

# 2009 BCSECCOM 422

July 17, 2009

## **Headnote**

National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – National Instrument 81-101, s.2.5 – An issuer requires an extension of the lapse date of its funds’ simplified prospectus – An issuer intends to terminate certain of its mutual funds by merger into other mutual funds it manages; mergers require regulatory, shareholder, and the funds’ IRC approval; all shareholders will be provided with required disclosure documents; the issuer has amended or will amend the funds’ prospectus and AIF to reflect the proposed mergers; the renewal prospectus and AIF will be filed shortly after completion of the mergers

## **Applicable British Columbia Provisions**

National Instrument 81-101, s. 2.5

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

and

In the Matter of  
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of  
CI Investments Inc. (the “Filer”)

and

In the Matter of  
CI Global Balanced Corporate Class,  
CI Global Biotechnology Corporate Class,  
CI Global Consumer Products Corporate Class,  
CI Global Financial Services Corporate Class,  
Knight Bain Canadian Bond Fund,  
Knight Bain Corporate Bond Fund,  
Knight Bain Diversified Monthly Income Fund,  
Knight Bain Pure Canadian Equity Fund,

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Knight Bain Small Cap Fund,  
Signature Canadian Asset Allocation Fund,  
Synergy Canadian Style Management Corporate Class,  
Synergy Focus Canadian Equity Fund,  
Synergy Focus Global Equity Fund,  
Synergy Global Style Management Corporate Class and  
Signature Long-Term Bond Fund (the “Funds”)

### Decision

#### **Background**

The securities regulatory authority or regulator in each of the Jurisdictions (the “Decision Maker”) has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the time limit pertaining to the distribution of securities of the Funds under their multi-fund simplified prospectus dated July 18, 2008 (the “Prospectus”) be extended to permit the continued distribution of securities of the Funds until August 17, 2009 (the “Exemption Sought”).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

#### **Interpretation**

Terms defined in National Instrument 14-101 *Definitions* and Multilateral Instrument 11-102 *Passport System* have the same meaning if used in this decision, unless otherwise defined.

#### **Representations**

This decision is based on the following facts represented by the Filer and the Funds:

1. The Filer is the manager of the Funds. The Filer and the Funds are not in default of any of the requirements of the Legislation.
2. The Funds are reporting issuers under the Legislation. Securities of the Funds are currently qualified for distribution in all Jurisdictions under the Prospectus, as amended.

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3. Pursuant to the Legislation, the lapse date for the distribution of securities of the Funds under the Prospectus is July 18, 2009 (the “Lapse Date”).
4. Pursuant to the Legislation, provided a pro forma simplified prospectus is filed 30 days prior to July 18, 2009, a final version is filed by July 28, 2009, and a receipt for the simplified prospectus is issued by the securities regulatory authorities by August 7, 2009, the securities of the Funds may be distributed after the Lapse Date during the prospectus renewal period.
5. On June 11, 2009, the Filer announced by press release, in connection with which a material change report and amendment to the Prospectus were filed on SEDAR, that it is proposing to streamline its mutual fund line-up by merging the Funds into other mutual funds managed by it.
6. The independent review committee for the Funds has reviewed all of the proposed mergers with respect to conflict of interest issues and has determined that the mergers achieve a fair and reasonable result for investors. Subject to obtaining all applicable investor, regulatory and other required approvals, the Filer intends to effect the mergers on or about August 17, 2009, after which the Funds will be wound up.
7. The mergers will be effected in accordance with applicable requirements of the Legislation, including National Instrument 81-102 *Mutual Funds*, National Instrument 81-106 *Investment Fund Continuous Disclosure* (“NI 81-106”) and National Instrument 81-107 *Independent Review Committee for Investment Funds*.
8. In view of the proposed mergers, the Filer does not intend to file a renewal prospectus for the Funds. Securities of the Funds will therefore not be qualified for distribution in the period that follows the Lapse Date and that leads up to the effective date of the mergers unless an extension of the Lapse Date is granted. The Filer wishes to continue to distribute securities of the Funds during that period and expects sales principally to be to existing investors in the Funds participating in systematic trading programs, including pre-authorized purchase plans and automatic rebalancing services. An extension of the Lapse Date is therefore requested until August 17, 2009.
9. If the Exemption Sought is not granted, a pro forma simplified prospectus and a final simplified prospectus for the Funds would have to have been filed by June 18, 2009 and July 28, 2009 respectively in accordance with the existing time limits for the renewal of the Prospectus, notwithstanding that the Funds will be wound up after the effective date of the mergers. A pro forma

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simplified prospectus was not filed in order to avoid the costs and potential confusion which may result from the Funds having a renewal prospectus that would be used for only approximately one month.

10. There have been no material changes in the affairs of the Funds other than those for which amendments to the Prospectus have been filed. Accordingly, the Prospectus represents the current information regarding the Funds.
11. The extension requested will not affect the currency or accuracy of the information contained in the Prospectus, as amended, and as may be further amended in accordance with NI 81-106, and accordingly will not be prejudicial to the public interest.

### **Decision**

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Maker under the Legislation is that the Exemption Sought is granted.

Lawrence E. Ritchie  
Commissioner  
Ontario Securities Commission

Mary G. Condon  
Commissioner  
Ontario Securities Commission