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Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief granted from certain reporting requirements regarding investments by pooled funds in mutual funds – mutual funds and pooled funds managed by the same manager

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 130

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, 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 BURGUNDY ASSET MANAGEMENT LTD., BURGUNDY BALANCED PENSION FUND AND BURGUNDY BALANCED FOUNDATION FUND

MRRS DECISION DOCUMENT

- ¶ 1 WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application from Burgundy Asset Management Limited (“Burgundy”) on its own behalf and on behalf of Burgundy Balanced Pension Fund (the “Pension Fund”) and the Burgundy Balanced Foundation Fund (the “Foundation Fund”) (together, the “Existing Funds”) and any other mutual fund (the “Future Funds”) established and managed by Burgundy in the future having as its investment objective the investment of its assets in other mutual funds (the Existing Funds and Future Funds collectively, the “Top Funds”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that 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 a

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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 (the "Reporting Requirements"), shall not apply to investments by the Top Funds in the Reference Funds (as defined below);

- ¶ 2 AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions;
- ¶ 3 AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the British Columbia Securities Commission is the principal regulator for this application;
- ¶ 4 AND WHEREAS Burgundy has represented to the Decision Makers that:
1. Burgundy is a corporation incorporated under the laws of Ontario and is or will be the promoter, advisor and manager of the Top Funds and of certain other funds specified in paragraph 9 below (the "Reference Funds");
 2. each Top Fund is or will be an open-end pooled fund trust established by a Trust Agreement between Burgundy and Royal Trust Corporation; units of each Top Fund will be sold on a prospectus-exempt basis in the Jurisdictions pursuant to offering documents other than a prospectus, and will not be a reporting issuer in the Jurisdictions;
 3. the percentage of each Top Fund's net asset value that may be invested in a Reference Fund is referred to as its target weighting ("Target Weighting"); each Top Fund's Target Weighting will be established in respect of each Reference Fund and will be subject to a plus or minus 2.5% deviation (the "Permitted Range") due solely to market fluctuation;
 4. the investment objective of the Foundation Fund will be to maximize total return through prudent, risk-controlled investments while generating a reliable yield; the Foundation Fund will seek investments that are appropriate for relatively unconstrained non-taxable investors (endowments and foundations);
 5. the Foundation Fund will seek to achieve its investment objective by investing directly in units of the Reference Funds, and in Target Weightings, specified in paragraph 9 below; if, as a result of market movement, the Foundation Fund's investments in the specified Reference Funds deviate more than plus or minus 2.5% from the specified Target Weightings, the investments will be re-balanced to their established Target Weighting; the remaining assets will be invested in equity and fixed income securities directly;

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6. the investment objective of the Pension Fund will be to obtain significant long-term investment returns with low risk of capital loss through prudent, risk-controlled investments while generating a reliable yield; the Pension Fund will seek investments that are appropriate for institutional pension fund clients with statements of investment policy and goals that require a weighting in bonds of about 35%;
7. the Pension Fund will seek to achieve its investment objective by investing directly in units of the Reference Funds, and in Target Weightings, specified in paragraph 9 below; if, as a result of market movement, the Pension Fund's investments in the specified Reference Funds deviate more than plus or minus 2.5% from the specified Target Weightings, the investments will be re-balanced to their established Target Weightings; the remaining assets will be invested in equities and fixed income securities directly;
8. each Future Fund will seek to achieve its investment objective by investing in the Reference Funds in a manner similar to that described in paragraphs 5 and 7 above; each Future Fund's Target Weighting in respect of each Reference Fund will be set out at the time of the establishment of the Future Fund;
9. the Reference Funds and the Target Weighting for each of the Existing Funds will be as follows:

Burgundy Balanced Pension Fund

Reference Fund	Target Weighting
Burgundy European Equity Fund	6%
Burgundy Japan Fund	6%
Burgundy Bond Fund	35%

Burgundy Balanced Foundation Fund

Reference Fund	Target Weighting
Burgundy Smaller Companies Fund	3%
Burgundy European Foundation Fund	8%
Burgundy Japan Fund	8%
Burgundy Bond Fund	35%

10. the Burgundy Bond Fund (the "Bond Fund") is a mutual fund whose units are distributed to the public pursuant to a simplified prospectus and annual

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information form for which a final receipt has been issued by each Decision Maker; the Bond Fund is a reporting issuer under the Legislation;

11. where a Top Fund's Reference Fund or its Target Weighting in a Reference Fund is proposed to be changed, Burgundy will provide 60 days' prior notice to the unitholders of the Top Fund and amend the offering documents of the Top Fund;
12. there will be compatible dates for the calculation of the net asset value of each Top Fund and its corresponding Reference Funds for the purpose of the issue and redemption of units of such mutual funds;
13. Burgundy does not and will not charge any management fee against the Top Funds or the Reference Funds; however, each client of Burgundy that invests in the Top Funds, the Reference Funds and other mutual funds managed by Burgundy enters into an agreement with Burgundy, under which Burgundy has full authority to manage the client's assets, and the client pays a fee to Burgundy directly in respect of all assets of the client under such management; as a result, no duplication of management fees can occur where a Top Fund invests in a Reference Fund;
14. in the absence of this Decision, the Legislation requires Burgundy to file a report on every sale of securities of the Bond Fund to the Top Funds;

¶ 5 AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

¶ 6 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:

¶ 7 THE DECISION of the Decision Makers under the Legislation is that the Reporting Requirements shall not apply so as to require Burgundy to file a report relating to each purchase or sale of investments in the Reference Funds, provided that:

1. this Decision shall only apply if, at the time a Top Fund makes or holds an investment in its Reference Funds, the following conditions are satisfied:

- (a) the investment by the Top Fund in one or more Reference Funds is compatible with the investment objective of the Top Fund;

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- (b) the offering documents of the Top Fund disclose the intent of the Top Fund to invest in units of one or more of the Reference Funds, the names of the Reference Funds, the Target Weightings in each of the Reference Funds, and the Permitted Ranges within which such Target Weighting may vary;
- (c) the investment objectives and investment strategies of the Top Fund discloses that the Top Fund invests a portion of its assets (exclusive of cash and cash equivalents) in units of one or more Reference Fund(s) in accordance with established Target Weightings;
- (d) the Reference Funds are not and will not be mutual funds whose investment objective includes investing in other mutual funds;
- (e) the Top Fund's holdings of units of one or more Reference Funds do not deviate from the Permitted Ranges;
- (f) any deviation from the Target Weighting is caused by market fluctuations only;
- (g) if an investment by the Top Fund in any Reference Fund has deviated from the Permitted Ranges as a result of market fluctuations, the Top Fund's investment portfolio will be re-balanced to comply with the established Target Weightings on the next day on which the net asset value is calculated following the deviation;
- (h) if one or more of the Top Fund's Reference Funds or its Target Weighting in one or more Reference Funds is going to be changed, Burgundy amends the offering documents of the Top Fund and provides 60 days' prior notice of the change to its unitholders;
- (i) there are compatible dates for the calculation of the net asset value of the Top Fund and the Reference Funds for the purpose of the issue and redemption of the units of such mutual funds;
- (j) no sales charges are payable by the Top Fund in relation to its purchases of units of the Reference Funds;
- (k) no redemption fees or other charges are charged by a Reference Fund in respect of the redemption by a Top Fund of units of the Reference Fund owned by the Top Fund;

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- (l) no fees or charges of any sort are paid by the Top Fund and the Reference Funds directly or indirectly to anyone in respect of the purchase, holding or redemption by the Top Fund of the units of the Reference Funds;
- (m) the arrangements between or in respect of the Top Fund and the Reference Funds are such as to avoid the duplication of management fees;
- (n) any notice provided to unitholders of a Reference Fund, as required by applicable laws or the constating documents of the Reference Fund, has been delivered by the Top Fund to its unitholders;
- (o) all of the disclosure and notice material prepared in connection with a meeting of unitholders of a Reference Fund and received by the Top Fund has been provided to its unitholders, the unitholders have been permitted to direct a representative of the Top Fund to vote its holdings in the Reference Fund in accordance with their direction, and the representative of the Top Fund has not voted its holdings in the Reference Fund except to the extent the unitholders of the Top Fund have directed;
- (p) the annual and the semi-annual financial statements of the Top Fund will include appropriate summary disclosure concerning the Top Fund's investment in the Reference Funds;
- (q) unitholders of the Top Fund may obtain, upon request, a copy of the annual and semi-annual financial statements of the Reference Funds and the offering documents of the Reference Funds; and
- (r) in the case of a Future Fund, Burgundy files on SEDAR a notice stating the Future Fund's intention to rely on this order at least 30 days prior to effecting any investment in one or more Reference Funds pursuant to this order.

¶ 8 January 31, 2003

Derek E. Patterson
Acting Director