

2006 BCSECCOM 290

April 24, 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 to calculate and disclose its management expense ratio (MER) more frequently than permitted under section 15.1(1) of National Instrument 81-106 - The fund has a fixed-percentage cost structure; the fund's manager will calculate the MER using the methodology set out in section 15.1 of NI 81-106

Applicable British Columbia Provisions

National Instrument 81-106, ss. 15.1, 17.1

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

and

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

and

In the Matter of CI Investments Inc.
and
United Financial Corporation
(the Filers)

and
the Funds Listed in Schedule "A"

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 Filers for a decision under the securities legislation of the Jurisdictions (the Legislation) granting relief under section 17.1 of National Instrument 81-106 (NI 81-106) from the requirement that an investment fund may disclose its management expense ratio

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only if the management expense ratio is calculated for the financial year or interim period of the investment fund as set out in subsection 15.1(1) of NI 81-106 in order to permit each Fund (as defined below) to calculate and disclose its management expense ratio (MER) as of the last business day of each month based on the cumulative period beginning on the first day of the Funds' fiscal year to the last business day of each month, as well as for its financial years and interim periods (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 Filers:

1. A Filer is the manager of each Existing Fund listed in Schedule "A" and may become the manager of other existing or future-created mutual funds (collectively, the Future Funds and, together with the Existing Funds, the Funds) that, at the time of reliance on the Requested Relief, have the attributes described in paragraphs 2 through 4 below.
2. Effective September 1, 2005 and with the approval of the securityholders of the Existing Funds where required, each Existing Fund changed its expense structure to replace the operating expenses charged to the Existing Funds with administration fees (the Administration Fees) that are calculated as fixed annual percentages of the net asset values of each class of securities of the Existing Funds. As a result, the Filers now bear all of the operating expenses of the Funds (other than certain taxes, borrowing costs and certain new governmental fees) (the Variable Operating Expenses) in return for the fixed Administration Fees.
3. Not included in the Variable Operating Expenses are (a) taxes of any kind charged directly to the Existing Funds (principally income tax and the Goods and Services Tax (GST) on their management fees and Administration Fees), (b) borrowing costs incurred by the Existing Funds from time to time, and (c) any new fees that may be introduced by a securities regulator or other governmental authority in the future that is calculated based on the assets or

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other criteria of the Existing Funds. For greater certainty, the purchase price of securities and other property acquired on behalf of the Existing Funds (including brokerage fees, commissions and service charges paid to purchase and sell such securities and property) are considered capital costs, not operating expenses, and therefore are not included in Variable Operating Expenses nor the MERs. Likewise, fees charged directly to investors are not included in the Variable Operating Expenses nor the MERs.

4. The Filers bear all taxes (such as GST and provincial sales taxes) charged to them for providing the goods, services and facilities included in the Variable Operating Expenses.
5. The change to the expense structure of the Existing Funds described above was implemented in order to provide investors in the Existing Funds with the certainty of relatively fixed and predictable MERs for all future years.
6. The expense structures of the Funds make their MERs relatively fixed and predictable, thereby ensuring the accuracy of the MERs regardless of the time periods over which they are calculated and the Filers are capable of accurately calculating each Fund's MER on the last business day of each month, as well as for the financial year and interim period of each Fund. Given this, the Filers believe that there would be no prejudice to investors to grant the Requested Relief.
7. The Filers will continue to calculate the MERs for the Funds in accordance with section 15.1 of NI 81-106 but for the purposes of paragraphs 15.1(1)(a) and (b) and subsection 15.1(2) of NI 81-106, the Filers will use a period beginning the first day of the Funds' fiscal year to the last business day of each month as the basis for the calculation, in addition to the financial year period and interim period.

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.

Rhonda Goldberg
Assistant Manager, Investment Funds Branch
Ontario Securities Commission

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Schedule “A”

CI Canadian Bond Fund
CI Canadian Bond Corporate Class
CI Long-Term Bond Fund
CI Money Market Fund
CI Short-Term Bond Fund
CI Short-Term Corporate Class
CI Short-Term US\$ Corporate Class
CI US Money Market Fund
CI Global Bond Fund
CI Global Bond Corporate Class
CI Mortgage Fund
Signature Corporate Bond Fund
Signature Corporate Bond Corporate Class
Signature High Income Fund
Signature High Income Corporate Class
CI Canadian Asset Allocation Fund
CI Global Boomernomics[®] Corporate Class
CI International Balanced Fund
CI International Balanced Corporate Class

Harbour Growth & Income Fund
Harbour Foreign Growth & Income Corporate Class
Signature Canadian Balanced Fund
Signature Income & Growth Fund
Signature Income & Growth Corporate Class
Synergy Tactical Asset Allocation Fund
CI Alpine Growth Equity Fund
CI Canadian Investment Fund
CI Canadian Investment Corporate Class
CI Canadian Small/Mid Cap Fund
CI Explorer Fund
CI Explorer Corporate Class
Harbour Fund
Harbour Corporate Class
Signature Canadian Resource Fund
Signature Canadian Resource Corporate Class
CI Can-Am Small Cap Corporate Class
Signature Dividend Fund
Signature Dividend Corporate Class
Signature Select Canadian Fund
Signature Select Canadian Corporate Class

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Synergy Canadian Corporate Class
Synergy Canadian Style Management Corporate Class
Synergy Extreme Canadian Equity Fund
CI American Equity Fund
CI American Equity Corporate Class
CI American Managers[®] Corporate Class
CI American Small Companies Fund
CI American Small Companies Corporate Class
CI American Value Fund
CI American Value Corporate Class
CI Value Trust Corporate Class
Synergy American Fund
Synergy American Corporate Class
CI Emerging Markets Fund
CI Emerging Markets Corporate Class
CI European Fund
CI European Corporate Class
CI Global Biotechnology Corporate Class
CI Global Consumer Products Corporate Class
CI Global Energy Corporate Class
CI Global Financial Services Corporate Class
CI Global Fund
CI Global Corporate Class
CI Global Small Companies Fund
CI Global Small Companies Corporate Class
CI Global Health Sciences Corporate Class
CI Global Managers[®] Corporate Class
CI Global Science & Technology Corporate Class
CI Global Value Fund
CI Global Value Corporate Class
CI International Fund
CI International Corporate Class
CI International Value Fund
CI International Value Corporate Class
CI Japanese Corporate Class
CI Pacific Fund
CI Pacific Corporate Class
Harbour Foreign Equity Corporate Class
Synergy Extreme Global Equity Fund
Synergy Global Style Management Corporate Class
Synergy Global Corporate Class
CI Canadian Income Portfolio
CI Canadian Conservative Portfolio

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CI Canadian Balanced Portfolio
CI Canadian Growth Portfolio
CI Canadian Maximum Growth Portfolio
CI Global Conservative Portfolio
CI Global Balanced Portfolio
CI Global Growth Portfolio
CI Global Maximum Growth Portfolio
CI Global High Dividend Advantage Fund
Select Income Managed Corporate Class
Select Canadian Equity Managed Corporate Class
Select U.S. Equity Managed Corporate Class
Select International Equity Managed Corporate Class
Select Staging Fund
Cash Management Pool
Short Term Income Pool
Canadian Fixed Income Pool
Global Fixed Income Pool
Canadian Equity Value Pool
Canadian Equity Diversified Pool
Canadian Equity Growth Pool
Canadian Equity Small Cap Pool
US Equity Value Pool
US Equity Diversified Pool
US Equity Growth Pool
International Equity Value Pool
International Equity Diversified Pool
International Equity Growth Pool
Real Estate Investment Pool
Emerging Markets Equity Pool
Enhanced Income Pool
US Equity Small Cap Pool
Artisan Canadian T-Bill Portfolio
Artisan Most Conservative Portfolio
Artisan Conservative Portfolio
Artisan Moderate Portfolio
Artisan Growth Portfolio
Artisan High Growth Portfolio
Artisan Maximum Growth Portfolio
Artisan New Economy Portfolio
Institutional Managed Income Pool
Institutional Managed Canadian Equity Pool
Institutional Managed US Equity Pool

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Institutional Managed International Equity Pool
(the Existing Funds)