

2006 BCSECCOM 719

November 13, 2006

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 81-106, s.17.1 - Continuous Disclosure Requirements for Investment Funds NAV calculation - 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 listed on a stock exchange and unitholders can buy or sell units of the fund through the 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
Ontario, Quebec, British Columbia, Alberta, Saskatchewan, Manitoba,
New Brunswick, Nova Scotia and Newfoundland and Labrador

(the “Jurisdictions”)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Core Canadian Dividend Trust

(the “Filer” or the “Trust”)

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 (“NI 81-106”), which

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

Under the Mutual Reliance Review System 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:

General

1. The Trust is an investment trust established under the laws of the Province of Ontario. The principal office of the Trust is located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario M5H 3T9.
2. Mulvihill Fund Services Inc. is the manager of the Trust. Mulvihill Capital Management Inc. (“MCM”) is the investment manager of the Trust.
3. RBC Dexia Investor Services Trust will be the trustee of the Trust and will act as custodian of the assets of the Trust and will be responsible for certain aspects of the day-to-day administration of the Trust.

The Core Canadian Dividend Portfolio

4. The Trust has been created to invest in a blue-chip portfolio consisting of high-quality, large capitalization, dividend-paying Canadian companies across multiple industry sectors that have an excellent long-term track record of dividend growth and share price appreciation.
5. The Trust’s portfolio will be actively managed by MCM, the Trust’s investment manager. To generate additional returns above the dividend income earned on the portfolio, the Trust will, from time to time, write covered call options in respect of some or all of the securities in the portfolio.

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The securities which are subject to call options and the terms of such options will vary from time to time as determined by MCM.

6. The Trust's investment objectives are: (a) to provide unitholders of the Trust ("Unitholders") with monthly cash distributions in an amount targeted to be 6.5% per annum on the net asset value ("NAV") of the Trust; and (b) to preserve and grow the NAV per unit of the Trust ("Unit").
7. The Trust will invest the net proceeds of its initial public offering primarily in the following Canadian dividend-paying common shares (the "Core Canadian Dividend Portfolio") listed on the Toronto Stock Exchange (the "TSX"):

Royal Bank of Canada	Thomson Corporation	Enbridge Inc.
Manulife Financial Corporation	Canadian Imperial Bank of Commerce	National Bank of Canada
Bank of Nova Scotia	BCE Inc.	Russel Metals Inc.
The Toronto-Dominion Bank	TransCanada Corporation	AGF Management Limited
Bank of Montreal	Teck Cominco Limited (Class B Shares)	Canadian Utilities Limited

8. The Trust will generally invest not less than 4% and not more than 10% of the Trust's net asset value in each of the issuers in the Core Canadian Dividend Portfolio. In addition, up to 15% of the NAV of the Trust may be invested in equity securities of other issuers listed on the TSX which MCM believes are consistent with the Trust's investment objectives.
9. The Trust does not have a fixed termination date but may be terminated upon not less than 90 days' written notice to the manager from the Trustee with the approval of unitholders by a two-thirds majority vote passed at a duly convened meeting of unitholders called for the purpose of considering such termination, provided that unitholders holding at least 10% of the Units outstanding on the record date of the meeting vote in favour of such termination.
10. Although the Filer is a mutual fund trust for purposes of the *Income Tax Act* (Canada), it is not a mutual fund for purposes of securities legislation and its operation differs from that of a conventional mutual fund.
11. The Filer does not intend to continuously offer Units once the Filer is out of primary distribution and therefore the Filer is not a conventional mutual fund.
12. The Units will be listed and posted for trading on the TSX.

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13. As disclosed in the preliminary prospectus of the Trust dated September 25, 2006, the Trust will calculate on the Thursday of each week and on the last of the month the net asset value per Unit and will make such information available through the Internet at www.mulvihill.com.
14. Commencing in 2007, Units may be surrendered for redemption during the period at least 20 business days prior to the end of the year (the "December Valuation Date"). Units surrendered for redemption on the December Valuation Date in each year will be entitled to receive a redemption price per Unit equal to NAV per Unit determined as of such valuation date.

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 is that the Requested Relief is granted, provided that:

- (a) that the net asset value is available to the public upon request; and
- (b) a toll-free telephone number or website that the public can access is available for this purpose;

for so long as:

- (c) the Units are listed on the TSX; and
- (d) the Filer calculates its net asset value at least weekly.

Rhonda Goldberg, Assistant Manager
Investment Funds Branch
Ontario Securities Commission