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Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted from the prohibition against a manager of mutual funds investing in the securities of a person who is a substantial security holder of the manager – mutual funds are permitted to continue to hold securities in related companies, and to purchase and sell securities of related companies in the future, provided an independent review committee oversees the holdings, purchases or sales of such securities, subject to specific conditions – previous decision granting similar relief is revoked and replaced with a new decision which expands relief as a result of additional issuers becoming related to the manager following an acquisition

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 120(1), 120(2), 121(2)(b), 123, and 171

**IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH
COLUMBIA, ALBERTA, SASKATCHEWAN, ONTARIO, NOVA SCOTIA
AND NEWFOUNDLAND AND LABRADOR**

AND

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF MACKENZIE FINANCIAL CORPORATION
MACKENZIE UNIVERSAL CANADIAN GROWTH FUND
MACKENZIE UNIVERSAL CANADIAN GROWTH CAPITAL CLASS
MACKENZIE SHORT-TERM BOND FUND
LLIM BALANCED STRATEGIC GROWTH FUND
LLIM CANADIAN DIVERSIFIED EQUITY FUND
LLIM CANADIAN GROWTH SECTORS FUND
LLIM CANADIAN BOND FUND
LLIM INCOME PLUS FUND
GWLIM CORPORATE BOND FUND
KEYSTONE AGF BOND FUND
MACKENZIE MAXXUM PENSION FUND
MACKENZIE MAXXUM CANADIAN VALUE FUND
MACKENZIE BALANCED FUND
MACKENZIE MAXXUM DIVIDEND FUND
MACKENZIE MAXXUM DIVIDEND GROWTH FUND
MACKENZIE INCOME FUND
MACKENZIE IVY ENTERPRISE FUND**

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**MACKENZIE IVY GROWTH AND INCOME FUND
MACKENZIE IVY CANADIAN FUND
MACKENZIE HORIZON CAPITAL CLASS
MACKENZIE IVY CANADIAN CAPITAL CLASS
MACKENZIE IVY ENTERPRISE CAPITAL CLASS
MACKENZIE PREMIER INTERNATIONAL INVESTMENT CANADIAN
EQUITY FUND
MACKENZIE UNIVERSAL FUTURE CAPITAL CLASS
MACKENZIE UNIVERSAL SELECT MANAGERS CANADA CAPITAL
CLASS
MACKENZIE UNIVERSAL CANADIAN BALANCED FUND
MACKENZIE UNIVERSAL FUTURE FUND
MACKENZIE UNIVERSAL SELECT MANAGERS CANADA FUND
CLARICA SUMMIT EQUITY FUND
CLARICA SUMMIT GROWTH AND INCOME FUND
CLARICA SUMMIT DIVIDEND GROWTH FUND
KEYSTONE AIM/TRIMARK CANADIAN EQUITY FUND
KEYSTONE AGF EQUITY FUND
KEYSTONE SPECTRUM EQUITY FUND**

– and –

**TOGETHER WITH SUCH OTHER FUNDS AS ARE OR MAY BE
ESTABLISHED AND POSSIBLY ADVISED BY MACKENZIE
FINANCIAL CORPORATION FROM TIME TO TIME**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) issued a decision on April 17, 2001 which was replaced by an amended decision on July 26, 2002 (the “First Amended Decision”) pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that certain provisions of the Legislation do not apply so as to prevent certain funds established and possibly advised by Mackenzie from investing in, or continuing to hold an investment in, the securities of Power Corporation of Canada (“PCC”), Power Financial Corporation (“PFC”) and Great-West Lifeco Inc. (“Lifeco”) (collectively, the “Initial Related Companies”), subject to certain conditions;

AND WHEREAS Lifeco has entered into a securities exchange transaction (the “Exchange Transaction”) with Canada Life Financial Corporation (“CLFC”)

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whereby Lifeco will acquire all of the outstanding common shares of CLFC pursuant to a transaction agreement made as of February 14, 2003;

AND WHEREAS the Decision Makers wish to rescind the First Amended Decision dated July 26, 2002;

AND WHEREAS Mackenzie has made a further application for a decision (the "Decision") pursuant to Legislation as a result of the Exchange Transaction that the following provisions do not apply so as to prevent the funds listed in Schedule A (the "New Funds") together with the funds set out in the First Amended Decision listed in Schedule B and such other funds that are or may be established and possibly advised by Mackenzie from time to time (individually a "Fund" and collectively the "Funds") from investing in, or continuing to hold an investment in, securities of the Related Companies (as hereinafter defined):

- (a) the provisions prohibiting a mutual fund from knowingly making or holding an investment in any person or company who is a substantial security holder of the mutual fund, its management company or distribution company; and
- (b) the provision prohibiting a mutual fund from knowingly making or holding an investment in an issuer in which a substantial security holder of the mutual fund, its management company or its distribution company has a significant interest (the provisions of (a) and (b) being collectively, the "Investment Restrictions");

AND WHEREAS under the Mutual Reliance Relief System for Exemptive Relief of Applications (the "System"), the Ontario Securities Commission is the principal regulator for this Application;

AND WHEREAS it has been represented to the Decision Makers as follows:

1. The Funds are open-ended mutual fund trusts established or mutual fund corporations incorporated, under the laws of the Province of Ontario.
2. Mackenzie is the manager, registrar and advisor of each of the New Funds and will also be the advisor to the Funds and may also be the manager of the Funds. Mackenzie is a corporation incorporated under the laws of Ontario and is registered as an investment counsel and portfolio manager/commodity trading manager under the securities legislation in Ontario, as an investment portfolio manager and investment counsel under the securities legislation in Alberta and as a portfolio manager under the securities legislation in Manitoba.

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3. The securities of the Funds are or will be offered for sale in all of the provinces and territories of Canada. Each of the Funds is or will be a reporting issuer or equivalent under the Legislation and is not on a list of defaulting issuers maintained under the Legislation.
4. On April 17, 2001, Investors Group Inc. ("IG") purchased all of the outstanding common shares of Mackenzie.
5. As a result of the First Amended Decision granted by the Decision Makers dated July 26, 2002, the Funds are permitted to purchase and hold securities of the Initial Related Companies.
6. Lifeco is a company incorporated under the *Canada Business Corporations Act* and is a reporting issuer or equivalent in each of the Jurisdictions.
7. As at April 8, 2003, PCC held 67.1% of the voting securities of PFC. As at February 14, 2003, PFC held 78.49% of the common equity share capital of Lifeco. PFC will hold approximately 69.21% of the common equity share capital of Lifeco after the completion of the Exchange Transaction. PFC holds, directly and indirectly, more than 58% of the outstanding common shares in the capital of IG and IG owns 100% of the outstanding common shares of Mackenzie.
8. CLFC is an insurance company incorporated under the *Insurance Companies Act* (Canada) and is a reporting issuer or equivalent in each of the provinces and territories in Canada. CLFC's registered office is located at 330 University Avenue, Toronto, Ontario M5G 1R8.
9. The authorized share capital of CLFC consists of an unlimited number of CLFC Common Shares and an unlimited number non-voting preferred shares, issuable in series ("CLFC Preferred Shares"). As of April 8, 2003, there were no more than 160,440,000 CLFC Common Shares and 6,000,000 CLFC Preferred Shares issued and outstanding. The CLFC Preferred Shares are currently listed and posted for trading on the Toronto Stock Exchange ("TSX") and the CLFC Common Shares are currently listed and posted for trading on the TSX and the New York Stock Exchange.
10. The Canada Life Assurance Company ("CLA") is a direct subsidiary of CLFC and CLFC owns all of the outstanding common shares of CLA. CLA has issued and outstanding a \$250 million principal amount 8% subordinated debenture, a \$200 million principal amount 5.8% subordinated debenture, Series A, and a \$100 million principal amount 6.4% subordinated debenture, Series B (collectively, the "CLA Debentures").

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11. CLA has a significant interest in Canada Life Capital Trust (the "Trust"). The Trust issued Canada Life Capital Securities ("CLiCS") pursuant to a prospectus dated March 7, 2002. Each CLiCS represents an undivided beneficial ownership interest in the assets of the Trust. Holders of CLiCS have the right at any time to surrender their CLiCS for CLA Shares. The CLiCS will automatically be exchanged into CLA Shares if certain capital ratios are not maintained in the Trust or upon the occurrence of certain insolvency events. Starting in 2012, the CLA Shares are exchangeable for CLFC Common Shares.

12. It is anticipated that Lifeco will acquire all of the outstanding common shares of CLFC through the Exchange Transaction.

13. The Exchange Transaction will be effected through a reorganization of CLFC's capital structure. The Exchange Transaction was approved by more than 66-2/3% of the holders of common shares of CLFC who voted at a special meeting held on May 5, 2003.

14. Subject to the satisfaction of all closing conditions and obtaining all applicable regulatory approvals, it is anticipated that the Exchange Transaction will be completed on July 10, 2003.

15. As at April 8, 2003 each of the New Funds owned securities in CLFC, CLA and/or the Trust (collectively, the "CL Companies").

16. At the time the securities of the CL Companies were initially purchased, the CL Companies were not affiliated with the Funds or Mackenzie, and each investment by the Funds in the securities of the CL Companies represented the business judgment of professional portfolio advisers uninfluenced by considerations other than the best interests of the investors of the Funds.

17. Mackenzie believes that it is in the best interests of investors in the New Funds to retain the investments in the securities of the CL Companies.

18. Mackenzie believes that it would be in the best interests of investors of the Funds to be permitted to invest in the securities of the Initial Related Companies and the CL Companies (collectively, the "Related Companies"), in keeping with the investment objectives of the Funds, up to the limits allowed by applicable Legislation.

19. Mackenzie has established an Independent Review Committee (the "Independent Committee"), comprised entirely of individuals who are wholly independent of Mackenzie, to oversee the holdings, purchases or sales of securities of Related Companies for the Funds.

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20. The Independent Committee shall review the holdings, purchases or sales of securities of the Related Companies to ensure that they have been made free from any influence by a Related Company and without taking into account any consideration relevant to a Related Company.

21. The Independent Committee will take into consideration the best interests of unitholders of the Funds and no other factors.

22. Compensation to be paid to members of the Independent Committee will be paid by the Funds based on the relative size of holdings of the Related Companies in a Fund.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the Jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that:

1. the First Amended Decision is hereby rescinded;
2. the Funds are exempt from the Investment Restrictions so as to enable the Funds to invest, or continue to hold an investment in, securities of a Related Company; and
3. this Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with mutual fund governance in a manner that conflicts with or makes inapplicable any provision of this Decision;

provided that:

- (a) Mackenzie has appointed the Independent Committee to review the Funds’ purchases, sales and continued holdings of securities of a Related Company;
- (b) the Independent Committee has at least three members, none of whom is an associate, employee, director or officer of (i) Mackenzie, (ii) any portfolio manager of the Funds, or (iii) any associate or affiliate of Mackenzie or the portfolio managers of the Funds;

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- (c) the Independent Committee has a written mandate describing its duties and standard of care which, as a minimum, sets out the conditions of this Decision;
- (d) the members of the Independent Committee exercise their powers and discharge their duties honestly, in good faith and in the best interests of investors in the Funds and, in doing so, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;
- (e) none of the Funds relieves the members of the Independent Committee from liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph (d);
- (f) none of the Funds indemnifies the members of the Independent Committee against legal fees, judgments and amounts paid in settlement as a result of a breach of the standard of care set out in paragraph (d);
- (g) none of the Funds incurs the cost of any portion of liability insurance that insures a member of the Independent Committee for a liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph (d);
- (h) the cost of any indemnification or insurance coverage paid for by Mackenzie, any portfolio manager of the Funds, or any associate or affiliate of Mackenzie or the portfolio managers of the Funds to indemnify or insure the members of the Independent Committee in respect of a loss that arises out of a failure to satisfy the standard of care set out in paragraph (d) is not paid either directly or indirectly by the Funds;
- (i) the Independent Committee reviews the Funds' purchases, sales and continued holdings of securities of a Related Company on a regular basis, but not less frequently than every three months;
- (j) the Independent Committee forms the opinion, after reasonable inquiry, that the decisions made on behalf of each Fund by Mackenzie or the Fund's portfolio manager to purchase, sell or continue to hold securities of a Related Company were and continue to be in the best interests of the Fund, and:

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- (i) represent the business judgment of Mackenzie or the Fund's portfolio manager, uninfluenced by considerations other than the best interest of the Fund,
 - (ii) have been made free from any influence by a Related Company and without taking into account any consideration relevant to a Related Company, and
 - (iii) do not exceed the limitations of the applicable legislation;
- (k) the determination made by the Independent Committee pursuant to paragraph (j) is included in detailed written minutes provided to Mackenzie not less frequently than every three months;
- (l) the reports required to be filed pursuant to the Legislation with respect to every purchase and sale of securities of a Related Company are filed on SEDAR in respect of the relevant mutual fund;
- (m) the Independent Committee advises the Decision Makers in writing of:
 - (i) any determination by it that the condition set out in paragraph (j) has not been satisfied with respect to any purchase, sale or holding of securities of a Related Company,
 - (ii) any determination by it that any other condition of this Decision has not been satisfied,
 - (iii) any action it has taken or proposes to take following the determinations referred to above, and
 - (iv) any action taken, or proposed to be taken, by Mackenzie or a portfolio manager of the Funds in response to the determinations referred to above; and
- (n) the existence, purpose, duties and obligations of the Independent Committee, the names of its members, whether and how they are compensated by the Funds, and the fact that they meet the requirements of the condition set out in paragraph (b) are disclosed:
 - (i) in a press release issued, and a material change report filed, prior to reliance on the Decision,

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- (ii) in item 12 of Part A of the simplified prospectus of the Funds, excluding the names of the members of the Independent Committee which will be provided in the annual information form of the Funds, and
- (iii) on Mackenzie's internet website.

DATED July 9, 2003.

Paul M. Moore

Lorne Morphy

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SCHEDULE A

NEW FUNDS

Mackenzie Universal Canadian Growth Fund,
Mackenzie Universal Canadian Growth Capital Class,
Mackenzie Short-Term Bond Fund
LLIM Balanced Strategic Growth Fund
LLIM Canadian Diversified Equity Fund
LLIM Canadian Growth Sectors Fund
LLIM Canadian Bond Fund
LLIM Income Plus Fund
GWLIM Corporate Bond Fund
Keystone AGF Bond Fund

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SCHEDULE B

FUNDS SET OUT IN FIRST AMENDED DECISION

Mackenzie Maxxum Pension Fund
Mackenzie Maxxum Canadian Value Fund
Mackenzie Balanced Fund
Mackenzie Maxxum Dividend Fund
Mackenzie Maxxum Dividend Growth Fund
Mackenzie Income Fund
Mackenzie Ivy Enterprise Fund
Mackenzie Ivy Growth And Income Fund
Mackenzie Ivy Canadian Fund
Mackenzie Horizon Capital Class
Mackenzie Ivy Canadian Capital Class
Mackenzie Ivy Enterprise Capital Class
Mackenzie Premier International Investment Canadian Equity Fund
Mackenzie Universal Future Capital Class
Mackenzie Universal Select Managers Canada Capital Class
Mackenzie Universal Canadian Balanced Fund
Mackenzie Universal Future Fund
Mackenzie Universal Select Managers Canada Fund
Clarica Summit Equity Fund
Clarica Summit Growth And Income Fund
Clarica Summit Dividend Growth Fund
Keystone AIM/Trimark Canadian Equity Fund
Keystone AGF Equity Fund
Keystone Spectrum Equity Fund