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Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Mutual funds granted relief from the self-dealing provisions of the legislation for an interim step in an amalgamation

Applicable British Columbia Provisions

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

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

**AND IN THE MATTER OF THE MUTUAL RELIANCE REVIEW
SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF BG CANADIAN SMALL CAPITALIZATION
TRUST, BEUTEL GOODMAN SMALL CAP FUND, BEUTEL GOODMAN
BALANCED FUND, BEUTEL GOODMAN CANADIAN EQUITY FUND,
IG BEUTEL GOODMAN CANADIAN SMALL CAP FUND, AND
CANADIAN SMALL COMPANY EQUITY FUND**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Newfoundland and Labrador, and Nova Scotia (the “Jurisdictions”) have received an application from Beutel, Goodman & Company Ltd. (“Beutel”) on behalf of BG Canadian Small Capitalization Trust (“SCT”), Beutel Goodman Small Cap Fund (“SCF”), Beutel Goodman Balanced Fund (“BF”), Beutel Goodman Canadian Equity Fund (“CEF”), IG Beutel Goodman Canadian Small Cap Fund (“IGF”) and Canadian Small Company Equity Fund (“CSCEF”) (individually, a “Fund” and collectively, the “Funds”) for a decision by each Decision Maker that each Fund is exempt from the provisions in the securities legislation of each Jurisdiction (the “Legislation”), as applicable, prohibiting each Fund from knowingly making or holding an investment in a company incorporated under the laws of Alberta (“Alberta SubCo”), as an interim step in an amalgamation, whereby the Funds will for a short period of time be a “substantial

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security holder”, as such term is defined in the Legislation, in Alberta SubCo (the “Conflict Provisions”);

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Ontario Securities Commission (the “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;

AND WHEREAS Beutel has represented to the Decision Makers as follows:

1. SCT is a mutual fund established under the laws of Ontario. SCT offers units to prospective investors on an exempt basis in each province of Canada.
2. SCF, BF and CEF are each a mutual fund established under the laws of Ontario. SCF, BF and CEF are each a reporting issuer in each province of Canada pursuant to a simplified prospectus and annual information form, both dated August 21, 2002.
3. IGF is a mutual fund established under the laws of Manitoba and is a reporting issuer in each province and territory of Canada pursuant to a simplified prospectus and annual information form, both dated October 15, 2002. Effective April 1, 2002, units of the IGF can only be purchased by unitholders of the IGF who held units of the IGF on such date.
4. CSCEF is a mutual fund established under the laws of Ontario and is a reporting issuer in each province and territory of Canada, except Nunavut, pursuant to a simplified prospectus and annual information form, both dated May 17, 2002.
5. Each Fund currently owns common shares of BPO Properties Ltd. (“BPO Properties”), a corporation existing under the laws of Canada.
6. Beutel has determined that it would be in the best interests of each Fund, if each Fund were to effectively exchange their shares in BPO Properties for redeemable/retractable Class B preferred shares of a corporation (“Amalco”) to be created by the amalgamation of Alberta SubCo with another corporation existing under the laws of Alberta (“Brookfield SubCo”) which also holds common shares of BPO Properties.

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7. To facilitate the amalgamation, each Fund will transfer its common shares in BPO Properties to Alberta SubCo in exchange for common shares of Alberta SubCo on a one share for one share basis.
8. Shortly after this exchange, Alberta SubCo and Brookfield SubCo will amalgamate and each Fund will receive one Amalco Class B preferred share of Amalco on a one share for one share basis.
9. Each Class B preferred share of Amalco will be retractable by a Fund at any time, in accordance with the share provisions for such shares, for (a) a certain number of common shares of Brookfield Properties Corporation ("BPC") and (b) a certain number of common shares of Brookfield Homes Corporation ("BHC") or a certain amount of cash calculated pursuant to a formula based on, among other things, the current market price of the common shares of BHC.
10. BPC is incorporated under the laws of Canada and its common shares are publicly traded on both the Toronto Stock Exchange and the New York Stock Exchange. BHC is incorporated under the laws of the State of Delaware and its common shares are publicly traded on the New York Stock Exchange.
11. As part of the amalgamation, each holder of a Brookfield SubCo common share and/or a Brookfield SubCo Class A preferred share will receive one Amalco common share and/or one Amalco Class A preferred share, respectively.
12. When each Fund exchanges its common shares of BPO Properties for common shares of Alberta SubCo, the Funds will in the aggregate be a "substantial security holder" of Alberta SubCo.
13. After the amalgamation of Alberta SubCo and Brookfield SubCo, the Funds will in the aggregate hold less than 20% of the voting shares of Amalco.

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 tests 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 is that the purchase and holding of common shares of Alberta SubCo by each Fund, as an interim step in the amalgamation of Alberta SubCo and Brookfield SubCo, is exempt from the

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Conflict Provisions, as applicable, provided an amalgamation agreement is executed between the parties, before the common shares of Alberta SubCo are acquired by the Funds, whereby Alberta SubCo and Brookfield SubCo will amalgamate to form Amalco shortly after the common shares of Albert SubCo are acquired by each Fund.

DATED April 25, 2003.

Paul M. Moore

Howard Wetston