

October 19, 2018

In the Matter of
The Securities Legislation of
Saskatchewan and Ontario (the **Jurisdictions**)

and

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

and

In the Matter of
Greystone Managed Investments Inc. (the **Filer**)

and

In the Matter of
Greystone Alternative Plus Fund

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer, on behalf of each of the Filer and Greystone Alternative Plus Fund (the **Top Fund**) in connection with the Top Fund investing assets in Greystone Mortgage Fund (the **Mortgage Fund**), Greystone Real Estate LP Fund (the **Real Estate Fund**) and Greystone Infrastructure Fund (Canada) L.P. II (the **Infrastructure Fund** and, together with the Mortgage Fund and the Real Estate Fund, the **Underlying Funds**), for a decision under the securities legislation of the Jurisdictions (the **Legislation**):

1. exempting the Top Fund from the restriction in the Legislation which prohibits:
 - (a) an investment fund from knowingly making an investment in a person or company in which the investment fund, alone or together with one or more related investment funds, is a substantial security holder; and
 - (b) an investment fund from knowingly making an investment in an issuer in which:
 - (i) any officer or director of the investment fund, its management company or distribution company or an associate of any of them, or

- (ii) any person or company who is a substantial security holder of the investment fund, its management company or its distribution company,
 - has a significant interest; and
 - (c) an investment fund, its management company or its distribution company from knowingly holding an investment described in paragraph (a) or (b) above (collectively, the **Related Issuer Relief**); and
2. exempting the Filer with respect to the Top Fund from the restriction in subsection 13.5(2)(a) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) which prohibits a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as adviser, to invest in securities of any issuer in which a responsible person or an associate of a responsible person is a partner, officer or director, unless the fact is disclosed to the client and the written consent of the client to the investment is obtained before the purchase (the **Consent Requirement Relief** and, together with the Related Issuer Relief, the **Requested Relief**).

Under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (for a dual application):

- (a) the Financial and Consumer Affairs Authority of Saskatchewan 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:
 - (i) in respect of the Related Issuer Relief, in Alberta; and
 - (ii) in respect of the Consent Requirement Relief, in British Columbia, Alberta, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

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

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

The Filer

1. The Filer is a corporation amalgamated under the laws of Canada with its head office located in Regina, Saskatchewan.
2. The Filer is registered in Saskatchewan as an investment fund manager (**IFM**), portfolio manager (**PM**) and exempt market dealer. The Filer is also registered in Canada as:
 - (a) an IFM in Newfoundland and Labrador, Ontario and Québec;
 - (b) a PM in each of the provinces in Canada and in the Northwest Territories; and
 - (c) an exempt market dealer in each of the provinces in Canada and in the Northwest Territories.
3. The Filer is, or will be, the IFM of the Top Fund and the Mortgage Fund.
4. The Filer is, or will be, the PM for the Top Fund and each of the Underlying Funds. The Filer or an affiliate of the Filer may also act as a distributor of the securities of the Top Fund and the Underlying Funds not otherwise sold through another registered dealer. The Filer or its affiliates are, or will be, therefore “responsible persons” of the Top Fund and the Underlying Funds, as that term is defined in NI 31-103.
5. The Filer offers investment funds and other investment products to accredited investors, such as pension funds, large corporations and other institutional investors that are not individuals. The minimum investment in a fund managed by the Filer is \$5 million, unless waived by the Filer.
6. The Filer is not a reporting issuer in any jurisdiction of Canada and is not in default of the securities legislation of any jurisdiction of Canada.
7. An officer and/or director of the Filer or an affiliate of the Filer may have a significant interest in an Underlying Fund from time to time. A person or company who is a substantial security holder of a Top Fund, the Filer, or an affiliate of the Filer may also have a significant interest in an Underlying Fund from time to time.

The Top Fund

8. The Top Fund will be an investment trust established by the Filer and governed by the laws of Ontario.
9. The investment objective of the Top Fund will be to provide investors with access to multiple alternative investment strategies in a scalable and efficient manner. The Top Fund will seek to provide sustainable long-term total returns (current income and capital appreciation) by investing in alternative asset classes. The Top Fund will invest in pooled funds and other investments managed by Greystone, including funds that invest in real estate, infrastructure and commercial mortgages.

10. The securities of the Top Fund will be sold solely to accredited investors that are not individuals pursuant to exemptions from the prospectus requirements in accordance with National Instrument 45-106 *Prospectus Exemptions* (NI 45-106). Each such investor will be responsible for making its own investment decisions regarding its purchases and/or redemptions of securities of the Top Fund.
11. To achieve its investment objective, the Top Fund will invest in the Underlying Funds, which investments will be consistent with the Top Fund's investment objectives and strategies.
12. The Top Fund will be a "mutual fund" as defined in securities legislation of the jurisdictions in which units of the Top Fund will be distributed.
13. The Top Fund will not be a reporting issuer in any jurisdiction of Canada.

The Mortgage Fund

14. The Mortgage Fund is an investment trust established under the laws of Ontario.
15. The investment objective of the Mortgage Fund is to provide a vehicle to invest in Canadian commercial real estate mortgages and to achieve superior long-term total returns while maintaining long-term stability of capital. Under its investment strategy, the Mortgage Fund invests in a diversified portfolio of Canadian commercial real estate mortgages and other permissible investments, including first and subsequent priority mortgages, equity investments in Canadian real estate in very limited circumstances, closed or open ended pooled mortgage funds, and securities or bonds where the asset underlying the securities or bonds is a mortgage or other debt security secured by a real property mortgage or charge.
16. The Mortgage Fund is a "mutual fund" as defined in securities legislation of the jurisdictions in which the Top Fund and the Mortgage Fund are or will be distributed. The Mortgage Fund is administered by the Filer, as manager, its assets are managed by a PM and the trustee of the Mortgage Fund calculates a net asset value (NAV) that is used for purposes of determining the purchase and redemption price of the units of the Mortgage Fund.
17. In addition to the Top Fund, units of the Mortgage Fund are sold solely to accredited investors that are not individuals pursuant to exemptions from the prospectus requirements in accordance with NI 45-106. Each such investor is responsible for making its own investment decisions regarding its purchases and/or redemptions of units of the Mortgage Fund.
18. The Mortgage Fund is not a reporting issuer in any jurisdiction of Canada.
19. The Mortgage Fund is not in default of the securities legislation of any jurisdiction of Canada.

The Real Estate Fund

20. The Real Estate Fund is an investment product established as a limited partnership under the laws of Ontario.
21. The investment objective of the Real Estate Fund is to seek superior long-term total returns by investing in a diversified Canadian real estate portfolio. Under its investment strategy, the Real Estate Fund may invest in equity interests in, and mortgages of, Canadian real estate, securities or bonds where the underlying asset is a mortgage or real estate equity, cash and short-term investments.
22. The Real Estate Fund is not considered to be an investment fund. Nevertheless, the Real Estate Fund is operated in a manner similar to how the Filer operates its investment funds. The Real Estate Fund is administered by the Filer, as manager, its assets are managed by a PM and the custodian of the Real Estate Fund calculates a NAV that is used for purposes of determining the purchase and redemption price of the units of the Real Estate Fund.
23. In addition to the Top Fund, units of the Real Estate Fund are sold solely to accredited investors that are not individuals pursuant to exemptions from the prospectus requirements in accordance with NI 45-106. Each such investor is responsible for making its own investment decisions regarding its purchases and/or redemptions of units of the Real Estate Fund.
24. The Real Estate Fund is not a reporting issuer in any jurisdiction of Canada.
25. The Real Estate Fund is not in default of the securities legislation of any jurisdiction of Canada.

The Infrastructure Fund

26. The Infrastructure Fund is an investment product established as a limited partnership under the laws of Ontario.
27. The investment objective of the Infrastructure Fund is to earn income from infrastructure assets by investing in units of Greystone Infrastructure Fund (Master) L.P. (the **Master Infrastructure Fund**), a limited partnership formed under the laws of the Cayman Islands. The investment objective of the Master Infrastructure Fund is to invest in and to earn income directly or indirectly from infrastructure assets, specifically:
 - (a) transportation, including roads, rail, ports and airports;
 - (b) contracted generation;
 - (c) power transmission and distribution;
 - (d) renewable energy, including wind, hydro, solar and waste-to-energy;
 - (e) pipelines, including oil, gas and refined products;

- (f) utilities, including water, wastewater and energy;
 - (g) telecommunications;
 - (h) social infrastructure, including hospitals, prisons and schools;
 - (i) rolling stock and parking; and
 - (j) other assets that are expected to generate predictable cash flows over the long-term and exhibit sustainable competitive advantages.
28. The Infrastructure Fund and the Master Infrastructure Fund have substantially similar investment objectives, in that they both seek to earn income from infrastructure assets.
 29. The Infrastructure Fund and the Master Infrastructure Fund are not considered to be investment funds. Nevertheless, the Infrastructure Fund and the Master Infrastructure Fund are operated in a manner similar to how the Filer operates its investment funds. The Infrastructure Fund and the Master Infrastructure Fund are administered by the Filer, as manager, their assets are managed by a PM and the custodian of the Infrastructure Fund and the Master Infrastructure Fund calculates a NAV that is used for purposes of determining the purchase and redemption price of units of the Infrastructure Fund and the Master Infrastructure Fund, as the case may be.
 30. Units of the Infrastructure Fund are sold solely investment funds managed by the Filer pursuant to exemptions from the prospectus requirements in accordance with NI 45-106. Other investors who wish to obtain exposure to the assets of the Master Infrastructure Fund purchase units of another Canadian infrastructure limited partnership managed by the Filer that has an investment mandate similar to the investment mandate of the Master Infrastructure Fund pursuant to exemptions from the prospectus requirements in accordance with NI 45-106.
 31. The Infrastructure Fund is not a reporting issuer in any jurisdiction of Canada.
 32. The Infrastructure Fund is not in default of the securities legislation of any jurisdiction of Canada.

Fund-on-Underlying Funds Structure

33. An investment by the Top Fund in the Underlying Funds will be compatible with the investment objectives of the Top Fund and will allow the Top Fund to obtain exposure to securities in which the Top Fund may otherwise invest directly (the **Fund-on-Underlying Funds Structure**). The Filer believes that the Fund-on-Underlying Funds Structure will provide the Top Fund with an efficient and cost-effective manner of pursuing portfolio diversification instead of purchasing securities directly. The Fund-on-Underlying Funds Structure will also provide the Top Fund with access to the investment expertise of the portfolio advisers of the Underlying Funds.

Investments by the Top Fund in the Underlying Funds will be effected at an objective price. According to the Filer's policies and procedures, an objective price, for this purpose, is the NAV of each Underlying Fund.

Top Fund Liquidity

34. The investments of the Top Fund will consist primarily of units of the Underlying Funds. Based on its targeted investment allocations, at least 50% of the assets of the Top Fund will be redeemable monthly; the balance of the assets will have more limited liquidity.
35. The Top Fund will be valued and redeemable monthly.

Mortgage Fund Liquidity

36. The investments of the Mortgage Fund, which consist primarily of commercial mortgages, are primarily illiquid.
37. The Mortgage Fund is priced daily and valued and redeemable monthly.
38. The value of the portfolio assets of the Mortgage Fund is independently determined by a party that is arm's length to the Filer or an affiliate of the Filer, the Mortgage Fund, the Real Estate Fund, the Infrastructure Fund and all other investment funds or vehicles managed by the Filer (**MF Independent Valuator**) on at least a monthly basis. The Mortgage Fund's auditor will not act as an MF Independent Appraiser. The Mortgage Fund's NAV is based on the valuation of the portfolio assets determined by the MF Independent Valuator. The valuation process is audited annually by an independent accounting firm.
39. The Top Fund will not invest in the Mortgage Fund unless, at the time of purchase, at least 20% of the units of the Mortgage Fund are held by unitholders that are not affiliated or associated with the Filer.
40. The Top Fund will not actively participate in the business or operations of the Mortgage Fund.

Real Estate Fund Liquidity

41. The investments of the Real Estate Fund, which consist primarily of interests in real estate, are primarily illiquid.
42. The Real Estate Fund is valued and redeemable monthly, although "significant" redemptions (a redemption request that is for greater than \$1,000,000 and 10% of the Real Estate Fund's liquidity available for investment) may only be made on a quarterly basis.
43. The value of the portfolio assets of the Real Estate Fund is independently determined by one or more accounting firms and/or appraisal firms accredited through the Appraisal Institute of Canada that is arm's length to the Filer or an

affiliate of the Filer, the Mortgage Fund, the Real Estate Fund, the Infrastructure Fund and all other investment funds or vehicles managed by the Filer (**REF Independent Appraiser**) on a quarterly basis, which quarterly valuation may be refreshed by the REF Independent Appraiser if the Filer determines that a significant valuation event has occurred. The Real Estate Fund's auditor will not act as a REF Independent Appraiser. The Real Estate Fund's NAV is based on the valuation of the portfolio assets determined by the REF Independent Appraiser(s).

44. To the extent feasible and practicable, each REF Independent Appraiser will be rotated on three-year intervals.
45. The Top Fund will not invest in the Real Estate Fund unless, at the time of purchase, at least 20% of the units of the Real Estate Fund are held by unitholders that are not affiliated or associated with the Filer.
46. The Top Fund will not actively participate in the business or operations of the Real Estate Fund.

Infrastructure Fund Liquidity

47. The investments of the Infrastructure Fund consist primarily of units of the Master Infrastructure Fund. The investments of the Master Infrastructure Fund, which consist primarily of infrastructure assets, are primarily illiquid, and the units of both the Infrastructure Fund and the Master Infrastructure Fund have limited liquidity.
48. The Infrastructure Fund is valued and redeemable semi-annually.
49. The Master Infrastructure Fund is valued and redeemable semi-annually.
50. The value of the portfolio assets of the Master Infrastructure Fund is independently determined by one or more internationally recognized accounting firms and/or appraisal firms that is arm's length to the Filer or an affiliate of the Filer, the Mortgage Fund, the Real Estate Fund, the Infrastructure Fund, the Master Infrastructure Fund and all other investment funds or vehicles managed by the Filer (**IF Independent Appraiser**) who independently values such portfolio assets on a semi-annual basis. A semi-annual valuation of one or more of such assets may be refreshed by an IF Independent Appraiser during an interim period if the portfolio adviser of the Master Infrastructure Fund determines that a significant valuation event has occurred. Neither the Infrastructure Fund's auditor nor the Master Infrastructure Fund's auditor will act as an IF Independent Appraiser. The Infrastructure Fund invests in the Master Infrastructure Fund at the NAV of the Master Infrastructure Fund, which is based on the valuation prepared by the IF Independent Appraiser.
51. To the extent feasible and practicable, each IF Independent Appraiser will be rotated on three-year intervals.

52. The Top Fund will not invest in the Infrastructure Fund unless the PM of the Top Fund believes that the liquidity of the Top Fund's portfolio is adequately managed through other strategies. As part of such strategies, the Top Fund will not invest more than 50% of its NAV, at the time of purchase, in units of the Infrastructure Fund.
53. In addition, the Top Fund will not invest in the Infrastructure Fund unless, at the time of purchase, at least 20% of the units of the Master Infrastructure Fund are directly or indirectly held by unitholders that are not affiliated or associated with the Filer (not including any holdings made through the Top Fund).
54. The Top Fund will not actively participate in the business or operations of the Infrastructure Fund.

General

55. The Top Fund and the Mortgage Fund may be considered to be "related mutual funds" under *The Securities Act* (Saskatchewan) and are "related investment funds", as such term is defined in section 106(1) of the *Securities Act* (Ontario) and section 181(1) of the *Securities Act* (Alberta).
56. The amount invested from time to time in an Underlying Fund by the Top Fund, either alone or together with one or more other investment funds managed by the Filer or an affiliate of the Filer (the **Other Top Funds**), may exceed 20% of the outstanding voting securities of such Underlying Fund. As a result, the Top Fund could, either alone or together with one or more Other Top Funds, become a substantial security holder of an Underlying Fund. The Top Fund and the Other Top Funds are, or will be, related investment funds by virtue of common management by the Filer or an affiliate of the Filer.
57. In addition, the Fund-on-Underlying Funds Structure may result in the Top Fund investing in an Underlying Fund in which an officer or director of the Filer or an affiliate of the Filer has a significant interest and/or the Top Fund investing in an Underlying Fund in which a person or company who is a substantial security holder of the Top Fund, the Filer or an affiliate of the Filer has a significant interest.
58. Since the Top Fund will not offer its securities under a simplified prospectus, it will not be subject to NI 81-102 and, therefore, the Top Fund will be unable to rely upon the exemption codified under subsection 2.5(7) of NI 81-102.
59. In the absence of the Related Issuer Relief, the Top Fund would be precluded from purchasing and holding securities of an Underlying Fund due to the investment restrictions contained in the Legislation.
60. The Fund-on-Underlying Funds Structure may also result in the Top Fund investing in an Underlying Fund in which a responsible person or an associate of a responsible person is a partner, officer or director, or performs a similar function or occupies a similar position.

61. In the absence of the Consent Requirement Relief, the Filer would be precluded from causing the Top Fund to invest in an Underlying Fund in these circumstances unless the consent of each investor in the Top Fund is obtained.
62. The Top Fund's investment in an Underlying Fund will represent the business judgment of a responsible person uninfluenced by considerations other than the best interests of the investment funds concerned.

Decision

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 Requested Relief is granted provided that:

- (a) securities of the Top Fund and the Underlying Funds are distributed in Canada solely to accredited investors that are not individuals pursuant to exemptions from the prospectus requirements in NI 45-106 and each investor is responsible for making its own investment decisions regarding its purchases and/or redemptions of securities of such investment products;
- (b) the investment by the Top Fund in an Underlying Fund is compatible with the fundamental investment objectives of the Top Fund;
- (c) at the time of the purchase by the Top Fund of securities of an Underlying Fund, either the Underlying Fund holds no more than 10% of its NAV in securities of other investment funds or the Underlying Fund:
 - (i) has adopted a fundamental investment objective to track the performance of another investment fund or similar investment product;
 - (ii) purchases or holds securities of investment funds that are "money market funds" (as such term is defined in NI 81-102); or
 - (iii) purchases or holds securities that are "index participation units" (as such term is defined in NI 81-102) issued by an investment fund;
- (d) no management fees or incentive fees are payable by the Top Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same service;
- (e) no sales fees or redemption fees are payable by the Top Fund in relation to its purchases or redemptions of securities of an Underlying Fund;
- (f) the securities of an Underlying Fund held by the Top Fund will not be voted at any meeting of the security holders of the Underlying Fund, except that

- the Top Fund may arrange for the securities of the Underlying Fund it holds to be voted by the beneficial holders of securities of the Top Fund;
- (g) the statement of investment policies and procedures or other similar document provided to each investor in the Top Fund will disclose:
- (i) that the Top Fund may purchase securities of one or more Underlying Funds;
 - (ii) the fact that the Filer of the Filer is the IFM, if applicable, and the PM of the Top Fund and the Underlying Funds;
 - (iii) the approximate or maximum percentage of the Top Fund's net assets that is intended to be invested in securities of the Underlying Funds;
 - (iv) each officer, director or substantial securityholder of the Filer, an affiliate of the Filer or of the Top Fund that also has a significant interest in an Underlying Fund, the approximate amount of the significant interest they hold, on an aggregate basis, expressed as a percentage of the applicable fund's NAV, and the potential conflicts of interest which may arise from such relationships;
 - (v) the fees and expenses payable by the Underlying Funds that the Top Fund may invest in, including any incentive fee;
 - (vi) that securityholders of the Top Fund are entitled to receive from the Filer, on request and free of charge, a copy of the offering memorandum or other disclosure document, if any, and the annual and interim financial statements of any Underlying Fund in which the Top Fund invests; and
 - (vii) the process or criteria used to select the Underlying Funds, if applicable;
- (h) The Top Fund will not invest in units of the Mortgage Fund unless, at the time of purchase, at least 20% of the units of the Mortgage Fund are held by unitholders that are not affiliated or associated with the Filer;
- (i) the Top Fund will not invest in units of the Real Estate Fund unless, at the time of purchase, at least 20% of the units of the Real Estate Fund are held by unitholders that are not affiliated or associated with the Filer;
- (j) the Top Fund will not invest more than 50% of its NAV, at the time of purchase, in units of the Infrastructure Fund;
- (k) the Top Fund will not invest in units of the Infrastructure Fund unless, at the time of purchase, at least 20% of the units of the Master Infrastructure Fund

are directly or indirectly held by unitholders that are not affiliated or associated with the Filer (not including any holdings made through the Top Fund); and

- (l) the Top Fund will invest in units of each Underlying Fund at the NAV of the applicable Underlying Fund based on the valuation of the applicable portfolio assets by the MF Independent Valuator, the REF Independent Appraiser or the IF Independent Appraiser, as applicable.



Dean Murrison
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