

2004 BCSECCOM 130

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief granted from the prohibition against a manager of mutual funds (trusts and corporate classes) investing in the securities of a person who is a substantial security holder of the manager – mutual funds are permitted to continue to hold securities in related companies, and to purchase and sell securities of related companies in the future, provided independent review committees oversee the holdings, purchases or sales of such securities, subject to specific conditions – previous decision granting similar relief is revoked and replaced with a new decision which expands relief as a result of additional issuers becoming related to the manager following an acquisition, and also to expand the relief to corporate class mutual funds

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 120(1), 120(2), 121(2)(b), 123, and 171

IN THE MATTER OF THE SECURITIES LEGISLATION OF ONTARIO, BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, NOVA SCOTIA AND NEWFOUNDLAND AND LABRADOR

AND

OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF INVESTORS GROUP TRUST CO. LTD. (“IGTC”) INVESTORS GROUP CORPORATE CLASS INC. (“IGCC”) AND THE MUTUAL FUNDS LISTED IN SCHEDULE “A” TO THIS DECISION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (collectively, the “Decision Makers”) in each of the Provinces of Ontario, British Columbia, Alberta, Saskatchewan, Nova Scotia and Newfoundland and Labrador (collectively, the “Jurisdictions”) has received an application from:

- (i) IGTC, as trustee for and on behalf of certain mutual funds offered to the public listed in Schedule “A” to this Decision and any additional mutual funds established from time to time for which IGTC is trustee (collectively, the “Fund Trusts”) and

2004 BCSECCOM 130

- (ii) IGCC, on its own behalf and on behalf of its classes offered as mutual funds to the public listed in Schedule “A” to this Decision and any additional classes established as mutual funds from time to time (collectively the “Corporate Class Funds”),

for a decision (the “Decision”) pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that the provisions prohibiting a mutual fund from knowingly making and holding an investment:

- (i) in a person or company who is a substantial security holder of the mutual fund, its management company (or, in British Columbia, the mutual fund manager) or distribution company, or
- (ii) in an issuer in which any person, or company who is a substantial security holder of the mutual fund, its management company (or, in British Columbia, the mutual fund manager) or its distribution company, has a significant interest (the provisions of (i) and (ii) being collectively referred to as the “Mutual Fund Conflict of Interest Investment Restrictions”)

do not apply to the Fund Trusts and the Corporate Class Funds (collectively referred to as the “IG Funds” in respect of their investments in securities of certain Related Parties (as hereinafter defined);

AND WHEREAS the Decision Maker is each of the Jurisdictions has received an application from IGTC for a Decision under the Legislation revoking and replacing the MRRS Decision Document dated July 9, 2003 entitled *In the Matter of Investors Dividend Fund, Investors Mutual of Canada and Investors Canadian Balanced Fund* (the “Prior Decision”) which decided that the provision of the Legislation prohibiting a mutual fund from knowingly holding an investment in a person or company who is a substantial security holder of the mutual fund, its management company or distribution company, did not apply to the three IG Funds in respect of their continued holding of securities of Canada Life Financial Corporation (“CLFC”) and Canada Life Assurance Company (“CLAC”) following the completion of Great-West Lifeco Inc.’s (“GWL”) acquisition of all the common shares of CLFC by way of a capital reorganization of CLFC;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions;

2004 BCSECCOM 130

AND WHEREAS the Applicants have represented to the Decision Makers that:

1. IGTC is a corporation incorporated under *The Manitoba Corporations Act* and it acts as trustee for 94 Fund Trusts that are qualified for distribution to the public in all provinces and territories in Canada which, as such, are reporting issuers or equivalent in all of those jurisdictions. None of the Fund Trusts are on the list of defaulting issuers maintained under the Legislation.
2. IGCC is a corporation incorporated under the *Canada Business Corporations Act* (the “CBCA”) and it offers 46 Corporate Class Funds that are qualified for distribution to the public in all provinces and territories in Canada which, as such, are reporting issuers or equivalent in all of those jurisdictions. None of the Corporate Class Funds are on the list of defaulting issuers maintained under the Legislation.
3. Investors Group Inc. (“IGI”) is a corporation incorporated under the CBCA.
4. All of the outstanding shares of IGTC are indirectly owned by IGI. All of the outstanding common shares of IGCC have been issued to Investors Group Corporate Class Trust, which holds these common shares in trust for the mutual fund shareholders of IGCC, excluding the holders of Series “S” Shares.
5. Investors Group Financial Services Inc. and Les Services Investors Limitée (collectively the “Distribution Companies”) are the distribution companies for the IG Funds. All of the outstanding shares of the Distribution Companies are indirectly owned by IGI. As a result, IGI is a substantial security holder, within the meaning of the Legislation, of the Distribution Companies.
6. I.G. Investment Management, Ltd. (“IGIM”) and Investors Group Investment Management (Quebec) Ltd. (“IGIM Quebec”, and together with IGIM, the “Management Companies”), are the management companies for the IG Funds. All of the outstanding shares of the Management Companies are indirectly owned by IGI. As a result, IGI is a substantial security holder, within the meaning of the Legislation, of the Management Companies.
7. A portfolio adviser, who may in turn retain a sub-adviser, has been retained for each IG Fund. The Management Companies as well as I.G. International Management Limited, I.G. Investment Management (Hong Kong) Ltd. and Mackenzie Financial Corporation, all of the outstanding shares of which are directly or indirectly owned by IGI, act as portfolio advisers and/or sub-advisers for certain of the IG Funds (collectively, the “Portfolio Managers”).

2004 BCSECCOM 130

For other IG Funds, third party investment management firms have been retained to act as portfolio adviser and/or sub adviser.

8. Power Financial Corporation (“PFC”) is a reporting issuer or equivalent in all provinces and territories of Canada. Its securities trade on the Toronto Stock Exchange (the “TSX”). As at August 26, 2003, PFC held 59.5% of the voting shares of IGI. As such, PFC is a substantial security holder, within the meaning of the Legislation, of the Distribution Companies and the Management Companies.
9. Power Corporation of Canada (“PCC”) is a reporting issuer or equivalent in all provinces and territories of Canada. Its securities trade on the TSX. As at July 10, 2003, PCC held 67.1% of the voting shares of PFC. As such, PCC is a substantial security holder, within the meaning of the Legislation, of the Distribution Companies and the Management Companies.
10. Under the Legislation, PFC owns or is deemed to own, directly or indirectly, more than 10% of the outstanding shares of GWL, CLFC, CLAC and Canada Life Capital Trust (collectively the “Power Investee Issuers”). As such PFC and PCC have a significant interest in each of the Power Investee Issuers within the meaning of the Legislation. For the purpose of this Decision the term “Related Parties” shall mean PCC, PFC and the Power Investee Issuers.
11. In the absence of the Decision, the Mutual Fund Conflict of Interest Investment Restrictions would preclude the IG Funds from making an investment in the securities of Related Parties.
12. The Prior Decision does not allow any of the three IG Funds to which it applied to purchase any additional shares of CLFC or CLAC or any securities of any other Related Parties.
13. One of the conditions included in the Prior Decision requires that the continued holding of CLFC and CLAC securities by IG Funds be reviewed by the three members (the “Independent Members”) of the Investment and Conduct Review Committee (the “ICRC”) of IGTC who are independent from IGTC and its affiliated corporations, at least once every three months.
14. IGTC and IGCC believe that it would be in the best interests of security holders of the IG Funds to be permitted to invest in the securities of Related Parties, in keeping with the investment objectives of the IG Funds, up to the limits allowed by applicable Legislation other than the Mutual Fund Conflict of Interest Investment Restrictions.

2004 BCSECCOM 130

15. IGTC, as trustee of the Fund Trusts, has agreed to charge the Independent Members of the ICRC with the responsibility to review the Fund Trusts' investments in securities of Related Parties.
16. IGCC has agreed to establish a three person independent review committee (the "IRC") which will be comprised entirely of directors of IGCC who are wholly independent of IGI and its affiliated corporations which will have the responsibility of reviewing the Corporate Class Funds' investments in securities of Related Parties.
17. The mandate of the ICRC, in the case of IGTC and the Fund Trusts, and of the IRC, in the case of IGCC and the Corporate Class Funds (collectively, the "Independent Oversight Committees"), will be, among other things:
 - (i) to review holdings of securities of the Related Parties, as well as any purchases or sales of securities of the Related Parties at least once every three months to ensure that the decisions of the Portfolio Managers are in the best interests of the IG Funds
 - (ii) to ensure that the Portfolio Managers of the IG Funds are free from any undue influence by any of the Related Parties.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the Decision of each Decision Maker;

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the legislation that provides the Decision Makers with the jurisdiction to make the decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that (i) the Prior Decision is hereby revoked and replaced with the following Decision with effect as of, and from, the date hereof, and (ii) the IG Funds are exempt from the Mutual Fund Conflict of Interest Investment Restrictions so as to enable the IG Funds to invest in, or continue to hold an investment in, the securities of the Related Parties,

PROVIDED THAT:

- (a) the Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with mutual fund governance in a manner that conflicts with or makes inapplicable any provision of this Decision;

2004 BCSECCOM 130

- (b) IGTC, in the case of the Fund Trusts, and IGCC, in the case of the Corporate Class Funds, have appointed the Independent Members of the ICRC and the IRC respectively to review the IG Funds' purchases, sales and continued holding of the securities of Related Parties by the Fund Trusts and the Corporate Class Funds respectively;
- (c) each of the Independent Members of the ICRC and each of the members of the IRC is not an associate of IGIM, or of any associate or affiliate of IGIM, or of any of the Portfolio Managers of the IG Funds;
- (d) the member of the ICRC that is not independent in the manner described in paragraph (c) above does not vote on any issue concerning the holding, purchase or sale by the IG Funds of the securities of the Related Parties;
- (e) the Independent Oversight Committees each have a written mandate describing their duties and standard of care which, as a minimum, sets out the conditions to this Decision;
- (f) the members of the Independent Oversight Committees exercise their powers and discharge their duties honestly, in good faith and in the best interests of investors in the IG Funds and, in doing so, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;
- (g) none of the IG Funds relieves the members of the Independent Oversight Committees from liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph (f) above;
- (h) none of the IG Funds indemnifies the members of the Independent Oversight Committees against any legal fees, judgments and amounts paid in settlement as a result of a breach of the standard of care set out in paragraph (f) above;
- (i) the cost of any indemnification or insurance coverage paid for by IGTC, IGCC, the Portfolio Managers, or any associate or affiliate of IGTC, IGCC or of the Portfolio Managers to indemnify or insure the members of the Independent Oversight Committees in respect of a loss that arises out of a failure to satisfy the standard of care set out in paragraph (f) is not paid either directly or indirectly by the IG Funds;
- (j) the members of the Independent Oversight Committees review the IG Funds' purchases, sales and continued holdings of the securities of

2004 BCSECCOM 130

Related Parties on a regular basis, but not less frequently than every three months;

- (k) the Independent Members of the ICRC, in the case of the Trust Funds, and the IRC, in the case of the Corporate Class Funds, form the opinion, after reasonable inquiry, that the decisions made on behalf of each IG Fund by its Portfolio Manager to purchase, sell or to continue to hold securities of Related Parties were and continue to be in the best interests of the IG Funds, and to:
 - (i) represent the business judgment of the IG Funds' Portfolio Managers, uninfluenced by considerations other than the best interests of the IG Funds;
 - (ii) have been made free from any influence by any of the Related Parties and without taking into account any consideration relevant to the Related Parties; and
 - (iii) not exceed the limitations of the applicable legislation, other than the Mutual Fund Conflict of Interest Investment Restrictions;
- (l) the determination made by the Independent Members of the ICRC, in the case of the Fund Trusts, and the IRC, in the case of the Corporate Class Funds, pursuant to paragraph (k) is included in detailed written minutes provided to IGIM or IGIM Quebec, as the case may be, not less frequently than every three months;
- (m) the reports required to be filed pursuant to the Legislation with respect to every purchase and sale of securities of the Related Parties are filed on SEDAR in respect of the relevant IG Funds;
- (n) the Independent Members of the ICRC, in the case of the Trust Funds, and the IRC, in the case of the Corporate Class Funds, advise the Decision Makers in writing of:
 - (i) any determination by them that the condition set out in paragraph (k) has not been satisfied with respect to the continued holding of the securities of Related Parties;
 - (ii) any determination by them that any other condition of this Decision has not been satisfied;
 - (iii) any action they have taken or proposed to take following the determinations referred to above; and

2004 BCSECCOM 130

- (iv) any action taken, or proposed to be taken, by IGIM, IGIM Quebec or the Portfolio Managers of the IG Funds in response to the determinations referred to above; and
 - (o) the existence, purpose, duties and obligations of the Independent Members of the ICRC, in the case of the Trust Funds, and the members of the IRC, in the case of the Corporate Class Funds, the names of their members, whether and how they are compensated by the IG Funds, and the fact that they meet the requirements of the condition set out in paragraph (c) are disclosed:
 - (i) in a press release issued, and a material change report filed, prior to reliance on the Decision;
 - (ii) on the earlier of:
 - 1. the filing of an amendment in the normal course to the simplified prospectus and annual information form of the IG Funds, or the prospectus in the case of the Investors Real Property Fund ("IRPF"), after the date of this Decision and
 - 2. the time of filing of the pro forma simplified prospectus and annual information form of the IG Funds, or the prospectus in the case of IRPF, after the date of this Decision
- in the annual information forms of the IG Funds, along with disclosure of the existence of the relief granted under this Decision and of the general role of the Independent Members of the ICRC, in the case of the Trust Funds, and the IRC, in the case of the Corporate Class Funds, respectively, under item 3 of Part B of the simplified prospectus of the IG Funds, and in the prospectus in the case of IRPF; and

- (iii) on IGI's internet website.

DATED January 20, 2004.

Paul M. Moore, Q.C.

H. Lorne Morphy, Q.C.

2004 BCSECCOM 130

Schedule A

Fund Trusts

Investors Government Bond Fund	Investors Mutual of Canada
Investors Japanese Growth Fund	Investors North American Growth Fund
Investors Mortgage Fund	Investors US Large Cap Value Fund
Investors Canadian Large Cap Value Fund	Investors Dividend Fund
Investors US Large Cap Growth Fund	Investors Canadian Equity Fund
Investors Real Property Fund	Investors Canadian Money Market Fund
Investors Summa Fund	Investors Global Fund
Investors Income Portfolio	Investors Growth Portfolio
Investors Income Plus Portfolio	Investors Growth Plus Portfolio
Investors Retirement Growth Portfolio	Investors Retirement Plus Portfolio
Investors European Growth Fund	Investors Pacific International Fund
Investors World Growth Portfolio	Investors Asset Allocation Fund
Investors Global Bond Fund	Investors Corporate Bond Fund
IG AGF Canadian Growth Fund	IG Templeton World Bond Fund
IG Goldman Sachs U.S. Equity Fund	IG Mackenzie Universal Emerging Markets Fund
IG Templeton World Allocation Fund	IG AGF U.S. Growth Fund II
IG AGF Canadian Growth Fund II	IG AGF Canadian Balance Fund
IG AGF International Equity Fund	IG AGF International Bond Fund
Investors Canadian Small Cap Fund	Investors US Opportunities Fund
Investors Latin American Growth Fund	Investors Canadian Natural Resource Fund
Investors Canadian High Yield Income Fund	IG Sceptre Canadian Bond Fund
IG Sceptre Canadian Equity Fund	IG Sceptre Canadian Balanced Fund
IG Beutel Goodman Canadian Balanced Fund	IG Beutel Goodman Canadian Equity Fund
IG Beutel Goodman Canadian Small Cap Fund	Investors US Money Market Fund
Investors Canadian Small Cap Growth Fund	Investors Canadian Enterprise Fund
Investors Global Science & Technology Fund	Investors Canadian Balanced Fund
Investors Retirement High Growth Portfolio	Investors Quebec Enterprise Fund
IG Templeton International Equity Fund	IG Mackenzie Ivy European Fund

2004 BCSECCOM 130

IG Mackenzie Select Managers Canada Fund	IG AGF Canadian Diversified Growth Fund
IG AGF US Growth Fund	IG AGF Asian Growth Fund
IG Mackenzie Income Fund	IG Mackenzie Maxxum Dividend Fund
Investors US Large Cap Value RSP Fund	Investors European Growth RSP Fund
Investors Japanese Growth RSP Fund	Investors Global RSP Fund
Investors Global e.Commerce Fund	Investors Mergers & Acquisitions Fund
Investors European Mid-Cap Growth Fund	IG FI U.S. Equity Fund
IG FI Global Equity Fund	IG FI Canadian Equity Fund
IG FI Canadian Allocation Fund	Investors Canadian High Yield Money Market Fund
iProfile Canadian Equity Pool	iProfile US Equity Pool
iProfile International Equity Pool	iProfile Emerging Markets Pool
iProfile Fixed Income Pool	iProfile Global RSP Equity Pool
iProfile Money Market Pool	Allegro Conservative Portfolio
Allegro Moderate Conservative Portfolio	Allegro Moderate Portfolio
Allegro Moderate Aggressive Portfolio	Allegro Moderate Aggressive Registered Portfolio
Allegro Aggressive Portfolio	Allegro Aggressive Registered Portfolio
Investors Global Financial Services Fund	Investors Pan Asian Growth Fund
Investors Global Science & Tech RSP Fund	IG AGF US Growth RSP Fund
Mackenzie Universal U.S. Growth Leaders Fund	Mackenzie Universal Global Future Fund

Corporate Class Funds

Investors Canadian Large Cap Value Class of Investors Group Corporate Class Inc.	Investors U.S. Small Cap Class of Investors Group Corporate Class Inc.
Investors Canadian Equity Class of Investors Group Corporate Class Inc.	Investors Quebec Enterprise Class of Investors Group Corporate Class Inc.
Investors Canadian Enterprise Class of Investors Group Corporate Class Inc.	Investors Summa Class of Investors Group Corporate Class Inc.
Investors Canadian Small Cap Class of Investors Group Corporate Class Inc.	Investors Canadian Small Cap Growth Class of Investors Group Corporate Class Inc.

2004 BCSECCOM 130

IG Beutel Goodman Canadian Equity Class of Investors Group Corporate Class Inc.

IG FI Canadian Equity Class of Investors Group Corporate Class Inc.

IG AGF Canadian Diversified Growth Class of Investors Group Corporate Class Inc.

Investors U.S. Large Cap Value Class of Investors Group Corporate Class Inc.

Investors U.S. Large Cap Growth Class of Investors Group Corporate Class Inc.

IG AGF U.S. Growth Class of Investors Group Corporate Class Inc. Investors Global Class of Investors Group Corporate Class Inc.

Investors Pacific International Class of Investors Group Corporate Class Inc. Investors Latin American Growth Class of Investors Group Corporate Class Inc.

Investors European Mid-Cap Growth Class of Investors Group Corporate Class Inc.

IG Templeton International Equity Class of Investors Group Corporate Class Inc.

IG AGF Asian Growth Class of Investors Group Corporate Class Inc.

IG Mackenzie Ivy European Class of Investors Group Corporate Class Inc.

IG Mackenzie Ivy Foreign Equity Class of Investors Group Corporate Class Inc.

Investors Global Financial Services Class of Investors Group Corporate Class Inc.

IG Sceptre Canadian Equity Class of Investors Group Corporate Class Inc.

IG Mackenzie Select Managers Canada Class of Investors Group Corporate Class Inc.

IG AGF Canadian Growth Class of Investors Group Corporate Class Inc.

Investors U.S. Opportunities Class of Investors Group Corporate Class Inc.

IG FI U.S. Equity Class of Investors Group Corporate Class Inc.

IG Goldman Sachs U.S. Equity Class of Investors Group Corporate Class Inc. Investors North American Growth Class of Investors Group Corporate Class Inc. Investors Japanese Growth Class of Investors Group Corporate Class Inc. Investors European Growth Class of Investors Group Corporate Class Inc.

Investors Pan Asian Growth Class of Investors Group Corporate Class Inc.

IG FI Global Equity Class of Investors Group Corporate Class Inc.

IG AGF International Equity Class of Investors Group Corporate Class Inc.

IG Mackenzie Universal Emerging Markets Class of Investors Group Corporate Class Inc.

Investors Mergers & Acquisitions Class of Investors Group Corporate Class Inc.

Investors Global e.Commerce Class of Investors Group Corporate Class Inc.

2004 BCSECCOM 130

Investors Global Science &
Technology Class of Investors Group
Corporate Class Inc.

Investors Global Health Care Class of
Investors Group Corporate Class Inc.
IG Mackenzie Universal U.S. Growth
Leaders Class Inc. of Investors Group
Corporate Class Inc.

Investors Global Consumer Companies
Class of Investors Group Corporate
Class Inc.

Investors International Small Cap Class
of Investors Group Corporate Class Inc.

Managed Yield Class of Investors Group
Corporate Class Inc.

Investors Global Natural Resources
Class of Investors Group Corporate
Class Inc.

Investors Global Infrastructure Class of
Investors Group Corporate Class Inc.