

January 23, 2009

IN THE MATTER OF
THE SECURITIES LEGISLATION OF MANITOBA (the “Jurisdiction”)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE
JURISDICTIONS

AND

IN THE MATTER OF GROWTHWORKS CANADIAN FUND LTD. (the “Filer”)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) for a ruling pursuant to Section 19.1 of National Instrument 81-102 *Mutual Funds* (NI 81-102), that the Filer be exempt from sections 2.1 and 2.6(a) & (h) of NI 81-102 (the Exemption Sought).

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

(a) the Manitoba 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 11-201) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Québec, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Yukon Territory, Northwest Territories and Nunavut.

Interpretation

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

AIF means an annual information form as contemplated in NI 81-106

AMF means the Autorité des marchés financiers in Quebec

ENSIS means ENSIS Growth Fund Inc.

Existing 81-102 Exemptions means exemptions previously obtained by the Filer in respect of sections 2.2, 2.3(g), 2.4, 2.5, 2.6(d), 2.6(f), 2.6(g), 4.2(1)4, 5.5(1)(d), 10.2(5), 10.3 and 10.4(1) of NI 81-102

LSVCC Legislation means the Tax Act, the Ontario Act, the Manitoba Act and the Saskatchewan Act

Manitoba Act means *The Labour-Sponsored Venture Capital Corporations Act* (Manitoba)

Ontario Act means the *Community Small Business Investment Funds Act* (Ontario)

NI 81-106 means National Instrument 81-106 *Investment Funds Continuous Disclosure*

Reporting Jurisdictions means all of the provinces and territories of Canada

Saskatchewan Act means the *Labour-sponsored Venture Capital Corporations Act* (Saskatchewan)

Tax Act means the *Income Tax Act* (Canada)

Representations

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

1. The Filer is a corporation incorporated under the *Canada Business Corporations Act*.
2. The Filer is a registered labour-sponsored investment fund corporation under the Ontario Act and is a registered labour-sponsored venture capital corporation under the Tax Act and the Manitoba Act. The Filer is an approved fund under the Saskatchewan Act. The Filer's investing activities are governed by the LSVCC Legislation.
3. The Filer 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 LSVCC Legislation.
4. The labour sponsor of the Filer is the Canadian Federation of Labour.
5. The authorized capital of the Filer is as follows:
 - (a) an unlimited number of Class A shares issuable in series, which are widely held, of which there are currently 20 series created and 10 series offered under the Filer's current prospectus;

(b) 1,000 Class B shares which are held by the sponsor of the Filer; 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 the Filer to provide for a “participating” or “carried” interest in the venture investments of the Filer.

6. The Filer is, or is deemed to be, a mutual fund in each of the Reporting Jurisdictions.

7. The Filer’s shares are not listed on an exchange. The Filer currently offers the following 10 series of Class A shares: Venture/Growth Commission I and II, Venture/Diversified Commission I and II, Venture/Income Commission I and II, Venture/Financial Services Commission I and II and Venture/GIC Commission I and II. These series are offered under a prospectus dated November 3, 2008, as amended.

8. Shareholders of the Filer have approved the conversion of certain previously offered series of Class A shares into currently offered Class A shares as follows:

Series to be Converted:	Converted into:
Venture/Balanced Shares Commission I	Venture/Diversified Shares Commission I
Venture/Balanced Shares Commission II	Venture/Diversified Shares Commission II
Venture/Resource Shares Commission I	Venture/Growth Shares Commission I
Venture/Resource Shares Commission II	Venture/Growth Shares Commission II

These conversions remain subject to regulatory approval.

9. On February 2, 2005, the Filer was granted a ruling pursuant to Section 19.1 of NI 81-102 that provides for the Existing 81-102 Exemptions in all Reporting Jurisdictions except Québec. On September 25, 2006, the AMF granted the same relief as was granted under the Existing 81-102 Exemptions.

10. On October 24, 2008, the Filer completed a merger with ENSIS. Under the merger transaction, the Filer acquired the assets of ENSIS in exchange for Class A shares of the Filer that were distributed to former shareholders of ENSIS. The total value of the purchased assets was approximately \$85 million. In anticipation of this merger transaction, the Filer became a registered labour-sponsored venture capital corporation under the Manitoba Act. In conjunction with the merger transaction, a review of exemptive relief previously granted to ENSIS was undertaken and it was determined that it would be prudent for the Filer to seek supplementary relief in order to align the relief obtained by the Filer with relief obtained by ENSIS.

11. The Filer is not in default of securities legislation in any of the Reporting Jurisdictions, except Québec. On or about December 2, 2008, the AMF declared the Filer to be in default for failing to file an AIF under NI 81-106. An investment fund must file an AIF under section 9.2 NI 81-106 if it has not obtained a receipt for a prospectus during the 12 months proceeding its financial year end. The Filer did obtain a receipt for a prospectus within 12 months of its most

recent year end, however that prospectus was not filed in Québec as the Filer had previously ceased offering securities in Québec. However, the AMF interprets section 9.2 of NI 81-106 to require that the prospectus receipt be issued by or on behalf of each jurisdiction in which the investment fund is a reporting issuer. The Filer is taking steps to resolve this matter.

12. The Filer is a LSVCC. LSVCCs were created as a type of investment vehicle to allow and encourage, including through tax incentives, members of the public to invest in venture capital investments. Venture capital investing is substantially different from the type of investing undertaken by conventional mutual funds, as LSVCCs have different investment objectives and strategies. LSVCCs generally invest in private companies over multiple rounds of financing and take much larger investment positions in companies than do conventional mutual funds. As there is no market through which to sell investments in private companies, LSVCCs rely on the initial public offering and mergers and acquisitions markets for opportunities to sell investment positions. Adverse economic and market conditions may increase the need for the Fund to complete follow-on investments in and execute guarantees or provide other forms of security in favour of portfolio companies with limited access to credit and limit the availability of, and extend the timeframe for, “exit” opportunities whereby the Fund can liquidate its investment positions.

Decision

The principal regulator is satisfied that the decision meets the test contained 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. The Filer comply with the Manitoba Act as it applies to the Filer and capital raised by the Filer in the Province of Manitoba; and
2. The Filer comply with all other applicable provisions of NI 81-102 from which the Filer has not been exempted.

“Bob Bouchard”

Bob Bouchard

Director – Corporate Finance

The Manitoba Securities Commission