

Notice of management fee rebates

Applicable to Desjardins Funds and Chorus II, Melodia and SocieTerra Portfolios



ELIGIBILITY FOR PREFERRED PRICING PROGRAM

As a unitholder of Desjardins Funds or of Chorus II, Melodia and SocieTerra Portfolios¹ (collectively, the "Desjardins Funds"), the preferred pricing program (the "Program") includes two components:

INDIVIDUAL UNITHOLDER

A unitholder of Desjardins Funds with a net asset value² equal to or greater than \$100,000 is eligible for an individual management fee rebate (the "management fee rebate") under the Program.

FAMILY GROUPING³

A family grouping is defined as being a group including (i) the occupants of the same residence, considered as the principal residence, without these people having to be related, (ii) any person who is a first-degree child of the main investor and, (iii) any management company that is more than 50% owned by 1 or more participants. The family grouping's principal investor, a unitholder of Desjardins Funds with a **net asset value equal to or greater than \$250,000**, is eligible for a family management fee rebate (the "family rebate", and together with the individual rebate, the "management fee rebates") under the Program.

If certain conditions are met and subject to the details provided in the Program, all participants eligible for a family rebate benefit from the same management fee rebate rates. The latter is determined based on the the total daily market value of Desjardins Funds Class A, T, C, R, F, S, O and P units ("Qualifying Units") of all the participants in the family grouping. Only Class A, T, C-FE, R-FE, F and S units can benefit from the family rebate under the Program*.

NOTICE OF MANAGEMENT FEE REBATES

CALCULATION OF MANAGEMENT FEE REBATES

When you meet all the Program's eligibility conditions and you qualify for an individual rebate or a family rebate, the rebate is calculated and paid as follows:

- The net asset value of the Qualifying Units of your Desjardins Funds is determined at the end of each business day⁴ ("daily market value").
- The rebate rates on the management expense ratio (MER)⁵ are applied in tiers based on the daily market value as well as class units, as shown in the following table:

a) Rebate Rate – Class A and T units

DAILY MARKET VALUE	REBATE RATE % (before taxes)
On the first \$100,000	0.075%
On the next \$150,000	0.15%
On the next \$250,000	0.20%
On the next \$500,000	0.25%
On anything over \$1M	0.30%

b) Rebate Rate – Class C-FE, R-FE, F and S units

DAILY MARKET VALUE	REBATE RATE % (before taxes)
On the first \$100,000	0.025%
On the next \$150,000	0.065%
On the next \$250,000	0.095%
On the next \$500,000	0.115%
On the next \$4M	0.135%
On anything over \$5M	0.155%

- The applicable management fee rebate is weighted based on the daily market value for each of your Desjardins Funds.
- The management fee rebate is calculated and applied each business day based on the daily market value, the MER associated with the Desjardins Funds and the rebate rate applicable to each tier.
- This calculation is repeated for each Desjardins Funds held.
- The amount accrues daily and is paid out quarterly as additional units.

PAYMENT OF MANAGEMENT FEE REBATES

- The management fee rebate is divided between your Desjardins Funds, in proportion to their net asset value.
- The management fee rebate is paid quarterly as a management fee rebate distribution on the first Friday of March, June, September and December, or the next business day. For any Desjardins Funds that are liquidated or closed before this date, the management fee rebate will be paid on the liquidation or closing date. If Desjardins Investment Inc., the manager of the Desjardins Funds, ends the management fee rebate, the rebate will be paid on the date the said rebates are terminated.
- For a management fee rebate distribution to be paid, it must be at least \$1.00; if not, it will be automatically voided. Any management fee rebate distribution is automatically reinvested in your Desjardins Funds units that generated the said distribution.
- The conditions applicable to the management fee rebate, including the amount of the said rebate and its termination, may be modified at any time by Desjardins Investments Inc., on 60-day written advance notice sent to the unitholders.
- Please refer to Appendix A for a sample rebate calculation

NOTICE OF MANAGEMENT FEE REBATES

TAX TREATMENT OF MANAGEMENT FEE REBATES

The management fee rebate is deemed to be income and, as a result, is taxable. Tax treatment differs however, depending on whether your Desjardins Funds units are held in a registered or non-registered account.

Registered accounts

There is no immediate tax impact for rebates paid into registered accounts such as a TFSA, LIRA, RRIF, LIF, RESP or an RRSP.⁶ Tax is deferred until the amounts invested are withdrawn.

Non-registered accounts

Management fee rebates can, depending on the circumstances, be considered dividends, capital gains or other income, or even as a return of capital, and can therefore be taxable immediately.

QUESTIONS?

If you have any questions, contact your representative or call Desjardins Funds Customer Service at 1-866-666-1280, Monday and Tuesday from 8:00 a.m. to 6:30 p.m., Wednesday and Thursday from 8:00 a.m. to 7:00 p.m. and Friday from 8:00 a.m. to 5:00 p.m.

Dated January 04, 2021

DESJARDINS INVESTMENTS INC. MANAGER OF THE DESJARDINS FUNDS

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* The value of the assets invested in units of the Wise ETF Portfolios and of the Desjardins Alt Long/Short Equity Market Neutral ETF Fund (the "Exempt Funds") is used to determine the daily market value. However, the units of the Exempt Funds do not benefit from the management fee rebate under the Program.

1 The total value of the net assets invested in Desjardins Funds **Class A, T, C, R, F, S, O and P units** (the "Qualifying Units") is used to determine the daily market value. Only **Class A, T, C-FE, R-FE, F and S units** can benefit from the management fee rebate under the Program

2 The net asset value corresponds to the total value of net assets, excluding any front- or back-end loads.

3 Please consult the "Family grouping form" to find out more about the Program.

4 Any day the Toronto Stock Exchange is open for business.

5 You can find the MER in the Section « Fees » of the Simplified Prospectus, which is available in the Legal and Financial Publications section of the desjardinsfunds.com website.

6 TFSA: Tax-free savings account

LIRA: Locked-in retirement account

RRIF: Registered retirement income fund

LIF: Life income fund

RESP: Registered education savings plan

RRSP: Registered retirement savings plan

APPENDIX A

CAISSES NETWORK

Sample daily individual rebate calculation

A AND T CLASS UNITS – \$200,000							
MARKET VALUE	INDIVIDUAL TOTAL	REBATE BY TIER	REBATE BEFORE TAXES	DAILY WEIGHTING	REBATE		
					DAILY	ANNUALIZED	
Portfolio \$175,000	\$200,000	\$100,000 x 0.075%	\$75.00	\$225	$\frac{365 \text{ days} \times (\$175,000 / \$200,000)}{=}$	\$0.5394	\$196.87
Funds \$25,000		\$100,000 x 0.150%	\$150.00			$\frac{365 \text{ days} \times (\$25,000 / \$200,000)}{=}$	
TOTAL REBATE BEFORE TAXES: \$225							

Sample daily family grouping rebate calculation

A AND T CLASS UNITS – \$375,000							
MARKET VALUE	GROUPING TOTAL	REBATE BY TIER	REBATE BEFORE TAXES	DAILY WEIGHTING	REBATE		
					DAILY	ANNUALIZED	
Main investor Portfolio \$300,000	\$375,000	\$100,000 x 0.075%	\$75.00	\$550	$\frac{365 \text{ days} \times (\$300,000 / \$375,000)}{=}$	\$1.2055	\$440
		\$150,000 x 0.150%	\$225.00				
Child Funds \$75,000		\$125,000 x 0.200%	\$250.00		$\frac{365 \text{ days} \times (\$75,000 / \$375,000)}{=}$	\$0.3014	\$110
TOTAL REBATE BEFORE TAXES: \$550							

Family grouping advantage: Main investor \$40 and child \$110 before taxes

The family rebate applies because the principal investor holds \$250,000 (before taxes).

SERVICE SIGNATURE – DESJARDINS SECURITIES

Sample daily individual rebate calculation

F AND S CLASS UNITS – \$200,000							
MARKET VALUE	INDIVIDUAL TOTAL	REBATE BY TIER	REBATE BEFORE TAXES	DAILY WEIGHTING	REBATE		
					DAILY	ANNUALIZED	
Portfolio \$175,000	\$200,000	\$100,000 x 0.025%	\$25.00	\$90	$\frac{365 \text{ days} \times (\$175,000 / \$200,000)}{=}$	\$0.2158	\$78.75
Funds \$25,000		\$100,000 x 0.065%	\$65.00			$\frac{365 \text{ days} \times (\$25,000 / \$200,000)}{=}$	
TOTAL REBATE BEFORE TAXES: \$90							

Sample daily family grouping rebate calculation

F AND S CLASS UNITS – \$375,000							
MARKET VALUE	GROUPING TOTAL	REBATE BY TIER	REBATE BEFORE TAXES	DAILY WEIGHTING	REBATE		
					DAILY	ANNUALIZED	
Main investor Portfolio \$300,000	\$375,000	\$100,000 x 0.025%	\$25.00	\$241.25	$\frac{365 \text{ days} \times (\$300,000 / \$375,000)}{=}$	\$0.5288	\$193.00
		\$150,000 x 0.065%	\$97.50				
Child Funds \$75,000		\$125,000 x 0.0950%	\$118.75		$\frac{365 \text{ days} \times (\$75,000 / \$375,000)}{=}$	\$0.1322	\$48.25
TOTAL REBATE BEFORE TAXES: \$241.25							

Family grouping advantage: Main investor \$23 and child \$48.25 before taxes

The family rebate applies because the principal investor holds \$250,000 (before taxes).