

March 2, 2009

IN THE MATTER OF
THE SECURITIES LEGISLATION OF NOVA SCOTIA (the “**Jurisdiction**”)

AND

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

AND

IN THE MATTER OF GROWTHWORKS ATLANTIC VENTURE FUND LTD. (the “**Filer**”)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the “**Legislation**”) for a ruling pursuant to Section 19.1 of National Instrument 81-102 *Mutual Funds* (“**NI 81-102**”), that the Filer be exempt from sections 2.1 and 2.6(a) & (h) of NI 81-102 (the “**Exemption Sought**”).

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

- (a) the Nova Scotia Securities Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (“**MI 11-201**”) is intended to be relied upon in Alberta, New Brunswick, Newfoundland and Labrador and Prince Edward Island.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* and MI 11-102 have the same meanings in this decision, unless they are otherwise defined.

Representations

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

1. The Fund is a corporation incorporated under the *Canada Business Corporations Act*.
2. The Fund is registered as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada), the *Equity Tax Credit Act* (Nova Scotia) and the *Labour-Sponsored Venture Capital Tax Credit Act* (Newfoundland and Labrador) and is a prescribed registered labour-sponsored venture capital corporation under the *New Brunswick Income Tax Act* (the “**LSVCC Legislation**”).

3. The Fund primarily invests in small and medium sized businesses in the Atlantic provinces with the objective of obtaining long term capital appreciation and must make “eligible investments” in “eligible businesses” as prescribed under the LSVCC Legislation.
4. GrowthWorks Atlantic Ltd. (the “**Manager**”) is the manager of the Fund under a management contract. The Manager is part of the GrowthWorks group of companies and is a wholly-owned subsidiary of GrowthWorks Ltd.
5. The authorized capital of the Fund consists of:
 - (a) an unlimited number of Class A shares, issuable in series, which are widely held,
 - (b) an unlimited number of Class B Shares, of which 1,000 are issued and are held by the Canadian Federation of Labour, the Fund’s Sponsor, and
 - (c) an unlimited number of Class C shares, of which 100 are issued and are held by the Manager to provide a “carried interest” in the venture investments of the Fund.
6. The Fund is a mutual fund under applicable securities legislation. The Fund is currently a reporting issuer or equivalent in Alberta, Nova Scotia, New Brunswick, Newfoundland and Labrador and Prince Edward Island (the “**Reporting Jurisdictions**”).
7. The Fund’s securities are not listed on any exchange. Class A shares of the Fund (GIC, Balanced, Growth, Financial Services and Diversified series) are currently offered for sale under a prospectus dated November 7, 2008 (the “**Current Prospectus**”).
8. On January 7, 2005, the Fund was granted a ruling pursuant to Section 19.1 of NI 81-102 that the Fund be exempt from sections 2.2, 2.3(g), 2.4, 2.6(d), 2.6(f), 2.6(g), 4.2(1)4, 5.5(1)(d), 10.2(5), 10.3 and 10.4(1) of NI 81-102 (the “**Existing 81-102 Exemptions**”) by all Reporting Jurisdictions, except Alberta. We note that the Fund offered Class A shares in Alberta for the first time under the Current Prospectus and the Fund has provided notice to the Nova Scotia securities Commission pursuant to section 4.8 of MI 11-102 that it intends to rely on the Existing 81-102 Exemptions for the equivalent provisions in Alberta.
9. On October 24, 2008, GrowthWorks Canadian Fund Ltd. (“**GW Canadian Fund**”), a fund managed by an affiliate of the Manager, completed a merger with ENSIS Growth Fund Inc. (“**ENSIS**”). In conjunction with this merger transaction, a review of exemptive relief previously granted to ENSIS was undertaken by GW Canadian Fund and it was determined that it would be prudent for GW Canadian Fund to seek supplementary relief in order to align the relief obtained by it with the relief obtained by ENSIS.
10. On January 23, 2009, the Manitoba Securities Commission, as principal regulator, granted GW Canadian Fund a ruling pursuant to Section 19.1 of NI-81-102 that it be exempt from sections 2.1 and 2.6(a) and (h) of NI-81-102 (the “**Supplementary 81-102 Relief**”). A review of exemptive relief previously granted to other GrowthWorks managed funds was then undertaken and it was determined that it would be prudent for the Fund to seek relief in order to supplement the Fund’s Existing 81-102 Exemptions with the Supplementary 81-102 Relief obtained by GW Canadian Fund.
11. The Fund is not in default of securities legislation in any of the Reporting Jurisdictions
12. The Filer is a LSVCC. LSVCCs were created as a type of investment vehicle to allow and encourage, including through tax incentives, members of the public to invest in venture capital investments. Venture capital investing is substantially different from the type of investing

undertaken by conventional mutual funds, as LSVCCs have different investment objectives and strategies. LSVCCs generally invest in private companies over multiple rounds of financing and take much larger investment positions in companies than do conventional mutual funds. As there is no market through which to sell investments in private companies, LSVCCs rely on the initial public offering and mergers and acquisitions markets for opportunities to sell investment positions. Adverse economic and market conditions may increase the need for the Fund to complete follow-on investments in and execute guarantees or provide other forms of security in favour of portfolio companies with limited access to credit and limit the availability of, and extend the timeframe for, “exit” opportunities whereby the Fund can liquidate its investment positions.

Decision

The principal regulator is satisfied that the decision meets the test contained 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, provided that:

1. The Filer comply with the *Equity Tax Credit Act* (Nova Scotia) as it applies to the Filer and capital raised by the Filer in the Province of Nova Scotia; and
2. The Filer comply with all other applicable provisions of NI 81-102 from which the Filer has not been exempted.

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

“J.W. Slattery”

J. W. Slattery
A/Director of Securities
NOVA SCOTIA SECURITIES COMMISSION