

Order No. 7544

March 30, 2021

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.  
(IGIM)

DECISION

I. BACKGROUND

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application (the **Application**) from IGIM on behalf of the Iprofile Fixed Income Private Pool (the **Fund**) for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for relief from subsection 2.2(1) (the **Control Restriction**) of National Instrument 81-102 *Investment Funds* (**NI 81-102**), referred to as the **Requested Relief**.

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) IGIM has provided notice that section 4.7(1) of Multilateral 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, Northwest Territories, Yukon Territory and Nunavut; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

## II. INTERPRETATION

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

## III. REPRESENTATIONS

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

### *IGIM*

1. The head office of the Filer is located in Winnipeg, Manitoba.
2. IGIM 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.
3. The Filer is not in default of any of the requirements of securities legislation of any of the Jurisdictions.

### *The Fund*

4. The Fund is a mutual fund subject to NI 81-102. The Fund distributes its securities under a simplified prospectus and annual information form dated August 28, 2020 prepared in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure*. The Fund is a reporting issuer in each of the Jurisdictions.
5. The investment objective of the Fund is to provide interest income by investing primarily in bonds and debentures. To achieve its investment objective, the Fund's investments are allocated in a fixed percentage to specific mandates, which include a Canadian bond mandate, a Canadian short-term fixed income mandate, a global bond mandate, a high yield bond mandate and an Investors Real Property Fund mandate.
6. On August 28, 2020, as part of the renewal of the Fund's simplified prospectus, the Fund's investment strategy was updated to also include an allocation of up to 10% of the Fund's assets to a private credit mandate.
7. As of February 28, 2021, the Fund had over \$6.9 billion in assets under management.
8. The Fund is exposed to private credit through investments in Northleaf Private Credit II (**NPC II**), Northleaf Senior Private Credit (**NSPC**) and Northleaf Senior Private Credit-L (**NSPC-L**) (together, the **Northleaf Private Credit Funds** and each, a **Northleaf Private Credit Fund**) and the Fund is seeking to increase its exposure through further investment in these funds.
9. The Fund is not in default of any of the requirements of securities legislation of any of the Jurisdictions.

10. The Fund's total investment across all Northleaf Private Credit Funds will comply with, among other things, section 2.1 and 2.4 of NI 81-102.
11. But for the Control Restriction, the Fund would not need exemptive relief to invest its optimal allocation amount in each Northleaf Private Credit Fund.
12. The Fund will not actively participate in the business or operations of any of the Northleaf Private Credit Funds.

*Northleaf and the Northleaf Private Credit Funds*

13. Each of the Northleaf Private Credit Funds is managed by Northleaf Capital Partners (Canada) Ltd. (together with its affiliates, **Northleaf**).
14. Northleaf is a global private markets investment firm with more than US\$15 billion in private credit, private equity and infrastructure commitments under management on behalf of more than 100 institutional investors. Northleaf is led by an experienced group of professionals, who collectively have significant experience in structuring, investing and managing global private markets investments and in evaluating, negotiating, structuring and executing complex financial transactions.
15. On October 28, 2020, affiliates of IGIM, Mackenzie Financial Corporation (**Mackenzie**) and Great-West Lifeco Inc. (**Lifeco**) entered into a strategic relationship with Northleaf whereby Mackenzie and Lifeco jointly acquired a 49.9% non-controlling voting interest and 70% economic interest in Northleaf.
16. NPC II is a closed-end pooled fund organized using a series of Ontario-resident entities. It was launched by Northleaf in December 2018. NPC II has a global mandate focused on making senior secured (first lien/unitranche), second lien and mezzanine loans to mid-market companies that are diversified by geography and industry, with a focus on loans to private equity-backed companies. NPC II is seeking to build a portfolio of 25 to 40 borrowers with individual borrower concentrations of less than 5% of aggregate commitments to NPC II. The maximum amount NPC II may invest in the debt and/or equity securities of a single portfolio company is 15% of the aggregate capital commitments to NPC II.
17. NSPC is an open-end pooled fund organized using a series of Ontario-resident entities. It was launched by Northleaf in March 2019. NSPC has a global mandate focused on making senior secured loans, primarily to finance private equity-backed companies. Its strategy seeks to mitigate risk while maximizing returns by investing in a portfolio focused on senior secured private credit loans diversified by borrower, industry and geography. NSPC's portfolio is diversified across geographies, industry sectors and individual borrowers. NSPC is seeking to build a portfolio of ~70 borrowers with individual borrower concentrations of less than 3% of NSPC's portfolio. The maximum amount NSPC may invest in debt and/or

equity securities of a single portfolio company is 10% of the sum of (i) NSPC's undrawn capital commitments and (ii) NSPC's gross asset value, measured at the time of investment.

18. NSPC-L is an open-end pooled fund organized using a series of Ontario-resident entities. It was launched by Northleaf in October 2018. NSPC-L follows the same strategy as NSPC except that it utilizes leverage to a greater extent than NSPC. NSPC-L is seeking to build a portfolio of ~70 borrowers with individual borrower concentrations of less than 3% of NSPC-L's portfolio. The maximum amount NSPC-L may invest in debt and/or equity securities of a single portfolio company is 10% of the sum of (i) NSPC-L's undrawn capital commitments and (ii) NSPC-L's gross asset value, measured at the time of investment.
19. None of the Northleaf Private Credit Funds is a reporting issuer in any of the Jurisdictions.
20. None of the Northleaf Private Credit Funds is an "investment fund" pursuant to the securities legislation of the Jurisdictions.
21. The Northleaf Private Credit Funds are valued quarterly and, in the case of NSPC and NSPC-L, a third-party valuation agent assists Northleaf in preparing such valuations. For reasons including that NPC II is a closed-end fund with no redemptions and no new subscriptions permitted after the fundraising period, Northleaf prepares the NPC II valuations without the assistance of a third-party valuation agent. All three Northleaf Private Credit Funds have their valuations reviewed annually by Ernst & Young LLP (Canada) as part of their annual independent audit.

#### *General*

22. As of the date of this decision, the Fund has had capital commitments accepted by each of the three Northleaf Private Credit Funds as follows:
  - NSPC - US\$46,500,000 representing 9.99% of the aggregate capital commitments to NSPC
  - NSPC-L - US\$52,200,000 representing 9.99% of aggregate capital commitments to NSPC-L
  - NPC II - US\$49,300,000 representing 9.99% of the aggregate capital commitments to NPC II
23. The Fund is seeking to make additional investments in each of the Northleaf Private Credit Funds but cannot do so without violating the Control Restriction. IGIM believes that an optimal aggregate allocation to the Northleaf Private Credit Funds would be approximately 5% of the Fund's net assets.

24. Absent the Requested Relief, the Fund cannot achieve its optimal allocation to the Northleaf Private Credit Funds of 5% of the Fund's assets, in aggregate. Due to the size disparity between the Fund and each of the Northleaf Private Credit Funds, additional investments by the Fund in each of the Northleaf Private Credit Funds would, at present and may in future, exceed the Control Restriction.
25. Prior to the Fund's initial investments in the Northleaf Private Credit Funds being made, IGIM referred the transactions to the Fund's Independent Review Committee (**IRC**) pursuant to section 5.1 of National Instrument 81-107 *Independent Review Committee for Investment Funds (NI 81-107)* given the potential conflict of interest as affiliates of IGIM (Mackenzie and Lifeco) were in negotiations to become substantial shareholders of Northleaf. The IRC provided a positive recommendation that the Fund's investments in the Northleaf Private Credit Funds would achieve a fair and reasonable result for the Fund.
26. While the securities of the Northleaf Private Credit Funds that the Fund holds are technically considered voting and/or equity securities, the Fund will not invest in any Northleaf Private Credit Fund for the purpose of exercising control over, or management of, the Northleaf Private Credit Fund. The securities of each Northleaf Private Credit Fund held by the Fund do not provide the Fund with any right to (i) appoint directors or observers to any board of the applicable Northleaf Private Credit Fund or its manager, (ii) restrict management of any Northleaf Private Credit Fund or be involved in the decision-making with respect to loans or other investments made by the applicable Northleaf Private Credit Fund or (iii) restrict the transfer of securities of the applicable Northleaf Private Credit Fund by other investors in the Northleaf Private Credit Fund. The voting rights associated with the securities of the Northleaf Private Credit Funds held by the Fund do not provide the Fund with any right to approve, or otherwise participate in the decision-making process associated with, the loans and other investments made by the Northleaf Private Credit Funds.
27. The Fund will not have any look-through rights with respect to the individual loans held by each Northleaf Private Credit Fund. Further, the Fund will not have any rights to, or responsibility for, administering any of the loans held by any of the Northleaf Private Credit Funds.
28. Each Northleaf Private Credit Fund has diversification requirements which limit the indirect exposure of the Fund to any single underlying portfolio company.
29. IGIM believes that a meaningful allocation to private credit provides the Fund's investors with unique diversification opportunities and represents an appropriate investment tool for the Fund that has not been widely available in the past. Private credit investments have historically performed well in down markets; IGIM believes that permitting the Fund to increase its allocation to private credit, a subset of alternative investments, offers

the potential to improve the Fund's performance while reducing its risk and volatility. Granting the Requested Relief would allow the Fund's investors to benefit from access to a larger allocation to the private asset class, helping the Fund and its investors meet their investment objectives.

30. IGIM believes that an optimal way to access private credit is through investments in the Northleaf Private Credit Funds.
31. Investments by the Fund in the Northleaf Private Credit Funds do not qualify for the exemption from the Control Restriction in paragraph 2.2(1.1)(a) of NI 81-102 as the Northleaf Private Credit Funds are not "investment funds" subject to NI 81-102.
32. IGIM believes that granting the Requested Relief is in the best interests of the Fund as it would provide the Fund with more flexibility to increase its allocation to the private credit asset class.

#### **IV. 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 the Requested Relief is granted, provided that:

1. The Fund will not hold more than 20% of the outstanding equity or voting securities of any Northleaf Private Credit Fund;
2. Investments in the Northleaf Private Credit Funds are considered illiquid investments under NI 81-102 and therefore are not permitted to exceed, in aggregate, 10% of the net asset value of the Fund;
3. No sales or redemption fees will be paid by the Fund in respect of its investments in the Northleaf Private Credit Funds;
4. No management fees or incentive fees will be payable by the Fund in respect of its investment in a Northleaf Private Credit Fund that, to a reasonable person, would duplicate a fee payable by the Northleaf Private Credit Fund for the same service;
5. Where applicable, the Fund's investment in a Northleaf Private Credit Fund will be disclosed to investors in the Fund's quarterly portfolio holding reports, financial statements and/or fund facts documents;
6. The manager of the Fund complies with section 5.1 of NI 81-107 and the manager and the IRC of the Fund will comply with section 5.4 of NI 81-107 for any possible standing instructions concerning an investment by the Fund in a Northleaf Private Credit Fund;

7. The annual and interim management reports of fund performance for the Fund will disclose the names of the related persons in which investments are made, including the Northleaf Private Credit Funds; and
8. The prospectus of the Fund will disclose in the next renewal or amendment the fact that the Fund is invested in the Northleaf Private Credit Funds, and that Mackenzie holds a significant ownership interest in Northleaf.

*“Chris Besko”*

Christopher Besko  
Director, General Counsel  
The Manitoba Securities Commission