

2005 BCSECCOM 662

September 28, 2005

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 81-106, s.17.1 - Continuous Disclosure Requirements for Investment Funds - A fund wants relief from subsection 7.2(1) of NI 81-106 that requires the fund to prepare one management report of fund performance containing information about all classes or series of the fund's outstanding securities - The fund has 10 or more separate series or classes of securities that are referable to a single portfolio; the fund will issue two separate MRFPs, each one covering several series or classes; each MRFP will report only on the classes of securities that a particular group of investors could purchase; the first page of each MRFP will indicate how to obtain a copy of the MRFP for the other series or classes of the fund

Applicable British Columbia Provisions

National Instrument 81-106, ss. 7.2 and 17.1

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

and

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

and

In the Matter of Mackenzie Financial Corporation
(Mackenzie)

and

Mackenzie Universal U.S. Growth Leaders Fund
Mackenzie Universal Global Future Fund
(the Funds)

(the Manager and the Funds, collectively, the Filer)

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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) to grant an exemption, pursuant to section 17.1 of National Instrument 81-106 *Investment Funds Continuous Disclosure* (NI 81-106), from the requirement in subsection 7.2(1) of NI 81-106 that requires that each Fund prepare one Management Report of Fund Performance (MRFP) that includes information for all of the Fund's series of securities outstanding (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:

- (a) Mackenzie is a corporation operating under the laws of the Province of Ontario and is registered under the *Securities Act* (Ontario) (the "Act") as an adviser in the categories of investment counsel and portfolio manager and as a limited market dealer. Mackenzie is also registered under the *Commodity Futures Act* (Ontario) as a commodity trading manager. Mackenzie is also registered in the Province of Alberta as an adviser in the category of portfolio manager and investment counsel and in the Province of Manitoba as an adviser in the category of portfolio manager.
- (b) Mackenzie is the manager for several families of mutual funds (the "Mackenzie Funds") most of which are sold in every Province and Territory of Canada through independent financial advisors that are members of the Mutual Fund Dealers Association or the Investment Dealers Association.
- (c) Two Mackenzie Funds are also sold through the consultant network of Investors Group Financial Services Inc. and its affiliated companies

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(the “IG” or “IG Network”). These two Mackenzie Funds, Mackenzie Universal U.S. Growth Leaders Fund and Mackenzie Universal Global Future Fund (collectively, the “Funds”) offer 11 and 10 series, respectively, referable to a single portfolio.

- (d) Given the large number of series outstanding for each Fund, the Manager represents that one MRFP would be long and cumbersome and would make it difficult for investors to find the information relevant to each individual series. This is inconsistent with the general intention of Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance* (81-106F1) to provide concise disclosure and not to excessively lengthen the MRFP.
- (e) The Funds offer Series A, F, I, O, S as well as Quadrus Series and H Series units (“Mackenzie Series”), and IG Series A, IG Series B and IG Series C units. In addition, Mackenzie Universal U.S. Growth Leaders Fund offers IG Series Z units (together with IG Series A, IG Series B, IG Series C referred to as the “IG Series”). IG Series are exclusive to the IG Network. No series of securities of the other Mackenzie Funds are distributed through the IG Network. In summary, Mackenzie Universal U.S. Growth Leaders Fund has seven Mackenzie Series and four IG Series and Mackenzie Universal Global Future Fund has seven Mackenzie Series and three IG Series.
- (f) Mackenzie is the manager of each of the Mackenzie Series units and I.G. Investment Management, Ltd. (“IGIM”) is the manager of the IG Series units.
- (g) The Mackenzie Series of the Funds are offered:
 - in the case of Series A, F, I and O units, pursuant to the Mackenzie Global Funds’ simplified prospectus dated December 10, 2004, as amended;
 - in the case of Quadrus Series and H Series units, pursuant to the Quadrus Group of Funds’ simplified prospectus dated June 27, 2005; and
 - in the case of Series S units, on a private placement basis.
- (h) The IG Series of the Funds are offered only through the IG Network pursuant to a simplified prospectus dated June 30, 2005 that also

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offers units of other Investors Group Funds, except for IG Series Z units which is offered on a private placement basis.

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

- (a) each Fund issues two separate MRFPs, one MRFP for the Mackenzie Series, including other series of each Fund that may be offered by each Fund and Mackenzie from time to time, and one MRFP for the IG Series, including other series of each Fund that may be offered by each Fund and IGIM from time to time,
- (b) the first page of each MRFP contains prominent disclosure of the existence of the other MRFP relating to the series of the Fund and clearly indicates how the other MRFP may be obtained, and
- (c) each MRFP contains the management expense ratio (MER) calculated in accordance with NI 81-106 for the current year for the Mackenzie Series or IG Series, whichever the case may be, not included in the MRFP with a statement that full MER information for those series is available in the Fund's other MRFP.

Leslie Byberg
Manager, Investment Funds Branch
Ontario Securities Commission