

April 19, 2023

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
MANITOBA AND ONTARIO

AND

IN THE MATTER OF  
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF  
GREAT WEST LIFECO INC.  
(THE "FILER")

DECISION

**Background**

The securities regulatory authority or regulator in each of the Jurisdictions (each, a "**Decision Maker**") has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that:

- (a) pursuant to Section 6.1 of National Instrument 62-104 – *Take-Over Bids and Issuer Bids* ("**NI 62-104**"), the take-over bid requirements of Part 2 of NI 62-104 (the "**Take-Over Bid Requirements**") do not apply in connection with: (i) the proposed offer (the "**Offer**") by the Filer and/or one or more wholly-owned subsidiaries thereof (the Filer and/or any such subsidiaries making the Offer being collectively referred to as the "**Buyer**") to purchase all of the issued and outstanding shares in the capital of Value Partners Group Inc. ("**Value Partners**"); and (ii) the purchase of such shares pursuant to the Offer (together, the "**Exemption Sought**"); and
- (b) the application and this Decision be kept confidential until the earlier of (i) the date of the public announcement of the Offer or (ii) 90 days from the date of the Decision (the "**Confidentiality Relief**").

In accordance with the process set forth in National Policy 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions* ("**NP 11-203**") (for a dual application):

- The Manitoba Securities Commission is principal regulator for this application;
- the Applicant has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 – *Passport System* ("**MI 11-102**") is intended to be relied upon by the Filer in the provinces of British Columbia, Alberta, Saskatchewan (together with Manitoba and Ontario, the "**Jurisdictions**"); and
- the decision is the decision of the principal regulator and evidences the decision of the Ontario Securities Commission.

## Interpretation

Terms defined in National Instrument 14-101 – *Definitions*, NI 62-104 and MI 11-102 have the same meaning if used in this decision, unless otherwise defined herein.

## Representations

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

1. The Filer was incorporated under the *Canada Business Corporations Act* on November 8, 1979 and is in good standing.
2. The registered office and principal place of business of the Filer is 100 Osborne Street North, Winnipeg, Manitoba, R3C 1V3.
3. The Filer is a reporting issuer in each of the provinces and territories of Canada.
4. The Filer's common shares and first preferred shares, series G, H, I, L, M, N, P, Q, R, S, T and Y are listed and posted for trading on the Toronto Stock Exchange.
5. Value Partners is a corporation amalgamated and subsisting under the *Canada Business Corporations Act* pursuant to articles of amalgamation dated April 1, 2022.
6. The registered office of Value Partners is 102-1015 Wilkes Avenue, Winnipeg, Manitoba, R3P 2R8 and the principal place of business of Value Partners is 175 Hargrave St., Suite 300, Winnipeg, Manitoba, R3C 3R8.
7. Value Partners is not, and has never been, a reporting issuer, or its equivalent, in any of the provinces or territories of Canada.
8. Value Partners is engaged, indirectly through its subsidiaries, in the businesses of investment fund management, portfolio management, exempt market dealing, mutual fund dealing and insurance and estate planning services.
9. Value Partners Investments Inc. ("**VPI**"), a wholly-owned subsidiary of Value Partners, is registered as an investment fund manager, portfolio manager and exempt market dealer in each of the provinces of Manitoba, Ontario and Newfoundland and Labrador, as a portfolio manager and exempt market dealer in each of the provinces of British Columbia, Alberta, Saskatchewan, New Brunswick, Nova Scotia and Prince Edward Island and as a portfolio manager in Quebec. VPI is also registered as an investment advisor in the United States of America under the trade name "Value Partners Investment Counsel".
10. LP Financial Planning Services Ltd. ("**LP Financial**"), a wholly-owned subsidiary of Value Partners, is registered as a mutual fund dealer in the provinces of Manitoba, British Columbia, Alberta, Saskatchewan, Ontario and Nova Scotia.
11. Lawton Partners Insurance and Estate Planning Services Ltd. ("**Lawton**"), a wholly-owned subsidiary of Value Partners, is licensed to sell insurance in the provinces of Manitoba, British Columbia, Alberta, Saskatchewan and Ontario; however, all insurance sales are made through managing general agent(s) of Lawton.
12. Neither the Filer nor Value Partners, or its affiliates referenced herein, are in default of securities legislation in any Canadian jurisdiction.

13. The authorized share capital of Value Partners as at the date hereof consists of an unlimited number of Class A-1 shares (the "**Class A-1 Shares**"), an unlimited number of Class B-1 shares (the "**Class B-1 Shares**"), an unlimited number of Class C-1 shares (the "**Class C-1 Shares**", and together with the Class A-1 Shares and Class B-1 Shares, the "**Shares**") and an unlimited number of preference shares. As at the date hereof there are, and as at the date of the Purchase Agreement there will be, 12,581,043 Class A-1 Shares, 12,729,956 Class B-1 Shares, 6,550,506 Class C-1 Shares and nil preference shares of Value Partners issued and outstanding.
14. There is no published market in respect of the Shares or the preference shares of Value Partners.
15. Each Class A-1 Share is entitled to one (1) vote and each Class B-1 Share is entitled to one and one-half (1.5) votes in respect of all matters voted on by the holders of Shares. The Class C-1 Shares are non-voting.
16. There are currently 161 beneficial owners of Class A-1 Shares, residing in the following jurisdictions:
  - (a) 62 in Manitoba, holding 6,323,596 Class A-1 Shares (50.26% of the issued and outstanding Class A-1 Shares);
  - (b) 29 in British Columbia, holding 2,252,654 Class A-1 Shares (17.91% of the issued and outstanding Class A-1 Shares);
  - (c) 26 in Alberta, holding 1,060,700 Class A-1 Shares (8.43% of the issued and outstanding Class A-1 Shares);
  - (d) 22 in Saskatchewan, holding 1,304,703 Class A-1 Shares (10.37% of the issued and outstanding Class A-1 Shares);
  - (e) 17 in Ontario, holding 1,386,128 Class A-1 Shares (11.02% of the issued and outstanding Class A-1 Shares);
  - (f) 2 in New Brunswick, holding 121,918 Class A-1 Shares (0.97% of the issued and outstanding Class A-1 Shares);
  - (g) 2 in Nova Scotia, holding 119,762 Class A-1 Shares (0.95% of the issued and outstanding Class A-1 Shares); and
  - (h) 1 in Newfoundland, holding 11,582 Class A-1 Shares (0.09% of the issued and outstanding Class A-1 Shares).
17. To the best knowledge of the Filer, the Class A-1 Shares are directly or indirectly held by the beneficial owners as follows:
  - (a) four (4) current directors and employees of Value Partners, who own, in aggregate, approximately 2.5% of the issued and outstanding Class A-1 Shares;
  - (b) 14 current directors or employees of VPI and/or LP Financial, affiliates of Value Partners, who own, in aggregate, approximately 2.5% of the issued and outstanding Class A-1 Shares;

- (c) 45 current independent contractors/consultants of LP Financial, an affiliate of Value Partners, (including one (1) of whom is a former employee of VPI, an affiliate of Value Partners) (collectively, the “**Independent Contractors**”), who or which own, in aggregate, approximately 52.4% of the issued and outstanding Class A-1 Shares;
  - (d) one (1) employee (the “**Administrative Services Company Employee**”) of a corporation owned by, and which provides administrative services to, certain Independent Contractors of LP Financial, an affiliate of Value Partners, who is a former securities registrant and who spends a significant amount of time working with such Independent Contractors of LP Financial, who owns less than 0.1% of the issued and outstanding Class A-1 Shares;
  - (e) 87 current and two (2) former employees or independent contractors/consultants of third-party securities dealers which entered into agency or dealer agreements with VPI, an affiliate of Value Partners, with respect to investment products managed by VPI (collectively, the “**Outside Dealing Representatives**”) and who or which were accredited investors (as defined in National Instrument 45-106 – *Prospectus Exemptions* (“**NI 45-106**”)) at the time they acquired the Class A-1 Shares, who or which own, in aggregate, approximately 38.7% of the issued and outstanding Class A-1 Shares; and
  - (f) eight (8) third parties (collectively, the “**Referring Parties**”) and together with the Administrative Services Company Employee and the Outside Dealing Representatives, the “**Non-Employee Shareholders**”) who entered into (or whose associate entered into) referral arrangements with VPI, an affiliate of Value Partners, who or which were accredited investors (as defined in NI 45-106) at the time they acquired the Class A-1 Shares, and who or which own, in aggregate, approximately 3.8% of the issued and outstanding Class A-1 Shares.
18. There is currently one (1) beneficial owner of Class B-1 Shares.
19. There are currently 50 beneficial owners of Class C-1 Shares.
20. Up to 588,124 additional Class C-1 Shares are issuable pursuant to options granted under Value Partners’ stock option plan (the “**SOP**”) to 8 current holders of Class C-1 Shares. The exercise of any options prior to the acquisition of Class C-1 Shares by the Buyer will not increase the number of beneficial holders of Class C-1 Shares. In addition, as at the date hereof, it is anticipated that, pursuant to the SOP, the vesting of all outstanding options will be accelerated and each option holder will exercise their options and sell the underlying Class C-1 Shares to the Buyer pursuant to the Offer.
21. At least 89 of the 98 Non-Employee Shareholders (i.e., the Outside Dealing Representatives) have the status of, or are owned and controlled by, an accredited investor. Such Non-Employee Shareholders are sophisticated on account of their current or former status as securities registrants and, as such, possess significant education, proficiency and experience which qualifies them to provide investment advice and services to the general public. Accordingly, such Non-Employee Shareholders have the education, proficiency and knowledge to enable them to review, understand and evaluate information, and ask such questions as they may consider necessary or appropriate to make an informed decision with respect to whether to become a party to the Purchase Agreement and whether to elect to receive common shares of the Filer.

22. Each person proposing to acquire Shares for the first time is required, as a condition precedent of acquiring such Shares, to become a party to, and agree to be subject to the terms and conditions of, a restated shareholders' agreement of Value Partners dated December 16, 2021, as may be amended (the "**USA**"). The Filer does not currently own any Shares, nor does it have any intention to do so other than pursuant to the Offer.
23. The USA sets out various rights and/or obligations of Value Partners regarding the purchase of Shares from the holders of shares of Value Partners (each, a "**Shareholder**", and collectively, the "**Shareholders**") including an obligation to purchase Shares from a Shareholder who has become subject to certain events, including the Shareholder's death, disability or retirement from Value Partners or any of its subsidiaries, the Shareholder ceasing, or being unable, to perform duties as an advisor or employee of Value Partners or any of its subsidiaries, and unethical conduct or a breach of the USA by the Shareholder, subject to a maximum aggregate amount of annual repurchase payments and certain other terms and conditions.
24. Pursuant to the USA, Value Partners also has a right to repurchase at any time some or all of the Shares held by a Shareholder, subject to (i) the approval by a majority of a committee of Shareholders who are (or whose principal is) an investment advisor of Value Partners or an affiliate thereof (the "**Advisor Governance Committee**"), (ii) the payment by Value Partners to the Shareholder of consideration payable equal to the fair market value per Share, as defined and calculated in accordance with the USA, as at the end of the day on which the notice of repurchase is given to the Shareholder, and (iii) the repurchase taking place within 30 days after the day on which the notice of repurchase is given to the Shareholder (the "**Repurchase Right**").
25. Pursuant to the terms of the USA, in the event that a third party makes an offer to purchase all of the Shares, the holder of the Class B-1 Shares may accept such offer on its own behalf and on behalf of the holders of Class A-1 Shares and Class C-1 Shares. In such case, all of the Shareholders shall be bound to sell their Shares according to the terms of such purchase offer and in accordance with conditions set forth in the USA (the "**Drag-Along Right**"), including the condition that the third party purchases all of the issued and outstanding Shares and the price paid for each Class A-1 Share and Class C-1 Share shall not be less than the fair market value per Share, determined in accordance with the USA.
26. The Offer will include conditions of Closing, which may include, among other conditions, a requirement that Value Partners amalgamate (the "**Amalgamation**") with the sole holder of Class B-1 Shares and VP Capital 2022 Inc., its affiliate, prior to Closing, pursuant to which the new corporation resulting from such amalgamation ("**Amalco**") will amend, either as part of the amalgamation or subsequent to the amalgamation but prior to Closing, the terms of the Class A-1 shares of Amalco (the "**Amalco Class A-1 Shares**") (for which the Class A-1 Shares will be exchanged) and the Class B-1 shares of Amalco (the "**Amalco Class B-1 Shares**") (for which the Class B-1 Shares will be exchanged) to provide the holders of such shares with a right to convert their shares to Class C-1 shares of Amalco (the "**Amalco Class C-1 Shares**"). In addition, the existing Class C-1 Shares will be exchanged for Amalco Class C-1 Shares. For greater certainty, in the event that the Amalgamation is completed prior to Closing, the terms "Shares", "Class A-1 Shares" and "Class B-1 Shares" and "Class C-1 Shares" herein shall also be construed to refer to the applicable class of Shares into which the Class A-1 Shares, Class B-1 Shares and/or Class C-1 Shares are converted, in each case as the context requires.

27. Assuming that prior to Closing the Amalgamation occurs and at least 44 non-current or former employees of Value Partners or its affiliates convert their Amalco Class A-1 Shares and/or Amalco Class B-1 Shares to Amalco Class C-1 Shares, there would be greater than 50 beneficial owners of Amalco Class C-1 Shares. Any beneficial owners that would cause there to be greater than 50 beneficial owners of Amalco Class C-1 Shares would fall within the same group of persons described in Sections 15 and 16 hereof. If all holders of Amalco Class A-1 Shares and Amalco Class B-1 Shares convert their shares to Amalco Class C-1 Shares, there would be a maximum of 198 holders of Amalco Class C-1 Shares.
28. Pursuant to the terms of the Offer, the consideration to be offered for the purchase of the Shares will be, at the election of each Shareholder, cash or common shares of the Applicant. A base purchase price will be payable on closing and an earnout payment will be made if certain conditions are met on the third anniversary of Closing, all as set forth in the Purchase Agreement.
29. The Purchase Agreement will provide that the amount of consideration to be paid per Share will be the same regardless of the class of share acquired by the Buyer.
30. The Offer will be conditional upon 100% of the issued and outstanding Shares being sold and delivered to the Buyer. Under the terms of the Offer, the Buyer is seeking to have 100% of Shareholders agree to become party to the definitive form of share purchase agreement (the "**Purchase Agreement**").
31. In the event that 100% of Shareholders don't agree to become party to the Purchase Agreement, the Drag-Along Right or the Repurchase Right set forth in the USA may be utilized. The USA is a contractual agreement among all the Shareholders as to the process by which they may sell or dispose of their Shares, and by which an offeror, including the Filer, can acquire all of the Shares pursuant to the Drag-Along Right or Value Partners can acquire Shares pursuant to the Repurchase Right, making such processes transparent and applicable to all Shareholders in the same manner.
32. The Filer and Value Partners have structured a process by which the Offer will be carried out that will address (a) equal treatment for all Shareholders; (b) the provision of adequate information to offeree Shareholders; and (c) an open and even-handed process, including:
  - (a) the Offer is for all of the Shares and all Shareholders will receive the same price per Share (no matter the class) and be provided with the opportunity to make an election for cash or common shares of the Filer;
  - (b) none of the Shareholders will be party to any collateral agreement, commitment or understanding that would have the effect, directly or indirectly, of providing such Shareholder with consideration of greater value than that offered to all other Shareholders under the terms of the Offer, other than employment compensation arrangements that would fall within one of the "collateral agreements – exemptions" under Section 2.25(1)(b)(ii) of NI 62-104;
  - (c) each Shareholder will receive a copy of the offer document, which will contain information, or direct the Shareholder to public disclosure, with respect to (i) the Buyer, as the offeror, and the Filer as the entity whose shares will be issued to Shareholders electing to receive share consideration, (ii) the consideration being offered for each Share, (iii) the reasons for the Offer, (iv) the mechanics of accepting the Offer, (v) the conditions of the Offer, and (vi) certain other information;

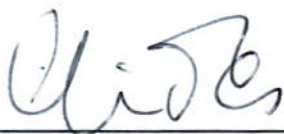
- (d) all Shareholders will have access to the Purchase Agreement;
  - (e) each Shareholder will be requested to sign an authorization which authorizes such Shareholder to become party to the Purchase Agreement and all related agreements and transactions (the "**Shareholder Authorization**") and authorizes a designated officer of Value Partners to execute and deliver the Purchase Agreement and other agreements on their behalf;
  - (f) all Shareholders will be required to receive independent legal advice prior to executing the Shareholder Authorization;
  - (g) all Shareholders will have the opportunity to ask questions of management of Value Partners at one or more information sessions for Shareholders with the management of Value Partners in order for management to explain the terms of the Offer and the mechanics for accepting the Offer, among other things; and
  - (h) all Shareholders will have the opportunity to ask questions of independent legal counsel where Value Partners will arrange for several video sessions for Shareholders to be held with independent legal counsel without the presence of management of Value Partners.
33. The Filer understands that each director of Value Partners that is also a Shareholder is supportive of the Offer in his/her capacity as a Shareholder and will become party to the Purchase Agreement and the offer document to be sent to each Shareholder will include a statement to that effect.
34. The Buyer will be exempt from the provisions of Part 2 of NI 62-104 with respect to (i) the purchase of Shares under the Offer in the provinces of New Brunswick, Nova Scotia and Newfoundland and Labrador, pursuant to the "de minimus" exemption set out in Section 4.5 thereof and (ii) the purchase of Class B-1 Shares and, assuming that the Amalgamation does not occur or that no Amalco Class A-1 Shares and Amalco Class B-1 Shares are converted to Amalco Class C-1 Shares as described in Section 25 hereof, Class C-1 Shares under the Offer in the Jurisdictions, pursuant to the "non-reporting issuer" exemption set out in Section 4.3 thereof (the "**Non-Reporting Issuer Exemption**").
35. As Value Partners has more than 50 holders (specifically, 161 holders of Class A-1 Shares), (including 45 Independent Contractors, the Administrative Services Company Employee, 89 Outside Dealing Representatives and 8 Referring Parties), (or, in the event the Amalgamation occurs and at least 44 non-current or former employees of Value Partners or its affiliates convert their Class A-1 Shares and/or Class B-1 Shares to Amalco Class C-1 Shares, Value Partners will have more than 50 holders of Amalco Class C-1 Shares) that are not current or former employees of Value Partners or an affiliate thereof, the Non-Reporting Issuer Exemption is not available with respect to the purchase of Class A-1 Shares (or will not be available with respect to the purchase of Amalco Class C-1 Shares) under the Offer in the Jurisdictions.

## **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 Exemption Sought is granted provided that, at the time of the Offer:
- (i) Value Partners is not a reporting issuer;
  - (ii) there is no published market in respect of the Shares;
  - (iii) the number of security holders of each class of voting or equity securities that are subject to the Offer at the commencement of the Offer is not more than 50, exclusive of holders who:
    - (A) are in the employment of Value Partners or an affiliate of Value Partners; or
    - (B) were formerly in the employment of Value Partners or in the employment of an entity that was an affiliate of Value Partners at the time of that employment, and who while in that employment were, and have continued after that employment to be, security holders of Value Partners and all of whom are party to the USA; or
    - (C) are Independent Contractors, Administrative Services Company Employee, the Outside Dealing Representatives or Referring Parties and all of whom are party to the USA.
- (b) the Confidentiality Relief is granted provided that:
- (i) the Purchase Agreement to which each Shareholder will become a party will include a reference to the Decision and the Decision will be appended to such Purchase Agreement; and
  - (ii) the Filer (or a subsidiary thereof) will publicly disclose the granting of the Exemption Sought concurrent with the Filer's (or such subsidiary's) disclosure of the Offer.



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Chris Besko, Director  
The Manitoba Securities Commission