

# 2006 BCSECCOM 366

May 24, 2006

## **Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 81-106, s.17.1 - Continuous Disclosure Requirements for Investment Funds - MRFP requirement - Following the conversion of a fund from a corporation to a mutual fund trust, the fund wants to include disclosure on financial highlights and past performance of the previous corporate fund in its management report of fund performance (MRFP) - The investment objectives, investment strategies and management fees of the new fund are identical to those of the previous corporate fund; all assets of the previous fund are or will become assets of the new fund; each holder of units of the previous fund has received or will receive units of equivalent value in the new fund

## **Applicable British Columbia Provisions**

National Instrument 81-106, ss. 3.1 to 3.6, 4.4, 17.1  
Form 81-106F1, items 3.1(1), 3.1(7), 3.1(8), 4.2(1), 4.2(2), 4.3(1)(a), 4.3(2) of Part B and items 3(1) and 4 of Part C

In the Matter of  
the Securities Legislation of  
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New  
Brunswick, Nova Scotia, Newfoundland and Labrador, Yukon, Nunavut  
and the Northwest Territories  
(the “Jurisdictions”)

and

In the Matter of  
National Instrument 81-106 – Investment Fund Continuous Disclosure  
(“NI 81-106”)

and

In the Matter of  
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of

# 2006 BCSECCOM 366

Goodman & Company, Investment Counsel Ltd.  
(the “Filer”)  
and  
Dynamic Canadian Dividend Fund  
(the “Fund”)

## MRRS Decision Document

### **Background**

The local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the “Legislation”) granting an exemption from the requirements set out in Sections 3.1, 3.2, 3.3, 3.4, 3.5, 3.6 and 4.4 of NI 81-106 and Items 3.1(1), 3.1(7), 3.1(8), 4.2(1), 4.2(2), 4.3(1)(a) and 4.3(2) of Part B and Items 3(1) and 4 of Part C of Form 81-106F1 to enable the Fund to include in its annual and interim management reports of fund performance the financial highlights and past performance of the Terminating Fund (as defined below) that is presented in the Terminating Fund’s 2005 annual and interim management reports of fund performance (the “Requested Relief”).

Under the Mutual Reliance Review System for Exemptive Relief Applications

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

### **Interpretation**

Defined terms contained in National Instrument 14-101 Definitions have the same meaning in this decision unless they are defined in this decision.

### **Representations**

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

1. Dynamic Canadian Dividend Fund Ltd. (the “Terminating Fund”) is a mutual fund corporation subsisting under the laws of the Province of Ontario and offers series A, F and I shares pursuant to a simplified prospectus and annual information form dated December 19, 2005, as amended from time to time, (collectively, the “Terminating Fund’s Prospectus”).
2. The Filer is the manager of the Terminating Fund and will be the manager of the Fund.

## 2006 BCSECCOM 366

3. The Filer has filed the annual management report of fund performance of the Terminating Fund for the period ended June 30, 2005 and the interim management report of fund performance of the Terminating Fund for the period ended December 31, 2005.
4. In order to provide investors in the Terminating Fund with a more tax-efficient investment fund, the Filer is proposing to convert the Terminating Fund from a mutual fund corporation to a mutual fund trust (the “Conversion”).
5. The Conversion will not have any effect on the performance of the Fund going forward.
6. The Fund is a mutual fund trust that has been newly created for the purpose of implementing the Conversion. Each series of shares of the Terminating Fund (each, an “Existing Series”) will be replaced by its corresponding series of units of the Fund (each, a “Replacement Series”) as set forth below:

Existing Series

Dynamic Canadian Dividend Fund Ltd.,  
Series A shares  
Dynamic Canadian Dividend Fund Ltd.,  
Series F shares  
Dynamic Canadian Dividend Fund Ltd.,  
Series I shares

Replacement Series

Dynamic Canadian Dividend Fund,  
Series A units  
Dynamic Canadian Dividend Fund,  
Series F units  
Dynamic Canadian Dividend Fund,  
Series I units

7. The Fund will not have its own past performance data or financial highlights on the date the Conversion is implemented. In order to render the Conversion “seamless” for existing investors in the Terminating Fund:
  - (a) the investment objectives, investment strategies and management fees of the Fund will be identical to those of the Terminating Fund; and
  - (b) the Manager proposes that the annual and interim financial statements and annual and interim management reports of fund performance (collectively, the “Fund’s Continuous Disclosure”) include the Financial Data (as defined below) of the Terminating Fund.
8. The Conversion is subject to any necessary securityholder and regulatory approvals. Shareholders of the Terminating Fund will be asked to approve the Conversion at a special meeting of shareholders to be held on or about June 22, 2006.

## 2006 BCSECCOM 366

9. The Filer has filed a preliminary simplified prospectus and annual information form dated April 18, 2006 (the "Preliminary Prospectus") in respect of the Replacement Series. The Prospectus has been prepared, and the final simplified prospectus and annual information form of the Fund (the "Final Prospectus") will be prepared, on the basis that the Requested Relief will be granted.
10. If the Conversion is approved and implemented, then:
  - (a) the Terminating Fund will cease to exist;
  - (b) the assets of the Terminating Fund will become assets of the Fund; and
  - (c) each holder of Existing Series of shares will receive units of an equivalent value of its Replacement Series.
11. The Fund will not commence distributing its Replacement Series pursuant to the Final Prospectus until after the Conversion is approved and implemented.
12. The information derived from the financial statements and performance data (as defined in National Instrument 81-102) (collectively, the "Financial Data") of each Existing Series is significant information which can assist investors in determining whether to purchase and continue to hold units of a Replacement Series.
13. For the purposes of providing financial highlights and past performance in the annual and interim management reports of fund performance of each Replacement Series as required by Items 3 and 4 of Parts B and C of Form 81-106F1, and for the purposes of providing investors with information derived from the financial statements as required in Sections 3.1, 3.2, 3.3, 3.4, 3.5, 3.6 and 4.4 of NI 81-106, the Fund proposes to provide investors in each Replacement Series with the financial highlights and Financial Data of the corresponding Existing Series for the applicable time periods that precede the start date of each Replacement Series.

### **Decision**

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 under the Legislation is that the Requested Relief is granted provided that the Fund's Continuous Disclosure for each

## **2006 BCSECCOM 366**

Replacement Series includes the Financial Data of its Existing Series and discloses the Conversion for the relevant time periods.

Rhonda Goldberg  
Assistant Manager, Investment Funds  
Ontario Securities Commission