

DECISION

August 27, 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 the Mergers of
IG AGF Canadian Growth Fund
IG AGF Canadian Growth Class
(the “Merging Funds”)

into

IG Mackenzie Canadian Equity Growth Fund
IG Mackenzie Canadian Equity Growth Class
(the “Continuing Funds”, and collectively with
the Merging Funds, referred to as the “Funds”)

and

In the Matter of
I.G. Investment Management, Ltd.
(referred to as “Investors Group” and
collectively with the Funds referred to as the “Filers”)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the “**Decision Maker**”) has received an application from the Filers for a decision under the securities legislation (the “**Legislation**”) of the Jurisdictions for approval under paragraph 5.5(1)(b) of National Instrument 81-102 *Investment Funds* (“**NI 81-102**”) of the mergers (the “**Mergers**”) of the Merging Funds into the applicable Continuing Funds (the “**Exemption**”).

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

- (a) the Manitoba Securities Commission is the principal regulator for this application;
- (b) 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, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the North West Territories; and
- (c) the decision is the decision of the Principal Regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Defined terms contained 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:

- IG AGF Canadian Growth Fund and IG Mackenzie Canadian Equity Growth Fund are herein collectively referred to as the “**Unit Trust Funds**”;
- IG AGF Canadian Growth Class and IG Mackenzie Canadian Equity Growth Class are herein collectively referred to as the “**Corporate Class Funds**”.

Representations

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

The Filers

1. The head office of Investors Group is in Winnipeg, Manitoba and, accordingly, Manitoba is the principal regulator. Investors Group is not in default of any of the requirements of securities legislation of any of the provinces and territories in Canada.
2. Investors Group is a corporation continued under the laws of Ontario. It is the trustee and manager of the Unit Trust Funds and is the manager of the Corporate Class Funds.
3. Investors Group is registered as a portfolio manager in Manitoba, Ontario, and Quebec and as an investment fund manager in Manitoba. It is also registered as an advisor under *The Commodity Futures Act* in Manitoba.
4. Investors Group Corporate Class Inc. (the “**Corporation**”) is the issuer of the Corporate Class Funds.

The Funds

5. All of the Funds are open-end mutual funds established or continued under a Master Declaration of Trust under the laws of Manitoba (in the case of the Unit Trust Funds) or governed by the Canada Business Corporations Act (the “**CBCA**”) (in the case of the Corporate Class Funds).
6. The Funds are reporting issuers under the Legislation in each Jurisdiction and are not on the list of defaulting reporting issuers maintained under the Legislation in each Jurisdiction, and are not in default of any of the requirements of the Legislation of any of the provinces and territories of Canada.
7. The securities of the Funds offered to retail purchasers are qualified for distribution in each province and territory of Canada pursuant to separate simplified prospectuses and annual information forms, being:
 - a simplified prospectus and annual information form (“**AIF**”) dated June 30, 2015 for IG AGF Canadian Growth Fund and IG Mackenzie Canadian Equity Growth Fund; and
 - a simplified prospectus and AIF dated June 30, 2015 for IG AGF Canadian Equity Growth Class and IG Mackenzie Canadian Equity Growth Class;
 (collectively referred to as the “**Prospectuses**”).
8. Other than circumstances in which the securities regulatory authority has expressly exempted the Funds, the Funds follow the standard investment restrictions and practices established under the Legislation of each of the provinces and territories of Canada where the Funds are publicly offered.
9. Each Unit Trust Fund issues six series of units to retail purchasers. Each Corporate Class Fund issues five series of shares to retail purchasers. A Fund Facts document as prescribed by Form 81-101F3 (the “**Fund Facts**”) has been filed for all of the retail series of units and shares issued by the Unit Trust Funds and the Corporate Class Funds, respectively, together with their Prospectuses.

10. The net asset values of each series of the Funds are calculated on a daily basis on each day that Investors Group is open for business.

The Mergers

11. Investors Group proposes that each Merging Fund be merged into a corresponding Continuing Fund (each a “**Merger**” and collectively the “**Mergers**”) as follows:

Merging Fund		Continuing Fund
IG AGF Canadian Growth Fund	<i>to merge into</i>	IG Mackenzie Canadian Equity Growth Fund
IG AGF Canadian Growth Class	<i>to merge into</i>	IG Mackenzie Canadian Equity Growth Class

12. Approval of the Mergers is required because the Mergers do not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102. More specifically, contrary to section 5.6(1)(a)(ii), a reasonable person might consider that the fundamental investment objectives of the Continuing Funds and the Merging Funds are not substantially similar. Otherwise, the Mergers will comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.
13. Subject to obtaining all necessary approvals, the Merging Funds will merge into the Continuing Funds on or about the close of business on September 11, 2015 (the “**Effective Date**”), and the Continuing Funds will continue as publicly offered open-end mutual funds, whereas the Merging Funds will be wound up as soon as reasonably possible.
14. The Mergers will proceed on a tax-deferred basis so securityholders of the Merging Funds will not realize any capital gain or loss as a result of the Mergers. The tax implications of the Mergers, as well as the material differences between each Merging Fund (or its Series) and the corresponding Continuing Fund, will be described in a management information circular (see *Securityholder Disclosure*) so securityholders of the Merging Funds will be fully informed when considering whether to approve the Merger of their Fund at the meeting of securityholders of their Fund.
15. Securityholders of the Merging Funds will continue to have the right to redeem securities of the Merging Funds for cash at any time up to the close of business on the Effective Date.
16. The fee structure and fees of each of the Continuing Funds are the same as the fee structure and fees of its corresponding Merging Fund. There will be no change in fees payable by securityholders of the Merging Fund due to the Mergers.
17. Investors Group will pay for all costs associated with the Mergers, including legal, proxy solicitation, printing, and mailing expenses, as well as any brokerage transaction fees associated with any Merger related trades and regulatory fees.
18. Investors Group has determined that the Mergers will not be a material change to the Continuing Funds because they will not entail a change in the business, operations or affairs of the Continuing Funds that would be considered important by a reasonable investor in determining whether to purchase or continue to hold securities of the Continuing Funds. However, as required by corporate law, to facilitate the Merger of IG AGF Canadian Growth Class into IG Mackenzie Canadian Equity Growth Class, a meeting of securityholders of IG Mackenzie Canadian Equity Growth Class will be convened.

Merger Steps

19. Investors Group will carry out the following steps to complete the Merger of IG AGF Canadian Growth Fund into IG Mackenzie Canadian Equity Growth Fund:

- Step 1: Prior to the Merger, the Merging Fund and the Continuing Fund will determine the amount of income and net capital gains each has realized during the taxation year up to the Effective Date. These Funds will then distribute sufficient income and net capital gains to their securityholders to ensure that the Funds will not pay any taxes.
- Step 2: The Merging Fund will transfer all of its net assets (being its investment portfolio, other assets including cash, and liabilities) to the Continuing Fund in exchange for Units of the Continuing Fund. The value of the units of the Continuing Fund received by the Merging Fund will equal the value of the net assets of the units of the equivalent series of the Merging Fund that were transferred to the Continuing Fund, as determined on the Effective Date.
- Step 3: Following Step 2, the Merging Fund will immediately thereafter redeem its own units at their net asset value per unit. Securityholders of the Merging Fund will receive units of the equivalent Series of the Continuing Fund in an amount equal to the net asset value of their units in the Merging Fund, as determined on the Effective Date. After this step, securityholders of the Merging Fund will become securityholders of the Continuing Fund.
- Step 4: Within 60 days after the Merger, the Merging Fund will be wound-up.

20. Investors Group will carry out the following steps to complete the Merger of IG AGF Canadian Growth Class into IG Mackenzie Canadian Equity Growth Class:

- Step 1: The articles of Investors Group Corporate Class Inc. with respect to the Continuing Fund will be amended to authorize the exchange of all outstanding shares of each Series of the Merging Fund for shares of the same Series of the Continuing Fund.
- Step 2: On the Effective Date, the net assets attributable to the Merging Fund (being its investment portfolio, other assets including cash, and liabilities) will be included in the portfolio of assets attributable to the Continuing Fund.
- Step 3: Each shareholder of the Merging Fund will surrender their shares of the Merging Fund in exchange for an equivalent value of shares of the Continuing Fund as determined on the Effective Date. After this step is complete, shareholders of the Merging Fund will become shareholders of the Continuing Fund.
- Step 4: Immediately after the Merger, the shares of the Merging Fund will be cancelled by Investors Corporate Class Inc., which will effectively terminate the Merging Fund.

Securityholder Disclosure

21. Securityholder meetings for the Merging Funds and IG Mackenzie Canadian Equity Growth Class are being convened on or about August 31, 2015, to approve the Mergers (and, in the case of IG Mackenzie Canadian Equity Growth Class, to amend the Articles of incorporation to facilitate the Merger). This will give the securityholders the opportunity to approve the Mergers.

22. In order for the securityholders to make an informed decision, a notice of meeting, a management information circular (the "**Management Information Circular**") and a proxy in connection with the

meetings of securityholders of the Merging Funds (collectively, the "**Meeting Materials**"), were mailed to the securityholders of the Merging Funds beginning on July 28, 2015, and were filed via the system for electronic document analysis and retrieval ("**SEDAR**").

23. The Management Information Circular fully describes the Mergers and prominently discloses that the most recent Prospectuses, audited annual and un-audited interim financial statements of the Continuing Funds can be obtained by accessing the same at the Investors Group website or the SEDAR website, or requesting the same from Investors Group by toll-free number, or by contacting their servicing advisor at Investors Group or an affiliate of Investors Group ("**Investors Group Consultant**").
24. Investors Group included with the Meeting Materials the most recent Fund Facts of the appropriate series of the Continuing Funds to securityholders of the Merging Funds as permitted under paragraph 5.6(1)(f)(ii) of NI 81-102.
25. A news release has been issued announcing the proposed Mergers and amendments to the pro-forma Prospectuses and Fund Facts of each retail series of each Merging Fund (and for IG Mackenzie Canadian Equity Class), and a material change report has been filed on SEDAR with respect to the Mergers as required by the Legislation of the Jurisdictions.

IRC Review

26. Investors Group has referred the Mergers to the Investors Group Funds Independent Review Committee (the "**IRC**") for its review. The IRC has been established as required by National Instrument 81-107 – *Independent Review Committee for Investment Funds* and consists of individuals who are not in any way related to the Investors Group or its affiliates. On June 15, 2015, the IRC concluded that the Mergers achieve a fair and reasonable result for the Funds.

Reasons for the Mergers

27. The Mergers are being proposed because it is anticipated that the larger asset size of the Continuing Funds may provide the potential for efficiencies in the management of the investment portfolios of the securityholders, which may include lower portfolio transaction costs and that the more comprehensive investment mandates of the Continuing Funds may result in enhanced diversification and greater portfolio management opportunities.

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 the securityholders of IG AGF Canadian Growth Fund, IG AGF Canadian Growth Class and IG Mackenzie Canadian Equity Growth Class approve the Merger.

The Manitoba Securities Commission