



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

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MFDA Bulletin

Compliance

For Distribution to Relevant Parties within your Firm

B.E.S.T. Discoveries Fund – Conversion of Fund Units

On July 24, 2009, a conversion of units in the B.E.S.T. Discoveries Fund (the “Fund”) was executed in accordance with a Plan of Arrangement approved by the shareholders of the Fund on June 24, 2009.

Under the terms of the Plan of Arrangement, shareholders of the Fund were offered a choice between converting their Class A shares in the Fund into either:

- i) a new class of Class A shares of the Fund and/or
- ii) a new class of listed Class L shares

The Class L Shares are listed on the Canadian National Stock Exchange. Furthermore, holders of existing Class A shares of the Fund who held their shares for more than 8 years from the date of issue and did not make an election by the election deadline were deemed to have made an election to convert their Class A shares into Class L shares. Holders of existing Class A shares of the Fund who held their shares for less than 8 years from the date of issue and did not make an election by the election deadline were deemed to have made an election to convert their Class A shares into new Class A shares.

Clients who elected or were deemed to have elected to receive Class L shares in exchange for their existing Class A shares would be in a position where they hold shares in a publicly traded company. As Approved Persons of Member firms are prohibited from providing advice or acting in furtherance of trades of such securities, clients will be required to transfer these securities to an appropriately registered investment dealer to sell or otherwise transact in these securities.

To avoid potential difficulties with respect to trading in the securities and to avoid the possibility of engaging in activities beyond their registration limitations, staff expects Members to take all

reasonable steps to ensure that clients transfer the securities to an investment dealer as expeditiously as possible. At a minimum, staff expects that Members will:

- i) Determine which clients received Class L shares in exchange for their existing Class A shares;
- ii) Immediately send a letter to each of these clients informing them that the Member is not licensed to trade in these securities and requesting that they transfer the Class L shares to an investment dealer;
- iii) Follow up with any clients who have not transferred their Class L shares to an investment dealer by sending a second letter no later than 3 months after the date of the initial letter and by sending follow up letters on an ongoing basis with client account statements until such time as the clients transfer the shares; and
- iv) Take appropriate steps to advise Approved Persons that they are not able to provide advice on the Class L shares of the Fund.

Members who are holding Class L shares in nominee name should also be aware that they are to continue report on these assets in client account statements and reconcile positions in the Class L shares on a monthly basis.

Members that have further questions on the conversion of the Fund may contact B.E.S.T Funds at info@bestfunds.ca or by telephone at 416-203-7331.

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