

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.
(the Filer)

and

In the Matter of
the Investors Group Funds
(as defined below)

DECISION

BACKGROUND

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer, on behalf of itself, Investors Risk Parity Private Pool and future mutual funds of which the Filer or an affiliate of the Filer is, or will be, the investment fund manager, to which National Instrument NI 81-102 – *Investment Funds (NI 81-102)* does not apply (each a **Private Pool Fund** and, collectively, the **Private Pools**), and existing mutual funds and future mutual funds of which the Filer is, or will be, the investment fund manager, to which NI 81-102 applies (each an **NI 81-102 Fund**, collectively, the **NI 81-102 Funds** and together with the Private Pools, the **Investors Group Funds**) for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for exemptive relief:

(a) under s. 19.1 of NI 81-102 from section 4.2(1) of NI 81-102, which prohibits an investment fund from purchasing a security from or selling a security to any of the following acting as principal (the **81-102 Prohibition**):

- (i) the manager, portfolio advisor or trustee of the investment fund;
- (ii) a partner, director or officer of the investment fund or of the manager, portfolio advisor or trustee of the investment fund;
- (iii) an associate or affiliate of a person or company referred to in (i) or (ii); or
- (iv) a person or company, having fewer than 100 security holders of record, of which a partner, director or officer of the investment fund or of the manager or portfolio advisor of the investment fund, is a partner, director, officer or security holder;

to permit the NI 81-102 Funds to purchase non-exchange-traded debt securities from or sell non-exchange traded debt securities to one or more Private Pools;

(the **81-102 Relief**); and

(b) under section 15.1 of NI 31-103 from sections 13.5(2)(b)(ii) and (iii) of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)*, which prohibit a registered adviser from knowingly causing an investment portfolio managed by it,

including an investment fund for which it acts as an adviser, from purchasing or selling a security from or to the investment portfolio of the following (the **31-103 Prohibition**, and together with the 81-102 Prohibition, the **Inter-Fund Trading Prohibitions**):

- (i) an associate of a responsible person; or
- (ii) an investment fund for which a responsible person acts as an adviser;

in order to permit:

- (i) an NI 81-102 Fund to purchase securities from or sell securities to a Private Pool; and
- (ii) a Private Pool to purchase securities from or sell securities to another Private Pool or a NI 81-102 Fund; and
- (iii) the transactions listed in (i) and (ii) (each an **Inter-Fund Trade**) to be executed at the last sale price, as defined in the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade (the **Last Sale Price**), in lieu of the closing sale price (the **Closing Sale Price**) contemplated by the definition of "current market price of the security" in section 6.1(1)(a)(i) of National Instrument 81-107 – *Independent Review Committee (NI 81-107)* on that trading day, where the securities involved in the Inter-Fund Trade are exchange-traded securities (which term shall include Canadian and foreign exchange-traded securities) (the **Exchange Traded Securities**);

(the relief requested in (b) is referred to as the **Inter-Fund Trading Relief**, and together with the 81-102 Relief, the **Exemption Sought**).

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

- (c) the Manitoba Securities Commission is the principal regulator for this application; and
- (d) the Filers have provided notice that section 5.4(1) of Multilateral 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 (the **Passport Jurisdictions**);
- (e) 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 otherwise defined. The following terms have the following definitions:

"**Canadian Jurisdictions**" means the Jurisdictions and the Passport Jurisdictions; and

"**IRC**" means the independent review committee of the Investors Group Funds.

REPRESENTATIONS

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

The Filer and the Investors Group Funds

1. The head office of the Filer is located in Winnipeg, Manitoba.
2. Each NI 81-102 Fund is, or will be, organized under the laws of Manitoba as an open-ended mutual fund established as a trust pursuant to a master declaration of trust dated October 1,

2007, as amended from time to time (the **NI 81-102 Fund Trusts**), or is, or will be, organized as an open-ended mutual fund established as a separate class of mutual fund shares issued by Investors Group Corporate Class Inc., a mutual fund corporation governed by the *Canada Business Corporations Act* (**IG Corporate Class**).

3. The Filer, or an affiliate of the Filer, is, or will be, the investment fund manager and portfolio advisor of the NI 81-102 Funds and the trustee of the NI 81-102 Fund Trusts.
4. Each Private Pool is, or will be, organized under the laws of Manitoba as an open-ended mutual fund established as a trust pursuant to a master declaration of trust dated as of January 15, 2016, as amended from time to time (the **Private Pool Trusts**), or is, or will be, organized as an open-ended mutual fund established as a separate class of mutual fund shares issued by IG Corporate Class.
5. The Filer, or an affiliate of the Filer, is, or will be, the investment fund manager and portfolio advisor of the Private Pools and the trustee of the Private Pool Trusts.
6. The Filer 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.
7. Each of the NI 81-102 Funds is, or will be, a reporting issuer in each of the Canadian Jurisdictions. The securities of the NI 81-102 Funds are, or will be, qualified for distribution pursuant to simplified prospectuses, annual information forms and fund facts prepared and filed in accordance with the securities legislation of each of the Canadian Jurisdictions.
8. Each of the NI 81-102 Funds is, or will be, subject to NI 81-102.
9. Investors Risk Parity Private Pool is not a reporting issuer under the Legislation. None of the future Private Pools will be a reporting issuer under the Legislation. The securities of the Private Pools are, or will be, distributed in Canada pursuant to exemptions from the prospectus requirement. The Private Pools are not, or will not, be subject to NI 81-102.
10. Neither the Filer nor any Investors Group Fund is in default of securities legislation in any Jurisdiction.
11. The Investors Group Funds are associates of the Filer.

Exemption Sought

12. The Filer wishes to be able to permit any Investors Group Fund to engage in Inter-Fund Trades of portfolio securities with any other Investors Group Fund.
13. The Filer is or will be the Trustee of all NI 81-102 Fund Trusts and all Private Pool Trusts. As a result, the NI 81-102 Fund Trusts and the Private Pool Trusts are associates of the Filer as defined in the Legislation.
14. The Filer owns all of the voting securities of IG Corporate Class, and therefore all Investors Group Funds included in IG Corporate Class are associates of the Filer.
15. Section 4.2(1) of NI 81-102 prohibits an investment fund from trading in securities with an associate of the manager, portfolio adviser or trustee of the investment fund. Absent the Exemption Sought, an NI 81-102 Fund would be prohibited from trading in securities with any other Investors Group Fund, since all Investors Group Funds are associates of the Filer.
16. The NI 81-102 Funds can rely on the exemption from the 81-102 Prohibition in section 4.3(1) of NI 81-102 (the **4.3(1) Exemption**), which permits the NI 81-102 Funds to engage in Inter-Fund Trades of Exchange Traded Securities with other NI 81-102 Funds and Private Pools.

17. The NI 81-102 Funds are, however, unable to rely on the 4.3(1) Exemption to engage in Inter-Fund Trades of non-exchange traded debt securities with other NI 81-102 Funds or Private Pools because debt securities are typically not subject to public quotations, which is a requirement of the 4.3(1) Exemption.
18. The NI 81-102 Funds can rely on the exemption from the 81-102 Prohibition in section 4.3(2) of NI 81-102 (the **4.3(2) Exemption**), which permits the NI 81-102 Funds to engage in Inter-Fund Trades of debt securities with other NI 81-102 Funds.
19. The NI 81-102 Funds are, however, unable to rely on the 4.3(2) Exemption to engage in Inter-Fund Trades of debt securities with the Private Pools because the Private Pools are not subject to NI 81-107, and the 4.3(2) Exemption only applies where funds on both sides of the Inter-Fund Trade are investment funds to which NI 81-107 applies.
20. In addition to the 81-102 Prohibition, the 31-103 Prohibition also applies to both the NI 81-102 Funds and the Private Pools, and prevents certain Inter-Fund Trades between the Investors Group Funds.
21. The 31-103 Prohibition prohibits the Filer from knowingly causing the investment portfolio of an Investors Group Fund to purchase or sell a security to or from an investment fund for which it acts as an adviser, which includes all other Investors Group Funds.
22. The Filer received exemptive relief from the 31-103 Prohibition in a decision document dated October 14, 2015 permitting the NI 81-102 Funds to use the Last Sale Price in lieu of the Closing Sale Price where the securities involved in the inter-fund trade are Exchange-Traded Securities and the inter-fund trade is between NI 81-102 Funds (the **Last Sale Price Relief**).
23. The Filer relies on the exemption from the 31-103 Prohibition in section 6.1 of NI 81-107 (the **81-107 Exemption**), and together with the 4.3(1) Exemption, the 4.3(2) Exemption and the Last Sale Price Relief, the **Inter-Fund Trading Exemptions**), as modified by the Last Sale Price Relief, to cause Inter-Fund Trades between NI 81-102 Funds at the Last Sale Price.
24. The Filer is, however, unable to rely on the 81-107 Exemption, as modified by the Last Sale Price Relief, to cause Inter-Fund Trades between a NI 81-102 Fund and a Private Pool or between two Private Pools, because the Private Pools are not subject to NI 81-107. The Filer is therefore prohibited from causing a Private Pool to purchase a security from or sell a security to another Private Pool or an NI 81-102 Fund.
25. The Filer submits that, because of the investment objectives and investment strategies utilized by the Investors Group Funds, it may be appropriate for different investment portfolios to acquire or dispose of the same securities through the same trading system, rather than with a third party. Authorizing the Inter-Fund Trades may result in such benefits as lower trading costs, reduced market disruption and quicker execution.
26. The Filer has determined that it would be in the best interests of the Investors Group Funds to receive the Exemption Sought because making all Investors Group Funds subject to the same set of rules governing the execution of Inter-Fund Trades will result in:
 - (a) cost and timing efficiencies in respect of the execution of Inter-Fund Trades; and
 - (b) simplified and more efficient monitoring thereof for the Filer in connection with the execution of Inter-Fund Trades.
27. The Filer considers that it would be in the best interests of the NI 81-102 Funds and the Private Pools if an Inter-Fund Trade between a NI 81-102 Fund and a Private Pool, or between Private Pools, could be made at the Last Sale Price prior to execution of the trade in lieu of the Closing Sale Price, since this will result in the trade being done at the price which is closest to the executable price at the time the decision to make the trade is made. This would also be consistent with the Last Sale Price Relief that applies to inter-fund trades involving only NI 81-102 Funds.

28. Each Inter-Fund Trade will be consistent with the investment objectives of the applicable Investors Group Funds.
29. The Filer has in place policies and procedures to enable the Investors Group Funds to engage in Inter-Fund Trades.
30. When the Filer engages in an Inter-Fund Trade, it will follow the following procedures:
 - (a) the Filer, as the portfolio advisor, will deliver the trade instruction in respect of a purchase or sale of a security by an Investors Group Fund (Account A), to a trader on the Filer's trading desk;
 - (b) the Filer, as the portfolio advisor, will deliver the trade instruction in respect of a purchase or sale of a security by another Investors Group Fund (Account B), to a trader on the Filer's trading desk;
 - (c) the trader on the Filer's trading desk will have the discretion to execute the trade as an Inter-fund Trade between Account A and Account B at the Last Sale Price of the security, prior to the execution of the trade;
 - (d) the policies applicable to the Filer's trading desk will require that all orders, once approved, are to be executed on a timely basis; and
 - (e) the portfolio advisor or trader on the Filer's trading desk will advise the Filer of the Last Sale Price.
31. The Filer is capable of complying with the same conditions that apply to the NI 81-102 Funds that rely on the Inter-Fund Trading Exemptions when conducting Inter-Fund Trades between Private Pools or between a Private Pool and a NI 81-102 Fund.

Independent Review Committee

32. The Filer has established an IRC in respect of each NI 81-102 Fund in accordance with the requirements of NI 81-107.
33. The IRC has adopted procedures for approving Inter-Fund Trades between NI 81-102 Funds in accordance with the Inter-Fund Trading Exemptions.
34. The Filer has amended the mandate of the IRC to include granting approval to (a) the NI 81-102 Funds to purchase non-exchange-traded debt securities from or sell non-exchange traded debt securities to one or more Private Pools, (b) the NI 81-102 Funds to purchase securities from or sell securities to a Private Pool; and (c) the Private Pools to purchase securities from or sell securities to another Private Pool or a NI 81-102 Fund.
35. The IRC is, and will continue to be, comprised by the Filer in accordance with section 3.7 of NI 81-107 and is expected to comply with the standard of care set out in section 3.9 of NI 81-107.
36. Inter-Fund Trades involving Investors Group Funds will be referred to and approved by the IRC under sections 5.2(1) and 5.4 of NI 81-107.
37. The IRC will not provide any of the approvals referred to in paragraph 36 unless it has made the determination set out in section 5.2(2) of NI 81-107.
38. The Filer and the IRC will comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade.
39. If the IRC becomes aware of an instance where the Filer did not comply with the terms of the Exemption Sought or a condition imposed by the IRC in its approval, the IRC will, as soon as reasonably practicable, notify the securities regulatory authority or regulator in the jurisdiction

under which the Investors Group Fund is organized in writing.

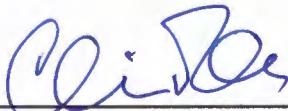
40. The Filer has determined that it will be in the best interests of the Investors Group Funds to receive the Exemption Sought.

DECISION

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

The decision of the Decision Makers under the Legislation is that:

- (a) the 81-102 Relief is granted provided that the following conditions are satisfied:
- a. the transaction is consistent with the investment objective of each of the Investors Group Funds involved in the trade;
 - b. the IRC of each Investors Group Fund involved in the trade has approved the transaction on behalf of such Investors Group Fund in accordance with the terms of subsection 5.2(2) of NI 81-107; and
 - c. the transaction complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107; and
- (b) the Inter-Fund Trading Relief is granted provided that the following conditions are satisfied:
- a. the Inter-Fund Trade is consistent with the investment objective of each of the Investors Group Fund involved in the Inter-Fund Trade;
 - b. the Filer, as manager of the Investors Group Funds, refers the Inter-Fund Trade involving an Investors Group Fund to the IRC in the manner contemplated by section 5.1 of NI 81-107, and the Filer, as manager of the Investors Group Funds, and the IRC of the Investors Group Funds comply with section 5.4 of NI 81-107 in respect to any standing instructions the IRC provides in connection with the Inter-Fund Trade;
 - c. the IRC of each Investors Group Fund involved in the Inter-Fund Trade has approved the transaction on behalf of such Investors Group Fund in accordance with the terms of subsection 5.2(2) of NI 81-107; and
 - d. the transaction complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that, for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of Exchange-Traded Securities, the current market price of the securities may be the Last Sale Price.



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