

March 29, 2023

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 iProfile Canadian Equity Private Pool (the **Initial Top Fund**) and any additional existing mutual funds or those mutual funds established in the future of which IGIM is the manager (the **Additional Top Funds** and together with the **Initial Top Funds**, the **Top Funds** and individually a **Top Fund**) for relief from:

1. Paragraph 2.5(2)(a) of NI 81-102, to permit each Top Fund that is a mutual fund to invest in securities of Northleaf IG Canadian PE Holdings (the **Underlying Northleaf Fund**), which will be a non-redeemable investment fund that is not subject to NI 81-102; and
2. Paragraph 2.5(2)(c) of NI 81-102, to permit each Top Fund that is a mutual fund to invest in securities of the Underlying Northleaf Fund, which will not be a reporting issuer in any jurisdiction.

(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 (together with the Jurisdictions, the **Canadian Jurisdictions**); 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. IGIM is a corporation continued under the laws of Ontario. It is the trustee, portfolio advisor and manager of the Top Fund. IGIM's head office is 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. IGIM is not in default of the securities legislation in any of the Canadian Jurisdictions.

The Top Fund

4. The Top Funds are, or will be, mutual funds subject to NI 81-102, organized and governed by the laws of a jurisdiction of Canada.
5. Each Top Fund distributes, or will distribute, its securities under a simplified prospectus and annual information form prepared in accordance with National Instrument 81-101 Mutual Fund Prospectus Disclosure (**NI 81-101**) and Form 81-101F1.
6. Securities of each Top Fund are, or will be, qualified for distribution in the Canadian Jurisdictions.
7. The Top Funds are, or will be, reporting issuers in the provinces and territories of Canada in which their securities are distributed.
8. The simplified prospectus of each Top Fund discloses, or will disclose, in its description of the Top Fund's investment strategies that the Top Fund may invest up to 10% of its assets directly or indirectly in a diversified portfolio of privately held companies. This limit is consistent with the

classification of the Underlying Northleaf Fund as illiquid assets for purposes of NI 81-102.

9. Each Top Fund is, or will be, subject to National Instrument 81-107 – Independent Review Committee for Investment Funds (**NI 81-107**) and IGIM has established an independent review committee (**IRC**) to review conflict of interest matters pertaining to the Top Funds as required by NI 81-107.

Northleaf and the Underlying Northleaf Fund

10. Northleaf Capital Partners (Canada) Ltd. (together with its affiliates, **Northleaf**) is a global private markets investment firm with more than US\$22 billion in private equity, private credit and infrastructure commitments under management on behalf of more than 200 public, corporate and multi-employer pension plans, endowments, foundations, financial institutions and family offices. 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.
11. On October 28, 2020 affiliates of IGIM, Mackenzie Financial Corporation (**Mackenzie**) and Great-West Lifeco Inc. (**Lifeco**) entered into a strategic partnership with Northleaf whereby Mackenzie and Lifeco jointly acquired a 49.9% non-controlling voting interest and 70% economic interest in Northleaf.
12. The Underlying Northleaf Fund will be a non-redeemable investment fund and it will seek to provide each Top Fund with access to Canadian private equity assets consisting of a combination of mid-market and growth-oriented primary investments, secondary investments and direct investments (each a **Portfolio Investment** and collectively the **Portfolio Investments**). A “primary investment” is an investment in non-redeemable securities of a private equity fund issued directly by the issuer fund, whereas a “secondary investment” generally involves purchasing securities in an existing private equity fund from an existing securityholder through a private purchase and sale transaction between the existing securityholder and the buyer. A “direct investment” is an investment made directly in the securities of a private company, generally alongside other investment partners. The Underlying Northleaf Fund will seek to earn a long-term rate of return in excess of returns generally available through conventional investments in public equity markets. The Underlying Northleaf Fund’s strategy is Canadian in scope and, in making primary and secondary investments for the Underlying Northleaf Fund; Northleaf intends to focus on making investments in or alongside a core group of private equity managers with well-established franchises, strong, long-term track records and demonstrated access to privileged deal flow.
13. The Underlying Northleaf Fund will fall within the definition of “investment fund” under the Securities Act (Manitoba) (the **Act**) as it will invest in a portfolio of securities and will not invest for the purpose of exercising or

seeking to exercise control over issuers. While certain investments in the portfolio of the Underlying Northleaf Fund, particularly direct investments, may include "control" characteristics including the right to appoint voting or observer members to an issuer's board of directors (or similar), the majority of the exposure to private assets in the fund will be achieved through investments in other private funds rather than direct holdings in portfolio companies. Further, direct investments made by the Underlying Northleaf Fund will be generally minority investments in issuers which do not include "control" characteristics.

14. The Underlying Northleaf Fund will be managed by Northleaf. Northleaf is registered as an Exempt Market Dealer in Alberta, British Columbia, Manitoba, Ontario, Quebec and Saskatchewan, as an Investment Fund Manager in Manitoba, Ontario and Quebec and as a Portfolio Manager in Manitoba and Ontario.
15. The Underlying Northleaf Fund will not be subject to NI 81-102, and will not prepare a simplified prospectus or annual information form in accordance with NI 81-101 or a long form prospectus in accordance with NI 41-101.
16. The Underlying Northleaf Fund will not be a reporting issuer in any of the Canadian Jurisdictions or listed on any recognized stock exchange.
17. The Top Funds will be the sole investors of the Underlying Northleaf Fund.
18. The Top Funds qualify to invest in the Underlying Northleaf Fund pursuant to an exemption from the prospectus requirement under applicable Canadian securities laws.
19. Northleaf is not in default of the securities legislation of any of the Canadian Jurisdictions.
20. There will be no established, publicly available secondary market for interests in the Underlying Northleaf Fund nor will there generally be any redemption rights applicable to the Top Funds as investors of the Underlying Northleaf Fund. As such, the Top Funds will not be able to readily dispose of their interest in the Underlying Northleaf Fund and any interest that a Top Fund holds in an Underlying Northleaf Fund will be considered an "illiquid asset" under NI 81-102.
21. As the Underlying Northleaf Fund will be a closed-end, non-redeemable investment fund, and there are no redemption rights, the Top Funds neither subscribe nor redeem based on the net asset value (**NAV**) of the Underlying Northleaf Fund.
22. The Underlying Northleaf Fund will invest in other private equity funds sponsored by, and direct investments in partnership with, third party fund managers with whom Northleaf has an investment relationship. The Underlying Northleaf Fund will be valued quarterly by Northleaf. In preparing the quarterly valuations of the Underlying Northleaf Fund, Northleaf considers the quarterly valuations that it receives in respect of

each Portfolio Investment from the applicable fund manager in respect of the Underlying Northleaf Fund's proportionate share of the Portfolio Investment. For valuation purposes, the Underlying Northleaf Fund's Portfolio Investments are stated at fair value based on financial statements and other relevant information as supplied by the relevant fund manager at each quarter end. Northleaf reviews each quarterly valuation for reasonability as compared to the prior quarter utilizing various performance metrics. Such valuations remain subject to adjustment in the event that Northleaf concludes that the valuation provided by the relevant fund manager does not accurately reflect the fair value of the Portfolio Investment. In such situations, Northleaf may consider other sources of fair value, such as trading comparables, transaction multiples or prior financing rounds.

23. On an annual basis, Northleaf's external auditors for its private equity funds will audit the financial statements of the Underlying Northleaf Fund, currently Ernst & Young LLP (Canada) (E&Y), where E&Y independently confirms the fair value of each Portfolio Investment. E&Y also audits the controls and processes in place to ensure Portfolio Investments are accurately valued in accordance with Northleaf's valuation policy.
24. Northleaf's private equity valuation policy is consistent with the *International Private Equity and Venture Capital Valuation Guidelines*.

General

25. Absent the Requested Relief, a Top Fund would be prohibited by sections 2.5(2)(a) and 2.5(2)(c) of NI 81-102 from purchasing or holding securities of the Underlying Northleaf Fund because the Underlying Northleaf Fund (i) will not be subject to NI 81-102; and (ii) will not be a reporting issuer in the Canadian Jurisdictions.
26. IGIM believes that a meaningful allocation to private equity investments provides Top Funds' investors with unique diversification opportunities and represents an appropriate investment tool for the Top Funds that has not been widely available in the past. Private equity investments have historically performed well in down markets; IGIM believes that permitting the Top Funds to invest in private equity, a subset of alternative investments, offers the potential to improve the Top Funds' risk adjusted returns.
27. An investment in the Underlying Northleaf Fund by a Top Fund is an efficient and cost-effective way for the Top Fund to implement a private equity investment strategy. IGIM believes it is in the best interests of the Top Funds to make use of Northleaf's experience and expertise as a private equity investor to achieve a Top Fund's desired exposure to a diversified portfolio of private companies. An investment in the Underlying Northleaf Fund will provide a Top Fund with exposure to top-tier private equity funds and assets the Top Fund would not be able access directly. Without established relationships and internal private equity expertise, which Northleaf possesses but IGIM does not, it is extremely difficult to invest with leading global private equity managers, due to capped fund

sizes and limited access to the funds. As an asset class, there has historically been a much larger dispersion of returns across private equity managers than there is for public equity managers. Accessing the top performing funds in private equity has historically made a material difference to returns. For this reason there is significant competition to access the strongest performers and many are closed to new investors. Northleaf's longstanding relationships with and access to strong performing private equity funds provides a distinct advantage that would be very difficult for IGIM to generate directly.

28. Further, Northleaf provides an active and purposeful approach to private equity portfolio construction, risk management and diversification that IGIM does not have the expertise to replicate. Northleaf engages in extensive due diligence of each investment opportunity to ensure that the investment meets the expected risk/return profile for the Underlying Northleaf Fund participating in the investment. In summary, investing in the Underlying Northleaf Fund will provide the Top Funds with access to investments in hard to access private equity funds and assets that the Top Funds would not otherwise have exposure to through portfolios of private equity investments diversified across different strategies, industry sectors and geographies constructed by Northleaf's experienced private equity professionals.
29. We note that the private equity funds that the Underlying Northleaf Fund will invest in will not be considered "investment funds" under securities laws and, from a regulatory perspective, would be directly accessible by the Top Funds without regulatory relief.
30. We believe that Northleaf's expertise is also extremely beneficial in the secondaries market. As described above, the secondaries market involves purchasing interests in private equity funds from current investors or general partners who are seeking liquidity. The secondaries market has grown considerably over the past decade, but can generally only be accessed by firms like Northleaf that have extensive relationships with private equity managers and other investors in private equity funds. These relationships provide Northleaf with significant "deal flow". These interests can take many forms, including interests in one or more private equity funds sold as a portfolio and "single asset" vehicles where, as the name indicates, a sole company or asset is purchased in the secondary market indirectly through a managed vehicle structure. Since IGIM does not possess the applicable expertise internally, these opportunities cannot be accessed by the Top Funds except through a specialized secondaries manager like Northleaf.
31. The reason for this proposed "fund-of-one" structure is that Northleaf does not currently offer a pooled fund focused on Canadian private equity that fits with a Top Fund's investment objectives and strategies. Furthermore, this "fund-of-one" structure will ensure that Northleaf can efficiently provide portfolio monitoring, treasury, accounting, and other reporting tasks that the Top Funds are not set up to undertake. Northleaf has proven success in structuring, investing and managing more than \$3 billion across Canada-focused private equity and venture capital/growth mandates on behalf of

leading Canadian institutional investors since 2006. In particular, Northleaf manages \$2.1 billion in a custom Canada-focused private equity mandate on behalf of one of Canada's largest pension plans in a "fund of one" structure.

32. The Top Funds being the sole investor of an underlying fund is permissible under section 2.5 of NI 81-102 and therefore, but for the lack of applicability of section 2.5(2)(a) of NI 81-102 and 2.5(2)(c) 81-102 to the Underlying Northleaf Fund, no additional relief would be necessary to organize the funds in this manner.
33. Investments in the Underlying Northleaf Fund are considered illiquid investments under NI 81-102 and therefore are not permitted to exceed 10% of the NAV of a Top Fund. The investments in the Underlying Northleaf Fund are included as part of the calculation for the purposes of the illiquid asset restriction in section 2.4 of NI 81-102 for a Top Fund. NI 81-102 allows holdings in illiquid investments so long as the aggregate exposure to illiquid investments is within the thresholds of the rule. IGIM has its own liquidity policy and manages the Top Funds' liquidity prudently under the policy.
34. As with any other illiquid investment, the portfolio managers of a Top Fund will carefully monitor the portfolio holdings and the liquidity needs of the Top Fund. Further, while the Top Funds may go up to 10% in illiquid assets in accordance with NI 81-102, IGIM intends to keep the percentage of a Top Fund that is invested in illiquid assets at a moderately lower percentage to allow for fluctuations in the size of the Top Fund in order to manage compliance with the 10% restriction.
35. IGIM expects that the main source of liquidity for a Top Fund's interest in the Underlying Northleaf Fund would be for the Top Fund to turn to the secondary market where a Top Fund could seek out other institutional investors who, subject to Northleaf's approval, could purchase a Top Fund's interest in the Underlying Northleaf Fund in a secondary transaction.
36. The decision to permit the Top Funds to invest in the Underlying Northleaf Fund represents IGIM's business judgment and is not influenced by factors other than the best interests of the Top Funds.
37. Aside from the sections covered by the Requested Relief, the Top Funds will comply with section 2.5 of NI 81-102 with respect to any investment in the Underlying Northleaf Fund.

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. No Top Fund will actively participate in the business or operations of the Underlying Northleaf Fund.
2. In respect of an investment by a Top Fund in the Underlying Northleaf Fund, no sales or redemption fees will be paid as part of the investment in the Underlying Northleaf Fund.
3. In respect of an investment by a Top Fund in the Underlying Northleaf Fund, no management fees or incentive fees will be payable by the Top Fund that, to a reasonable person, would duplicate a fee payable by the Underlying Northleaf Fund for the same service.
4. Where applicable, a Top Fund's investment in the Underlying Northleaf Fund, will be disclosed to investors in such Top Fund's quarterly portfolio holding reports, financial statements and fund facts.
5. The prospectus of each Top Fund will disclose in the next renewal or amendment the fact that the Top Fund is invested in the Underlying Northleaf Fund, which are managed by Northleaf and that Mackenzie, an affiliate of IGIM holds a significant ownership interest in Northleaf.
6. The manager of each of the Top Funds complies with section 5.1 of NI 81-107 and the manager and the IRC of the Top Funds will comply with section 5.4 of NI 81-107 for any possible standing instructions concerning an investment by a Top Fund in the Underlying Northleaf Fund.



Chris Besko, Director
The Manitoba Securities Commission