

2003 BCSECCOM 26

Headnote

Relief from adviser registration requirement for experienced manager to provide investment management services to an employee venture capital corporation

Exemption Order

ALTURA Management Inc.

Section 48 of the *Securities Act*, R.S.B.C. 1996, c. 418

Background

- ¶ 1 ALTURA Management Inc. (Manager) has applied for an exemption from the adviser registration requirement of section 34(1)(c) of the Act in order to provide management services to ALTURA Growth Fund (EVCC) Inc. (Fund) under a management agreement dated October 31, 2002;

Representations

- ¶ 2 The Manager represents that:
1. it was incorporated under the *Canada Business Corporations Act* on April 5, 2002;
 2. its head office is located in Vancouver, British Columbia;
 3. the Fund was incorporated under the laws of British Columbia on July 16, 2002;
 4. the Fund became a reporting issuer in British Columbia on December 10, 2002;
 5. the Fund was registered by the Ministry of Competition, Science and Enterprise on November 18, 2002 as an employee venture capital corporation under the *Employee Investment Act*, R.S.B.C. 1996, c. 112 (the EIA);

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6. the Fund was formed to create and manage a portfolio of investments in small and medium-sized British Columbia businesses that meet EIA criteria, with the objective of maximizing return with an acceptable level of risk;
7. most of the Fund's investments are long term investments involving a three to seven year investment horizon in illiquid securities of non-public companies;
8. the Fund has retained the Manager under the management agreement to provide management advice and services under the supervision and control of the Fund's Board of Directors;
9. the Manager is an affiliate of ENSIS Management Inc., which manages ENSIS Growth Fund Inc. in Manitoba;
10. ENSIS Growth Fund Inc. is registered as a labour-sponsored investment fund under *The Labour Sponsored Venture Capital Corporation Act* (Manitoba) and is the counterpart to an EVCC under the EIA;
11. the Manager is responsible for identifying investment opportunities that meet the Fund's objectives and investment strategies, analyzing proposed investments, preparing and making recommendations about investments to the Fund's Board of Directors and structuring and negotiating investments approved by the Fund's Board of Directors;
12. the Manager monitors the Fund's investments, which includes evaluating financial and other key performance indicators and making recommendations as to the timing, terms and methods of realizing on the Fund's investments;
13. the Manager provides value added management services in the form of board participation, business expertise and managerial expertise to the companies the Fund invests in;
14. the Manager has and will maintain personnel with the necessary business experience and qualifications to competently manage venture capital investments;
15. the Fund will offer its Class A shares to residents of British Columbia by prospectus;
16. the Fund has obtained an order under the Act permitting persons registered as mutual fund dealers to trade the Fund's Class A shares;

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17. in providing its services to the Fund under the management agreement, the Manager may be considered to be acting as an adviser under the Act and without this order, could be required to be registered, or otherwise exempt from registration, as an adviser under the Act;
18. there are no exemptions from the adviser registration requirement that the Manager can rely on to act as an adviser under the management agreement to the Fund.

Order

- ¶ 3 Because it is not prejudicial to the public interest, the Executive Director orders under section 48 of the Act that the Manager is exempt from section 34(1)(c) of the Act when performing and carrying out its duties under the management agreement.

- ¶ 4 January 10, 2003

L.E. Evans, C.A.
Director