

DECISION DOCUMENT

July 10, 2015

In the Matter of the Securities Legislation of
Manitoba and Ontario
(the “Jurisdictions”)

and

In the Matter of the
Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of I.G. Investment Management, Ltd.
 (“IG”)

and

In the Matter of Maestro Top Classes (as defined below)
(IG and the Maestro Top Classes collectively as the “Filers”)

DECISION

BACKGROUND

The securities regulatory authority or regulator in each of the Jurisdictions (the “**Decision Makers**”) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the “**Legislation**”) for an exemption under Section 19.1 of National Instrument 81-102 – *Investment Funds* (“**NI 81-102**”) from the requirement of Section 2.5(2)(b) of NI 81-102 to permit each of the Maestro Top Classes to purchase or hold securities of a Maestro Bottom Fund, which holds more than 10% of the market value of its net assets in, amongst other things, the securities of the Underlying Funds (the “**Exemption Sought**”).

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

- (i) The Manitoba Securities Commission is the principal regulator for this application;
- (ii) the Filers have provided notice that Section 4.7(1) of Multi-Lateral Instrument 11-102 Passport System (MI 11-102) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the North West Territories; and
- (iii) the decision is the decision of the Principal Regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

INTERPRETATION

Terms defined in National Instrument 14-101 – *Definitions* and MI 11-102 have the same meaning if used in this Decision, unless they are otherwise defined. The following terms have the following meanings:

“Investors Group Funds” means collectively the Maestro Top Classes, Maestro Bottom Funds and the Underlying Funds.

“Maestro Top Classes” means collectively the Maestro Income Balanced Portfolio Class, Maestro Balanced Portfolio Class and Maestro Growth Focused Portfolio Class (the **“Existing Classes”**), and all future mutual funds subject to NI 81-102 that are (or will be) managed by IG and are similar to an Existing Class, and individually a **“Maestro Top Class”**.

“Maestro Bottom Funds” means collectively the Maestro Income Balanced Portfolio, Maestro Balanced Portfolio and Maestro Growth Focused Portfolio, and any other mutual fund subject to NI 81-102 that is (or will be) managed by IG, and in which a Maestro Top Class may invest pursuant to the Exemption Sought.

“Underlying Funds” means other mutual funds subject to NI 81-102 that are (or will be) managed by IG, which are invested in by one or more Maestro Bottom Funds.

REPRESENTATIONS

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

The Filers

1. The head office of the Filers is located at 447 Portage Avenue, Winnipeg, Manitoba, R3B 3H5.
2. IG is (or will be) the manager of the Investors Group Funds. IG, or its affiliate, is (or will be) the portfolio advisor of the Investors Group Funds.
3. IG is registered as a Portfolio Manager and an Investment Fund Manager in Manitoba, Ontario and Quebec, and as an Investment Fund Manager in Newfoundland and Labrador. It is also registered as an Advisor under *The Commodity Futures Act* in Manitoba.
4. IG is not in default of securities legislation in any jurisdiction in Canada.

The Investors Group Funds

5. The Maestro Top Classes will each be a separate class of mutual fund shares issued by Investors Group Corporate Class Inc., which is governed by the *Canada Business Corporations Act*.
6. A preliminary simplified prospectus, annual information form and fund facts documents for the Maestro Top Classes, were filed in all provinces and territories of Canada on or about April 23, 2015.
7. The Maestro Bottom Funds will each be unit trusts established pursuant to a Declaration of Trust dated October 1, 2003 (as amended from time to time) for which IG is the trustee.
8. A preliminary simplified prospectus, annual information form and fund facts documents for the Maestro Bottom Funds were filed in all provinces and territories of Canada on or about April 23, 2015.

9. The Underlying Funds may be comprised of other NI 81-102 mutual funds also managed by IG. Some of the Underlying Funds are currently qualified for distribution in all provinces and territories in Canada pursuant to simplified prospectuses dated June 30, 2014, as amended or restated. On or about April 23, 2015, the Filers have also filed a preliminary prospectus, annual information form and fund facts document for certain new Underlying Funds in all provinces and territories of Canada.
10. Each of the Maestro Top Classes will seek to achieve its investment objective by investing substantially all of its assets in either:
 - (1) a Maestro Bottom Fund; or
 - (2) Underlying Funds.
11. The Filers have determined that in some circumstances, it may be more efficient for the Maestro Top Classes to invest in the Maestro Bottom Funds, rather than investing directly in the Underlying Funds, including the benefit of more efficient rebalancing within the bottom fund level. All portfolio decisions made will be in the best interests of the Investors Group Funds and their investors, including whether the Maestro Top Classes invest in the corresponding Maestro Bottom Funds or directly in Underlying Funds.
12. Each of the Investors Group Funds is (or will be) subject to National Instrument 81-101 – *Mutual Fund Prospectus Disclosure*, NI 81-102 and National Instrument 81-107 – *Independent Review Committees for Investment Funds* (“NI 81-107”).
13. Each of the Investors Group Funds is (or will be):
 - (a) an open-end mutual fund established under the laws of Manitoba;
 - (b) a reporting issuer under the securities laws of each of the provinces and territories of Canada;
 - (c) qualified for distribution in all provinces and territories of Canada; and
 - (d) not in default of securities legislation in any jurisdiction of Canada.
14. The Investors Group Funds follow (or will follow) the standard investment restrictions and practices applicable to mutual funds pursuant to NI 81-102 and applicable Legislation (collectively referred to as the “**Rules**”), except to the extent that the Investors Group Funds have obtained orders to deviate from the Rules.

Submissions

15. The Maestro Bottom Funds will each be a fund-of-funds that will primarily invest in a combination of Underlying Funds, including Investors Real Property Fund for which all of the Investors Group Funds have obtained exemptive relief to invest up to 10% of their net assets, and cash, money market securities or money market mutual funds.

16. The Maestro Top Classes investing in their corresponding Maestro Bottom Fund will result in a multi-tier fund structure since the Maestro Bottom Fund invests in Underlying Funds. This multi-tier fund structure is contrary to the restriction in Section 2.5(2)(b) of NI 81-102, accordingly the Exemption Sought is required.
17. The investment of the Maestro Top Classes in the corresponding Maestro Bottom Fund, which invests in one or more Underlying Funds, is akin to, and no more complex than the “**clone fund**” structure currently permitted under Section 2.5(4)(a) of NI 81-102.
18. The simplified prospectus of each Maestro Top Class will disclose:
 - (a) that it aims to achieve its investment objective by investing substantially all of its assets in either (1) its corresponding Maestro Bottom Fund; or (2) Underlying Funds;
 - (b) in its investment strategies, the investment strategies of its corresponding Maestro Bottom Fund;
 - (c) that there will be no duplication of fees between each Maestro Top Class, Maestro Bottom Fund and the Underlying Funds held by Maestro Bottom Fund or directly by the Maestro Top Classes in accordance with Section 2.5 of NI 81-102; and
 - (d) portfolio management services are expected to occur at the level of: (i) the Maestro Top Class with respect to the decision to invest in the corresponding Maestro Bottom Fund or directly in Underlying Funds; (ii) the Maestro Bottom Fund with respect to the selection of the Underlying Funds; and (iii) at the applicable Underlying Fund with respect to the purchase and sale of portfolio securities and other assets held by that Underlying Fund.
19. The name of each Maestro Top Class will reflect the name of each corresponding Maestro Bottom Fund.
20. Each of the Maestro Top Classes will comply with the requirements in Form 81-101F3 - *Contents of Fund Facts Documents* and the requirements in Form 81-106 F1 – *Management Report of Fund Performance (“MRFP”)* relating to the top 10 and 25 portfolio holdings disclosure in its *Fund Facts* and *MRFP*, as if the Maestro Top Class were investing directly in the Underlying Funds.
21. Investments made by the Maestro Top Classes in the corresponding Maestro Bottom Funds, the investments by the Maestro Bottom Funds in the Underlying Funds, and the investments by the Maestro Top Classes in the Underlying Funds, will be made in compliance with the NI 81-107 Investors Group Independent Review Committee's (the “**IRC**”) fund-of-fund investments policy to ensure that the investments policy by the Investors Group Funds will achieve a fair and reasonable result for each Fund and their securityholders.
22. To the extent a Maestro Top Class invests substantially all of its assets in the Underlying Funds, such investment will be made in accordance the provisions of Section 2.5 of NI 81-102, and the Exemption Sought will not apply.
23. The investment of the Maestro Bottom Funds in the Underlying Funds will also be made in accordance with the provisions of Section 2.5 of NI 81-102, except to the extent that the Investors Group Funds have obtained orders to deviate from the Rules.

24. Due to the:

- (a) transparency in the simplified prospectus and fund facts of the Maestro Top Classes investment of substantially all of their assets in either the corresponding Maestro Bottom Fund or the Underlying Funds;
- (b) non duplication of fees as described in this Decision as required by section 2.5 of NI 81-102; and
- (c) requirement that the Investors Group Funds comply with the standing fund-of-fund investment instructions approved by the IRC to ensure that the structure achieves a fair and reasonable result for the Investors Group Funds and their securityholders;

the Filers submit there is no apparent potential for abuse in the context of investments by a Maestro Top Class in a Maestro Bottom Fund.

25. Investment by the Maestro Top Classes in the Maestro Bottom Funds or Underlying Funds and by the Maestro Bottom Funds in Underlying Funds represents the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Maestro Top Classes and Maestro Bottom Funds, respectively.
26. For the reasons provided in this Decision, the Filers have determined it is not prejudicial to the public interest to grant the Exemption Sought.
27. For the foregoing reasons, the Filers request that each Maestro Top Class be permitted to invest directly in securities of its corresponding Maestro Bottom Fund, which invests more than 10% of the market value of its assets in, amongst other things, securities of Underlying Funds.

DECISION

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation of the Decision Maker to make the decision.

The Decision of the Decision Makers under the Legislation is that the Exemption Sought is granted, provided that the:

- (a) investment objectives of each Maestro Top Class as stated in the simplified prospectus states the name of its Maestro Bottom Fund, and
- (b) proposed investment of each Maestro Top Class in its Maestro Bottom Fund is otherwise made in compliance with all other requirements of Section 2.5 of NI 81-102, except to the extent discretionary relief has been granted from such requirement.



Christopher Besko
Director, General Counsel