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Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Investment by existing and future mutual funds in securities of other mutual funds that are under common management is exempted from the reporting requirements and certain self-dealing prohibitions, subject to certain specified conditions

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 121(2)(b), 123(a), 126(a), 126(d), and 130

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

AND

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

AND

IN THE MATTER OF MCLEAN BUDDEN LIMITED AND MCLEAN BUDDEN BALANCED VALUE FUND

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application from McLean Budden Limited (“MB”) on behalf of the McLean Budden Balanced Value Fund (the “Balanced Value Fund”), and other mutual funds managed by MB after the date of this Decision (as defined herein) that have as their investment objective the investment in another mutual fund or mutual funds managed by MB (individually, a “Top Fund” and together, the “Top Funds”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that the following provisions of the Legislation (the “Applicable Requirements”) shall not apply to the Top Funds or MB, as the case may be, in respect of certain investments to be made by a Top Fund in an Underlying Fund (as defined herein) from time to time:

- (a) the restrictions contained in the Legislation, prohibiting a mutual fund from knowingly making or holding an investment in a person or

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company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder; and

- (b) the requirements contained in the Legislation, requiring a management company, or in British Columbia, a mutual fund manager, to file a report relating to a purchase or sale of securities between the mutual fund and any related person or company, or any transaction in which, by arrangement, other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”) the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 – *Definitions*;

AND WHEREAS it has been represented by MB to the Decision Makers that:

1. MB is a corporation established under the laws of Canada and is or will be the manager, and promoter of each of the Top Funds and each of the Underlying Funds (collectively, the “MB Funds”). The head office of MB is located in Ontario.
2. Each of the MB Funds is or will be an open-ended mutual fund established under the laws of Ontario by a Declaration of Trust.
3. Each of the MB Funds is or will be a reporting issuer in each of the provinces of Canada and is not or will not be in default of any of the requirements of the Legislation.
4. Units of each of the MB Funds will be qualified for distribution by means of a simplified prospectus and an annual information form filed in accordance with the Legislation applicable in each of the provinces of Canada.
5. In order to achieve its investment objective, each Top Fund will invest fixed percentages (the “Fixed Percentages”) of its assets (other than cash and cash equivalents) in securities of specified Underlying Funds, subject to a variation of 2.5% above or below the Fixed Percentages (the “Permitted Ranges”) to account for market fluctuations. Investments of each Top Fund will be made in accordance with its fundamental investment objectives. The remaining assets of the Top Funds will be invested in securities of non-mutual fund issuers.

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6. Initially, the Balanced Value Fund will invest in the McLean Budden Fixed Income Fund and the McLean Budden Global Equity Fund and may, in future, invest in other mutual funds established by MB (collectively, the “Underlying Funds”). The total direct investment of the Balanced Value Fund in the Underlying Funds (the “Permitted Total Investment”) will equal 62% of the assets of the Balanced Value Fund, subject to the variation to account for market fluctuations described in paragraph 5.

7. Each Top Fund will invest its assets in accordance with the Permitted Total Investment and Fixed Percentages disclosed in the simplified prospectus of the Top Fund.

8. A Top Fund will not invest in an Underlying Fund with an investment objective which includes investing directly or indirectly in other mutual funds.

9. The simplified prospectus for the Top Funds will disclose the investment objectives, investment strategies, risks and restrictions of the Top Fund and the applicable Underlying Funds, the Permitted Total Investment, the Fixed Percentages and the Permitted Ranges.

10. The Fixed Percentages or Underlying Funds disclosed in the simplified prospectus will not be changed unless the simplified prospectus of the Top Fund is amended or a new prospectus is filed and the security holders of the Top Fund have been given at least 60 days’ notice of the change.

11. Except to the extent evidenced by this Decision and specific approvals granted by the Decision Makers pursuant to National Instrument 81-102 Mutual Funds (“NI 81-102”), the investments by each of the Top Funds in the Underlying Funds have been structured to comply with the investment restrictions of the Legislation and NI 81-102.

12. In the absence of this Decision, pursuant to the Legislation, each Top Fund is prohibited from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder. As a result, in the absence of this Decision each Top Fund would be required to divest itself of any such investments.

13. In the absence of this Decision, Legislation requires MB to file a report on every purchase or sale of securities of the Underlying Funds by a Top Fund.

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14. The investments by the Top Funds in securities of the Underlying Funds will represent the business judgment of “responsible persons” (as defined in the Legislation) uninfluenced by considerations other than the best interests of the Top Funds.

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 the Applicable Requirements shall not apply so as to prevent a Top Fund from making and holding an investment in securities of the Underlying Funds or require MB to file a report relating to the purchase or sale of such securities.

PROVIDED IN EACH CASE THAT:

1. the 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 matters in section 2.5 of NI 81-102.
2. the Decision shall only apply if, at the time a Top Fund makes or holds an investment in its Underlying Funds, the following conditions are satisfied:
 - (a) the securities of both the Top Fund and the Underlying Fund are being offered for sale in the jurisdiction of the Decision Maker pursuant to a simplified prospectus and annual information form which has been filed with and accepted by the Decision Maker;
 - (b) the investment by the Top Fund in the Underlying Funds is compatible with the fundamental investment objectives of the Top Fund;
 - (c) the simplified prospectus of the Top Fund discloses the intent of the Top Fund to invest in securities of the Underlying Funds, the names of the Underlying Funds, the Fixed Percentages and the Permitted Ranges within which such Fixed Percentages may vary;
 - (d) the investment objective of the Top Fund discloses that the Top Fund invests in securities of other mutual funds and the Permitted Total Investment;

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- (e) the Underlying Funds are not mutual funds whose investment objective includes investing directly or indirectly in other mutual funds;
- (f) the Top Fund invests its assets (exclusive of cash and cash equivalents) in the Underlying Funds in accordance with the Permitted Total Investment and the Fixed Percentages disclosed in the simplified prospectus of the Top Fund;
- (g) the Top Fund's holding of securities in the Underlying Funds does not deviate from the Permitted Ranges;
- (h) any deviation from the Fixed Percentages is caused by market fluctuations only;
- (i) if an investment by the Top Fund in any of the Underlying Funds has deviated from the Permitted Ranges as a result of market fluctuations, the Top Fund's investment portfolio was re-balanced to comply with the Fixed Percentages on the next day on which the net asset value was calculated following the deviation;
- (j) if the Fixed Percentages and the Underlying Funds disclosed in the simplified prospectus change, either the simplified prospectus of the Top Fund has been amended or a new simplified prospectus has been filed to reflect the change, and the security holders of the Top Fund have been given at least 60 days' notice of the change;
- (k) there are compatible dates for the calculation of the net asset value of the Top Fund and the Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds;
- (l) no sales charges are payable by the Top Fund in relation to its purchases of securities in the Underlying Funds;
- (m) no redemption fees or other charges are charged by an Underlying Fund in respect of the redemption by the Top Fund of securities of the Underlying Fund owned by the Top Fund;
- (n) no fees or charges of any sort are paid by the Top Fund and the Underlying Funds, by their respective managers or principal distributors, or by any affiliate or associate of any of the foregoing entities, to anyone in respect of the Top Fund's purchase, holding or redemption of the securities of the Underlying Funds;

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- (o) the arrangements between or in respect of the Top Fund and the Underlying Funds are such as to avoid the duplication of management fees;
- (p) any notice provided to security holders of an Underlying Fund as required by applicable laws or the constating documents of that Underlying Fund has been delivered by the Top Fund to its security holders;
- (q) all of the disclosure and notice material prepared in connection with a meeting of security holders of the Underlying Funds and received by the Top Fund has been provided to its security holders, the security holders have been permitted to direct a representative of the Top Fund to vote its holdings in the Underlying Fund in accordance with their direction, and the representative of the Top Fund has not voted its holdings in the Underlying Funds except to the extent the security holders of the Top Fund have directed;
- (r) in addition to receiving the annual and, upon request, the semi-annual financial statements of the Top Fund, security holders of the Top Fund have received appropriate summary disclosure in respect of the Top Fund's holdings of units of the Underlying Funds in the financial statements of the Top Fund; and
- (s) to the extent that the Top Fund and the Underlying Funds do not use a combined simplified prospectus and annual information form containing disclosure about the Top Fund and the Underlying Funds, copies of the simplified prospectus and annual information form of the Underlying Funds have been provided upon request to security holders of the Top Fund and the right to receive these documents is disclosed in the simplified prospectus of the Top Fund.

DATED March 25, 2003.

Paul M. Moore

Robert W. Korthals