated with the Merger. Disclosure was provided to shareholders to allow them to make an informed decision with respect to the Merger. This is in addition to the prospectus-like disclosure concerning GWCF and the Merger Shares.

38. Since a LSVCC does not use the simplified prospectus and annual information form model of disclosure, and NI 81-106 does not require the filing of an annual information form by investment funds that have a current prospectus, an annual information form for GWCF was not made available to shareholders of ENSIS, as required by Section 5.6(1)(f)(iii) of NI 81-102.

(C) In view of the forgoing, I am of the opinion that it would not be prejudicial to the public interest to grant the order requested.

I HEREBY ORDER pursuant to a delegation to me by the Commission under subsection 4(1) of the Act of the powers in that behalf:

1. THAT, under section 5.5(1) of NI 81-102 is that the Requested Relief is granted provided that:

(a) ENSIS has prominently disclosed in the first few pages of the Circular sent to ENSIS shareholders that shareholders can obtain the most recent annual and interim financial statements of GWCF, that have been made public, at no cost by accessing the SEDAR website at www.sedar.com, by accessing the GrowthWorks website at www.growthworks.ca or by calling a toll-free telephone number, and

(b) ENSIS has prominently disclosed in the first few pages of the Circular sent to ENSIS shareholders a reference to where shareholders can find prospectus-like disclosure concerning GWCF.

Director – Corporate Finance