

2007 BCSECCOM 471

July 20, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Application – National Instrument 81-105 s. 9.1 - Mutual Fund Sales Practices - A member of the organization of a mutual fund wants to be treated as a reporting issuer with securities listed on a Canadian exchange for the purposes of the disclosure of equity interests requirement in section 8.2 of NI 81-105. - The Filers are fully owned by a limited partnership that is a wholly owned subsidiary of an income trust. The income trust is a reporting issuer. Its participating and voting units are traded on the Toronto Stock Exchange. The limited partnership is a reporting issuer, but its units are not listed on any securities exchange.

Applicable British Columbia Provisions

National Instrument 81-105 of *Mutual Fund Sales Practice*, section 9.1

In the Matter
of the Securities Legislation of British Columbia, Alberta, Saskatchewan,
Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island,
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 the Mutual Funds listed in Appendix “A” hereto
(the Current Funds)

and

In the Matter of CI Investments Inc., United Financial Corporation and
Lakeview Asset Management Inc.
(the Filers)

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application on behalf of the Filers for a

2007 BCSECCOM 471

decision under Section 9.1 of National Instrument 81-105 - *Mutual Fund Sales Practices* (the **Legislation**) that:

- (a) for purposes of sections 8.2(1)(b), 8.2(1)(c), 8.2(2) and 8.3 of the Legislation, each Fund (as defined below) is permitted to calculate and disclose the equity interests in CI Financial Income Fund (the **Trust**) and Canadian International LP (**CI LP**) as if all of the Class B limited partnership units (the **Class B Units**) of CI LP and all the special voting units (the **Special Units**) of the Trust have been exchanged, in accordance with their terms, for trust units of the Trust; and
- (b) for purposes of sections 8.2(3) and 8.2(4) of the Legislation, each Distribution Person (as defined below) is permitted to calculate and disclose their respective equity interests in the Trust and CI LP as if all of the Class B Units and Special Units have been exchanged, in accordance with their terms, for trust units of the Trust.

collectively, the **Requested Relief**.

Under the Mutual Reliance Review System for Exemptive Relief Applications (**MRRS**):

- (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. Each Filer is the “manager” within the meaning of National Instrument 81-102 - *Mutual Funds* (**NI 81-102**) of the Canadian securities administrators of one or more Current Funds. The head offices of the Filers are located in Toronto, Ontario.
2. The Filers, and present or future affiliates of the Filers, may become the manager of additional mutual funds (the **Future Funds** and, together with the Current Funds, the **Funds**).

2007 BCSECCOM 471

3. Each Current Fund is, and each Future Fund will be, regulated by NI 81-102.
4. Prior to June 30, 2006, two Filers were direct or indirect wholly-owned subsidiaries of CI Financial Inc., an Ontario corporation, the shares of which were listed on the Toronto Stock Exchange (the **TSX**). Consequently, CI Financial Inc. was considered under Legislation to be “a member of the organization” of each Current Fund then managed by such Filers.
5. Given the size of the public float for shares of CI Financial Inc. and its position in the marketplace, it is a virtual certainty that, immediately prior to June 30, 2006, some shares of CI Financial Inc. were owned by:
 - (a) registered dealers in Canada that are considered to be participating dealers for the Funds;
 - (b) associates of the participating dealers referred to above;
 - (c) representatives of the participating dealers referred to above; and
 - (d) associates of the representatives referred to above,collectively, **Distribution Persons**.
6. However, since CI Financial Inc. was a reporting issuer and its shares were traded on the TSX, there was no obligation for:
 - (a) the Current Funds to disclose in their prospectuses or simplified prospectuses; or
 - (b) Distribution Persons to disclose to their clients,the information contemplated by section 8.2 of the Legislation since such share ownership by Distribution Persons would not have constituted 10% or more of any class of voting or equity securities of CI Financial Inc.
7. On June 30, 2006, CI Financial Inc. completed a plan of arrangement pursuant to which CI Financial Inc. converted itself into an income trust structure (the **Conversion**). As a result of the Conversion, CI Financial Inc. became the Trust and CI LP was placed in the ownership structure below the Trust.
8. In addition to its class of voting, participating trust units which are traded on the TSX, the Trust also has issued the Special Units which are voting, non-

2007 BCSECCOM 471

participating securities that are non-transferable and not traded on any stock exchange.

9. The Trust owns all of the voting, participating Class A limited partner units (the **Class A Units**) of CI LP. The Trust also wholly-owns CI Financial General Partner Corp., which is the general partner of CI LP. CI LP, in turn, directly or indirectly wholly-owns each Filer.
10. CI LP also has issued the Class B Units, which are non-voting, participating limited partner units.
11. The combination of one Class B Unit and one Special Unit constitute the economic equivalent to the holder thereof of owning one trust unit of the Trust. A combination of one Class B Unit and one Special Unit, together, also are exchangeable for one trust unit of the Trust.
12. The Trust's ownership of all of the outstanding Class A Units represents 100% of the outstanding voting securities and approximately 47.9% of the total outstanding equity securities of CI LP and, indirectly, each Filer. The Class B Units are owned by a variety of securityholders.
13. As part of the steps of the Conversion, shareholders of CI Financial Inc. were given the option to either:
 - (a) become unitholders of the Trust; or
 - (b) elect to become limited partners of CI LP.

As a result, the Conversion had the effect of splitting the ownership structure of CI Financial Inc. whereby some former shareholders became unitholders of the Trust, while other former shareholders became holders (**Class B Unitholders**) of a combination of Class B Units and Special Units.

14. Notwithstanding the split in ownership described above, the terms of the Class A Units owned by the Trust and the Class B Units and Special Units owned by the Class B Unitholders effectively result in the same voting and equity participation as if all the limited partners of CI LP are holders of trust units of the Trust.
15. It can reasonably be expected that some Distribution Persons who owned shares of CI Financial Inc. immediately prior to the Conversion elected to become Class B Unitholders. Though CI LP is a reporting issuer under Canadian securities legislation, its securities are not listed on any Canadian

2007 BCSECCOM 471

stock exchange, nor are they expected to become so listed. The ownership of any Class B Units by any Distributing Person is an equity interest since there is no 10% threshold to constitute an equity interest in securities which are not listed on a Canadian stock exchange.

16. The Filers are unable to comply with section 8.2 of the Legislation since the Filers do not know the extent to which Distribution Persons are Class B Unitholders.

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.

James E. A. Turner
Vice-Chair
Ontario Securities Commission

Paul K. Bates
Commissioner
Ontario Securities Commission

2007 BCSECCOM 471

Appendix “A”

CI American Equity Fund
CI American Equity Corporate Class
CI Alpine Growth Equity Fund
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 Can-Am Small Cap Corporate Class
CI Canadian Investment Fund
CI Canadian Investment Corporate Class
CI Canadian Small/Mid Cap Fund
CI Emerging Markets Fund
CI Emerging Markets Corporate Class
CI European Fund
CI European Corporate Class
CI Global Fund
CI Global 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 Health Sciences Corporate Class
CI Global High Dividend Advantage Fund
CI Global High Dividend Advantage Corporate Class
CI Global Managers® Corporate Class
CI Global Small Companies Fund
CI Global Small Companies 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
CI Value Trust Corporate Class
Harbour Fund
Harbour Corporate Class

2007 BCSECCOM 471

Harbour Foreign Equity Corporate Class
Signature Canadian Resource Fund
Signature Canadian Resource Corporate Class
Signature Select Canadian Fund
Signature Select Canadian Corporate Class
Synergy American Fund
Synergy American Corporate Class
Synergy Canadian Corporate Class
Synergy Canadian Style Management Corporate Class
Synergy Focus Canadian Equity Fund
Synergy Focus Global Equity Fund
Synergy Global Corporate Class
Synergy Global Style Management Corporate Class
CI Canadian Asset Allocation Fund
CI Global Balanced Corporate Class
CI International Balanced Fund
CI International Balanced Corporate Class
Harbour Foreign Growth & Income Corporate Class
Harbour Growth & Income Fund
Harbour Growth & Income Corporate Class
Signature Canadian Balanced Fund
Signature Global Income & Growth Fund
Signature Global Income & Growth Corporate Class
Signature Income & Growth Fund
Signature Income & Growth Corporate Class
Synergy Tactical Asset Allocation Fund
CI Canadian Bond Fund
CI Canadian Bond Corporate Class
CI Short-Term Bond Fund
CI Long-Term Bond Fund
CI Money Market Fund
CI US Money Market Fund
CI Short-Term Corporate Class
CI Short-Term US\$ Corporate Class
CI Global Bond Fund
CI Global Bond Corporate Class
CI Mortgage Fund
Signature Corporate Bond Fund
Signature Corporate Bond Corporate Class
Signature Dividend Fund
Signature Dividend Corporate Class
Signature High Income Fund
Signature High Income Corporate Class

2007 BCSECCOM 471

Portfolio Series Income Fund
Portfolio Series Conservative Fund
Portfolio Series Balanced Fund
Portfolio Series Conservative Balanced Fund
Portfolio Series Balanced Growth Fund
Portfolio Series Growth Fund
Portfolio Series Maximum Growth Fund
Select 100i Managed Portfolio Corporate Class
Select 80i20e Managed Portfolio Corporate Class
Select 70i30e Managed Portfolio Corporate Class
Select 60i40e Managed Portfolio Corporate Class
Select 50i50e Managed Portfolio Corporate Class
Select 40i60e Managed Portfolio Corporate Class
Select 30i70e Managed Portfolio Corporate Class
Select 20i80e Managed Portfolio Corporate Class
Select 100e Managed Portfolio Corporate Class
Select Income Managed Fund
Select Canadian Equity Managed Fund
Select U.S. Equity Managed Fund
Select International Equity Managed 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
Knight Bain Pure Canadian Equity Fund
Knight Bain Small Cap Fund
Knight Bain Diversified Monthly Income Fund
Knight Bain Corporate Bond Fund
Knight Bain Canadian Bond Fund
Cash Management Pool
Short Term Income Pool
Canadian Fixed Income Pool
Global Fixed Income Pool
Enhanced Income Pool
Canadian Equity Small Cap Pool
Canadian Equity Value Pool
Canadian Equity Growth Pool
Canadian Equity Diversified Pool
US Equity Value Pool
US Equity Growth Pool
US Equity Diversified Pool
US Equity Small Cap Pool

2007 BCSECCOM 471

International Equity Value Pool
International Equity Growth Pool
International Equity Diversified Pool
Emerging Markets Equity Pool
Real Estate Investment 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
Institutional Managed International Equity Pool
Lakeview Disciplined Leadership Canadian Equity Fund
Lakeview Disciplined Leadership U.S. Equity Fund
Lakeview Disciplined Leadership High Income Fund