

2.1.8 Veritas Asset Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from National Instrument 81-101 Mutual Fund Prospectus Disclosure to combine the simplified prospectus of an alternative mutual fund with the simplified prospectus of a conventional mutual fund.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 5.1(4) and 6.1(1).

February 4, 2022

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ONTARIO  
(the Jurisdiction)

AND

IN THE MATTER OF  
THE PROCESS FOR EXEMPTIVE RELIEF  
APPLICATIONS  
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF  
VERITAS ASSET MANAGEMENT INC.  
(the Filer)

AND

VERITAS ABSOLUTE RETURN FUND  
(the Existing Alternative Fund)

AND

THE ALTERNATIVE MUTUAL FUNDS ESTABLISHED IN  
THE FUTURE

AND

MANAGED BY THE FILER  
(the Future Alternative Funds, and  
together with the Existing Alternative Fund, the  
Alternative Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Alternative Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that grants relief to the Alternative Funds from the requirement in subsection 5.1(4) of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) which states that a simplified prospectus (**SP**) for an alternative mutual fund must not be consolidated with a SP of another mutual fund if the other mutual fund is not an alternative mutual fund in order to permit the SP(s) for one or more of the Alternative

Fund(s) to be consolidated with the SP(s) of one or more mutual fund(s) existing today or created in the future (i) that are reporting issuers to which NI 81-101 and National Instrument 81-102 *Investment Funds* (**NI 81-102**) apply, (ii) that are not alternative mutual funds, and (iii) for which the Filer acts as the investment fund manager (the **Veritas Funds**, and together with the Alternative Funds, the **Funds**) (the **Exemption Sought**).

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

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces of Canada (together with Ontario, the **Canadian Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 81-102 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:

1. The Filer is registered as (i) an investment fund manager in Ontario, Manitoba, Newfoundland and Labrador and Québec; (ii) an adviser in the category of portfolio manager in Ontario and Manitoba; and (iii) a dealer in the category of exempt market dealer in Ontario and Manitoba under the securities legislation of the applicable Canadian Jurisdictions.
2. The Filer is, or will be, the investment fund manager of each Fund.
3. The Filer is not in default of any of its obligations under the securities legislation in any of the Canadian Jurisdictions.
4. Each Alternative Fund is, or will be, an alternative mutual fund established under the laws of the Province of Ontario and is, or will be, a reporting issuer in one or more of the Canadian Jurisdictions.
5. Each Veritas Fund is, or will be, a conventional mutual fund, and is not, or will not be, an alternative mutual fund.
6. Each Alternative Fund is, or will be, subject to NI 81-101 and NI 81-102, subject to any exemptions therefrom that may be granted by the securities regulatory authorities.

7. The Existing Alternative Fund is not in default of any of its obligations under the securities legislation in any of the Canadian Jurisdictions.
8. The securities of each Fund are, or will be, qualified for distribution in one or more of the Canadian Jurisdictions using a SP, annual information form (AIF) and fund facts document prepared and filed in accordance with the securities legislation of such Canadian Jurisdictions.
9. The Filer wishes to combine the SP(s) of one or more Alternative Funds with the SP(s) of one or more Veritas Funds in order to reduce renewal, printing and related costs. Offering the Alternative Funds under the same SP and AIF (collectively, the **Prospectus Documents**) as the Veritas Funds would facilitate the distribution of the Alternative Funds in the Canadian Jurisdictions under the same prospectus disclosure and enable the Filer to streamline disclosure across the Filer's fund platform.
10. Even though the Alternative Funds are, or will be, alternative mutual funds, they share, or will share, many common operational and administrative features with the Veritas Funds and combining them in the same Prospectus Documents will allow investors to more easily compare the features of the Alternative Funds and the Veritas Funds.
11. The ability to file the same Prospectus Documents for the Alternative Funds and the Veritas Funds will ensure that the Filer can make corresponding changes to the operational and administrative features of the Funds in a consistent manner, if required.
12. Investors will continue to receive the fund facts document(s) when purchasing securities of the Funds as required by the applicable securities legislation. The form and content of the fund facts document(s) of the Alternative Funds and the Veritas Funds will not change as a result of the Exemption Sought.
13. The SP and/or the AIF of the Alternative Funds and Veritas Funds will continue to be provided to investors, upon request, as required by applicable securities legislation.
14. National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) does not contain a provision which is equivalent to subsection 5.1(4) of NI 81-101. Accordingly, an investment fund manager that manages exchange-traded funds (**ETFs**) is permitted to consolidate a prospectus under NI 41-101 for its ETFs that are alternative mutual funds with a prospectus for its ETFs that are conventional mutual funds. The Filer submits that there is no reason why mutual funds filing a SP under NI 81-101 should be treated differently from ETFs filing a prospectus under NI 41-101.

**Decision**

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted.

"Darren McKall"  
Investment Funds and Structured Products  
Ontario Securities Commission

Application File #: 2022/0037