

2007 BCSECCOM 423

July 4, 2007

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 relief from the requirement in s.14.2(3)(b) of National Instrument 81-106 to calculate its net asset value at least once every business day - The fund is a closed-end investment fund that allows redemptions or retractions no more frequently than once per month; units of the fund are either: (a) listed or to be listed on a stock exchange and unitholders can buy or sell shares of the fund through the exchange, or (b) convertible into units listed or to be listed on a stock exchange; the fund calculates its net asset value on a regular basis and makes that calculation available to the public on request

Applicable British Columbia Provisions

National Instrument 81-106, s. 14.2(3)(b) 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
Focused Global Trends Fund
(the “Filer”)

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 (the “Legislation”) of the Jurisdictions for relief from Section 14.2(3)(b) of National Instrument 81-106 *Investment Fund*

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Continuous Disclosure (“NI 81-106”), which requires the net asset value of an investment fund that uses specified derivatives (as such term is defined in National Instrument 81-102 *Mutual Funds*) to be calculated at least once every business day (the “Requested Relief”).

Under the Mutual Reliance Review System (“MRRS”) 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:

The Filer

1. The Filer will be a non-redeemable investment fund (as defined in NI 81-106) to be established under the laws of the Province of Ontario pursuant to a trust agreement to be entered into between Connor, Clark & Lunn Capital Markets Inc. (the “Manager”), as manager of the Filer, and RBC Dexia Investor Services Trust, as trustee of the Filer. The principal office of the Filer and the Manager is located at 181 University Avenue, Suite 300, Toronto, Ontario M5H 3M7.

The Offering

2. A preliminary prospectus (“Preliminary Prospectus”) for the Filer dated May 28, 2007 has been filed with the securities regulatory authorities in each of the Jurisdictions under SEDAR #1109644.
3. The Filer proposes to issue an unlimited number of two classes of combined units, Combined Class A Units and Combined Class F Units (collectively, “Combined Units”). Each Class A Combined Unit consists of one Class A Unit and one-half of one transferable Warrant for one Class A Unit. Each Class F Combined Unit consists of one Class F Unit and one-half of one transferable Warrant for one Class F Unit. The Class A Units and the Class F

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Units together are referred to herein as the “Units”. Each whole Warrant for one Class A Unit entitles the holder to purchase one Class A Unit at a subscription price of \$10.25 on a specified date in 2009 and a specified date in 2010. Each whole Warrant for one Class F Unit entitles the holder to purchase one Class F Unit at a subscription price of \$10.25 on a specified date in 2009 and a specified date in 2010.

4. The investment objectives of the Filer are to (i) provide holders of Units (“Unitholders”) with a stable stream of monthly cash distributions initially targeted to be \$0.04167 per Unit (representing a yield of approximately 5.0% per annum on the issue price of \$10.00 per Combined Unit); and (ii) preserve and enhance the net asset value (“NAV”) per Unit of the Filer.
5. The Manager, on behalf of the Filer, has retained Pier 21 Asset Management Inc. (the “Investment Manager”) to act as the investment manager of the Filer. The Investment Manager has retained Carnegie Asset Management Fondsmaeglersleskab A/S (the “Sub-Advisor”) to provide investment advisory and portfolio management services to the Filer.
6. To achieve its investment objectives, the net proceeds from the offerings of Combined Units will be invested in an actively managed portfolio (the “Portfolio”) consisting of equity securities of global companies. The Portfolio will be actively managed by the Sub-Advisor.
7. The Filer will be exposed to a number of foreign currencies. The Sub-Advisor will take currency exposure into account in managing the Portfolio. The Manager intends that at least 80% of the value of the Portfolio’s non-Canadian currency exposure will be hedged back to the Canadian dollar.
8. The Filer does not intend to continuously offer Units once the Filer is out of primary distribution.

The Combined Units

9. The Class A Units are expected to be listed and posted for trading on the Toronto Stock Exchange (the “TSX”). As a result, Class A Unitholders will not have to rely solely on the redemption features of the Units as described in the Preliminary Prospectus in order to provide liquidity for their investment. The Class F Units will not be listed on a stock exchange but will be convertible into Class A Units on a monthly basis, based on the NAV of each class of Units.

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10. Units may be surrendered for redemption monthly on the last business day of a month ("Monthly Redemption Date"). The redemption amount ("Monthly Redemption Amount") for Class A Units surrendered for redemption on a monthly basis is equal to the lesser of (i) 96% of the weighted average trading price of the Class A Units on the TSX during the 15 trading days preceding the Monthly Redemption Date, and (ii) the closing market price of the Class A Units on the principal market on which the Class A Units are quoted for trading for the Monthly Redemption Date. The redemption amount for Class F Units surrendered for redemption on a monthly basis is equal to the product of (i) the Monthly Redemption Amount and (ii) a fraction, the numerator of which is the most recently calculated NAV per Class F Unit and the denominator of which is the most recently calculated NAV per Class A Unit.
11. Commencing in 2008, the Units will also be redeemable once annually ("Redemption Date") at a price equal to 100% of the NAV per Unit of that class, less any costs of funding the redemption.

Calculation of Net Asset Value

12. Under clause 14.2(3)(b) of NI 81-106, an investment fund that uses or holds specified derivatives, such as the Filer intends to do, must calculate its net asset value on a daily basis.
13. The Filer proposes to calculate the NAV per Unit of each class on each Friday during the year, or, if a Friday is not a business day, then on the business day following such Friday, and each Redemption Date, and upon the implementation of the reinvestment plan, each distribution payment date.
14. The Preliminary Prospectus discloses and the final prospectus of the Filer will disclose that the Manager will post the NAV per Unit of each class on its website (www.cclcapitalmarkets.com) and will also make this information available to Unitholders upon request.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the authority to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted for so long as:

- (a) the Class A Units are listed on the TSX; and

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(b) the Filer calculates its NAV per Unit at least weekly.

Leslie Byberg
Manager, Investment Funds Branch
Ontario Securities Commission