

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* - National Instrument 81-102 *Mutual Funds* section 5.5(1) - The Filer is a mutual fund manager and seeks approval of the change in control of the manager under the approval requirements in section 5.5(1)(a.1) of NI 81-102 - The filer established the experience and integrity of the person acquiring control of the manager - There are no expected material changes to the management, business, operations or affairs of the fund or the manager; securityholders were advised of the change of control

Applicable Legislative Provisions

National Instrument 81-102 *Mutual Fund* section 5.5(1)

March 27, 2018

In the Matter of
the Securities Legislation of
British Columbia and Ontario
(the Jurisdictions)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
OceanRock Investments Inc.
(the Filer or Manager)

and

In the Matter of
the Funds Listed in Schedule A
(as defined below)

Decision

Background

- ¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for approval of the indirect change in control of the Manager (the

Manager Change of Control) which would result from the Proposed Transaction (defined below) pursuant to section 5.5(1)(a.1) of National Instrument 81-102 *Mutual Funds* (NI 81-102) (the Approval Sought).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the British Columbia Securities Commission is the principal regulator for this application,
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Nova Scotia, Northwest Territories, Nunavut and Yukon,
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

- ¶ 2 Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

- ¶ 3 This decision is based on the following facts represented by the Filer:

The Manager

1. the Manager is a private corporation existing under the *Canada Business Corporations Act* (CBCA) having its head office in Vancouver, British Columbia;
2. the Manager is registered under applicable Canadian securities laws as a portfolio manager (PM) in Alberta, British Columbia, Ontario and Saskatchewan, and as an investment fund manager (IFM) in Alberta, British Columbia, Newfoundland and Labrador, Ontario and Québec;
3. the Manager is the manager, PM, IFM and trustee of each of the mutual funds listed in Schedule A (the Funds);
4. the Manager is a wholly-owned subsidiary of Qtrade Canada Inc. (Qtrade);
5. the Manager is not in default of securities legislation in any jurisdiction of Canada;

The Funds

6. securities of the Funds are qualified for distribution in each of the Jurisdictions pursuant to a simplified prospectus and annual information form, each dated April 21, 2017, prepared in

accordance with the requirements of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* and are distributed through registered dealers in each jurisdiction of Canada;

7. the Funds are reporting issuers under the applicable securities legislation of each jurisdiction of Canada;
8. the Funds are not in default of securities legislation in any jurisdiction of Canada;

Parties to The Proposed Transaction

9. immediately before the Proposed Transaction, Desjardins Financial Holding Inc. (Desjardins) will own all of the issued and outstanding shares of Qtrade which owns all of the issued and outstanding shares of its subsidiary corporations, Qtrade Asset Management Inc. (QAM), Qtrade Insurance Solutions Inc. (QIS), Qtrade Securities Inc. (QSI) and the Manager;
10. Credential Financial Inc. owns all of the issued and outstanding shares of its subsidiary corporations, Credential Asset Management Inc. (CAM) and Credential Securities Inc. (CSI). CAM and CSI each own 50% of Credential Insurance Services Inc. (CIS) which owns all of the issued and outstanding shares of Credential Financial Strategies Inc. (CFS);
11. the shares of Credential are owned as follows: class A common shares representing 50% of the issued and outstanding voting shares of Credential are owned by The CUMIS Group Limited (CUMIS) and class B common shares representing 50% of the issued and outstanding voting shares of Credential are owned by Central 1 Credit Union (Central 1), Credit Union Central of Alberta (CUCA), Credit Union Central of Saskatchewan (CUCS), Credit Union Central of Manitoba (CUCM) and Atlantic Central (collectively, the Centrals) in the following proportions:

Entity	Class B common shares of Credential owned
Central 1	52.0%
CUCA	13.1%
CUCS	16.4%
CUCM	9.9%
Atlantic Central	8.6%
	100%

12. the voting shares of Credential are held directly and indirectly in the following proportions:

Entity	Voting shares of Credential owned
Central 1	39.5%
CUCA	6.5%
CUCS	8.2%
CUCM	4.9%
Atlantic Central	4.3%
Co-operators (as defined below)	36.5%
	100%

13. CUMIS is a financial institution and a specified financial institution and is controlled by Co-operators Life Insurance Company (CLIC); CLIC owns 73% and Central 1 owns 27% of the issued and outstanding common shares of CUMIS; CLIC is wholly-owned by Co-operators Financial Services Limited, which is wholly-owned by the group's parent corporation, Co-operators Group Limited (collectively with CUMIS and CLIC, the Co-Operators) (CUMIS and the Centrals are collectively referred hereto as the Partners);
14. Desjardins and the Centrals each own 50% of the issued and outstanding limited partner units of Northwest & Ethical Investments LP (NEI), a limited partnership, and 50% of the issued and outstanding shares of NEI's general partner, Northwest & Ethical Investments Inc. (NEI GP);
15. the following firms are duly registered: QAM, QSI, the Manager, CAM, CSI and NEI;

Proposed Transaction

16. Desjardins, the Centrals and CUMIS (each a Party and together, the Parties) have entered into a Master Merger Agreement dated December 11, 2017 whereby the Parties have agreed to combine (on a cash and debt-free basis) the businesses operated by Qtrade, Credential and NEI under a single entity (Wealth LP) (the Proposed Transaction); the general partner of Wealth LP will be a newly incorporated entity (Wealth GP) whose shareholders will be Desjardins and a holding entity owned by the Partners, each of which will hold 50% of the issued and outstanding shares of Wealth GP;
17. as a result of the Proposed Transaction, Credential and Qtrade would amalgamate to form an amalgamated corporation (AmalCo), which would own 100% of the issued and outstanding shares of the Manager;

Purpose of the Proposed Transaction

18. the rationale for the Proposed Transaction is primarily to create a more broadly based wealth management business that will provide better product and service offerings and pricing to investors, as well as allow better growth opportunities, improved profitability and better returns to the Parties and their customers/members;
19. it is not intended that any significant changes in the business operations of the Manager will occur as a result of the completion of the Proposed Transaction; however, it is currently anticipated that, at some point following the completion of the Proposed Transaction, the Manager will transfer all of its assets to NEI (the Merger) and thereafter be wound up into AmalCo;
20. there are no contractual or business impediments to the transactions described in this order; all material third-party consents to the changes of ownership or other operations constituting the Proposed Transaction, if any, will be obtained in due course;

21. a press release disclosing the Proposed Transaction was issued and posted on the websites of Qtrade on December 12, 2017;

Change in Control of the Manager

22. following completion of the Proposed Transaction and prior to the Merger, no changes are expected to the business, operations or affairs of the Manager or any of the Funds, and specifically:
- (a) the Funds will be maintained as distinct brands and products with the Manager as their IFM, PM and trustee;
 - (b) there will not be any change in how the Funds are managed, to the investment objectives and strategies of the Funds or to the expenses that are charged to the Funds, as a result of the Proposed Transaction;
 - (c) the current members of the Independent Review Committee (IRC) of the Funds will cease to be IRC members pursuant to section 3.10(1)(c) of National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107), however, it is currently expected that the Manager will appoint the same individuals as members of the IRC in accordance with section 3.3(5) of NI 81-107;
 - (d) the Manager will continue to operate as it currently operates with the same employees and offices;
 - (e) only minor changes of directors, officers and advising representatives of the Manager are likely to occur; and
 - (f) the Proposed Transaction is only expected to benefit the Manager and will not adversely affect the Manager's financial position or its ability to fulfill its regulatory obligations;
23. the Proposed Transaction is not expected to have any impact on the unitholders of the Funds;
24. the Manager has policies and procedures for addressing conflict of interest matters including compliance with the self-dealing provisions of applicable securities law; Credential, Qtrade and the Manager do not foresee that the Proposed Transaction will give rise to any conflicts of interest of a type different from those which are currently subject to oversight by the compliance personnel of the Manager;
25. all other required regulatory approvals and notices have been filed with the applicable Canadian securities regulatory authorities and self-regulatory organizations;

Notice Requirement

26. notice of the Proposed Transaction and indirect change of control of the Manager (the Notice) was mailed to each unitholder of the Funds on January 26, 2018 as required by

section 5.8(1) of NI 81-102; the Proposed Transaction will become effective on April 1, 2018 or thereafter, accordingly, notice of the indirect change of control will have been given to unitholders of the Funds at least 60 days before the change;

NEI

27. as NEI is not currently “controlled” by any entity and, following the completion of the Proposed Transaction, will not be “controlled” by any entity (as per the definition of “control” under applicable securities legislation); accordingly, NEI will not be applying for approval pursuant to section 5.5(1)(a.1) of NI 81-102 nor will it be mailing notice of the Proposed Transaction to securityholders of the investment funds that it manages; and

Merger

28. for operational and administrative reasons the Merger will not take place when the Proposed Transaction closes; it is currently anticipated that the Merger will not occur before the third quarter of 2018; the Merger will be effected by the Manager transferring the management agreements for the Funds to NEI; after the Proposed Transaction closes, the Manager and NEI are planning to seek, with respect to the Merger, prior approval of the unitholders of the Funds pursuant to section 5.1(1)(b) of NI 81-102.

Decision

- ¶ 4 Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Approval Sought is granted.

John Hinze
Director, Corporate Finance
British Columbia Securities Commission

Schedule A
List of Funds

Meritas Strategic Income Fund	OceanRock Canadian Equity Fund
Meritas Canadian Bond Fund	OceanRock U.S. Equity Fund
Meritas Monthly Dividend and Income Fund	OceanRock International Equity Fund
Meritas Jantzi Social Index® Fund	OceanRock Income Portfolio
Meritas U.S. Equity Fund	OceanRock Income & Growth Portfolio
Meritas International Equity Fund	OceanRock Balanced Portfolio
Meritas Income Portfolio	OceanRock Growth & Income Portfolio
Meritas Income & Growth Portfolio	OceanRock Growth Portfolio
Meritas Balanced Portfolio	OceanRock Maximum Growth Portfolio
Meritas Growth & Income Portfolio	
Meritas Growth Portfolio	
Meritas Maximum Growth Portfolio	