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September 28, 2006

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 81-106, s.17.1 - Continuous Disclosure Requirements for Investment Funds - An investment fund wants relief from the requirement in s. 14.2(3)(b) of National Instrument 81-106 to calculate its net asset value at least once every business day - The fund is a closed-end investment fund that allows redemptions or retractions no more frequently than once per month; units of the fund are listed on a stock exchange and unitholders can buy or sell units of the fund through the exchange; the fund calculates its net asset value on a regular basis and makes that calculation available to the public on request

Applicable British Columbia Provisions

National Instrument 81-106, s. 14.2(3)(b) and 17.1

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

and

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

and

In the Matter of
Barclays Advantaged S&P/TSX Income Trust Index Fund, Barclays Advantaged
Equal Weighted Income Fund and Barclays Advantaged Corporate Bond Fund

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application (the Application) from Barclays Advantaged S&P/TSX Income Trust Index Fund, Barclays Advantaged Equal Weighted Income Fund and Barclays Advantaged Corporate Bond Fund (each, a “filer” and collectively, “the Filers”) for a decision (the “Requested Relief”) under the securities legislation of the Jurisdictions (the Legislation) that exempts the Filer from Section 14.2(3) of National Instrument 81-106 which, if the investment

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fund uses specified derivatives, prescribes that the net asset value of an investment fund must be calculated at least once every business day.

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 Filers:

Background

1. Each of the Filers is an investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust by Barclays Canada as trustee. The units of the Filers are listed on the Toronto Stock Exchange (“TSX”) under the symbols BAI.UN, BAE.UN and BAC.UN, respectively.
2. The units of each of the Filers are redeemable annually at the option of Unitholders at a price computed by reference to the net asset value per unit of each Filer on each Filer’s applicable redemption date. The Filers are not “mutual funds” under applicable securities legislation, but are considered “non-redeemable investment funds” for the purposes of NI 81-106.
3. Each of the Filers has filed a prospectus with the securities regulatory authorities in each of the Provinces of Canada.
4. In addition to acting as trustee of the Filers, Barclays Canada currently acts as the manager and investment manager of the Filers and performs administrative services on behalf of the Filers. Barclays Canada was amalgamated under the *Business Corporations Act* (Ontario) by articles of amalgamation on January 1, 2001. The principal place of business of each of the Filers and the registered office of Barclays Canada is BCE Place, 161 Bay Street, Suite 2500, Toronto, Ontario, M5J 2S1.

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5. Computershare Investor Services Inc. acts as transfer agent, registrar and distribution disbursing agent on behalf of the Filers.
6. IBT Trust Company (Canada), a subsidiary of Investors Bank & Trust Company, a U.S. Bank, is the custodian of the assets of the Filers and is responsible for certain aspects of the day-to-day administration of the Filers.

The Transfer

7. Barclays Canada has made a strategic decision to focus its resources on its iShares™ family of exchange-traded funds, and to transfer the BARCLAYSfunds™ closed-end fund business, including the trusteeship and management of its BARCLAYSfunds™ closed-end funds to Brompton Funds LP (“Brompton”).
8. In addition to the Filers, the BARCLAYSfunds™ closed-end fund business includes Barclays Income + Growth Split Trust and Barclays Top 100 Equal Weighted Income Fund as well as the following funds, which are the “underlying funds” of the Filers: Barclays Canada S&P®/TSX® Institutional Index Fund, Barclays Equal Weighted Income Fund and Barclays Corporate Bond Fund.
9. Barclays Canada has entered into a definitive agreement with Brompton, by its general partner BFGP Limited, whereby Barclays Canada has agreed to transfer the BARCLAYSfunds™ closed-end fund business, including the right and obligation to act as trustee and manager of each of the Filers, to Brompton and Brompton has agreed to assume the trusteeship and management responsibilities of each of the Filers
10. As part of the transaction, Barclays Canada has agreed to submit certain matters to Unitholders for their consideration. These matters involve amendments to the declarations of trust for each of the funds, including the Filers, and are being proposed by Barclays Canada because Barclays Canada believes the amendments are in the best long-term interests of Unitholders and in order to make the provisions of the BARCLAYSfunds™ declarations of trust more consistent with the provisions of other Brompton funds. These further amendments include permitting Brompton to change the frequency of calculating the net asset value of each of the funds, including the Filers, from daily to weekly. Currently, the net asset value of the Filers is calculated daily.
11. BG Funds Management Limited (“BG Funds”) will be a subsidiary of Barclays Canada. It will be incorporated pursuant to the *Business*

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Corporations Act (Ontario). Its head office will be BCE Place, 161 Bay Street, Suite 2500, Toronto, Ontario, M5J 2S1.

12. The proposed structure for the transfer is as follows:

- a) Barclays Canada will transfer the assets associated with the BARCLAYS*funds*TM closed-end fund business to BG Funds for common shares of BG Funds (the “BG Shares”). As a result, BG Funds will become the trustee of the funds, including the Filers.
- b) Barclays Canada will then sell all of the BG Shares to Brompton (or to a wholly-owned subsidiary of Brompton).
- c) After the sale of the BG Shares, BG Funds will be amalgamated with Brompton Funds Management Limited (“BFML”), the new trustee and manager of the funds.
- d) BFML will retain Brompton Capital Advisors Inc. (the “Advisor”) to act as investment advisor pursuant to the terms of an investment advisory agreement.

13. BFML was incorporated as Brompton Preferred Management Limited pursuant to the *Business Corporations Act* (Ontario) on January 16, 2004. Articles of Amendment were filed on March 27, 2006 to change the name of Brompton Preferred Management Limited to Brompton Funds Management Limited. Its head office is located at Bay Wellington Tower, BCE Place, 181 Bay Street, Suite 2930, Toronto, Ontario, M5J 2T3. BFML was organized for the purpose of managing and administering Brompton’s closed-end investment funds. BFML is part of the Brompton Group of companies.

14. The Advisor is registered as a Limited Market Dealer and an Investment Counsel and Portfolio Manager in the Province of Ontario and currently provides advisory services for over \$3 billion in assets. The principal office of the Advisor is located at Bay-Wellington Tower, BCE Place, 181 Bay Street, Suite 2930, Toronto, Ontario, M5J 2T3.

Structure and Operation of the Filers

15. The investment objectives of the Filers are as follows:

- a) Barclays Advantaged S&P[®]/TSX[®] Income Trust Index Fund: by replicating, to the extent possible, the return of the S&P[®]/TSX[®] Capped

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Income Trust Index, to provide Unitholders with a regular, levelled, stable stream of tax-efficient monthly distributions consisting of capital gains and return of capital in an amount which equals, to the extent possible, the distributions paid on the securities which make up the S&P[®]/TSX[®] Capped Income Trust Index.

- b) Barclays Advantaged Equal Weighted Income Fund: to provide Unitholders with tax-efficient monthly distributions consisting of capital gains and returns of capital in an amount which equals, to the extent possible, the distributions paid on the securities which make up the index portfolio; and to provide Unitholders with exposure to the returns of an underlying fund (the Barclays Equal Weighted Income Fund) consisting of securities of each of the distribution paying income funds included in the S&P[®]/TSX[®] Capped Income Trust Index in approximately equal dollar amounts.
- c) Barclays Advantaged Corporate Bond Fund: to provide Unitholders with tax-efficient monthly distributions consisting of capital gains and returns of capital in an amount which equals, to the extent possible, the distributions paid on the securities which make up the index portfolio; and to provide Unitholders with exposure to the returns of an underlying fund (the Barclays Corporate Bond Fund) holding a diversified portfolio consisting, directly or indirectly, of the highly liquid, investment grade corporate bonds which make up the GS \$ InvesTop Index and the liquid, high yield corporate bonds which make up the GS \$ HYTop Index.
- d) Each of the Filers entered into forward agreements (collectively, the “Forward Agreements”) with counterparties (collectively, the “Counterparties”) that are Canadian financial institutions at the closing of their initial public offerings.
- e) Under the terms of the Forward Agreements, the Filers and the Counterparties have agreed that their settlement obligations under the Forward Agreements with respect to the common share portfolio securities of each of the Filers will be discharged, at the election of the Filers, either by physical delivery of the common share portfolio securities by the Filers to the Counterparties against cash payment or by the making of a net cash payment to the appropriate party. The amount payable by the Counterparties for physical delivery of the common share portfolio may be more or less than the original subscription price of the units. If a Filer elects for physical delivery of its common share portfolio under the applicable Forward Agreement, the Counterparties will pay to the Filer on

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or about the Filer's termination date as the purchase price for the common share portfolio an amount equal to the redemption proceeds for a corresponding number of units of the Filer's underlying fund. The Filers' common share portfolio securities have been pledged to and are held by the Counterparties as security for the obligations of the Filers under the Forward Agreements. The Forward Agreements constitute specified derivatives and accordingly under NI 81-106 the net asset value of the Filers is required to be calculated daily.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the authority 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:

- (a) the weekly net asset value of the Filers is available to the public upon request;
- (b) a website is made available to the public providing access to the net asset value of the Filers;

for so long as:

- (c) the units of the Filers are listed on the TSX; and
- (d) the Filers calculate their net asset value per unit at least weekly and on each Filer's redemption date.

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