

March 28, 2012



**Desjardins**

Cooperating in building the future

## REGARDING THE UNITS OF:

### Funds

Desjardins Money Market Fund  
Desjardins Short-Term Income Fund (A- and I-Class Units)  
Desjardins Canadian Bond Fund (A- and I-Class Units)  
Desjardins Enhanced Bond Fund (A- and I-Class Units)  
Desjardins Capital Yield Bond Fund (A- and I-Class Units)

### Balanced Funds

Desjardins Canadian Balanced Fund (A- and I-Class Units)  
Desjardins Québec Balanced Fund (A-, T- and I-Class Units)  
Desjardins Dividend Income Fund (A-, T- and I-Class Units)

### Canadian Equity Funds

Desjardins Dividend Growth Fund (A-, T- and I-Class Units)  
Desjardins Canadian Equity Value Fund (A-, T- and I-Class Units)  
Desjardins Canadian Equity Growth Fund (A- and I-Class Units)  
Desjardins Environment Fund (A- and I-Class Units)\*  
Desjardins Canadian Small Cap Equity Fund (A- and I-Class Units)

### American Equity Funds

Desjardins American Equity Value Fund (A- and I-Class Units)  
Desjardins American Equity Growth Fund (A- and I-Class Units)

### Global and International Equity Funds

Desjardins Overseas Equity Value Fund (A- and I-Class Units)  
Desjardins Overseas Equity Growth Fund (A- and I-Class Units)  
Desjardins Global Dividend Fund (A-, T- and I-Class Units)  
(formerly Desjardins Global Equity Value Fund)  
Desjardins Global All Cap Equity Fund (A-, T- and I-Class Units)  
Desjardins Global Small Cap Equity Fund (A- and I-Class Units)  
Desjardins Emerging Markets Fund (A- and I-Class Units)

### Specialty Funds

Desjardins Completion Investments Fund (A-, T- and I-Class Units)  
Desjardins Global Real Estate Fund (A-, T- and I-Class Units)

### Investment Solutions

SocieTerra Secure Market Portfolio\*  
SocieTerra Balanced Portfolio\*  
SocieTerra Growth Portfolio\*  
SocieTerra Growth Plus Portfolio\*  
Chorus II Conservative Portfolio  
Chorus II Balanced Income Portfolio  
Chorus II Balanced Growth Portfolio  
Chorus II Growth Portfolio  
Chorus II High Growth Portfolio  
Chorus II Maximum Growth Portfolio

### Corporate Class Investment Solutions

Chorus II Corporate Class Conservative Portfolio  
(Series A, T4 and T6 Shares)\*\*  
Chorus II Corporate Class Balanced Income Portfolio  
(Series A, T4 and T6 Shares)\*\*  
Chorus II Corporate Class Balanced Growth Portfolio  
(Series A, T5 and T7 Shares)\*\*  
Chorus II Corporate Class Growth Portfolio  
(Series A, T5 and T7 Shares)\*\*  
Chorus II Corporate Class High Growth Portfolio  
(Series A, T6 and T8 Shares)\*\*  
Chorus II Corporate Class Maximum Growth Portfolio  
(Series A, T6 and T8 Shares)\*\*

\* This Fund follows a socially responsible approach to investing.

\*\* Shares of Desjardins Funds Corporate Class Inc.

NO SECURITIES REGULATORY AUTHORITY HAS EXPRESSED AN OPINION ABOUT THESE UNITS AND IT IS AN OFFENCE TO CLAIM OTHERWISE.

THE FUNDS AND THE SECURITIES OF THE FUNDS OFFERED UNDER THIS ANNUAL INFORMATION FORM ARE NOT REGISTERED WITH THE *UNITED STATES SECURITIES AND EXCHANGE COMMISSION* AND THEY ARE SOLD IN THE UNITED STATES ONLY IN RELIANCE ON EXEMPTIONS FROM REGISTRATION.

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## Name, Formation and History of the Funds

The Trust Funds are mutual fund trusts governed by the laws of Québec pursuant to an amended and restated declaration of trust dated January 5, 2009 (the “Declaration of Trust”), as amended. Pursuant to the Declaration of Trust, Desjardins Trust Inc. is the Funds’ Trustee.

The shares of the Corporate Portfolios are shares of Desjardins Funds Corporate Class Inc. (the “Corporation”). The Corporation is a mutual fund corporation incorporated under the Québec *Business Corporations Act* on October 1, 2011. The authorized capital of the Corporation consists of an unlimited number of A-Class voting shares

and 1,000 classes of non-voting redeemable mutual fund special shares. At this time, each class is divided into 100 series that each may have an unlimited number of shares. The outstanding series A shares belong to the Desjardins Funds Corporate Class trust. The Corporation’s head office is at 1 Complexe Desjardins, P.O. Box 34, Montréal, Québec, H5B 1E4.

The following table sets out the full name of each Fund, the date of the Fund’s formation and any other major events in the last ten years relevant to the Fund, including any material amendments to the Declaration of Trust relevant to the Fund.

Fund/Date Established	Former Names	Major Events
Desjardins Money Market Fund January 15, 1989		
Desjardins Short-Term Income Fund A-Class Units: June 30, 1965 I-Class Units: March 18, 2010	Desjardins Mortgage Fund prior to January 9, 2004	<p>October 11, 2011 – The Manager approved the replacement of Fiera Sceptre Inc. by Baker Gilmore &amp; Associates Inc.</p> <p>March 18, 2010 – Declaration of Trust was amended to designate the Fund’s existing units as A-Class units and to create I-Class units.</p> <p>January 9, 2004 – Revised its investment objectives to its current objective of providing unitholders with a high income return through investment primarily in corporate and government bonds, as well as high-quality money market instruments and first mortgage loans, from its former objective of providing unitholders with a high income return through investment primarily in first mortgage loans acquired through Desjardins Trust, as well as high-quality money market securities and bonds.</p>
Desjardins Canadian Bond Fund A-Class Units: December 1, 1959 I-Class Units: January 3, 2008	Desjardins Bond Fund prior to January 9, 2004	January 3, 2008 – Declaration of Trust was amended to designate the Fund’s existing units as A-Class units and to create I-Class units.
Desjardins Enhanced Bond Fund A-Class Units: January 12, 2004 I-Class Units: January 3, 2008		January 3, 2008 – Declaration of Trust was amended to designate the Fund’s existing units as A-Class units and to create I-Class units.
Desjardins Capital Yield Bond Fund A-Class Units: January 3, 2008 I-Class Units: March 18, 2010		March 18, 2010 – Declaration of Trust was amended to designate the Fund’s existing units as A-Class units and to create I-Class units.
Desjardins Canadian Balanced Fund A-Class Units: August 20, 1986 I-Class Units: March 18, 2010	Desjardins Balanced Fund prior to January 9, 2004	<p>On March 15, 2011, the Manager approved changes to the investment strategies of the Fund to allow the Fund to invest in stock market securities, other than Canadian and American, through the acquisition of units of the Desjardins Overseas Equity Growth Fund. Also, Sanford C. Bernstein &amp; Co., LLC’s mandate as portfolio subadvisor of the Fund has ended.</p> <p>March 18, 2010 – Declaration of Trust was amended to designate the Fund’s existing units as A-Class units and to create I-Class units.</p> <p>January 18, 2008 – Desjardins Select Canadian Balanced Fund merged with the Fund.</p>
Desjardins Québec Balanced Fund A-Class Units: June 20, 1997 T-Class Units: December 16, 2002 I-Class Units: March 18, 2010	Desjardins Québec Fund prior to January 9, 2004	March 18, 2010 – Declaration of Trust was amended to create I-Class units.

Fund/Date Established	Former Names	Major Events
<p>Desjardins Dividend Income Fund A-Class Units: January 1, 1994 T-Class Units: December 16, 2002 I-Class Units: March 18, 2010</p>	<p>Desjardins Dividend Fund prior to January 15, 2009</p>	<p>March 18, 2010 – Declaration of Trust was amended to create I-Class units.</p> <p>January 15, 2009 – Changed investment objective to provide a high level of income, mostly in the form of dividends, and, to a lesser degree, long-term capital appreciation from providing higher – than-average dividend income and long-term capital appreciation.</p>
<p>Desjardins Dividend Growth Fund A-Class Units: January 5, 2009 T-Class Units: January 5, 2009 I-Class Units: March 18, 2010</p>		<p>March 18, 2010 – Declaration of Trust was amended to create I-Class units.</p>
<p>Desjardins Canadian Equity Value Fund A-Class Units: December 16, 2002 T-Class Units: January 3, 2007 I-Class Units: January 3, 2008</p>		<p>January 18, 2008 – Desjardins Select Canadian Equity Fund and Desjardins CI Canadian Investments Fund merged with the Fund.</p> <p>January 3, 2008 – Declaration of Trust was amended to create I-Class Units.</p> <p>January 3, 2007 – Declaration of Trust was amended to designate the Fund's existing units as A-Class units and to create T-Class units.</p>
<p>Desjardins Canadian Equity Growth Fund A-Class Units: October 30, 1956 I-Class Units: March 18, 2010</p>	<p>Desjardins Canadian Equity Fund prior to March 18, 2010 Desjardins Equity Fund prior to January 9, 2004</p>	<p>May 7, 2010 – Desjardins Fidelity True North® Fund merged with the Fund.</p> <p>March 18, 2010 – Declaration of Trust was amended to designate the Fund's existing units as A-Class units and to create I-Class units.</p> <p>January 9, 2004 – Desjardins High Potential Sectors Fund merged with the Fund.</p>
<p>Desjardins Canadian Small Cap Equity Fund A-Class Units: January 1, 1994 I-Class Units: March 18, 2010</p>	<p>Desjardins Growth Fund prior to January 9, 2004</p>	<p>March 18, 2010 – Declaration of Trust was amended to designate the Fund's existing units as A-Class units and to create I-Class units.</p> <p>January 18, 2008 – Desjardins Fidelity Canadian Growth Company Fund merged with the Fund.</p>
<p>Desjardins American Equity Value Fund A-Class Units: January 12, 2004 I-Class Units: March 18, 2010</p>		<p>On March 15, 2011, the Manager approved the replacement of Sanford C. Bernstein &amp; Co., LLC by Wellington Management Company, LLP, as well as changes to the investment strategies of the Fund reflecting the investment philosophy of the new portfolio subadvisor which favours a bottom – up investment approach based on a disciplined assessment of the quality and valuation of the corporations.</p> <p>March 18, 2010 – Declaration of Trust was amended to designate the Fund's existing units as A-Class units and to create I-Class units.</p> <p>January 18, 2008 – Desjardins Select American Equity Fund merged with the Fund.</p>
<p>Desjardins American Equity Growth Fund A-Class Units: January 12, 2004 I-Class Units: March 18, 2010</p>	<p>Desjardins CI Value Trust Corporate Class Fund prior to January 15, 2009 Desjardins CI Value Trust Sector Fund prior to January 16, 2006</p>	<p>March 18, 2010 – Declaration of Trust was amended to designate the Fund's existing units as A-Class units and to create I-Class units.</p> <p>January 15, 2009 – Revised investment objective to achieving long-term capital growth by investment in equity and equity – related securities of United States companies and/or units of mutual funds which themselves invest primarily in equity and equity – related securities of United States companies from an objective of achieving long-term capital growth by replicating, as closely as possible, the return of CI Value Trust Corporate Class Fund.</p>

Fund/Date Established	Former Names	Major Events
<p>Desjardins Global Dividend Fund</p> <p>A-Class Units: November 12, 1959</p> <p>T-Class Units: December 1, 2004</p> <p>I-Class Units: January 3, 2008</p>	<p>Desjardins Global Equity Value Fund prior to May 17, 2011.</p> <p>Desjardins International Fund prior to January 9, 2004</p>	<p>On May 17, 2011, the investment objective of the Fund was changed to allow the Fund to achieve income, notably in the form of dividends, as well as long-term capital appreciation by investing primarily in equity and equity – related securities of companies located anywhere in the world, including, when deemed appropriate, emerging markets. Ancillary thereto, the Manager approved the replacement of Sanford C. Bernstein &amp; Co., LLC by EPOCH Investment Partners, Inc., as well as a change of the investment strategies of the Fund to reflect the new investment objective of the Fund.</p> <p>January 18, 2008 – Desjardins Global Science and Technology Fund merged with the Fund.</p> <p>January 3, 2008 – Declaration of Trust was amended to create I-Class Units.</p> <p>December 1, 2004 – Declaration of Trust was amended to designate the Fund’s existing units as A-Class units and to create T-Class units.</p>
<p>Desjardins Global All Cap Equity Fund</p> <p>A-Class Units: January 25, 1999</p> <p>T-Class Units: January 3, 2008</p> <p>I-Class Units: March 18, 2010</p>	<p>Desjardins Select Global Equity Fund prior to January 18, 2008</p> <p>Desjardins Select Global Fund prior to January 9, 2004</p>	<p>March 18, 2010 – Declaration of Trust was amended to create I-Class units.</p> <p>January 18, 2008 – Changed investment objective to permit direct investment in issuers’ securities rather than being restricted to investing through other mutual funds.</p> <p>January 18, 2008 – Desjardins Fidelity Global Fund merged with the Fund.</p> <p>January 3, 2008 – Declaration of Trust was amended to designate the Fund’s existing units as A-Class units and to create T-Class units.</p>
<p>Desjardins Overseas Equity Value Fund</p> <p>A-Class Units: October 26, 1998</p> <p>I-Class Units: March 18, 2010</p>	<p>Desjardins Europe Fund prior to January 9, 2004</p>	<p>On March 15, 2011, the Manager approved the replacement of Sanford C. Bernstein &amp; Co., LLC by Aberdeen Asset Management Inc., as well as changes to the investment strategies of the Fund reflecting the investment philosophy of the new portfolio subadvisor which favours a bottom – up investment approach based on a disciplined assessment of the corporations.</p> <p>March 18, 2010 – Declaration of Trust was amended to designate the Fund’s existing units as A-Class units and to create I-Class units.</p> <p>January 9, 2004 – Desjardins Asia/Pacific Fund merged with the Fund and revised its investment objective to its current objective of providing long-term capital growth through investment primarily in common shares of corporations from Europe, Australasia and the Far East from a former objective of providing long-term capital appreciation through investment primarily in shares of corporations listed on various European stock markets.</p>
<p>Desjardins Overseas Equity Growth Fund</p> <p>A-Class Units: March 1, 2010</p> <p>I-Class Units: March 1, 2010</p>		
<p>Desjardins Global Real Estate Fund</p> <p>A-Class Units: January 3, 2007</p> <p>T-Class Units: January 3, 2007</p> <p>I-Class Units: January 3, 2007</p>		

Fund/Date Established	Former Names	Major Events
<p>Desjardins Global Small Cap Equity Fund</p> <p>A-Class Units: January 12, 2004</p> <p>I-Class Units: March 18, 2010</p>	<p>Desjardins Fidelity Small Cap America Fund prior to January 18, 2008</p>	<p>March 18, 2010 – Declaration of Trust was amended to designate the Fund's existing units as A-Class units and to create I-Class units.</p> <p>January 18, 2008 – Changed investment objectives to permit the purchase of securities of non-U.S. issuers and to permit direct investment in issuers' securities rather than being restricted to investing through other mutual funds.</p>
<p>Desjardins Emerging Markets Fund</p> <p>A-Class Units: January 3, 2007</p> <p>I-Class Units: January 3, 2007</p>		
<p>Desjardins Completion Investments Fund</p> <p>A-Class Units: January 12, 2004</p> <p>T-Class Units: December 1, 2004</p> <p>I-Class Units: May 2, 2006</p>	<p>Desjardins Alternative Investments Fund prior to March 18, 2010</p>	<p>March 18, 2010 – Changed investment objectives to permit enhanced portfolio diversification, to replace investments in income trusts and to permit investment in global infrastructure securities and global high-yield bonds.</p> <p>May 2, 2006 – Declaration of Trust was amended to create I-Class units.</p> <p>December 1, 2004 – Declaration of Trust was amended to designate the Fund's existing units as A-Class units and to create T-Class units.</p>
<p>Desjardins Environment Fund</p> <p>A-Class Units: September 10, 1990</p> <p>I-Class Units: January 5, 2009</p>		
<p>SocieTerra Secure Market Portfolio</p> <p>January 5, 2009</p>		
<p>SocieTerra Balanced Portfolio</p> <p>January 5, 2009</p>		
<p>SocieTerra Growth Portfolio</p> <p>January 10, 2000</p>	<p>Desjardins Ethical Canadian Balanced Fund prior to January 15, 2009</p> <p>Desjardins Ethical Balanced Fund prior to January 9, 2004</p>	<p>January 15, 2009 – Revised investment objective in to achieve income as well as long-term capital appreciation by investing in primarily in Canadian and, to a lesser extent, foreign equity and fixed-income securities and/or units of mutual funds which themselves invest in Canadian or foreign equity and fixed – income securities, while following a socially responsible approach to investing from an objective of providing reasonable income return and long-term capital appreciation through a strategic mix of mutual fund investments.</p> <p>January 9, 2004 – Desjardins Ethical Income Fund and Desjardins Ethical North American Fund merged with the Fund.</p>
<p>SocieTerra Growth Plus Portfolio</p> <p>January 5, 2009</p>		
<p>Chorus II Secure Market Portfolio</p> <p>November 28, 2011</p>		
<p>Chorus II Balanced Income Portfolio</p> <p>November 28, 2011</p>		
<p>Chorus II Balanced Growth Portfolio</p> <p>November 28, 2011</p>		

Fund/Date Established	Former Names	Major Events
Chorus II Growth Portfolio November 28, 2011		
Chorus II High Growth Portfolio November 28, 2011		
Chorus II Maximum Growth Portfolio November 28, 2011		
Chorus II Corporate Class Conservative Market Portfolio Series A, T4 and T6 shares: November 28, 2011		
Chorus II Corporate Class Balanced Income Portfolio Series A, T4 and T6 shares: November 28, 2011		
Chorus II Corporate Class Balanced Growth Portfolio Series A, T5 and T7 shares: November 28, 2011		
Chorus II Corporate Class Growth Portfolio Series A, T5 and T7 shares: November 28, 2011		
Chorus II Corporate Class High Growth Portfolio Series A, T6 and T8 shares: November 28, 2011		
Chorus II Corporate Class Maximum Growth Portfolio Series A, T6 and T8 shares: November 28, 2011		

Pursuant to a management agreement dated January 1, 2012, Desjardins Trust has hired Desjardins Investments Inc. (the "Manager") in replacement of the Fédération des caisses Desjardins du Québec to act as Manager of the Trust Funds.

Pursuant to a management agreement dated January 1, 2012, the Corporation has hired the Manager in replacement of the Fédération des caisses Desjardins du Québec to act as Manager of the Corporate Funds.

The Funds have their offices at: 1 Complexe Desjardins, South Tower, Suite 1422, P.O. Box 34, Desjardins Station, Montréal, Québec, H5B 1E4.

## Investment Restrictions of the Funds

### General Principles and Restrictions

The Funds are subject to certain standard investment restrictions and practices contained in securities legislation, including National Instrument 81-102, which is a Regulation in the Province of Québec ("NI 81-102"). This legislation is designed in part to ensure that the investments of the Funds are diversified and relatively liquid and to ensure the proper administration of the Funds.

Except as set out below, each of the Funds and the underlying funds adheres to these standard investment restrictions and practices.

#### *Desjardins Short-Term Income Fund*

The Desjardins Short-Term Income Fund has obtained an exemption from the relevant securities authorities from the prohibitions relating to sales and purchases by the Manager to a related issuer and the reporting obligations with respect to mortgage transactions between this Fund and a related issuer. The exemption has been granted namely on the condition that the investments in mortgages by the Fund be made in compliance with *Regulation No. 29 Respecting Mutual Funds Investing and Mortgages*.

### *Investments*

The Desjardins Short-Term Income Fund cannot invest in mortgages:

- (a) For more than 10% of the net assets as long as the net assets are worth less than \$350,000;
- (b) On a new or undeveloped site;
- (c) Other than first mortgages on property situated in Canada;
- (d) On residential buildings with more than eight apartments or commercial or industrial buildings before Fund's net assets are \$15,000,000. At no time must mortgages account for more than 40% of the Fund's net assets, as long as the mortgages that exceed 20% of the net assets invested in mortgages are insured by an organization authorized to do so by the Government of Canada or a government of a Canadian province;
- (e) Unless the mortgaged property has been the object of a an evaluation by an authorized evaluator;
- (f) For more than 75% of the fair market value of the mortgaged property, unless one of the following conditions is satisfied:
  - (i) the mortgage is insured under the *National Housing Act* (Canada) or any similar provincial legislation;

- (ii) the portion that exceeds 75% of the value is insured by an authorized or registered insurance company under the *Canadian and British Insurance Companies Act* (Canada), the *Foreign Insurance Companies Act* (Canada) or the insurance laws or similar laws of a Canadian province or territory;
- (g) Having a term of more than 10 years for mortgages on properties covered by c) and more than five years in all other cases, except that 10% of the net assets of the Fund may be invested in mortgages on residential buildings with a term not exceeding 10 years; the amortization period for each mortgage cannot exceed 30 years, except for mortgages insured under the *National Housing Act* (Canada) or any similar provincial legislation;
- (h) On a property in which:
  - (i) a senior executive or trustee of the Fund, the management or investment company has a right as a mortgagor;
  - (ii) a large investor of the Fund, the management or investment company has a right as mortgagor;
  - (iii) any associate or affiliate of a person or institution mentioned in paragraphs (i) and (ii), except in the case of a mortgage on a single family dwelling worth less than \$75,000, has a right as a mortgagor;
- (i) For an amount exceeding \$75,000 when the Fund has net assets of less than \$1,500,000, an amount exceeding the lesser of \$1,000,000 or 5% of the net assets when the net assets of the Fund is greater than \$1,500,000 but less than \$50,000,000, and an amount greater than 2% of the net assets when the Fund has net assets greater than \$50,000,000 for any individual mortgage, a series of mortgages on a co-owned property considered as a single mortgage.

**Purchase of mortgages by Desjardins Short-Term Income Fund**

The Desjardins Short-Term Income Fund shall acquire its mortgages from the Trustee who also reserves the possibility of acquiring these mortgages from other lending institutions.

**Methods of acquisition and effect on return**

A summary of the various methods generally used by the mutual funds for determining the price at which they will acquire mortgages is provided below, as prepared by competent authorities in the field of real estate values in Canada.

**Return on investment**

When a Fund acquires mortgages from a lending institution from which the Fund, its Manager and/or the insiders of either party are independent, these mortgages must be acquired for an amount of capital which generates at least the return that the principal mortgage lenders can obtain for the sale of comparable, unadministered mortgages under similar conditions.

In all cases not covered by the preceding paragraph, the mortgages must be acquired by the Fund in keeping with one of the three following methods:

**(A) Lender's Rate**

For an amount of capital that generates for the Fund a return equal to the interest rate at which the lending institution grants, at the time of the Fund's purchase, loans on comparable mortgages.

**(B) Rate of Forward Commitments**

For an amount of capital that generates for the Fund the same return as the interest rate required by the lending institution that granted the mortgage as at the date of the commitment, as long as the date of the commitment is not more than 120 days after the date on which the Fund acquires the mortgage and as long as this interest rate is equal to the interest rate at which the lending institution granted loans for comparable mortgages as at the date of the commitment.

**(C) Modified Lender's Rate**

For an amount of capital that generates for the Fund a return that is not less than ¼ of 1% at the interest rate at which the lending institution grants loans, at the time of the purchase, on comparable mortgages, as long as the institution that sells the mortgages to the Fund has signed an agreement to redeem the Fund's mortgages under circumstances that are advantageous for the Fund and as long as the real estate authorities are of the opinion that this agreement justifies the difference in the Fund's return.

**Effect of these methods on the return**

Methods (A) and (B) above generate the same return for the Fund as long as there is no change in the interest rate required by the lending institution during the 120-day period. If the interest rate increases during the 120-day period, Method (A) will generate a better return than Method (B); however, if the interest rate drops during the 120-day period, Method (B) will generate a better return than Method (A). Method (C) will always generate a lower return than Method (A).

If the interest rate increases by ¼%, Methods (B) and (C) will generate the same return for the Fund. If the interest rate decreases by ¼%, Method (B) will generate a better return than Methods (A) and (C) if the interest rate increases by more than ¼%.

**Desjardins Short-Term Income Fund Acquisition Method**

When Desjardins Short-Term Income Fund acquires mortgages from Desjardins Trust, it does not operate at arm's length. The Fund uses Method (A) when the mortgages are insured and method (C) when they are not. Mortgages from Caisses Desjardins or other Desjardins Group institutions which are not affiliated with the Manager or the portfolio advisor, are acquired at the current rate of return offered by the principal mortgage lenders under similar conditions, and said returns shall probably be greater if the mortgages in question are not insured or are not covered by a redemption agreement.

For his administration of mortgages, the Manager does not receive any fees other than the management fees indicated under the heading "Fees and Expenses" in the simplified prospectus of the Funds

**Liquid assets of the Desjardins Short-Term Income Fund**

In the event that 50% or more of its portfolio is invested in mortgages, the Desjardins Short-Term Income Fund will not acquire mortgages if such an acquisition would reduce its liquid assets to a level below the amount established in keeping with the following formula:

Net Assets of the Fund (Market Value)	Minimum Amount of Liquid Assets		
\$1,000,000 or less	\$100,000		
\$1,000,000	\$100,000	+10%	On next \$1,000,000
\$2,000,000	\$200,000	+9%	On next \$3,000,000
\$5,000,000	\$470,000	+8%	On next \$5,000,000
\$10,000,000	\$870,000	+7%	On next \$10,000,000
\$20,000,000	\$1,570,000	+6%	On next \$10,000,000
\$30,000,000 or more	\$2,170,000	+5%	On surplus

Liquid assets refers to cash, deposits with a Canadian bank or a trust company registered under the laws of a Canadian province, which can be converted into cash or traded prior to their due date, debt instruments evaluated on the market, issued or guaranteed by the Government of Canada or a Canadian province, and money market securities which come due less than one year after being issued.

Neither the Desjardins Short-Term Income Fund nor the portfolio advisor acting on behalf of the Fund shall make any forward financial commitments binding the Fund with respect to the acquisition of mortgages if, at the time the sums must be spent by these Fund, further to these commitments, the liquid assets requirements stated above have not been respected.

**Sale of mortgages**

When it sells mortgages, the Desjardins Short-Term Income Fund sells them for their fair market value, determined by application of the same principles as are used when the Fund acquires mortgages. See "Desjardins Short-Term Income Fund Acquisition Method" on page 6.

### ***Desjardins Completion Investments Fund***

The Desjardins Completion Investments Fund has obtained an exemption from the application of NI 81-102 allowing it to invest:

- (a) up to 20% of its net assets, taken at market value at the time of purchase, in debt securities of any one issuer provided that such securities are issued, or guaranteed as to principal and interest, by any government or agency thereof (other than a government or agency of Canada or a province or territory thereof or the United States of America, in which investment by the Fund is unrestricted) or by any permitted supranational agency as defined in NI 81-102, notably the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the European Bank for Reconstruction and Development, the Inter – American Development Bank, the International Bank for Reconstruction and Development, the International Finance Corporation, and that they have a minimum AA rating by Standard & Poor's Rating Service (S&P) or the equivalent rating by any other rating agency listed in NI 81-102;
- (b) up to 35% of its net assets, taken at market value at the time of purchase, in debt securities of any one issuer provided it is an issuer aimed at in (a) and that such securities have a minimum AAA rating by S&P or the equivalent rating by any other rating agency listed in NI 81-102;

provided that exemptions in (a) and (b) above cannot be combined for any one issuer.

### **Fundamental Objectives**

The fundamental investment objectives of the Funds are set out in the Simplified Prospectus of the Funds.

Any change in the fundamental investment objectives of the Funds requires the approval of a majority of the votes cast at a meeting of securityholders called for that purpose. Securityholders of Funds which invest in units of other mutual funds ("underlying funds") will not be entitled to vote on a change in the fundamental investment objective of an underlying fund, including another Fund, unless the Manager has arranged for the securities of the underlying fund to be voted by the beneficial holders of such securities, which the Manager is not obliged to do but may do if the Manager determines it to be practicable.

The Manager of the Funds, may change a Fund's investment strategies from time to time in cooperation with the Fund's investment advisors.

### ***Short Selling – Desjardins Completion Investments Fund***

By relief obtained from the Canadian securities regulators, Desjardins Completion Investments Fund has the option to use selective short selling transactions in accordance with various restrictions specified in the relief. Short selling involves transactions whereby the Fund borrows securities from a lender to sell them on the market. At a later date, the Fund buys the same number of securities and returns them to the lender. The proceeds from the first sale are deposited with the lender, who receives the interest. If the value of the securities declines between the date that the Fund borrows the securities and the date that the Fund buys the securities and returns them to the lender, then the Fund realizes a gain on the difference. This investment strategy allows the Fund portfolio subadvisor to take advantage of all market opportunities.

When the portfolio advisor or subadvisor decides that the securities of a given issuer should be sold short, it will carry out a macroeconomic analysis of different economic sectors. If this analysis points to a favourable short-term outlook, it will buy the securities. If the analysis indicates an unfavourable short-term outlook for certain securities, then it may short sell these securities. The Fund may short sell securities only in a manner consistent with the Fund's investment objectives.

The relief obtained from the Canadian securities regulators to permit short sale transactions imposes certain restrictions to control risks related to short selling, including that:

- Securities may be sold short for cash only through market facilities through which the securities sold short are normally bought and sold;
- the Fund must receive cash for the securities sold short within normal trading settlement periods for the market in which the short sale is effected;
- Securities sold short must be listed and posted for trading on a stock exchange and the issuer of the security must have a market capitalization of not less than \$300 million at the time the short sale is effected or the Fund must have pre-arranged to borrow for such sale. If the securities sold short are fixed-

income securities, the security must be a bond, debenture or other evidence of indebtedness of or guaranteed by (i) the government of Canada or any province or territory, or (ii) the government of the United States of America;

- the aggregate market value of all securities of a particular issuer sold short by the Fund may not exceed 5% of the total net assets of the Fund;
- the Fund's portfolio subadvisor must place a "stop-loss" order with a dealer to immediately purchase for the Fund an equal number of the same securities if the trading price of the securities exceeds 120% of the price at which the securities were sold short (or such lower percentage as the Manager or the portfolio subadvisor may determine);
- the aggregate market value of all securities sold short by the Fund may not exceed 20% of the total net assets of the Fund on a daily marked-to-market basis;
- the Fund must hold cash cover in an amount, including the Fund assets deposited with the lender as security in connection with short sale transactions, that is at least 150% of the aggregate market value of all securities sold short by the Fund on a daily marked – to-market basis;
- for short sale transactions in Canada, every dealer which holds Fund assets as security in connection with short sale transactions must be a registered dealer and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund;
- for short sale transactions outside of Canada, every dealer which holds Fund assets as security in connection with short sale transactions must (i) be a member of a stock exchange and subject to a regulatory audit, and (ii) have a net worth in excess of \$50 million determined from its most recent audited financial statements;
- except where the lender is the Fund's custodian, the amount of Fund assets deposited with the lender may not exceed 10% of the total net assets of the Fund taken at market value as at the time of the deposit;
- no proceeds from short sales by the Fund are used by the Fund to purchase long positions in securities other than cash cover.

Strict limits and controls will be followed by Desjardins Completion Investments Fund in order to manage the risks associated with short selling. For more details on the use of short selling and the restrictions on the Funds in effecting such transactions, please see the section "Fund Governance" on page 25.

### ***Derivatives Use – Desjardins Completion Investments Fund***

The Manager has obtained certain exemptions from the securities regulators in connection with the Fund's use of derivatives. When a mutual fund uses derivatives, it must hold another derivative or asset that will offset any losses from the contract, or cash that's equal to the mutual fund's market exposure from the derivative – this is referred to as "cover".

The exemptions provide that the Fund may:

- cover specified derivative positions with:
  - any bonds, debentures, notes or other evidences of indebtedness that are liquid provided they have a remaining term to maturity of 365 days or less and have an approved credit rating;
  - floating rate evidences of indebtedness; or
  - securities of one or more money market funds managed by the Manager;
- use as cover a right or obligation to sell an equivalent quantity of the underlying interest of the standardized future, forward or swap when it:
  - opens or maintains a long position in a debt-like security that has a component that is a long position in a forward contract or in a standardized future or forward contract; or
  - enters into or maintains a swap position and during the periods when the Fund is entitled to receive payments under the swap;
- enter into interest rate swaps, credit default swaps or, if the transaction is for hedging purposes, currency swaps or forwards that, in each case, have a remaining term to maturity of greater than 3 years.

Currently, Desjardins Completion Investments Fund may rely on this exemption. For information on the Funds use of derivatives and the controls related to such activities, please see the section "Fund Governance" on page 25.

### Exchange Traded Fund Use – Desjardins Completion Investments Fund

The Manager has obtained certain exemptions from securities regulators to permit the Funds to invest in units of Horizons BetaPro Exchange Traded Funds (“HBP ETFs”). HBP ETFs are commodity pools that use financial instruments that correlate to a multiple (or inverse multiple) of the performance of an underlying widely recognized market index. The exemptions are subject to certain conditions:

- a Fund may not purchase securities of an HBP ETF if, immediately after the purchase, more than 10% of the net assets of the Fund, taken at market value at the time of the purchase, would consist of securities of HBP ETFs;
- if short selling relief has been obtained in respect of a Fund, the Fund may not purchase securities of a HBP ETF which correlates to an inverse multiple of an index or sell any security short if, immediately after the transaction, the aggregate market value of (i) all securities sold short by the Fund, and (ii) all securities of such HBP ETFs held by the Fund, would exceed 20% of the Fund’s net assets, taken at market value at the time of the transaction;
- the investment by a Fund in securities of a HBP ETF is in accordance with the fundamental investment objective of the Fund;
- the exemption is not available to a money market fund;
- the prospectus of the Fund discloses (i) to the extent applicable, the risks associated with an investment in HBP ETFs, and (ii) in the “Investment Strategy” section of the prospectus, the fact that the Fund has obtained relief that permits it to invest in commodity pools that use financial instruments that correlate to a multiple (or inverse multiple) of the performance of an underlying index; and
- a Fund will not invest in an HBP ETF with an underlying index based, directly or indirectly through a specified derivative or otherwise, on a physical commodity other than gold.

Although Desjardins Completion Investments Fund currently does not hold an investment in an HBP ETF, the portfolio advisor or, where applicable, the subadvisor of the Fund, may, where deemed expedient to reach the investment objectives of the Fund, rely on this exemption.

### Qualified Investments for Registered Plans

Each of the Trust Funds, except for Desjardins Capital Yield Bond Fund, has qualified as a mutual fund trust under the *Income Tax Act* (Canada) (the “Tax Act”) and the Manager expects each of these Funds to continue to so qualify at all times. Provided that each Trust Fund qualifies as a mutual fund trust at all material times, units of each Fund will be qualified investments under the Tax Act for registered retirement savings plans (including locked-in retirement accounts), registered retirement income funds (including life income funds and locked-in retirement income funds), deferred profit-sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (collectively, “registered plans”). Each Fund will restrict its undertakings to the investing of its funds in property (other than real property or an interest in real property) for purposes of the Tax Act.

## Description of the Securities

### General

The beneficial interest in each Trust Fund is divided into units and each unit represents an equal undivided interest in the property of the Fund. The units are offered in the following classes, all of which are referable to the same portfolio of assets of the applicable Fund.

The beneficial interest in each Corporate Fund is divided into shares and each share represents your proportional share of the Fund. The shares are offered in the following series, all of which are referable to the same portfolio of assets of the applicable Fund.

<b>A-Class units of Trust Funds*</b>	Offered to all investors.
<b>Series A shares of Corporate Funds*</b>	Offered to all investors. Not offered under registered plans.
<b>I-Class units of Trust Funds</b>	Offered to large investors who make a required minimum investment determined by the Manager from time to time.  Pay a reduced management fee, which is negotiated directly with each investor.
<b>T-Class units of Trust Funds</b> <b>Series T shares of Corporate Funds</b>	Offered to investors who wish to have additional tax advantaged income to complement their income from other sources.  Not offered under registered plans.  Offer a regular monthly cash distribution which consists of net income and/or a non-taxable return of capital. The distribution amount is not guaranteed and may be adjusted by the Manager in accordance with long-term market conditions.  A return of capital reduces the value of your original investment and is not the same as the return on your investment. Returns of capital that are not reinvested may reduce the net asset value of the Fund and the Fund’s subsequent ability to generate income.

\* Where a Fund’s units or shares are not designated as a particular class, or series, they shall be considered the same as A-Class units of a Trust Fund, or Series A Shares of a Corporate Fund.

### Trust Funds

Holders of units of a particular Class of a Trust Fund are entitled to participate in the distribution of net income and net realized capital gains on a pro rata basis, except with respect to Fee Distributions, based on the number of outstanding units of that Class of the Fund. Upon liquidation of a Fund, a final distribution of net income and net realized capital gains will be made as aforesaid and the balance of the available net assets of the Fund will be distributed to unitholders on a pro rata basis based on the number of outstanding units.

Holders of units of a Fund are entitled to one vote for each unit held at meetings of unitholders of the Fund.

Fractions of units may be issued. A fractional unit carries the rights and privileges, including the right to vote, and is subject to the restrictions and conditions applicable to whole units in the proportion it bears to one whole unit. Units are fully paid and non-assessable when issued.

The rights and conditions attaching to the units of each Fund may be modified only in accordance with the provisions of the securities legislation applicable to such units and the provisions of the Declaration of Trust.

### Corporate Funds

The Corporate Funds are authorized to issue an unlimited number of shares of each series. Each share of a series entitles its holder to share equally with the other holders in the dividends that the Corporate Fund pays out for that series. Fractions of shares may be issued.

The shares of a Corporate Fund are all of the same class and carry the same rights and privileges. For Funds with more than one series of shares, each series may have distinct characteristics. Each share grants holders the right to vote on matters brought before them. Upon liquidation, each share confers the right to share equally, with the other holders of that same series, in the net assets allocated to that series, after payment of any outstanding liabilities. Fractions of shares confer upon their holders the right to participate proportionally, but not the right to vote.

## Amendment to the Declaration of Trust

### *Modification without notice*

The Declaration of Trust, under which the Trust Funds are maintained and the foregoing rights are granted, may be amended from time to time at the Trustee's sole discretion. The Trustee may amend the Declaration without prior notice to the securityholders for the following purposes:

- (a) to remove any conflicts or other inconsistencies which may exist between any of the terms of the Declaration of Trust and any provisions of any law, regulation, regulatory authority or policy applicable to or affecting the Funds, the Trustee, the Manager, the custodian or the portfolio advisor;
- (b) to cure or correct any typographical error, ambiguity, defective or inconsistent provision, clerical omission, mistake or manifest error;
- (c) to comply with any law, regulation, policy or the guidelines of any governmental authority having jurisdiction over the Funds or the distribution of its securities;
- (d) to protect the investors;
- (e) to facilitate the administration of the Funds as a mutual fund trust, or to make amendments or adjustments in response to any amendments to the tax legislation which might otherwise adversely affect the tax status of the Funds or the investors; or
- (f) to add additional classes or series of units to existing Funds and make consequential amendments to the Declaration.

### *Questions to be Submitted to Securityholders for Approval*

None of the Funds holds regular meetings. The Manager and the Corporation will hold meetings if so required by securities regulations or legislation applicable to corporations.

Securityholders of each Fund will be permitted to vote on all matters that require securityholder approval under NI 81-102. This approval must be given by way of a resolution adopted by a majority of the votes cast at a meeting called for that purpose. Currently, these matters are:

- (a) a change in the basis of calculation of a fee or expense charged to the Fund, where the change could result in an increase in charges to the Fund;
- (b) a change of Manager of the Fund, unless the new Manager is an affiliate of the current Manager;
- (c) a change in the fundamental investment objective of the Fund;
- (d) a decrease in the frequency of calculation of net asset value per security;
- (e) a reorganization of the Fund with, or transfer of its assets to, another mutual fund, if:
  - (i) the Fund ceases to continue after the reorganization or transfer of assets, and
  - (ii) the transaction results in the securityholders of the Fund becoming securityholders in the other mutual fund;
- (f) a reorganization of the Fund with, or acquisition of assets from, another mutual fund, if:
  - (i) the Fund will continue after the reorganization or acquisition of assets,
  - (ii) the transaction results in the securityholders of the other mutual fund becoming securityholders in the Fund, and
  - (iii) the transaction would be a significant change to the Fund.

However, as provided in section 5.3 of NI 81-102, securityholder approval is not required for a change in the basis of calculation of a fee or expense referred to in (a) above

a) if:

- (a) the Fund is at arm's length to the person or company charging it the fee or expense whose basis of calculation will be changed,
- (b) the simplified prospectus of the Fund discloses that, although the approval of securityholders will not be obtained before making the changes, securityholders will be sent a written notice at least 60 days before the effective date of the change that is to be made that could result in an increase in charges to the Fund, and
- (c) the notice described in (ii) is actually sent 60 days before the effective date of the change;

b) or if:

- (i) the Fund may be described under NI 81-102 as a "no-load" fund,
- (ii) the simplified prospectus of the Fund discloses that securityholders will be sent a written notice at least 60 days before the effective date of the change that is to be made that could result in an increase in charges to the Fund, and
- (iii) the notice described in (ii) is actually sent 60 days before the effective date of the change.

Under National Instrument 81-107 "Independent Review Committee for Investment Funds", the independent review committee the Funds has the ability to make the following changes without securityholder approval:

- (i) change the auditor of the Funds, provided that the independent review committee has approved the change and securityholders are sent a written notice at least 60 days prior to the change; and
- (ii) subject to the satisfaction of certain regulatory requirements, undertake a reorganization of a Fund with, or transfer its assets to another mutual fund managed by the Fund's Manager or its affiliate, provided that the independent review committee has approved the transaction, securityholders are sent a written notice at least 60 days prior to the change and certain other conditions are met.

## Calculation of Net Asset Value and Valuation of Portfolio Securities

### *Calculation of Net Asset Value*

The purchase and redemption price of securities of a Fund is based on the Fund's net asset value per security, next determined after the receipt of a purchase or redemption order.

Canadian Generally Accepted Accounting Principles ("Canadian GAAP") was modified by the introduction of section 3855 *Financial Instruments – Recognition and Measurement* which applies to financial years beginning on or after October 1, 2006. Section 3855 requires the use of bid price for long positions and ask price for short positions, instead of closing price for active securities and will change the interpretation of "active market" used to determine whether certain valuation techniques are appropriate. As a result of concerns related to the impact of section 3855 on fund valuation, the Canadian Securities Administrators amended National Instrument 81-106 to allow mutual funds to report two different net asset values: one for financial statements (referred to as "net assets per unit"), which will be prepared in accordance with Canadian GAAP, and another for all other purposes, including unit pricing for purchases and redemptions (referred to as "net asset value per unit"). Mutual funds' financial statements must include reconciliation between net assets per unit and net asset value per unit, and disclose how the valuation principles and practices established by the investment fund manager for the purposes of calculating net asset value per unit differ from those required under Canadian GAAP. A significant example of the differences between the Funds' valuation principles and practices is that the Funds value actively traded securities at the last sale price or official close price, where available, on the principal exchange on which they are traded while Canadian GAAP requires the use of bid price for long positions and ask price for short positions.

### *Net Asset Value of a Fund*

The net asset value of each Fund is determined by the Manager as at the close of business (Montréal time) (the "Valuation Time") on each business day provided that the Trustee's offices in the Province of Québec are open for business (a "Valuation Date"). The net asset value of each Fund is determined on each Valuation Date by subtracting its liabilities from the market value of its assets. For Funds with more than one class or series of securities, a separate net asset value is calculated for each class of units of each such Fund by subtracting the liabilities of the Fund allocated to such class or series from that class' or series' proportionate share of the assets of the particular Fund (the "Class or Series NAV"). Each of the Funds is valued in Canadian dollars.

On any Valuation Date that a distribution is paid to securityholders, a second net asset value shall be calculated and shall be equal to the first net asset value calculated on such Valuation Date minus the amount of the distribution.

### **Net Asset Value per Security**

The net asset value per security of a Fund shall be computed by the Fund by dividing the net asset value of the Fund by the total number of outstanding securities. For Funds with more than one class or series of securities, Class or Series NAV per security is determined for each class or series of securities by dividing the Class or Series NAV by the total number of securities of the particular class of the Fund outstanding on the particular Valuation Date.

### **Value of Assets in Portfolio**

The following rules apply to the computation of the market value of a Fund's assets.

The assets of the Fund shall include:

- all cash or its equivalent on hand or on deposit, including any interest accrued;
- all bills, notes and accounts receivable owned by the Fund;
- all shares, debt obligations, subscription rights and other securities owned or contracted for by the Fund;
- all stock and cash dividends and cash distributions on the Fund's securities declared payable to securityholders of record on a date on or before that Valuation Date but not yet received by the Fund;
- all interest accrued on any fixed interest-bearing securities owned by the Fund which is included in the quoted price; and
- all other property of the Fund of every kind and nature including prepaid expenses.

The value of such assets is to be determined as follows:

- cash on hand or on deposit, bills and notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received are valued at their full amount unless the Manager has determined that any of these assets is not worth the full amount, in which event the value shall be deemed to be the value as the Manager reasonably deems to be the fair value;
- precious metals (certificates and bullion) and other commodities are valued at their fair market value generally based on prevailing market prices as reported on exchanges or other markets;
- securities listed on a public securities exchange are valued at their the closing price on that Valuation Date or, if the closing price is not available on that Valuation Date, at the average of the last bid and ask prices reported on that Valuation Date;
- unlisted securities of the Funds traded on an over-the-counter market are valued by the Manager on a basis that estimates the fair value of such investments using fair valuation procedures implemented in accordance with the Manager's established policies;
- notwithstanding the foregoing, if securities are traded on more than one exchange or market, the Manager shall use closing price on the Valuation Date on the exchange or market determined by the Manager to be the principal exchange or market for such securities;
- securities and other assets for which market quotations are not readily available are valued at their fair value, as determined by the Manager;
- fixed-income securities listed on a public securities exchange will be valued at their mid price before the Valuation Time on that Valuation Date, which consists of the average of the last bid and ask prices before that time, or if no sale is reported to have taken place before the Valuation Time on that Valuation Date, at the last bid price before that Time on that Valuation Date;
- non-exchange traded fixed-income securities will be valued at their fair value based on prices supplied by established pricing vendors, market participants or pricing models, which may be on the basis of bid side valuations, as determined before the Valuation Time on that Valuation Date;
- long positions in options, debt-like securities and warrants are valued at the current market value of the position;
- where an option is written by a Fund, the premium received by the Fund for the option is reflected as a deferred credit; the deferred credit is valued at an amount equal to the current market value of the option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the deferred credit shall be deducted in calculating the net asset value of the Fund; a Fund's portfolio units which are the subject of a written option shall be valued at their current market value as determined by the Manager;

- securities quoted in foreign currencies are translated to Canadian dollars to reflect the rate of exchange existing on that Valuation Date;
- securities, the resale of which is restricted or limited by means of a representation, undertaking or agreement by the Fund or its predecessor in title or by law, are valued at the lesser of:
  - (i) their value based upon reported quotations in common use on that Valuation Date; and
  - (ii) that percentage of the market value of securities of the same class or series of a class, the resale of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition, but taking into account, if appropriate, the amount of time remaining until the restricted securities will cease to be restricted securities;
- foreign currency hedging contracts are valued at their current market value on that Valuation Date with any difference resulting from revaluation being treated as an unrealized gain or loss on investment;
- the value of a forward contract or swap is the gain or loss on the contract that would be realized if, on the Valuation Date, the position in the forward contract or swap were to be closed out;
- the value of a future is:
  - (i) if daily limits imposed by the futures exchange through which the standardized future was issued are not in effect, the gain or loss on the future that would be realized if, on that Valuation Date, the position in the future was closed out; or
  - (ii) if daily limits imposed by the futures exchange through which the future was issued are in effect, based on the current market value of the underlying interest of the future;
- margin paid or deposited on futures or forward contracts is reflected as an account receivable and margin consisting of assets other than cash is noted as held as margin;
- mortgages insured under the *National Housing Act* (Canada) are valued at a principal amount which produces a yield equal to the prevailing rate of investment return as determined by the mortgage advisor on mortgages of similar type and term. The prevailing rate of investment return so determined by the mortgage advisor is based on rates of interest effective in the mortgage market on any Valuation Date. Mortgages in arrears are valued as the mortgage advisor deems appropriate, with each case to be considered on its own merits; and
- if an investment cannot be valued under the foregoing rules or under any other valuation rules adopted under securities legislation or if any rules adopted by the Manager but not set out under securities legislation are at any time considered by the Manager to be inappropriate under the circumstances, then the Manager shall use a valuation which it considers fair and reasonable in the interests of investors of the Fund. For greater certainty, if at any time the foregoing rules conflict with the valuation rules adopted under securities legislation, the Manager shall use the valuation rules adopted under securities legislation. The Manager has not exercised his discretion to deviate from the valuation principles set forth above in the preceding three years.

The liabilities of the Fund shall include:

- all bills, notes and accounts payable of which the Fund is an obligor;
- all administrative or operating expenses payable or accrued or both (including management fees);
- all contractual obligations for the payment of money or property, including the amount of any unpaid distribution credited to securityholders of the Fund on or before that Valuation Date;
- all allowances authorized or approved by the Manager for taxes (if any) or contingencies; and
- all other liabilities of the Fund of whatsoever kind and nature, except liabilities represented by outstanding securities of the Fund.

Whenever possible, each transaction of purchase or sale of a portfolio asset effected by a Fund shall be reflected in the calculation of the net asset value of the Fund no later than the first calculation of net asset value made after the date on which the transaction becomes binding.

The issue, redemption or switch of securities of a Fund shall be reflected in the first calculation of the net asset value of the Fund made after the calculation of net asset value used to establish the issue, redemption or change price.

The value of the Desjardins Money Market Fund is expected to be maintained to approximately \$10 in consequence of the very short term of the investments, the daily allocation of income and low portfolio turnover rate.

For Desjardins Money Market Fund, bonds are valued at their unamortized cost which corresponds approximately to their market value. Periodically, a comparison is made between the fair value received from a price evaluator and the amortized cost of the bonds of Desjardins Money Market Fund to ensure the difference is not material. The difference is material if it exceeds 0.5%. In the event of a material difference, the value of the bonds would be changed.

## Purchase and Switches of Securities

### General

Securities of each of the Funds are offered for sale on a continuous basis. In Québec and Ontario, securities of the Funds may be purchased, redeemed (sold) or switched (exchanged) in person, by telephone or by mail through your point of business:

- your Québec or Ontario Desjardins caisse: 1 800 CAISSES (1 800 224-7737);
- for redemptions only and for non-resident Canadians: Desjardins Funds Customer Service: 514 286-3449 or 1 866 666-1280;
- Desjardins On Line Solutions – AccèsD: 514 JACCESD (514 522-2373) or 1 800 CAISSES (1 800 224-7737);

In addition, in any jurisdiction in Canada where a receipt has been obtained from the securities regulatory authorities, securities of the Desjardins Funds may be purchased, redeemed (sold) or transferred (exchanged) through duly registered securities dealers and their representatives.

Investors may purchase securities of the Funds pursuant to a pre-authorized payment plan. See “Optional Services – Preauthorized Payment Plan” in the simplified prospectus.

Securityholders may also benefit from a systematic withdrawal plan. The simplified prospectus provides information in that regard. See “Optional Services – Systematic Withdrawal Plan” in the simplified prospectus.

### Purchase Price

Securities of each of the Funds may be purchased at their net asset value from time to time, determined as described under “Calculation of Net Asset Value and Valuation of Portfolio Securities” on page 9. The purchase price per security is the net asset value per security next determined following receipt by the Fund of a completed purchase order.

No commission is payable by an investor to purchase securities of any of the Funds. Reference is made to “Fees and Expenses” in the simplified prospectus for more details.

### Processing of Subscriptions

The procedures to be followed by investors who wish to purchase securities of the Funds are described in the Funds’ simplified prospectus, under “Purchases, Redemptions and Switches”.

A dealer may make provision in its arrangements with an investor that will require the investor to compensate the dealer for any losses incurred by the dealer as a result of the investor’s failure to pay a purchase of securities of the Funds.

The Fund may not accept any subscription during a period where redemptions are suspended, as indicated below under “Suspension of Redemption Rights”.

### Switches

An investor may switch securities of a Fund by following the switch procedure set out above.

The Manager will redeem the number of securities of the Fund to be switched at the net asset value per security determined in the manner described under “Calculation of the Net Asset Value and Valuation of Portfolio Securities” on page 9. The proceeds from such redemption will then be used to purchase the new securities at their net asset value per security as at such Valuation Date.

The securityholder will pay no commission at the time of the switch.

## Redemption of Securities

### Price on Redemption

Securities of a Fund may be redeemed at the net asset value per security next determined upon receipt of a redemption request.

### Processing Requests for Redemptions

The Manager encourages all investors to consult their financial advisors in connection with any redemption. Redemption requests may be forwarded directly to the Fund or forwarded to dealers or brokers for delivery to the Fund.

No payment of redemption proceeds will be made until a duly completed redemption request and all required documentation for redemption has been received. A dealer may provide in its arrangements with an investor that the investor must compensate the dealer for any loss incurred by the dealer as a result of the investor’s failure to comply with the Funds or the securities legislation requirements with respect to the redemption of securities of a Fund.

Investors should refer to the Funds’ simplified prospectus for further details relating to the processing of redemptions. See also “Purchases and Switches of Securities” above with respect to any switch.

### Redemption Fees

No commission, penalty or other fee is collected during the redemption of securities.

### Suspension of Redemption Rights

Generally, a Fund may suspend the right of securityholders to redeem their securities:

- (a) during any period or portion of any period during which normal trading is suspended on a stock market, options market or futures market, in Canada or elsewhere, for as long as the securities listed and traded on the stock or other market, or the derivatives traded there, represent a value or an exposure to the underlying market of more than 50% of the total assets of the Fund, without taking its liability into consideration, and these securities or derivatives are not traded on any other stock market or other market, which offers a reasonably practical alternative for the Fund; or
- (b) with the consent of the appropriate securities regulatory authority.

During any period of suspension of redemption rights, requests to redeem securities will not be accepted. In the event the right of redemption is suspended, the securityholder may either withdraw his redemption request or receive payment based on the applicable net asset value per security next determined after the termination of such suspension period.

## Management of the Funds

### Trustee

Desjardins Trust Inc. is the Trustee of the Trust Funds.

Desjardins Trust Inc.  
1 Complexe Desjardins, South Tower  
P.O. Box 34, Desjardins Station  
Montréal, Québec H5B 1E4  
514 286-9441 (in the Montréal area) or 1 800 361-6840 (toll free)

## Officers of the Trustee

Name and Municipality of Residence	Position held in Desjardins Trust Inc.	Principal Occupation
ACHARD, Stéphane Ile Bizard, Québec	President and Chief Executive officer	Senior Vice-President and General Manager, Business and Institutional Services, Desjardins Group; prior thereto, Senior Vice-President, Business Markets Executive Division, Fédération des caisses Desjardins du Québec
BELLEFEUILLE, André Montréal, Québec	Chef Operating Officer	Vice-President, Specialized services, Desjardins Group

### Manager and Promoter

Desjardins Investments Inc. is the Manager and promoter of the Funds. Desjardins Investments Inc.

1 Complexe Desjardins, South Tower  
P.O. Box 34

Montréal, Québec H5B 1E4

(514) 286-3499 (in the Montréal area) or 1 866 666-1280 (toll free)

The Management Agreement under which Desjardins Trust Inc. retained, as of January 1, 2012, the services of the Manager, provides for, among other things, the Manager's responsibilities with regard to the Trust Funds on behalf of Desjardins Trust Inc. The Management Agreement under which the Corporation retained, as of January 1, 2012, the services of the Manager, provides for, among other things, the Manager's responsibilities with regard to the Corporate Funds. The fees payable to the Manager will be paid entirely by the Fund.

A change in the Management Agreements as a result of which the basis of calculation of the fees or other expenses that are charged could result in an increase in charges will require that securityholders be sent a written notice at least 60 days before the effective date in accordance with securities regulatory policies.

These Agreements were signed for an initial term of one year, and are automatically renewed on an annual basis until either party terminates the Agreement by giving the other party at least 60 days' notice to that effect in writing. The Trustee and the Corporation may also end these Agreements under other circumstances, particularly if the Manager becomes insolvent, goes bankrupt or is dissolved.

Desjardins Investments Inc.

1 Complexe Desjardins, South Tower

P.O. Box 34 Montréal, Québec H5B 1E4

(514) 286-3499 (in the Montréal area) or 1 866 666-1280 (toll free)

The following is a list of directors and senior officers of the Manager and the Corporation, along with their respective principal occupations during the last five years:

## Directors and Officers of the Manager

Name and Municipality of Residence	Position	Principal Occupation
BÉDARD, Alain Longueuil (Québec)	Director	Vice-President, Desjardins Financial Security.
CHAMPS, Marie-Josée St-Hubert (Québec)	Secretary	Compliance and Governance Advisor, Fédération des caisses Desjardins du Québec; prior thereto, from 2007 to 2008, Compliance Advisor at Valeurs mobilières Banque Laurentienne; Compliance Advisor from 2005 to 2007, Fédération des caisses Desjardins du Québec.
COULOMBE, Renaud Montréal (Québec)	Director	Vice-President Legal Affairs, Desjardins Group; prior thereto, from 1998 to 2009, partner at Ogilvy Renault.
COUTURE, Lison Candiac (Québec)	Chief Compliance Officer	General Manager, Corporate Services, Compliance Department, Fédération des caisses Desjardins du Québec; prior thereto, from 2006 to 2010, Chief Compliance Officer at Professionals' Financial – Mutual Funds Inc.
DROUIN, François Ste-Foy (Québec)	Chief Financial Officer	Vice-President Finance, Wealth Management and Life and Health Insurance, Desjardins Group; prior thereto from 2007 to 2009, Senior Vice-President Finance, Desjardins Financial Security; Vice-President Finance, Desjardins Financial Security from 2001 to 2007.
LEGAULT, Guylaine Lachine (Québec)	Director	Vice-President, Desjardins Group.
LETARTE, Renald Longueuil (Québec)	Chief Operating Officer and Ultimate designated person	Vice-President Marketing and Management of Specialized Saving Products; prior thereto from 2004 to 2009 Vice-President Investment Funds, Fédération des caisses Desjardins du Québec.

## Directors and Officers of the Manager (continued)

Name and Municipality of Residence	Position	Principal Occupation
NÉRON, Yves Saint-Bruno (Québec)	Director	Senior Vice-President and Head of Private client Services, Desjardins Securities Inc.
THAUVETTE, Alain St-Augustin (Québec)	President and Director	Managing Vice-President Strategic Initiatives, Performance et Operations, Fédération des caisses Desjardins du Québec; prior thereto from 2003 to 2011, Vice-President Group and Business Insurance, Desjardins Financial Security.

## Directors and Officers of the Corporation

Name and Municipality of Residence	Position	Principal Occupation
COULOMBE, Renaud Montréal (Québec)	Director	Vice-President, Legal Affairs, Desjardins Group, prior thereto, from 1998 to 2009, partner at Ogilvy Renault.
CHRISPIN, Gregory Boucherville (Québec)	Director	Investments Vice-President, Desjardins Group.
DROUIN, François Ste-Foy (Québec)	Chief Financial Officer	Vice-President Finance, Wealth Management and Life and Health Insurance, Desjardins Group, prior thereto from 2007 to 2009, Senior Vice-President Finance, Desjardins Financial Security; Vice-President Finance, Desjardins Financial Security from 2001 to 2007.
LANDRY, Éric St-Jean-Chrysostome (Québec)	Vice-President	General Manager Specialized Investment Product Development, Desjardins Investments Inc.; General Manager Specialized Investment Product Development from 2009 to January 2012, Fédération des caisses Desjardins; Manager Financial Engineering from 2004 to 2009, Fédération des caisses Desjardins.
LETARTE, Renald Longueuil (Québec)	Director and Chief Executive Officer	Vice-President, Marketing and Management of Specialized Savings Products; prior thereto, Vice – President, Investment Funds, Fédération des caisses Desjardins from 2004 to 2009; Vice-President, Desjardins Trust from 1999 to 2004.

### Independent Review Committee

In accordance with National Instrument 81-107 “Independent Review Committee for Investment Funds” (“NI 81-107”), the Manager has appointed an independent review committee (“IRC”) for the Funds.

The following is a list of members of the IRC and their respective principal occupations during the last five years:

IRC Members	
Name and Municipality of Residence	Principal Occupation
Luc Pelland* St-Bruno, Québec	Corporate Director
Jacques M. Gagnon Knowlton, Québec	Corporate Director
Gérard A. Limoges Montréal, Québec	Corporate Director

\* Replaced Gisèle Wilson on January 1, 2012

Before proceeding with a conflict of interest matter or any other matter that securities legislation requires the Manager to refer to the IRC, the Manager is required to establish policies and procedures that it must follow on that matter or on that type of matter, having regard to its duties under securities legislation and refer such policies and procedures to the IRC for its review and input.

The IRC reviews conflict of interest matters related to the operations of the Funds. The Manager may not proceed with any of the following proposed transactions without IRC approval:

- the purchase or sale of a security of any issuer from another investment fund managed by the Manager or an affiliate of the Manager;
- the making or holding of an investment in a security of an issuer related to the Fund, the Manager or an entity related to the Manager;
- an investment in a class of securities of an issuer underwritten by an entity related to the Manager;
- a change in the auditor of the Funds;
- the reorganization of a Fund with or the transfer of its assets to another mutual fund.

Before the Manager may proceed with a matter related to a Fund giving rise to a conflict of interest (other than those noted above) the IRC must provide a recommendation to the Manager as to whether the proposed action provides a fair and reasonable result for the Fund. The Manager must consider the recommendation of the IRC and in the event that the Manager intends to proceed with the matter, in circumstances where the IRC has not given a favourable recommendation, the Manager must notify the IRC in writing of this intention before proceeding with the action. In such circumstances the IRC can require the Manager to notify the Fund's securityholders of its decision.

For recurring conflict of interest matters the IRC can provide the Manager with standing instructions. On an annual basis the Manager must report to the IRC describing each instance that it acted in reliance on a standing instruction.

The IRC is composed of persons who are independent of the Manager, the Funds and entities related to the Manager. The IRC has adopted a written charter that includes its mandate, responsibilities and functions, and the policies and procedures it follows when performing its functions.

## Portfolio Advisors

The Manager has retained Desjardins Global Asset Management Inc. ("DGAM") as the portfolio advisor of each of the Funds, with responsibility for management of the investment portfolios of the Funds along with the right to retain additional portfolio advisors, pursuant to an Investment Management Agreement dated January 1, 2012. All fees payable to DGAM for its services as portfolio advisor are paid by the Manager pursuant to the Management Agreement.

This Agreement was signed for an initial term of one year and is automatically renewed on an annual basis until either party terminates the Agreement by giving the other party at least 30 days' notice to that effect in writing. The Manager may also end this Agreement under other circumstances, particularly if DGAM becomes insolvent, goes bankrupt or is dissolved.

Desjardins Global Asset Management Inc.  
1 Complexe Desjardins South Tower, 25<sup>th</sup> Floor  
Montréal, Québec H5B 1B3

In its capacity as portfolio advisor, DGAM is actively involved in the Desjardins Funds' engineering. DGAM offers its securities investment services in the following areas:

- real-estate investments: fixed income portfolio management;
- Management of managers: selecting and monitoring external managers for specific mandates;
- Financial strategy and distribution of assets: management of investments in shares based on systematic and efficient protocols.

Jacques Lussier is responsible for portfolio advisory services provided to the Chorus II Portfolios. The investment decisions are made by an Asset Allocation committee of DGAM, presided by Mr. Lussier. Mr. Lussier is Chief Investment Strategist at DGAM and is in charge of financial strategies and asset allocation. Jacques Lussier joined DGAM in 1995. He has held several high-level investment positions at DGAM, and has contributed to increasing brand awareness and visibility of the business within the Desjardins Group, among its clients and its partners. Previously, Mr. Lussier taught finance at HEC Montréal.

Jacques Lussier is a chartered financial accountant (CFA) and a member of the Board of Directors of the Montréal CFA Society. He holds a PhD in international business with a minor in bank studies from the University of South Carolina, a master's degree in finance and a bachelor's degree in economics from HEC Montréal.

Christian Duceppe is principally responsible for the Money Market portfolio advisory and management services provided by the Desjardins Money Market Fund. Mr. Duceppe is General Manager, Investments, Fixed Income. He is responsible for the management of the fixed-income and corporate credit mandates. Mr. Duceppe joined Desjardins Group in 1994 as a portfolio manager at the Fédération des caisses Desjardins de Montréal. He then joined Opvest (now DGAM) in 2000 as bond portfolio manager and was appointed manager of securities portfolio management in 2006. He has been General Manager, Investments, Fixed Income since January 2011. A chartered financial analyst (CFA), Christian Duceppe holds an M.Sc. in finance from Université de Sherbrooke and a bachelor's degree in business administration from Université Laval.

Francis Scott is principally responsible for the Canadian Bond portfolio advisory services provided to the Desjardins Canadian Bond Fund. Mr. Scott is a portfolio

manager and manages fixed-income (indexed plus) as well as passive asset allocation mandates. He is assigned to managing overlay portfolios and specializes in the Canadian corporate securities market. Prior to joining DGAM in 2007, Mr. Scott worked at Optimum Gestion de placements Inc., where he began his career in 2000 as an arbitrager, and was then appointed manager of the fixed-income securities department. Mr. Scott has a bachelor's degree in finance from École des hautes études commerciales (HEC) as well as a CFA designation.

Michel Lessard is principally responsible for the portfolio advisory services provided to the Desjardins Capital Yield Bond Fund. Mr. Lessard is General Manager, Management of Portfolio Managers since January 2005. Prior to that, he held similar functions at Gestion Placements Desjardins from 2001 to 2005. Mr. Lessard's main responsibilities are related to managing multi-management funds and supervising and managing investment fund managers. From 1993 to 2000, Mr. Lessard held various positions at a holding company, Elantis Investment Management. He began his career in 1990 as a financial analyst for an investment counsellor. Michel Lessard has a bachelor's degree in business administration from the Université du Québec en Outaouais and a Master's in finance from HEC Montréal.

Marc Cohen is principally responsible for the portfolio advisory services provided to the Desjardins SocieTerra Portfolios. Mr. Cohen is Director, Portfolio Management. Mr. Cohen is responsible for portfolio manager monitoring and selection for the Desjardins Funds and has been with the Desjardins Group since 2003. Prior to joining DGAM, Mr. Cohen was chief investment officer for Anglo Irish Bank (Suisse) SA in Geneva. Mr. Cohen has a bachelor of commerce degree in accounting from McGill University and he is also a chartered accountant and a CFA charterholder.

Christian Felx is principally responsible for portfolio advisory services provided to the Desjardins Completion Investments Fund. Mr. Felx is a portfolio manager and helps develop and structure securities investment products. Mr. Felx began his career in 2005 with the Caisse de dépôt et placement du Québec as a quantitative strategies analyst. He joined DGAM in 2007 as a portfolio manager. A chartered financial analyst (CFA), Mr. Felx holds a master's degree in economics with a specialisation in financial economics from Université de Montréal.

The following portfolio subadvisors have been retained pursuant to subadvisory agreements which may be terminated by either party on 60 days prior notice.

### *Aberdeen Asset Management Inc.*

Aberdeen Asset Management Inc. ("Aberdeen") has been retained as an investment subadvisor for the investment portfolios of Desjardins Emerging Markets Fund, Desjardins Overseas Equity Value Fund, Desjardins Global All Cap Equity Fund and the global equity portion of the Desjardins Dividend Income Fund.

Aberdeen is an asset management group that manages equity holdings, fixed-income securities, private investments and real estate securities for various clients, including public and private pension funds, foundations, endowment funds, mutual and private management funds. The firm was established in 1983 with the management buyout of a small investment fund. Since then, the firm has expanded through acquisitions and internal growth.

Aberdeen is an advisor based in the United States. DGAM is responsible for the advice provided to the Fund by Aberdeen Asset Management Inc. The fact that this subadvisor resides outside Canada and that a significant portion of its assets are situated outside Canada could impede legal recourse.

Aberdeen Asset Management Inc.  
1735 Market Street  
Philadelphia, PA  
USA, 19103

Devan Kaloo is principally responsible for the portfolio advisory services provided to the Desjardins Emerging Markets Fund. Devan Kaloo is Head of Global Emerging Markets Equities. Prior to joining Aberdeen in 2000, Mr. Kaloo worked with Martin Currie in Edinburgh for five years. Mr. Kaloo has an MA (Hons) from St Andrews University and a postgraduate degree in investment analysis from Stirling University.

Stephan Docherty is principally responsible for the portfolio advisory services provided to the Desjardins Global All Cap Equity Fund, the Desjardins Overseas Equity Value Fund and the global equity portion of the Desjardins Dividend Income Fund. Stephan Docherty is Head of the Global Equities Team based in Edinburgh. Prior to joining Aberdeen in 1994, Mr. Docherty worked at Abbey National Life Insurance. Mr. Docherty has a B.Sc. (Hons) in mathematic and statistics from Aberdeen University in Scotland.

### **Sanford C. Bernstein & Co. LLC**

Sanford C. Bernstein & Co. LLC ("Bernstein") has been retained as investment subadvisor for the Desjardins Enhanced Bond Fund.

Better known as AllianceBernstein, this global management firm offers investment strategies to institutional, retail and private management clients. This firm has an international presence and manages equities (value, growth and blended), fixed-income securities, and alternative investments. AllianceBernstein has fundamental, quantitative and economic research capacities as well as currency forecasting capabilities. It also offers independent research, transactional services and portfolio strategies for institutional clients. AllianceBernstein was created in October 2000, when Alliance Capital acquired Sanford C. Bernstein, joining two organizations that had complementary strengths.

Sanford C. Bernstein & Co. LLC  
1345 Avenue of the Americas  
New York, New York  
USA, 10105

Scott DiMaggio is principally responsible for the portfolio advisory services provided to the Desjardins Enhanced Bond Fund. Mr. DiMaggio is Director – Canada Fixed Income and a member of the global fixed-income team. Before joining the Canada Fixed Income team, he was a quantitative investment analyst who focused on trade matching, asset allocation, performance breakdown and risk analysis. He has been with AllianceBernstein since 1999. Prior to joining the firm, Mr. DiMaggio was a risk management analyst at Santander Investment Securities. He also held consulting positions at Ernst & Young Consulting and at Andersen Consulting. He holds a M.Sc. in finance from Baruch College and a B.Sc. in business administration from the State University of New York at Albany and a CFA designation.

### **Baillie Gifford Overseas Limited**

Baillie Gifford Overseas Limited ("Baillie Gifford") has been retained as investment subadvisor for the investment portfolio of Desjardins Overseas Equity Growth Fund.

Baillie Gifford is an independent investment management firm established in Scotland in 1908. The firm's investment philosophy is to add value over the long term by actively managing investments. Baillie Gifford focuses on growth, and has adopted a fundamental, bottom-up management approach, investing in corporations that have a solid competitive edge in their industry as well as strong profit and cash flow growth. The fact that this subadvisor resides outside Canada and that a significant portion of its assets are situated outside Canada could impede legal recourse.

Baillie Gifford Overseas Limited  
Calton Square  
1 Greenside Row  
Edinburgh, Scotland, UK  
EH1 3AN

James Anderson is principally responsible for the portfolio advisory services provided to the Desjardins Overseas Equity Growth Fund. Mr. Anderson joined Baillie Gifford in 1983 and became a partner in 1987. He headed Baillie Gifford's European Investment Team until 2003. He is now head of the firm's Global Equity Team and a member of the portfolio building team. Mr. Anderson graduated BA in Modern History and MA in International Affairs from Oxford University.

### **Baker Gilmore & Associates Inc.**

Baker Gilmore & Associates inc. ("Baker Gilmore") has been retained as investment subadvisor for the investment portfolio of Desjardins Short-Term Income Fund.

Founded in 1988, Baker Gilmore is a privately held investment management firm, which has grown to be one of the largest specialty fixed-income managers in Canada. Baker Gilmore joined Connor, Clark & Lunn Financial Group ("CC&L") in January 2000. The underlying value in this relationship is that investment professionals of Baker Gilmore focus on investment management and client servicing, while relying on CC&L for non-investment resources (compliance, information technology, back office and business development). CC&L is an affiliation of ten independent investment management firms with aggregate assets under management of over \$39 billion.

Baker Gilmore & Associates Inc.  
1800 McGill College Avenue, Suite 2310  
Montréal, Québec H3A 3J6

Harold Scheer is President and Chief Investment Officer of Baker Gilmore. Before joining the firm in 2001, Mr. Scheer was founding President of Scheer, Rowlett & Associates Inc., an affiliated company of CC&L. He began his investment career in 1988 as a fixed – income analyst for Crown Life Insurance Company and was promoted to Vice President, fixed-income. Mr. Scheer earned a B. Comm. (Honours Economics) from Concordia University. He completed graduate studies in international economic at the Institut Universitaire des Hautes Études Internationales in Geneva, Switzerland. Mr. Scheer is a CFA charterholder.

### **CBRE Clarion Securities LLC**

CBRE Clarion Securities LLC ("CBRE GRES") has been retained as investment subadvisor for the investment portfolio of Desjardins Global Real Estate Fund.

CBRE Clarion is a subsidiary of CBRE Investors, which acts as an investment group for CBRE. The firm is fully dedicated to managing global real estate investment trusts (REITs) and serves clients throughout the world. CBRE Clarion manages its mandates using the research and networks of CBRE and CBRE Investors. CBRE Clarion was created in July 2011 following the combination of CBRE Global Real Estate Securities and ING Clarion Real Estate Securities. CBRE Clarion is now one of the most important managers of global real estate listed securities in the world.

CBRE Clarion is based in the United States and advises based upon an exemption from adviser registration. DGAM is responsible for the advice provided to the Fund by CBRE Clarion. The fact that this subadvisor resides outside Canada and that a significant portion of its assets are situated outside Canada could impede recourse to legal access.

CBRE Clarion Securities, LLC  
201 King of Prussia Road  
Radnor, Pennsylvania  
USA, 19087

T. Ritson Ferguson is principally responsible for the portfolio advisory services provided to the Desjardins Global Real Estate Fund. Mr. Ferguson is Chief Executive Officer and co-Chief Investment Officer of CBRE Clarion. As a member of CBRE Investors' Executive Committee, Mr. Ferguson is responsible for the execution of CBRE Clarion Securities' Global business initiatives. In addition, he is a member of the CBRE Clarion Securities' Global Investment Policy Committee and is responsible for the oversight of the firm's investment portfolios. Mr. Ferguson joined the firm in 1991 and has more than 25 years of experience managing real estate mandates. Mr. Ferguson earned an MBA from the University of Pennsylvania's Wharton School of Business and a bachelor of science from Duke University and is a chartered financial analyst (CFA).

### **Epoch Investment Partners, Inc.**

Epoch Investment Partners, Inc. ("Epoch") was retained as subadvisor of the Desjardins Global Dividend Fund. Epoch Investment Partners is a boutique equity management firm that was created in 2004 in New York by Bill Priest, Tim Taussig, David Pearl and Phil Clark, four seasoned managers each with over 20 years of professional experience. Bill Priest is the former Chief Executive Officer of Credit Suisse Asset Management USA.

Epoch Investment Partners  
640 Fifth Avenue, 18<sup>th</sup> floor  
New York, New York, USA, 10019

Eric Sappenfield is principally responsible for the portfolio advisory services provided to the Desjardins Global Dividend Fund. Managing Director, Portfolio Manager and Senior Analyst, Mr. Sappenfield has over 25 years of professional experience, five of which he spent managing investments at Epoch Investment Partners. He holds an MBA from the University of California – Los Angeles.

### **Fiera Sceptre Inc.**

Fiera Sceptre Inc. ("Fiera") has been retained as investment subadvisor for the Desjardins Dividend Income Fund, Desjardins Canadian Equity Growth Fund, Desjardins Canadian Small Cap Equity Fund, Desjardins Canadian Balanced Fund, Desjardins Québec Balanced Fund and Desjardins Environment Fund.

Fiera is one of Canada's leading independent investment management firms. It offers investment strategies for fixed-income, equity, non-traditional investments, and asset allocation to a wide base of clients. With more than 160 employees and approximately 60 investment professionals, Fiera has offices in Montréal (headquarters), Toronto, Vancouver and Boston. Fiera is listed on the Toronto Stock Exchange and is controlled and held in part by its officers.

Fiera Sceptre Inc.  
1501 McGill College Avenue, Suite 800  
Montréal, Québec H3A 3M8

Jean-Guy Desjardins is responsible for the Asset Allocation advisory services provided to the Desjardins Canadian Balanced Fund, Desjardins Québec Balanced Fund and Desjardins Dividend Income Fund. Mr. Desjardins is Chairman of the Board, Chief Executive Officer and Chief Investment Officer of Fiera. He is responsible for all aspects of the firm's strategic management and for the investment teams and processes. Prior to creating Fiera, Mr. Desjardins was Founder of TAL Global Asset Management Inc., a company that reached \$60 billion in assets and was one of the largest asset management firms in Canada.

Carole Berthiaume is principally responsible for the Canadian equities portfolio advisory services provided to the Desjardins Dividend Income Fund. Ms. Berthiaume is a member of the Value team, is the lead Portfolio Manager of the Canadian Equity Value strategy and contributes to the management of the Canadian High Income Equity strategy. She is also a member of the firm's Management Committee. Prior to joining Fiera, Ms. Berthiaume was Portfolio Manager, North American Equities, at Elantis Investment Management where she was responsible for management of high-yield large-cap Canadian equity portfolios (dividends) and also assisted with management of Canadian equity portfolios using the value management style. Ms. Berthiaume has a master's degree in Business Administration from McGill University and a bachelor in sciences from Université de Sherbrooke.

Jean-Philippe Choquette is responsible for the Canadian equities portfolio advisory services provided to the Desjardins Canadian Balanced Fund and for the portfolio advisory services to the Desjardins Environment Fund and the Desjardins Canadian Equity Growth Fund. Mr. Choquette is a member of the Growth team and is the lead Portfolio Manager of the Canadian Equity Growth, Market Neutral and Long/Short strategies. In addition, he is a member of the firm's Management Committee. Prior to joining Fiera, Mr. Choquette was Analyst, Global Fundamental Research, at Elantis Investment Management, where he was responsible for fundamental analysis and tracking of companies in the materials and technology sectors. Mr. Choquette is a CFA charterholder and has a bachelor in business administration from Université de Sherbrooke.

Jean-François Gagnon provides advisory services in respect of the Canadian equity holdings of the Desjardins Québec Balanced Fund. Mr. Gagnon is a member of the Growth team and contributes to the management of the Canadian Equity Growth, Market Neutral and Long/Short strategies. Previously, he was the principal analyst of a private business that managed the portfolios of wealthy clients on a discretionary basis, an equity analyst for Dundee Securities, portfolio manager for Natcan Investment Management Inc. and held several positions at National Bank Securities. Mr. Gagnon holds a master's degree in business administration from HEC Montréal and is a Chartered Financial Analyst (CFA).

Gaëtan Dupuis is principally responsible for the fixed-income portfolio advisory services provided to the Desjardins Canadian Balanced Fund, Desjardins Québec Balanced Fund and Desjardins Dividend Income Fund. He is a member of the Active Fixed Income team and is jointly responsible for the management of the Active Fixed Income Universe and Long – Term Investment strategies. Mr. Dupuis has over 20 years of investment industry experience and has been with the firm and its predecessor since 2001. Prior experiences include positions as Portfolio Manager – Fixed Income, Bond Trader and Analyst at Major Canadian investment management and life insurance organizations. Mr. Dupuis graduated from the Université du Québec à Montréal with a bachelor of science (BSc) majoring in economics. He later received a master of science in finance (MSc) from the Université de Sherbrooke.

Michael Chan mainly provides advisory services in respect of the Canadian equity holdings of the Desjardins Canadian Small Cap Equity Fund. Mr. Chan is a member of the Canadian equity team and specializes in Canadian small cap equities. He joined the ranks of Sceptre Investment Counsel in 2008 as vice-president and portfolio manager. Mr. Chan began his career in 1995, holding positions in various sectors and markets. He worked for the Canadian subsidiary of UBS for 11 years, three of which he spent building Canadian small cap equity portfolios. In 2006, he returned to managing Canadian small cap equities. Mr. Chan has a master's in business administration from Queen's University and is a Chartered Financial Analyst (CFA).

Nadim Rizk is principally responsible for the U.S. equities portfolio advisory services provided to the Desjardins Canadian Balanced Fund. He is head of Fiera's foreign equities team and is the lead manager of the firm's U.S. international and global equity strategies. Prior to joining Fiera, Mr. Rizk was head of global equities at

Montrusco Bolton, also responsible of research for both financial services and consumers sectors. Mr. Rizk has a master of business administration from McGill University and is a Chartered Financial Analyst (CFA).

#### ***GlobeFlex Capital, L.P.***

GlobeFlex Capital, L.P. ("GlobeFlex") has been retained as investment subadvisor for the investment portfolio of Desjardins Global Small Cap Equity Fund.

GlobeFlex is an independent, employee-owned investment firm specializing in American and international equity management for the institutional marketplace. The firm performs quantitative research determining factors worldwide that influence stocks. The firm is controlled by the two founders and several members of the management team.

DGAM is responsible for the advice provided to the Fund by GlobeFlex. The fact that this subadvisor resides outside Canada and that a significant portion of its assets are situated outside Canada could impede legal recourse.

GlobeFlex Capital, L.P.  
4365 Executive Drive, Suite 720  
San Diego, California  
USA, 92121

Robert J. Anslow is principally responsible for the portfolio advisory services provided to the Desjardins Global Small Cap Equity Fund. Mr. Anslow is head of investment and co – founder of GlobeFlex. Mr. Anslow guides the firm's investment management process with many years of experience and a recognized position as one of the first to apply systematic portfolio management to international investing.

Prior to founding GlobeFlex, Mr. Anslow built the first systematic process for international investing at Nicholas-Applegate Capital Management. As Director of the Systematic and Global Portfolio Management/Research Group, Mr. Anslow was responsible for the investment of \$6 billion in U.S. and international assets for nearly eight years. Mr. Anslow was also responsible for the systematic portfolio management and research process of two major institutions – the California Public Employees' Retirement System (CalPERS) and BayBanks Investment Management of Boston.

Mr. Anslow is a former member of the Wharton Fellows' Advisory Board and the Investment Management Institute Advisory Board. He received his B.Sc. degree in Economics from the University of the Pacific.

#### ***Jarislowsky Fraser Limited***

Jarislowsky Fraser Limited ("Jarislowsky Fraser") has been retained as investment subadvisor for the investment portfolio of the Desjardins Dividend Growth Fund.

Jarislowsky Fraser was founded in 1955 and manages equities, bonds and asset allocations. In addition to its head office in Montréal, it has offices in Toronto, Vancouver and Calgary. The firm is independent and is a recognized leader in corporate governance and the defense of minority shareholders.

Jarislowsky Fraser Limited  
1010 Sherbrooke Street, Suite 2005  
Montreal, Québec, H3A 2R7

Len Racioppo is principally responsible for the portfolio advisory services provided to the Desjardins Dividend Growth Fund. Mr. Racioppo is President of Jarislowsky Fraser since 1994. Prior to joining Jarislowsky Fraser, he worked at CN Pension fund from 1979 till 1987. Mr. Racioppo has a MBA from the University of Toronto and also holds a Chartered Financial Analyst (CFA) designation.

#### ***Lazard Asset Management LLC***

Lazard Asset Management LLC ("LAM") has been retained as investment subadvisor for the investment portfolio of Desjardins Global Small Cap Equity Fund.

Based in New York, LAM is a subsidiary of Lazard, a large financial group that manages portfolios and engages in financial advisory activities (mergers, acquisitions and financing). LAM has investment professionals around the world and offers management services to institutional clients, distribution networks and high net worth individuals. LAM is particularly recognized for its equity mandates, but it also manages fixed-income, alternative investment, asset and allocation mandates, including private funds.

DGAM is responsible for the advice provided to the Fund by LAM. The fact that this subadvisor resides outside Canada and that a significant portion of its assets are situated outside Canada could impede legal recourse.

Lazard Asset Management LLC  
30 Rockefeller Plaza  
57<sup>th</sup> Floor  
New York, New York,  
USA, 10112

Brian Pessin is principally responsible for the portfolio advisory services provided to the Desjardins Global Small Cap Equity Fund. Mr. Pessin has been director and manager of global small cap equity at LAM since 2003. He is also a member of the strategic global equity team. He joined LAM in 1999 as a small cap equity analyst. Prior to joining the firm, Mr. Pessin was associated with Dawson, Samberg Capital Management, Gabelli & Company and Auerbach, Grayson & Co. He has been working in the investment field since 1994.

Mr. Pessin has a MBA from Columbia University and a BA in Economics from Cornell University. Mr. Pessin also holds a Chartered Financial Analyst (CFA) designation.

#### ***LSV Asset Management***

LSV Asset Management (“LSV”) has been retained as investment subadvisor for the investment portfolio of Desjardins Canadian Equity Value Fund.

Founded in 1994, LSV is a quantitative value equity manager that uses proprietary investment models. Its three founders, Joesef Lakonishok, Andrei Shleifer and Robert Vishny developed these models based on their research on the behaviour of investors and the performance of counter-trend strategies. They began their work in 1988 and have since published a number of research papers.

DGAM is responsible for the advice provided to the Fund by LSV. The fact that this subadvisor resides outside Canada and that a significant portion of its assets are situated outside Canada could impede legal recourse.

LSV Asset Management  
155 North Wacker Drive, Suite 4600  
Chicago, Illinois  
USA, 60606

Dr. Josef Lakonishok is principally responsible for the portfolio advisory services provided to the Desjardins Canadian Equity Value Fund. Dr. Lakonishok is the Chief Executive Officer and Chief Investment Officer of LSV Asset Management. He heads the research and investment team at LSV and is involved in all portfolio management and research functions.

Dr. Lakonishok was the William G. Karnes Professor of Finance at the College of Commerce & Business Administration at the University of Illinois at Urbana-Champaign. Dr. Lakonishok has more than 30 years of investment and research experience. Prior to assuming this position in 1987, he was a Professor of Finance at the Johnson Graduate School of Management at Cornell University. Before that, he held staff and visiting professorships at Tel Aviv University, the University of North Carolina at Chapel Hill, and the University of British Columbia.

Dr. Lakonishok received a B.A. in economics and statistics from Tel Aviv University in 1970 and an M.B.A. from that university in 1972. He earned an M.S. in business administration in 1974 and a Ph.D. in business administration in 1976 from Cornell University.

#### ***Picton Mahoney Asset Management***

Picton Mahoney Asset Management (“PMAM”) has been retained as investment subadvisor for the investment portfolio of Desjardins Canadian Equity Growth Fund.

PMAM was established in 2004 by portfolio managers David Picton and Michael Mahoney. In 1997, the two managers founded Synergy Asset Management, which was purchased by CI Investments in 2003. Mr. Picton and Mr. Mahoney still manage the Synergy line of funds for CI Investments. They manage Canadian, American and global large cap equity and tactical asset allocation portfolios.

Picton Mahoney Asset Management  
151 Yonge Street, 10<sup>th</sup> Floor  
Toronto, Ontario M5C 2W7

David Picton is principally responsible for the portfolio advisory services provided to the Desjardins Canadian Equity Growth Fund. Mr. Picton is President, Chief Investment Officer and Portfolio Manager North American Equities at PMAM.

Mr. Picton has 23 years of investment experience, including eight years as a top – ranked analyst and head of quantitative research at RBC Dominion Securities. He was a founding partner and portfolio manager at Synergy Asset Management.

Mr. Picton graduated from the University of British Columbia with a Bachelor of Commerce (Honours) degree. He also received a Leslie Wong Fellowship from UBC’s prestigious Portfolio Management Foundation.

#### ***Tetrem Capital Management Ltd.***

Tetrem Capital Management Ltd (“Tetrem”) has been retained as investment subadvisor for the investment portfolio of Desjardins Canadian Equity Value Fund.

Established in 2004, Tetrem manages Canadian and American equities for institutions and private clients. Tetrem favours a bottom-up value management approach.

Tetrem Capital Management Ltd.  
201 Portage Avenue, Suite 1450  
Winnipeg, Manitoba R3B 3K6

Daniel Bubis is principally responsible for the portfolio advisory services provided to the Desjardins Canadian Equity Value Fund. Daniel Bubis is the President of Tetrem. Mr. Bubis is also the Chief Investment officer with a disciplined adherence to a value-based, contrarian investment philosophy. Prior to launching Tetrem, Mr. Bubis was with Assante Asset Management Ltd., where he held the position of Chief Investment Officer and was part of the executive management group. At Assante, he was responsible for all investment management operations.

Mr. Bubis holds a Chartered Financial Analyst (CFA) designation and has an Honours Business Administration degree from the Richard Ivey School of Business at University of Western Ontario.

#### ***HSBC Global Asset Management (France)***

HSBC Global Asset Management (France) (“HSBC GAM”) has been retained as investment subadvisor for the Desjardins Completion Investments Fund.

HSBC GAM is the core investment solutions provider of the HSBC Group, one of the world’s largest financial services organizations, HSBC GAM provides portfolio management and investment advisory services to discretionary retail clients, institutional and high net worth private clients. Their institutional and corporate business originates primarily from financial institutions, foundations, public services, trade unions and universities. HSBC GAM has a well-established and stable business organization with an extensive network of client service and investment teams in major cities around the world.

HSBC Global Asset Management (France)  
4 place de la Pyramide  
Immeuble Île de France – La Défense  
Paris, France  
75419

DGAM is responsible for the advice provided to the Fund by HSBC GAM. The fact that this subadvisor resides outside Canada and that a significant portion of its assets are situated outside Canada could impede legal recourse.

Julien Renoncourt is principally responsible for the portfolio advisory services provided to the Desjardins Completion Investments Fund. As head of inflation-linked global bonds, Mr. Renoncourt supervises also inflation-linked global bond mandates at HSBC GAM. Mr. Renoncourt joined the firm in 2000. He has since held a number of positions related to managing global bonds in the Paris, Tokyo and Hong Kong offices. In the past few years, he has developed the firm’s expertise in emerging market bonds and other types of fixed-income strategies. He was deputy head of quantitative fixed-income strategies in 2007 and has been head of inflation-linked global bonds since the third quarter of 2011. Mr. Renoncourt holds a master’s degree in applied mathematics from Université de Lyon.

#### ***Wellington Management Company, LLP***

Wellington Management Company, LLP (“Wellington Management”) has been retained as investment subadvisor for the investment portfolio of the Desjardins American Equity Growth Fund and the Desjardins American Equity Value Fund.

Created in 1928, Wellington Management, one of the world’s largest independent investment firms, is strictly dedicated to managing investments, global equities, fixed income, currencies and commodities. The firm’s distinctive strength is its proprietary, independent research which is the cornerstone of the various investment approaches offered by Wellington Management.

DGAM is responsible for the advice provided to the Fund by Wellington Management. The fact that this subadvisor resides outside Canada and that a significant portion of its assets are situated outside Canada could impede legal recourse.

Wellington Management Company, LLP  
 280 Congress Street  
 Boston, Massachusetts  
 USA, 02210

Andrew Shilling is principally responsible for the portfolio advisory services provided to the Desjardins American Equity Growth Fund. Mr. Shilling is Senior Vice President and equity portfolio manager of the American equity growth team at Wellington Management. He is heading the team of analysts responsible for monitoring U.S. growth equities. Mr. Shilling began working in the industry in 1989, and has been with Wellington Management since 1994. Mr. Shilling has an MBA from Dartmouth College (Tuck) and is a Chartered Financial Analyst (CFA).

Matthew Baker is primarily responsible for the portfolio advisory services offered to the Desjardins American Equity Value Fund. Mr. Baker is Vice-President at Wellington Management. He heads a team responsible for detecting quality-value opportunities. Mr. Baker has 14 years of experience and has been with Wellington Management for seven years. Mr. Baker holds a master's degree in business administration from the Wharton School of the University of Pennsylvania

**Brokerage Arrangements**

Decisions regarding the purchase and sale of portfolio securities and decisions regarding the execution of all portfolio transactions, including selection of market, dealer or broker and the negotiation, where applicable, of commissions are made by the investment adviser and is the ultimate responsibility of the investment advisers. In effecting portfolio transactions, overall service and prompt execution of orders on favourable terms will be a primary consideration. To the extent that the executions and prices offered by more than one dealer are comparable, the investment advisor may, in its discretion, choose to effect portfolio transactions with dealers who provide research, statistical and other similar services to the Funds. In such case, the Portfolio Advisor makes a good faith determination that the Portfolio receives reasonable and equitable benefit considering the scope of services required from the dealer and the quality of research and statistics provided.

Since March 24, 2011, the following brokers who have provided order execution services have also provided investment decision making services to the investment subadvisors of the following Funds, including research, statistical and other services to the investment subadvisors:

Fund Name	Service Providers
Desjardins Canadian Equity Growth Fund	CIBC World Markets BMO Capital Markets Commission Direct Crédit Suisse Securities Dundee Securities ITG Macquarie Capital Merrill Lynch Morgan Stanley National Bank Financial Raymond James RBC Capital Markets Scotia Capital TD Securities Tradebook/Bloomberg UBS Securities
Desjardins Canadian Equity Value Fund	Commission Direct Valeurs mobilières Desjardins Pulse Trading Barclay Empirical Bloomberg ITG

Fund Name	Service Providers
Desjardins Canadian Small Cap Equity Fund	BMO Capital Markets CIBC World Markets Commission Direct Credit Suisse Securities Dundee Securities ITG Macquarie Capital National Bank Financial Raymond James Scotia Capital TD Securities UBS Securities
Desjardins Environment Fund	CIBC World Markets BMO Capital Markets Commission Direct Credit Suisse Securities Dundee Securities ITG Macquarie Capital Merrill Lynch National Bank Financial Raymond James Scotia Capital TD Securities UBS Securities
Desjardins American Equity Value Fund	Barclays Capital Bank of America Merrill Lynch BTIG Citigroup Global Markets Credit Suisse Securities Deutsche Bank Securities Goldman Sachs ITG JP Morgan Chase Jefferies & Company Liquinet Inc Morgan Stanley Nomura Securities RBC Capital Markets Stifel Nicolaus Susquehanna Brokerage Services UBS Securities Fund Name Service Providers Weeden & Company
Desjardins American Equity Growth Fund	Bank of America Merrill Lynch Barclays Capital BTIG Citigroup Global Markets Cowen & Co. Credit Suisse Securities Deutsche Bank Securities Goldman Sachs ITG Jefferies & Company JP Morgan Chase Knight Equity Markets Liquidnet Inc Morgan Stanley Nomura Securities Pulse Trading RBC Capital Markets Stifel Nicolaus Susquehanna Brokerage Services Sterne Agee & Leach UBS Securities Weeden & Company Wells Fargo Securities

Fund Name	Service Providers
Desjardins Global Dividend Fund	Liquidnet Inc Sanford C. Bernstein
Desjardins Global Small Cap Equity Fund	Barclays Capital BNY ConvergeX Cantor Fitzgerald Chicago Analytic CS First Boston Deutsche Bank Securities Direct Access Partners Goldman Sachs ICAP Corporation Instinet ITG Jefferies & Company Jones & Associates JP Morgan Chase Liquidnet Inc Merrill Lynch Morgan Stanley Nomura Securities Fund Name Service Providers UBS Securities
Desjardins Canadian Balanced Fund	BMO Capital Markets CIBC World Markets Commission Direct Credit Suisse Securities Dundee Securities ITG Macquarie Capital Merrill Lynch National Bank Financial Raymond James RBC Dominion Securities Scotia Capital TD Securities UBS Securities
Desjardins Québec Balanced Fund	BMO Capital Markets Commission Direct National Bank Financial Raymond James RBC Dominion Securities Scotia Capital TD Securities
Desjardins Dividend Income Fund	CIBC World Markets BMO Capital Markets Credit Suisse Securities Commission Direct ITG Macquarie Capital National Bank Financial Raymond James Scotia Capital TD Securities UBS Securities

Fund Name	Service Providers
Desjardins Overseas Equity Growth Fund	Allen & Co Banco BTG Pactual Brockhouse & Cooper Canaccord Genuity Ltd Citigroup Global Markets Crédit Agricole Cheuvreux Deutsche Bank Securities Goldman Sachs Helvea HSBC Bank ITG Europe J&E Davy JP Morgan Chase Jefferies International (Holdings) Ltd Joh, Berenberg Gossier & Co Liquidnet Europe Macquarie Capital (Europe) MainFirst Bank AG Merrill Lynch International Morgan Stanley Nomura Holding Oddo & Cie Sanford C. Bernstein SEB Enskilda UBS Securities

#### Custodian

Desjardins Trust is Custodian of the Fund's portfolio assets pursuant to an agreement entered into with the Manager on January 1, 2012. It carries on its business from its head office in Montréal and maintains such assets in Canada.

In accordance with the securities legislation, the Custodian retains sub-custodians, among other things to facilitate transactions in such securities outside Canada.

The custodian agreement was signed for an initial term of one year and is automatically renewed for an additional period of one year, and so on from year to year. Either party can terminate it by giving the other party at least 60 days' notice to that effect in writing.

The custodian services pertaining to certain standardized and over-the-counter derivative positions held by some Desjardins Funds and, where applicable, to the portfolio assets given in guarantee of those positions, are not provided by the Custodian or the sub – custodians. The following table gives the name of each of these entities for each of the Desjardins Funds:

Desjardins Funds	Name of entity
Canadian bonds	Goldman Sachs
Enhanced bonds	Goldman Sachs
Capital yield bonds	Scotia Capital
Completion investments	Newedge

#### Auditor

The auditor of the Funds is PricewaterhouseCoopers LLP, a limited liability partnership. Any change in the auditor of a Fund may be made only following 60 days prior written notice to securityholders of the Funds in accordance with securities regulatory policies.

PricewaterhouseCoopers LLP  
1250 René-Lévesque Blvd. West  
Montréal, Québec H3B 2G4

#### Registrar and Transfer Agent

Pursuant to the Management Agreement, the Manager is the registrar and transfer agent of the Funds. The Manager maintains the register of securities of the Funds at its principal office in Montréal, Québec.

## Conflicts of Interest

### Principal Holders of Securities

Other than as indicated, the following table shows the number of securities held on February 29, 2012 by any person or corporation holding more than 10% of any series of securities of the Fund securities, whether as owner of record or as direct or indirect beneficial owner.

Name and address of unitholder	Relationship to the Fund	Type of ownership	Number of units Held in the Fund	Percentage of total number of units
<b>Desjardins Money Market Fund</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	7,448,754	57.85%
<b>Desjardins Short-Term Income Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	136,915,204	71.21%
<b>Desjardins Short-Term Income Fund (I-Class)</b>				
Chorus II Conservative Portfolio	Affiliate	Of record and beneficially	1,799,767	24.95%
Chorus II Balanced Income Portfolio	Affiliate	Of record and beneficially	908,430	12.59%
Chorus II Corporate Class Conservative Portfolio	Affiliate	Of record and beneficially	1,936,306	26.85%
<b>Desjardins Canadian Bond Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	310,441,443	82.86%
<b>Desjardins Canadian Bond Fund (I-Class)</b>				
Deal S DP Julia Yung SP	Unitholder	Of record and beneficially	7,861,355	46.91%
Chorus II Conservative Portfolio	Affiliate	Of record and beneficially	2,475,420	14.77%
Chorus II Balanced Income Portfolio	Affiliate	Of record and beneficially	2,637,685	15.74%
<b>Desjardins Enhanced Bond Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	151,680,645	87.56%
<b>Desjardins Enhanced Bond Fund (I-Class)</b>				
Deal S DP Julia Yung SP	Unitholder	Of record and beneficially	7,638,153	48.14%
Chorus II Conservative Portfolio	Affiliate	Of record and beneficially	2,306,814	14.54%
Chorus II Balanced Income Portfolio	Affiliate	Of record and beneficially	2,564,983	16.17%
<b>Desjardins Capital Yield Bond Fund (I-Class)</b>				
Chorus II Corporate Class Balanced Income Portfolio	Affiliate	Of record and beneficially	3,197,396	28.80%
Chorus II Balanced Growth Portfolio	Affiliate	Of record and beneficially	1,526,139	13.75%
Chorus II Corporate Class Conservative Portfolio	Affiliate	Of record and beneficially	5,549,845	49.99%
<b>Desjardins Canadian Balanced Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	13,547,372	78.60%
<b>Desjardins Québec Balanced Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	10,406,436	71.86%
<b>Desjardins Dividend Income Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	13,875,101	52.40%

Name and address of unitholder	Relationship to the Fund	Type of ownership	Number of units Held in the Fund	Percentage of total number of units
<b>Desjardins Dividend Growth Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	19,382,271	74.72%
<b>Desjardins Dividend Growth Fund (I-Class)</b>				
Chorus II Corporate Class Balanced Income Portfolio	Affiliate	Of record and beneficially	263,251	21.86%
Chorus II Corporate Class Balanced Growth Portfolio	Affiliate	Of record and beneficially	289,329	24.02%
Chorus II Corporate Class Growth Portfolio	Affiliate	Of record and beneficially	207,199	17.20%
Chorus II Corporate Class Conservative Portfolio	Affiliate	Of record and beneficially	335,461	27.86%
<b>Desjardins Canadian Equity Value Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	27,933,954	84.52%
<b>Desjardins Canadian Equity Value Fund (I-Class)</b>				
Chorus II Growth Portfolio	Affiliate	Of record and beneficially	692,227	14.82%
Chorus II Balanced Income Portfolio	Affiliate	Of record and beneficially	554,418	11.87%
Chorus II Balanced Growth Portfolio	Affiliate	Of record and beneficially	699,430	14.97%
<b>Desjardins Canadian Equity Growth Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	35,189,688	89.29%
<b>Desjardins Canadian Equity Growth Fund (I-Class)</b>				
Chorus II Growth Portfolio	Affiliate	Of record and beneficially	794,478	14.47%
Chorus II Balanced Income Portfolio	Affiliate	Of record and beneficially	677,446	12.34%
Chorus II Balanced Growth Portfolio	Affiliate	Of record and beneficially	712,182	12.97%
<b>Desjardins Environment Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	5,079,930	72.66%
<b>Desjardins Environment Fund (I-Class)</b>				
SocieTerra Growth Portfolio	Affiliate	Of record and beneficially	1,198,569	33.81%
SocieTerra Balanced Portfolio	Affiliate	Of record and beneficially	1,399,428	39.48%
SocieTerra Growth Plus Portfolio	Affiliate	Of record and beneficially	590,144	16.65%
SocieTerra Securitary Portfolio	Affiliate	Of record and beneficially	356,882	10.07%
<b>Desjardins Canadian Small Cap Equity Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	3,438,654	72.93%
<b>Desjardins American Equity Value Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	33,055,184	83.65%
<b>Desjardins American Equity Value Fund (I-Class)</b>				
DFS – Desjardins American Equity Value Fund	Affiliate	Of record and beneficially	67,867	31.35%
UBS AG Canada Branch	Unitholder	Of record and beneficially	144,392	66.69%
<b>Desjardins American Equity Growth Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	116,673,295	93.74%

Name and address of unitholder	Relationship to the Fund	Type of ownership	Number of units Held in the Fund	Percentage of total number of units
<b>Desjardins American Equity Growth Fund (I-Class)</b>				
DFS – Desjardins American Equity Growth Fund	Affiliate	Of record and beneficially	189,992	63.89%
UBS AG Canada Branch	Unitholder	Of record and beneficially	99,672	33.52%
<b>Desjardins Overseas Equity Value Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	82,444,016	92.38%
<b>Desjardins Overseas Equity Value Fund (I-Class)</b>				
DFS – Desjardins Overseas Equity Value Fund	Affiliate	Of record and beneficially	174,986	65.21%
UBS AG Canada Branch	Unitholder	Of record and beneficially	85,922	32.02%
<b>Desjardins Overseas Equity Growth Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	19,563,985	85.49%
<b>Desjardins Overseas Equity Growth Fund (I-Class)</b>				
Desjardins Canadian Balanced Fund	Affiliate	Of record and beneficially	1,754,702	89.76%
<b>Desjardins Global Dividend Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	4,986,237	71.28%
<b>Desjardins Global Dividend Fund (I-Class)</b>				
Chorus II High Growth Portfolio	Affiliate	Of record and beneficially	804,920	10.47%
Chorus II Growth Portfolio	Affiliate	Of record and beneficially	1,344,100	17.49%
Chorus II Balanced Income Portfolio	Affiliate	Of record and beneficially	1,071,834	13.95%
Chorus II Balanced Growth Portfolio	Affiliate	Of record and beneficially	1,255,150	16.33%
<b>Desjardins Global All Cap Equity Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	9,692,149	72.66%
<b>Desjardins Global All Cap Equity Fund (I-Class)</b>				
Chorus II High Growth Portfolio	Affiliate	Of record and beneficially	611,573	10.57%
Chorus II Growth Portfolio	Affiliate	Of record and beneficially	1,003,394	17.34%
Chorus II Balanced Income Portfolio	Affiliate	Of record and beneficially	815,719	14.10%
Chorus II Balanced Growth Portfolio	Affiliate	Of record and beneficially	944,650	16.32%
<b>Desjardins Global Small Cap Equity Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	17,523,187	92.51%
<b>Desjardins Global Small Cap Equity Fund (I-Class)</b>				
DIM Private Canadian Small Cap Equity Fund	Affiliate	Of record and beneficially	974,456	28.15%
Chorus II Growth Portfolio	Affiliate	Of record and beneficially	406,259	11.74%
Chorus II Balanced Growth Portfolio	Affiliate	Of record and beneficially	374,755	10.83%
<b>Desjardins Emerging Markets Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	3,914,009	74.38%

Name and address of unitholder	Relationship to the Fund	Type of ownership	Number of units Held in the Fund	Percentage of total number of units
<b>Desjardins Emerging Markets Fund (I-Class)</b>				
DIM Private International Equity Fund	Affiliate	Of record and beneficially	4,476,753	28.88%
Desjardins Overseas Equity Value Fund	Affiliate	Of record and beneficially	7,430,752	47.94%
<b>Desjardins Completion Investments Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	68,164,518	85.58%
<b>Desjardins Completion Investments Fund (I-Class)</b>				
DFS – Desjardins Completion Investments Fund	Affiliate	Of record and beneficially	228,542	50.64%
UBS AG Canada Branch	Unitholder	Of record and beneficially	210,344	46.61%
<b>Desjardins Global Real Estate Fund (A-Class)</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	469,358	65.73%
<b>Desjardins Global Real Estate Fund (I-Class)</b>				
DFS – Global Real Estate Fund Cbre	Affiliate	Of record and beneficially	4,655,636	12.34%
Desjardins Completion Investments Fund	Affiliate	Of record and beneficially	32,341,320	85.72%
<b>Desjardins Global Real Estate Fund (T-Class)</b>				
Individual Investor A	Unitholder	Of record and beneficially	17,316	10.20%
<b>SocieTerra Secure Market Portfolio</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	5,246,329	78.21%
<b>SocieTerra Balanced Portfolio</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	16,121,589	91.17%
<b>SocieTerra Growth Portfolio</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	11,703,577	91.52%
<b>SocieTerra Growth Plus Portfolio</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	4,509,089	93.71%
<b>Chorus II Conservative Portfolio</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	10,900,264	99.74%
<b>Chorus II Balanced Income Portfolio</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	12,244,897	99.88%
<b>Chorus II Balanced Growth Portfolio</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	11,080,747	99.86%
<b>Chorus II Growth Portfolio</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	9,588,437	99.84%
<b>Chorus II High Growth Portfolio</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	4,558,859	99.67%

Name and address of unitholder	Relationship to the Fund	Type of ownership	Number of units Held in the Fund	Percentage of total number of units
<b>Chorus II Maximum Growth Portfolio</b>				
Desjardins Trust Inc.	Trustee	Of record as trustee for tax deferred plans	1,668,366	99.11%
<b>Chorus II Corporate Class Conservative Portfolio (T6-Class)</b>				
Individual Investor B	Unitholder	Of record and beneficially	380,714	31.17%
<b>Chorus II Corporate Class Balanced Growth Portfolio (T7-Class)</b>				
Individual Investor C	Unitholder	Of record and beneficially	23,226	10.10%
Individual Investor D	Unitholder	Of record and beneficially	29,260	12.72%
<b>Chorus II Corporate Class Growth Portfolio (T5-Class)</b>				
Individual Investor E	Unitholder	Of record and beneficially	14,628	14.14%
Individual Investor F	Unitholder	Of record and beneficially	13,202	12.76%
Individual Investor G	Unitholder	Of record and beneficially	13,628	13.17%
Individual Investor H	Unitholder	Of record and beneficially	10,639	10.28%
Individual Investor I	Unitholder	Of record and beneficially	14,409	13.93%
<b>Chorus II Corporate Class Growth Portfolio (T7-Class)</b>				
Individual Investor J	Unitholder	Of record and beneficially	29,730	14.68%
6053939 Canada Inc.	Unitholder	Of record and beneficially	36,012	17.78%
<b>Chorus II Corporate Class High Growth Portfolio (T6-Class)</b>				
Individual Investor K	Unitholder	Of record and beneficially	20,755	45.22%
Individual Investor L	Unitholder	Of record and beneficially	18,491	40.28%
Individual Investor M	Unitholder	Of record and beneficially	6,555	14.28%
<b>Chorus II Corporate Class High Growth Portfolio (T8-Class)</b>				
Individual Investor N	Unitholder	Of record and beneficially	11,314	48.73%
Individual Investor O	Unitholder	Of record and beneficially	8,035	34.61%
Individual Investor P	Unitholder	Of record and beneficially	3,769	16.23%
<b>Chorus II Corporate Class Maximum Growth Portfolio (A-Class)</b>				
Individual Investor Q	Unitholder	Of record and beneficially	55,246	12.43%
<b>Chorus II Corporate Class Maximum Growth Portfolio (T6-Class)</b>				
Individual Investor R	Unitholder	Of record and beneficially	7,185	98.61%
<b>Chorus II Corporate Class Maximum Growth Portfolio (T8-Class)</b>				
Fédération des caisses Desjardins du Québec	Affiliate	Of record and beneficially	102	100%

### **Desjardins Investments Inc.**

The Manager's directors and officers together do not hold more than 10% of the outstanding securities of the Funds, and hold no voting securities and no equity interest in the Manager or in any supplier of services to the Funds or the Manager.

### **Desjardins Funds Corporate Class Inc.**

The Corporation's directors and officers together do not hold more than 10% of the outstanding securities of the Corporate Funds, and hold no voting securities and no equity interest in the Manager or in any supplier of services to the Portfolios or the Manager.

### **Desjardins Trust Inc.**

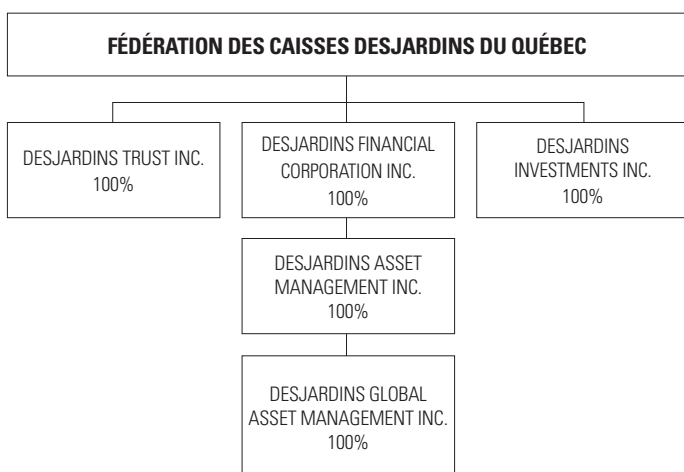
Desjardins Trust Inc. ("Desjardins Trust") is an affiliate of the Manager.

### **Independent Review Committee**

As at the date hereof members of the Independent Review Committee do not own in aggregate in excess of 10% of securities outstanding of any Fund, the Manager or any other person that provides services to the Funds or the Manager.

### **Affiliated Entities**

Desjardins Trust and DGAM are affiliates of the Manager, as shown in the following diagram:



The amount of fees paid by the Funds to each affiliated entity is contained in the audited financial statements of the Funds.

Mr. Alain Thauvette is President and a Director of the Manager and Chairperson of the Board of Directors and a Director of Desjardins Asset Management Inc. ("DAMI"). Mr. Yves Néron is at once a Director of the Manager and of DAMI. Mr. Renald Letarte is Chief Operating Officer for the Manager and a Director of DAMI. Mr. Jacques Baril, Mr. Serges Chamberland, Mr. Alain Dumas and Mr. Serge Tourangeau are at once members of the Board of Directors of DSFI and of Desjardins Trust Inc. ("Trust"). Ms. Monique F. Leroux is President and a Director of DSFI and Chairperson of the Board of Directors and a Director of Trust. Mr. Denis Paré is at once Vice-President of the Board of Directors and a Director of DSFI and Trust. Mr. Yvon Vinet is at once Secretary of the Board of Directors and a Director of DSFI and Trust.

### **Dealer Manager Disclosure**

Each of the Funds is a "dealer managed" mutual fund by virtue of the Funds' portfolio advisor Desjardins Global Asset Management Inc. having principal shareholders which directly or indirectly own more than 10% of the securities of certain registered securities dealers and certain of the Funds are also dealer managed mutual funds as a result of the portfolio subadvisor being a registered dealer or having an ownership relationship to a registered dealer. Section 4.1 of Regulation 81-102 imposes restrictions on investments made by dealer managed mutual funds. Desjardins Global Asset Management Inc. and the referenced subadvisors are referred to as "dealer managers".

A Fund may not knowingly make an investment in any class of securities of any issuer (other than those issued or guaranteed by the Government of Canada, the government of a province of Canada or an agency of the foregoing) (i) for which any dealer manager (which provides services to it), or any of their associates or affiliates has

acted as underwriter (except for a small selling group participation) during the preceding 60 days or (ii) of which any director, officer or employee of any dealer manager (which provides services to it), or their associates or affiliates is a partner, director, officer or employee, if such person participates in the formulation of, influences or has access prior to implementation of, investment decisions made on behalf of the Fund.

## **Fund Governance**

The Trustee is, as such, ultimately responsible for the management and control of the Trust Funds but, as provided by the securities legislation, delegates its management functions to the Manager. The Manager has responsibility for governance of the Corporate Funds.

The Trustee and its affiliates, including the Manager and DGAM, have implemented a variety of policies and procedures with respect to business practices, risk management, and internal conflicts of interest. Risk management policies have been adopted to address physical and information security, treasury and other functions and are supplemented by adherence to and monitoring of internal controls. In addition, all transactions of the Trustee with related parties are required to be reviewed by the ethics committee of the board of directors of the Trustee and approved by the board of directors of the Trustee.

### **Independent Review Committee**

The Manager appointed the initial members of the IRC for the Funds in accordance with NI 81-107.

The mandate of the IRC is to review conflict of interest matters, including:

- situations where a reasonable person would consider the Manager, or an entity related to the Manager, to have an interest that may conflict with the Manager's ability to act in good faith and in the best interests of the Funds; and
- a conflict of interest or self-dealing provision contained in applicable securities laws that otherwise restricts or prohibits an investment fund, the Manager or an entity related to the Manager from proceeding with a proposed action.

See also "Management of the Funds – Independent Review Committee" on page 13.

### **Sales Practices**

The dealer fees include the trailer fees payable for services and advice provided by the dealer on a continuous basis. The amount of trailer fees is a percentage of the value of all securities of the Fund held in the account established by the dealer for the investor.

### **Investment Practices concerning the Desjardins Environment Fund**

The Manager has set up a consultative committee for this Fund order to help the portfolio advisor choose the portfolio securities for this Fund. All reasonable expenses of this committee are considered an operating expense for this Fund.

### **Policies for Derivatives**

The use of derivatives is in compliance with the investment policy of each of Desjardins Short-Term Income Fund, Desjardins Canadian Bond Fund, Desjardins Enhanced Bond Fund, Desjardins Capital Yield Bond Fund, Desjardins Canadian Balanced Fund, Desjardins Québec Balanced Fund, Desjardins Dividend Income Fund, Desjardins Dividend Growth Fund, Desjardins Canadian Equity Value Fund, Desjardins Canadian Equity Growth Fund, Desjardins Canadian Small Cap Equity Fund, Desjardins American Equity Value Fund, Desjardins American Equity Growth Fund, Desjardins Overseas Equity Value Fund, Desjardins Overseas Equity Growth Fund, Desjardins Global Dividend Fund, Desjardins Global All Cap Equity Fund, Desjardins Global Real Estate Fund, Desjardins Global Small Cap Equity Fund, Desjardins Emerging Markets Fund, Desjardins Environment Fund, Desjardins Completion Investments Fund and of the Chorus II Portfolios. The objectives and goals of derivatives used are described for the Funds in the simplified prospectus. The portfolio advisors are required to adhere to the derivatives policy of the Funds as well as NI 81-102. The Investment Committee sets and reviews the investment policies for the Funds, allowing the trading in derivatives for the Funds, monitors the trading of derivatives and is responsible for applying and enforcing controls. Risk measurement procedures or simulations to test the derivatives portfolio of the Funds under stress have not been used. Mr. Grégory Chrispin of DGAM is the person responsible for the oversight of the use of derivatives by the Funds.

The policies are reviewed on an as-needed basis, with at least one annual review. The Manager's board of directors is not involved in the risk management process contained in these policies.

DGAM and Fiera are authorized to deal in derivatives in their home jurisdiction.

## Underlying Funds

The underlying funds of the SocieTerra Portfolios and the Chorus II Portfolios can invest in derivatives. They are authorized to use derivatives that are compatible with their investment objectives for the purposes authorized by NI 81-102. The underlying funds are subject to certain restrictions specified in NI 81-102 with respect to the use of derivative products. Generally, an underlying fund cannot, subject to certain exceptions, buy subscription options or purchase warrants and share rights if, following any such purchase, said options, warrants or rights represent more than 10% of the net assets of the underlying fund (at its market value at the time of the purchase). For more information, consult the prospectus and the annual information form of the underlying funds.

No underlying fund held a meeting of securityholders during year prior to the date hereof.

## Securities Lending, Repurchase and Reverse Repurchase Transactions

Each of Desjardins Short-Term Income Fund, Desjardins Canadian Bond Fund, Desjardins Enhanced Bond Fund, Desjardins Capital Yield Bond Fund, Desjardins Canadian Balanced Fund, Desjardins Québec Balanced Fund, Desjardins Dividend Income Fund, Desjardins Dividend Growth Fund, Desjardins Canadian Equity Value Fund, Desjardins Canadian Equity Growth Fund, Desjardins American Equity Value Fund, Desjardins American Equity Growth Fund, Desjardins Overseas Equity Value Fund, Desjardins Overseas Equity Growth Fund, Desjardins Global Dividend Fund, Desjardins Global All Cap Equity Fund, Desjardins Global Real Estate Fund, Desjardins Emerging Markets Fund, Desjardins Environment Fund, and Desjardins Completion Investments Fund, and the underlying funds of the SocieTerra Portfolios and the Chorus II Portfolios may enter into securities lending, repurchase and reverse repurchase transactions as permitted by securities regulations.

In securities lending transactions, Funds sometimes lend securities they hold for a period of time that may or may not be set in exchange for collateral from the borrower and fees based on a pre-established contract. Collateral can include cash, qualified securities or securities that can be immediately converted into securities identical to those securities that are on loan. As compensation the Funds keep some of the yield generated by the collateral or, should the collateral be cash, by investing such cash.

In a repurchase transaction a mutual fund sells a security that it owns to a third party for cash and agrees to buy the same security back from the same party at a given price on an agreed future date. As compensation the mutual fund keeps some of the yield generated by investing the cash.

Where a mutual fund enters into a reverse repurchase transaction, it buys a security at one price and agrees to sell the same security back to the same party at a given price on an agreed future date. As compensation the mutual fund keeps some of the yield generated by the security it purchased, or reverse repurchased.

To engage in securities lending, repurchase and reverse repurchase transactions the Manager of the Funds will appoint a qualified agent under a written agreement between the Manager and agent, which addresses, among other requirements, the responsibility for administration and supervision of the securities lending, repurchase and reverse repurchase transaction program. The agent is required to provide periodic accounting of the lending activities, calculate the market value of the securities that are the subject of the transaction and the collateral to ensure the transaction is in compliance with the regulatory requirements. Under the agreement the Funds have the right to terminate a securities lending transaction at any time and recall the loaned securities within the normal settlement period for securities lending transactions.

The risks associated with securities lending activities, as well as repurchase and reverse repurchase transactions are essentially the following:

**Counterparty risk:** Risk related to the fact that a counterparty (the borrower/buyer) may be unable to fulfill its commitments towards the other party (the lender/seller). The agent manages this risk by annually reviewing the financial health of each counterparty, by implementing transaction limits for each counterparty and by maintaining a sound diversification in the allocation of transactions.

**Collateral risk:** Risk associated with the quality and volatility of the collateral. The market value of the collateral and loaned securities may fluctuate differently. This may result in loss if the borrower defaults where the market value of the collateral is less than the replacement cost of the loaned securities. The agent manages this risk by conservatively assessing the quality of the collateral provided by the borrower, by placing concentration limits on the collateral provided and by daily monitoring the market value fluctuations of the collateral. An additional margin is required from the borrower to compensate for any negative variation in the market value of the collateral.

**Credit risk:** The cash paid as collateral is reinvested in securities of various issuers. The deterioration of an issuer's credit may result in a monetary loss when it is impossible to recover all sums initially invested at the time of the securities' disposal. The agent manages this risk by regularly reviewing the quality of the issuers' credit and constantly monitoring the ratings attributed to them by credit agencies. Moreover, the enforcement of very selective criteria limits the choice to first-rate issuers or securities. Research focused on investment diversification also helps mitigate this risk.

**Matching or interest rate risk:** A matching risk arises, for instance, when securities are loaned to a borrower for a term that differs from that of the investment made by the lender using the money received as collateral. Depending on interest rate fluctuations, this difference may be positive or negative for the lender. The agent manages this risk by implementing a matching investment policy, by setting prudent parameters to monitor the matching difference and by imposing a maximum difference. The matching strategy is reviewed monthly taking into account interest rate fluctuations. The agent uses derivatives, negotiated with first-rate financial institutions, to mitigate market risk.

To limit the risks in relation to securities lending, repurchase and reverse repurchase transactions:

- (a) the Fund must hold collateral equal to no less than 102% of the market value of the loaned securities (where the amount of collateral is adjusted each trading day to make sure that the value of the collateral does not go below the 102% minimum level);

The collateral to be held may consist of cash, qualified securities or securities that can be immediately converted into securities identical to those that are on loan. Collateral received in cash is invested. Both securities received as collateral and securities purchased using cash received as collateral must comply with the list of eligible securities under the Desjardins Trust program.

- (b) the Fund cannot loan more than 50% of the total value of its assets (not including the collateral it holds) through securities lending and repurchase transactions.
- (c) the maximum term of repurchase and reverse repurchase transactions must not exceed 30 days.

The agent is required to adhere to the securities lending, repurchase and reverse repurchase policy of each Fund. However, the Manager is ultimately responsible for ensuring that the securities lending, repurchase and reverse repurchase activities of the Funds are in compliance with all applicable securities legislation and the investment objectives and strategies of the Funds. All of the securities lending, repurchase and reverse repurchase agreements entered into by the agent on behalf of the Funds must be reviewed at least annually by the Manager to ensure compliance. Risk measurement procedures or simulations to test the portfolios of the Funds under stress conditions are not used. Rather, certain limits and controls, which include those described above, are imposed by the Manager on all securities lending, repurchase and reverse repurchase activities of the Funds. Within the agent, a group independent of the persons entering into securities lending transactions, repurchase and reverse repurchase transactions monitors the risks and confirms that all transactions are done in accordance with the restrictions contained in NI 81-102.

## Short Selling by Desjardins Completion Investments Fund

By relief obtained from the Canadian securities regulators, the Desjardins Completion Investments Fund has the option to use selective short selling transactions. The Fund's portfolio advisor or subadvisor may therefore use short selling in accordance with the limits prescribed by the relief.

Short selling involves transactions whereby the Fund borrows securities from a lender to sell them on the market. At a later date, the Fund buys the same number of securities and returns them to the lender. In the meantime, the proceeds from the first sale are deposited with the lender who receives the interest. If the value of the

securities declines between the date that the Fund borrows the securities and the date that the Fund buys the securities and returns them to the lender, then the Fund realizes a gain on the difference.

The relief obtained from the Canadian Securities Administrators to permit short sale transactions imposes certain restrictions to control risks related to short selling, including that:

- Securities may be sold short for cash only through market facilities through which the securities sold short are normally bought and sold;
- The Fund must receive cash for the securities sold short within normal trading settlement periods for the market in which the short sale is effected;
- Securities sold short must be listed and posted for trading on a stock exchange and the issuer of the security must have a market capitalization of not less than \$300 million at the time the short sale is effected or the Fund must have pre-arranged to borrow for such sale. If the securities sold short are fixed-income securities, the security must be a bond, debenture or other evidence of indebtedness of or guaranteed by (i) the government of Canada or any province or territory, or (ii) the government of the United States of America;
- The aggregate market value of all securities of a particular issuer sold short by the Fund may not exceed 5% of the total net assets of the Fund;
- The Fund's portfolio subadvisor must place a "stop-loss" order with a dealer to immediately purchase for the Fund an equal number of the same securities if the trading price of the securities exceeds 120% of the price at which the securities were sold short (or such lower percentage as the Manager or the portfolio subadvisor may determine);
- The aggregate market value of all securities sold short by the Fund may not exceed 20% of the total net assets of the Fund on a daily marked-to-market basis;
- The Fund must hold cash cover in an amount, including the Fund assets deposited with the lender as security in connection with short sale transactions, that is at least 150% of the aggregate market value of all securities sold short by the Fund on a daily marked – to-market basis;
- For short sale transactions in Canada, every dealer which holds Fund assets as security in connection with short sale transactions must be a registered dealer and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund;
- For short sale transactions outside of Canada, every dealer which holds Fund assets as security in connection with short sale transactions must (i) be a member of a stock exchange and subject to a regulatory audit, and (ii) have a net worth in excess of \$50 million determined from its most recent audited financial statements;
- Except where the lender is the Fund's custodian, the amount of Fund assets deposited with the lender may not exceed 10 % of the total net assets of the Fund taken at market value as at the time of the deposit;
- No proceeds from short sales by the Fund are used by the Fund to purchase long positions in securities other than cash cover.

Revisions to these restrictions would require the approval of the Canadian Securities Administrators.

The manager follows written policies and procedures that set out the objectives and goals for short selling and the risk management procedures applicable to short selling in order to comply with the restrictions above-mentioned. The General Manager, Management of Portfolios managers of DGAM, the Fund's portfolio advisor is responsible for reviewing on a daily basis compliance with these policies and procedures including trading limits on short selling. The Board of Directors of the Manager is kept apprised of any short selling policies and procedures and any amendments. The decision to effect any short sale will be made by the portfolio advisor of the Fund and the trading of securities will be made by authorized employees only. Risk measurement procedures or simulations to test the portfolio of the Desjardins Completion Investments Fund under stress conditions are not used. Rather, certain limits and controls, which include those described above, are imposed by the manager on all short selling activities of the Funds.

### Proxy Voting

Desjardins Investments Inc. has established a policy on the exercise of voting rights that outlines the manner in which the voting rights related to securities held in the Funds' portfolios are to be exercised (the "Policy"). The Policy reflects the Manager's responsibility to protect the medium and long-term interests of the securityholders

of the Funds by fully exercising the rights attached to securities held in the Funds' portfolios, and this based on the standards of ethics and codes of conduct it may adopt and, to the extent possible, by investing responsibly with a view to sustainable development.

The Policy covers several subjects on which the Funds can be called upon to exercise proxy voting rights. It cannot, however, be exhaustive or foresee all possible situations. Generally, the Policy provides that unless an issuer's particular situation justifies other action:

- on the election of directors, the securities held by the Funds will be voted for resolutions whose effect consists in creating or maintaining a majority of independent directors, and for the individual election of directors. They will be voted against any proposal claiming the election of directors by slate;
- on director and management compensation matters, the securities held by the Funds will be voted for proposals whose effect consists in creating or perpetuating a director and management compensation plan based on the achievement of financial and/or socially responsible objectives in keeping with the long-term interests of the corporation and its shareholders. Moreover, the Funds are not in favour of stock option plans for directors or managers, and they will vote against any proposal seeking to implement or maintain such plans;
- on matters related to takeover bids and similar transactions, and shareholders' rights matters, the securities held by the Funds will be voted in accordance with specific provisions of the Policy applicable to such situations aimed at protecting the medium and long-term interests of securityholders in the Funds, and based on the standards of ethics and codes of conduct adopted by the Manager.

Situations may arise in which the Manager may be aware of an actual, potential or perceived conflict of interest between the interests of the Manager and the interests of the securityholders of a Fund. Where the Manager is aware of such a situation, the Manager will refer the matter to its committee responsible for framing the policy governing the exercise of voting rights by proxy, which will ensure that vote will be undertaken in a manner consistent with the Policy.

The Manager has retained Institutional Shareholder Services Canada Corp. ("ISS") to assist with the exercise of the voting rights attached to securities held in the Funds' portfolios. ISS receives all proxy materials and formulates voting recommendations in accordance with the Policy. The voting recommendations are conveyed to the Fund's Manager, which analyzes the voting recommendation having regard to the policy and the issuer's particular situation and makes the final voting decision which is then conveyed to the issuer via ISS. ISS provides the Manager with records of all votes.

If the Manager is both manager of the Fund and of an underlying fund in which that Fund has invested, the Manager is not entitled to exercise the voting rights attaching to the securities of the underlying fund. However, the Manager may take steps to have the voting right transferred to the securityholders of the Fund in question. Given the costs and the complexity of such a procedure, the Manager may, as the securities regulations permit, decide not to transfer to the securityholders of the Funds the voting rights attaching to the securities of the underlying fund.

The Policy is available on request at no cost by calling 514-286-3499 in the Montreal area or by calling toll-free 1-866-666-1280 or by writing to Desjardins Fund Customer Service at 2 Complexe Desjardins, P.O. Box 9000, Desjardins Station, Montréal, Québec H5B 1H5.

The Funds' proxy voting record for the most recent period ended June 30 is available free of charge to any securityholder of the Funds upon request at any time after August 31 of that year. The proxy voting record is also available on the Funds' website [www.desjardinsfunds.com](http://www.desjardinsfunds.com).

### Short-Term Trading

Subject to the following, the Manager has implemented policies and procedures to identify and deter short-term trading.

The Manager may charge a short-term trading fee of up to 2% of the total amount redeemed, if securities are redeemed or switched within 90 business days of their purchase. The short-term trading fee is added to the other applicable fees.

When a Fund is used as underlying product for other investment vehicles, for example in the case of funds of funds or principal protected products, its securities may be subject to short-term trading. These transactions are however, governed by terms and conditions agreed to in advance by the Manager and the investor, with the objective of reducing short-term trading risks. As a result such transactions are not considered

short-term trading and are not subject to the policies described in the preceding paragraph.

The limitations on short-term trading, including short-term trading fee, are usually not applicable to the following redemptions and switches: related to money market funds and similar funds; made by the Manager; in special circumstances as specified by the Manager in its sole discretion; or under optional programs, including rebalancing between Funds and systematic withdrawal plans.

While the Manager seeks to monitor, identify and deter excessive or short-term transactions, it cannot ensure that such activities will be entirely eliminated.

## Remuneration of Directors, Officers and Trustee

The Trust Funds do not have officers and directors. During the fiscal year of the Funds ended September 30, 2011, the Funds paid no fees or expenses to the Trustee. The Corporate Funds pay no compensation to the directors and officers of the Corporation, and do not reimburse any of their fees or expenses.

The individual IRC members are compensated by way of an annual retainer fee as well as being reimbursed for expenses associated with IRC duties. These costs are allocated amongst the Funds in a manner that was fair and reasonable. For the financial year ended September 30, 2011, total compensation paid by the Funds to the IRC members was in the aggregate amount of \$56,600; no expenses were reimbursed. The individual members were compensated as follows:

Name	Total Individual Compensation
Gisèle Wilson	\$17,200
Jacques M. Gagnon, Chair	\$22,200
Gérard A. Limoges	\$17,200

## Fee Distributions

The Manager reserves the right to offer a reduced management fee and/or reduced fund expenses to selected investors. This is achieved by reducing the management fee or reducing the expenses charged to a Fund based on the Net Asset Value of the securities held by such an investor and having the Fund distribute the amount of the reduction to the investor (the "Fee Distributions"). Unless otherwise requested, all Fee Distributions are automatically reinvested in additional securities of the Fund. Fee Distributions, where applicable, will be calculated by the Fund and accrued on each Valuation Date. The Manager may also reduce management fee or fund expenses generally in respect of the Funds.

Fee Distributions are negotiable between the Manager and the investor's dealer and are generally dependent upon the size of the investment in the Fund at the time the investment is made. Fee Distributions will generally reduce the income of the Fund for tax purposes. However, for Trust Funds income attributable to such a distribution will be included in the income of the securityholder receiving the distribution for tax purposes. For Corporate Funds, management fee rebates are generally included in the shareholders' income. However, in some cases, shareholders may ask that this management fee rebate be deducted from the cost of their shares. Additional information concerning the management fees and expenses paid by each Fund will be contained in the annual financial statements of the Funds.

## Income Tax Considerations

The following summary applies to an individual investor (other than a trust) who, for the purposes of the *Income Tax Act* (Canada) (the "Tax Act"), is resident in Canada and holds securities of the Funds as capital property. This summary is based on the current provisions of the Tax Act and the regulations thereunder, specific proposals to amend the Tax Act and regulations that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof and the published administrative practices and policies of the Canada Revenue Agency. This summary does not take into account or anticipate any other changes in law whether by legislative, regulatory, administrative or judicial action. This summary is not exhaustive of all possible Canadian federal income tax considerations and does not deal with foreign or provincial income tax legislation or considerations. **This summary is of a general nature only and is not intended to constitute legal or tax advice to any investor. Investors should seek independent advice regarding the income tax consequences of investing in securities.**

This summary is based on the assumption that each of the Trust Funds will be a mutual fund trust under the Tax Act at all material times. If a Fund were not to so qualify, the income tax consequences could differ materially from those described below. Each of the Trust Funds qualifies as a mutual fund trust under the Tax Act and the Manager expects each of these Funds to continue to so qualify at all times. This summary is based on the hypothesis that the Corporation will at all relevant times qualify as a mutual fund corporation under the Tax Act. If the Corporation were not to so qualify as a mutual trust corporation, the income tax consequences could differ materially from those described below. The Corporation qualifies as a mutual fund corporation under the Tax Act, and the Manager expects the Corporation to continue to so qualify at all times. The Desjardins Capital Yield Bond Fund has elected under the Tax Act to have each of its "Canadian securities", within the meaning of the Tax Act, including equity securities which are sold forward under forward contracts, treated as a capital property and to have each disposition of its Canadian securities be deemed to be a disposition of capital property.

## Taxation of the Trust Funds

Generally, in each year, each Trust Fund will distribute its net income and net realized capital gains to investors to such an extent that the Fund will not be liable for income tax under Part I of the Tax Act, after taking into account any applicable capital gains refunds. Gains and losses from using derivatives may, depending on the nature of the derivative contract, be treated for tax purposes as income and loss rather than capital gains and losses. Securities lending transactions of the Funds will constitute securities lending arrangements under the Tax Act. Fees received by a Fund with respect to a securities lending transaction will be included in the income of the Fund as ordinary income. Generally, compensation payments received by a Fund from Canadian resident securities borrowers with respect to dividends that the Fund would have received on shares of a Canadian resident corporation, or interest that the Fund would have received on fixed-income instruments, that are the subject of a securities lending arrangement under the Tax Act will be treated for tax purposes as dividends received by the Fund or interest received by the Fund, as the case may be. Where a Fund holds units of an underlying fund, management fees paid by the Fund directly to the manager of the underlying fund are not deductible. In certain circumstances, capital losses realized by the Funds may be suspended, and therefore will not be available to shelter capital gains.

The Desjardins Capital Yield Bond Fund will not realize any income, gain or loss as a result of entering into the forward contracts to sell Canadian securities. If such Fund elects to deliver such Canadian securities in satisfaction of its obligations under a forward contract, the resulting gain or loss should be a capital gain or loss.

## Calculation of Trust Fund Net Income

In the case of a Trust Fund with more than one series of units, all of such Fund's revenues, deductible expenses, capital gains and capital losses in connection with all of such Fund's investment portfolios, and other items relevant to the tax position of such Fund (including the tax attributes of all of such Fund's assets), will be taken into account in determining the income or loss of such Fund and applicable taxes payable by such Fund as a whole including refundable capital gains taxes payable. For example, all deductible expenses of such Fund, both expenses common to all series of units of such Fund and expenses attributable to a particular series of units, will be taken into account in computing the income or loss of such Fund as a whole. Similarly, capital losses of such Fund in respect of any segment of such Fund's investment portfolio referable to a particular series may be applied against capital gains of such Fund in respect of any segment of such Fund's investment portfolio referable to another series or series in determining any refundable capital gains taxes payable by such Fund as a whole. In addition, any ordinary operating losses of such Fund (whether from the current or carried forward from prior years) attributable to a particular series may be applied against income or taxable income of such Fund attributable to the other series.

## Taxation of Investors holding units of the Trust Fund

An investor must include in computing his or her income for tax purposes the amount of the net income and the taxable portion of the net capital gains paid or payable to him or her in the year by a Trust Fund. An investor must include such distributions in income whether they are paid in cash or they are reinvested in additional units of the Fund. A Fee Distribution to an investor may include net income and net capital gains.

Payments from forward contracts, futures contracts and other derivative contracts entered into by a Trust Fund may, depending on the nature of the derivative contract, be taxed as income and not capital gains.

Provided that each Trust Fund makes the appropriate designations, to the extent permitted under the Tax Act, the amount of any foreign source income, net taxable capital gains and taxable dividends (including eligible dividends) from taxable Canadian corporations of a Fund that is paid or payable to an investor will effectively be treated as foreign source income, taxable capital gains and taxable dividends from taxable Canadian corporations of the investor for tax purposes and will be subject to the special tax treatment applicable to income of that character.

An investor must include in computing his or her income for tax purposes the net income and the taxable portion of the net capital gains paid or payable to him or her in the year by a Fund, even if the income and capital gains accrued to the Fund or were realized by the Fund before the investor acquired the units.

To the extent that distributions (including Fee Distributions) to an investor by a Fund in a year exceed the investor's share of the net income and net capital gains of the Fund allocated to the investor for the year, those distributions (except to the extent that they are proceeds of disposition) will be a return of capital and will not be taxable to the investor but will generally reduce the adjusted cost base of the investor's units in the Fund. If the adjusted cost base of the investor's units is reduced to less than zero, the investor will be deemed to have realized a capital gain equal to the negative amount.

If an investor disposes of units of a Fund (including a deemed disposition, a redemption and a redemption to effect a switch or transfer to another Fund), the investor will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, less any costs of disposition, are greater (or less) than the adjusted cost base to the investor of the units. In the case of a disposition of units, generally one-half of a capital gain (the "Taxable Capital Gain") must be included in determining an investor's income. Taxable Capital Gains and allowable capital losses (being one-half of capital losses) are netted against each other and excess capital losses, if any, can generally be carried back three years or carried forward indefinitely and applied against taxable capital gains in those other years.

Capital gains and dividends may result in a liability for alternative minimum tax.

A re-designation of units of one series of a Trust Fund as units of another series of the same Fund will not result in a disposition for tax purposes.

### **Taxation of the Corporation**

The Corporation is a single legal entity for tax purposes. It is not taxed separately by class of shares or Corporate Fund. Consequently, all of the Corporation's income, deductible expenses, capital gains and capital losses relevant to its investment portfolio and other relevant elements of its tax position (including the tax attributes of the Corporate Portfolios' assets) will be taken into account to determine the Corporation's income or losses and the applicable taxes payable by the Corporation as a whole (including refundable capital gains taxes payable). Deductible expenses common to all Corporate Funds and all of a Corporate Fund's series of shares, including those that only apply to one Corporate Fund or series in particular, will be taken into account in computing the income or loss of the Corporation as a whole for tax purposes. Similarly, the capital losses of the Corporation's investment portfolio may be applied against the capital gains attributable to the Corporation as a whole, irrespective of the Corporate Fund or series of shares from which those gains or losses arise. However, in certain circumstances capital losses realized by the Corporation's investment portfolio may be suspended and, consequently, unavailable to shelter capital gains. The non-capital losses of the Corporation (from the fiscal year underway or carried forward from previous fiscal years) attributable to a Corporate Fund or a series of shares of a particular Fund may be applied against the income attributable to any of the Corporate Funds or series of shares of a Fund. The income taxes and refundable capital gains taxes payable by the Corporation (including taxes that may result when the Corporation disposes of portfolio assets as the result of shareholders switching their shares of a Corporate Fund to shares of another Corporate Portfolio) will be borne by one or several Corporate Funds to be chosen by the Board of Directors of the Corporation, in its sole discretion, in order to obtain refunds of the capital gains tax payable by the Corporation as a whole. The Board of Directors exercises this discretion in a manner that it believes to be fair and reasonable.

The taxable portion of capital gains (net of any deductible portion of capital losses) realized by the Corporation will be taxable at the corporate tax rates applicable to mutual fund corporations. Taxes thus paid will be reimbursed based on a formula when the shares of the Corporation are redeemed or when the Corporation pays dividends on capital gains. Other income received by the Corporation (other than Canadian dividends, discussed below) will be subject to tax at the corporate level at corporate rates applicable to mutual fund corporations, subject to permitted

deductions for expenses of the Corporation and applicable deductions or credits with respect to foreign taxes paid. The Corporation will generally be subject to a refundable tax (the "refundable tax") levied against taxable dividends received, or deemed received, by the Corporation from taxable Canadian corporations at a rate of 33.33%. One dollar (\$1.00) of the refundable tax is refunded for every three dollars (\$3.00) the Corporation pays in taxable dividends.

### **Taxation of Investors in a Corporate Fund**

Dividends paid by the Corporation to the investors (whether received in cash or reinvested in additional shares of the Corporation) will constitute either ordinary dividends or capital gains dividends and must be included in computing the investor's income. The dividend gross-up and tax credit treatment normally applicable to ordinary dividends paid by taxable Canadian corporations will apply to ordinary dividends. An enhanced gross-up and dividend tax credit is available for certain eligible dividends paid by the Corporation.

Capital gains dividends may be paid by the Corporation to the investors of one or several Corporate Funds in particular in order to obtain a refund of capital gains taxes payable by the Corporation as a whole, whether or not such taxes related to the investment portfolio are attributable to the said Corporate Fund or Funds. The Corporation may realize capital gains when an investor in a Corporate Portfolio switches its shares for shares of another Corporate Portfolio. The dividends on capital gains will be treated as realized capital gains in the hands of the investors, and one-half of such gain will be included in computing the investors' income.

The price of a share of the Corporation may include income and capital gains that have been earned but not yet paid out as a dividend. Investors that acquire shares just before a dividend is declared and paid will be taxed on that dividend.

The switch from shares of one series to shares of the same or different series of another Corporate Fund, or a switch from one series to another series of the same Corporate Fund, will not be considered a disposition under the Tax Act. As a result, the investor will not realize a capital gain or loss on the switch or exchange between the Corporation's Corporate Funds and series of shares. The investor's cost of the shares acquired will be the adjusted cost base to the investor of the shares that were switched or exchanged immediately before the switch or exchange.

The redemption of shares of the Corporation in order to satisfy the negotiable switch fee payable by an investor will be a disposition of such shares by the investor and will give rise to a capital gain (loss) equal to the amount by which the proceeds of disposition of such shares exceeds (or is less than) the aggregate of the adjusted cost base of such shares and any costs of disposition.

On the actual or deemed disposition of a share (including a transfer or redemption, whether in the wake of a rebalancing or otherwise), an investor will realize a capital gain (or loss) to the extent that the proceeds of disposition of such share exceeds (or is less than) the aggregate of the adjusted cost base of such share and any costs of disposition. One-half of such capital gain will generally be included in computing a taxpayer's income.

For the purpose of determining the adjusted cost base to an investor of shares of the Corporation when a share of a particular series is acquired, whether on the reinvestment of dividends or otherwise, the cost of the share is determined by averaging the cost of the newly acquired share with the adjusted cost base to the investor of all other shares of that series held by the investor immediately before that time. Reinvestment of dividends may cause the investor's adjusted cost base per share to change.

Investors may be liable to an alternative minimum tax in respect of dividends and realized capital gains (including capital gains dividends received).

### **Eligibility for Registered Tax Plans**

Securities of each of the Trust Funds, except Desjardins Capital Yield Bond Fund, will be qualified investments under the Tax Act for registered plans provided that the Funds qualify as "mutual fund trusts" under the Tax Act at all times.

If securities of a Trust Fund are held in a registered plan, distributions from the Fund and capital gains from a disposition of the securities are generally not subject to tax under the Tax Act until withdrawals are made from the registered plan. Withdrawals from a tax-free savings account are not subject to tax under the Tax Act.

Investors who choose to subscribe for securities through the intermediary of a registered plan should consult their professional advisors on the tax treatment reserved for contributions to and acquisitions made under such plans.

## Material Contracts

### Amended and Restated Declaration of Trust of January 5, 2009

Under this Declaration of Trust, Desjardins Trust has established the Trust Funds acting as its Trustee, and provides for their administration. The Trustee has delegated responsibility for administering the Fund to the Manager under the terms of the management agreement as described below. However, the Trustee is ultimately responsible for the administration, management and control of the Funds.

Under the terms of the Declaration of Trust, the Trustee shall exercise the powers and execute the duties specific to its position with honesty, in good faith and in the best interests of the Funds and shall use the same extent of care, diligence and ability that a reasonably prudent person would use in such circumstances. Subject to the foregoing, the Trustee is not responsible to the Funds or their securityholders for any loss or decrease in value of assets of the Funds. The Declaration of Trust provides expressly that the Trustee shall in no circumstances be held responsible for any action, omission, fault or negligence attributable to the Manager or any other individual or corporation retained for the Funds pursuant to the provisions of the Declaration of Trust.

The Declaration of Trust, pursuant to NI 81-102, provides that the Manager shall be held responsible only for losses incurred by the Funds because of its default or the default of an individual or a corporation retained by the Manager to execute any of its obligations to the Funds, to execute its duties in good faith and in the best interests of the Funds or to use the same extent of care, diligence and ability that a reasonably prudent person would use in such circumstances.

The Declaration of Trust can be amended upon 60 days' prior notice to securityholders, subject to any provision of NI 81-102 or of applicable securities acts. However, the Trustee will be empowered to amend the Declaration of Trust without prior notice to securityholders for the purpose of eliminating conflicts or contradictions between the Declaration of Trust and statutory or regulatory provisions, to correct errors, ambiguities or anomalies in the Declaration of Trust, to protect securityholders, to facilitate administration of the Funds as a mutual fund trust, to avoid negative tax consequences for the Funds or its securityholders or to add classes or series of securities of existing funds.

Subject to the provisions of the securities legislation, the Trustee may, at its sole discretion, terminate the Funds.

### Certificate of incorporation, dated October 1, 2011

The Corporation was incorporated on October 1, 2011, under the *Quebec Business Corporations Act*.

### Management Agreements of January 1, 2012

One Management Agreement has been entered into between Desjardins Trust, as Trustee of the Trust Funds, and Desjardins Investments Inc. (the "Manager") on January 1, 2012. Another one has also been entered on January 1, 2012 between the Desjardins Funds Corporate Class Inc. and the Manager. Under these Management Agreements, the Manager will deal with the daily activities of the Funds and, among other things will be responsible to appoint custodians to hold the assets of the Funds and act as transfer agent of the Funds' units. The Manager may delegate its duties under the Management Agreement to other persons, provided their execution remains the responsibility of the Manager.

The Manager's fees under these agreements will be paid entirely by the Funds.

These agreements have an initial term of one year and are automatically renewed for an additional period of one year, and so on from year to year until either party gives the other at least 60 days' written notice of its intention to terminate it. The Trustee may also terminate the agreement in other circumstances, including the Manager's insolvency, bankruptcy or dissolution.

### Custodianship Agreement of January 1, 2012

This agreement was entered into between the manager of the Funds, and Desjardins Trust. Under this agreement, Desjardins Trust acts as Custodian for the Funds' assets.

Desjardins Trust's fees under the Custodianship Agreement depend on the costs incurred to provide these services and must not exceed those normally charged by Desjardins Trust to third parties for such services. Under the terms of the Declaration of Trust, these fees are payable by the Fund.

The Custodianship Agreement has been entered into for an initial term of one year and is automatically renewed for an additional period of one year and so on from year to year. Either party may notify the other of its intention to terminate it with at least 60 days' written notice.

### Portfolio Management Agreement of January 1, 2012

This agreement was entered into between the Manager and DGAM. Under this agreement, DGAM acts as Portfolio Advisor for the Funds.

Under this agreement, the DGAM has the right to retain additional portfolio advisors. According to the investment management agreement, all fees payable to DGAM for its services as portfolio advisor are paid by the Manager.

This agreement is for an initial term of one year and is automatically renewed for an additional period of one year, and so on from year to year until either party gives the other at least 30 days' written notice of its intention to terminate it.

### Copy of the Declaration of Trust and Other Material Contracts

A copy of the Declaration of Trust and the material contracts is available for consultation by any securityholder during business hours at the offices of the Manager, 1 complexe Desjardins, South Tower, Suite 1422, P.O. Box 34, Desjardins Station, Montréal, Québec, H5B 1E4.

## Legal and Administrative Proceedings

There is no ongoing material litigation or administrative proceeding against a Fund to which the Fund or the Manager is party. No such proceeding is contemplated or known to be contemplated.

Neither the Manager nor any of its directors or officers has in the 10 years before the date of this Annual Information Form been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of a publicly traded mutual fund, or theft or fraud, or entered into a settlement agreement with an officer involved in any such activity.

## Information about the Mortgages of the Desjardins Short-Term Income Fund

### DISTRIBUTION OF MORTGAGES PER TYPE OF BUILDING AS AT SEPTEMBER 30, 2011

<i>Desjardins Short-Term Income Fund</i>	<b>Number</b>	<b>Value of Unpaid Capital \$</b>	<b>Cost \$</b>	<b>Market Value \$</b>
Single family dwellings	73	3,494,418	3,494,418	3,592,758
Multi unit dwellings of less than 9 units	1	116,274	116,274	111,036
Condominiums				
Commercial properties				

### DISTRIBUTION BETWEEN INSURED AND UNINSURED MORTGAGES AS AT SEPTEMBER 30, 2011

<i>Desjardins Short-Term Income Fund</i>	<b>Number</b>	<b>Value of Unpaid Capital \$</b>	<b>Cost \$</b>	<b>Market Value \$</b>
Uninsured conventional loans	64	2,840,903	2,840,903	2,894,152
Loans insured by the Canada Mortgage and Housing Corporation	6	331,537	2,840,903	344,945
Loans insured by the GE Capital	3	321,978	2,840,903	348,095
Loans insured to 50% by GE Capital	1	116,274	116,274	116,602

### MORTGAGES IN ARREARS AS AT SEPTEMBER 30, 2011

<b>Arrears</b>	<b>Number</b>	<b>Value of Unpaid Capital \$</b>	<b>Cost \$</b>	<b>Market Value \$</b>
<i>Desjardins Short-Term Income Fund</i>				
1 month	–	–	–	–
2 months	–	–	–	–
3 months	–	–	–	–
4 months and more	–	–	–	–

### DISTRIBUTION OF MORTGAGE LOANS ACCORDING TO THEIR MATURITY DATE AS AT SEPTEMBER 30, 2011

<b>Year</b>	<b>Number</b>	<b>Value of Unpaid Capital \$</b>	<b>Cost \$</b>	<b>Market Value \$</b>
<i>Desjardins Short-Term Income Fund</i>				
2011	8	533,969	533,969	536,146
2012	41	1,698,170	1,698,170	1,717,809
2013	12	581,389	581,389	608,799
2014	4	324,759	324,759	338,669
2015	8	369,775	369,775	397,837
2016	1	102,630	102,630	104,534

**GEOGRAPHICAL DISTRIBUTION OF MORTGAGE PORTFOLIO  
AS AT SEPTEMBER 30, 2011**

<b>Region</b>		<b>Value of Unpaid Capital \$</b>	<b>Cost \$</b>	<b>Market Value \$</b>
<i>Desjardins Short-Term Income Fund</i>	<b>Number</b>			
01 Bas-Saint-Laurent	3	69,409	69,409	71,492
02 Saguenay-Lac-St-Jean	10	167,528	167,528	185,646
03 Estrie	13	721,151	721,151	707,896
04 Laurentides	32	1,957,215	1,957,215	2,022,273
05 Mauricie	1	36,204	36,204	34,008
06 Montréal	1	27,836	27,836	29,262
07 Montérégie	10	521,589	521,589	534,712
08 Abitibi-Témiscamingue	1	47,904	47,904	49,624
09 Central Quebec	3	61,856	61,856	68,881

**DISTRIBUTION OF MORTGAGE LOANS BY RATE  
AS AT SEPTEMBER 30, 2011**

<b>Rate</b>		<b>Value of Unpaid Capital \$</b>	<b>Cost \$</b>	<b>Market Value \$</b>
<i>Desjardins Short-Term Income Fund</i>	<b>Number of Loans</b>			
4.50	48	2,019,153	2,019,153	2,042,449
4.75	3	140,071	140,071	142,661
5.00	1	74,124	74,124	78,236
5.25	5	339,286	339,286	348,667
5.50	7	447,103	447,103	461,263
5.75	2	104,038	104,038	106,791
6.00	1	80,289	80,289	84,434
6.50	3	66,597	66,597	69,231
6.75	1	94,528	94,528	94,627
7.00	1	34,467	34,467	37,028
7.25	2	211,036	211,036	238,407

## Independent Auditor's Consent

Desjardins Money Market Fund  
Desjardins Short-Term Income Fund (A- and I-Class Units)  
Desjardins Canadian Bond Fund (A- and I-Class Units)  
Desjardins Enhanced Bond Fund (A- and I-Class Units)  
Desjardins Capital Yield Bond Fund (A- and I-Class Units)  
Desjardins Canadian Balanced Fund (A- and I-Class Units)  
Desjardins Québec Balanced Fund (A-, T- and I-Class Units)  
Desjardins Dividend Income Fund (A-, T- and I-Class Units)  
Desjardins Dividend Growth Fund (A-, T- and I-Class Units)  
Desjardins Canadian Equity Value Fund (A-, T- and I-Class Units)  
Desjardins Canadian Equity Growth Fund (A- and I-Class Units)  
Desjardins Environment Fund (A- and I-Class Units)  
Desjardins Canadian Small Cap Equity Fund (A- and I-Class Units)  
Desjardins American Equity Value Fund (A- and I-Class Units)  
Desjardins American Equity Growth Fund (A- and I-Class Units)  
Desjardins Overseas Equity Value Fund (A- and I-Class Units)  
Desjardins Overseas Equity Growth Fund (A- and I-Class Units)  
Desjardins Global Dividend Fund (A-, T- and I-Class Units)  
(formerly Desjardins Global Equity Value Fund)  
Desjardins Global All Cap Equity Fund (A-, T- and I-Class Units)  
Desjardins Global Small Cap Equity Fund (A- and I-Class Units)  
Desjardins Emerging Markets Fund (A- and I-Class Units)  
Desjardins Completion Investments Fund (A-, T- and I-Class Units)  
Desjardins Global Real Estate Fund (A-, T- and I-Class Units)  
SocieTerra Secure Market Portfolio  
SocieTerra Balanced Portfolio  
SocieTerra Growth Portfolio  
SocieTerra Growth Plus Portfolio  
Chorus II Conservative Portfolio  
Chorus II Balanced Income Portfolio  
Chorus II Balanced Growth Portfolio  
Chorus II Growth Portfolio  
Chorus II High Growth Portfolio  
Chorus II Maximum Growth Portfolio  
Chorus II Corporate Class Conservative Portfolio (Series A, T4 and T6 Shares)\*  
Chorus II Corporate Class Balanced Income Portfolio (Series A, T4 and T6 Shares)\*  
Chorus II Corporate Class Balanced Growth Portfolio (Series A, T5 and T7 Shares)\*  
Chorus II Corporate Class Growth Portfolio (Series A, T5 and T7 Shares)\*  
Chorus II Corporate Class High Growth Portfolio (Series A, T6 and T8 Shares)\*  
Chorus II Corporate Class Maximum Growth Portfolio (Series A, T6 and T8 Shares)\*

\*Shares of Desjardins Funds Corporate Class Inc. (collectively referred as the "Funds")

We have read the Simplified Prospectus of the Funds dated March 28, 2012 relating to the issue and sale of securities of the Funds. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use through incorporation by reference in the above-mentioned Simplified Prospectus of our report to the unitholders of each of the Desjardins Money Market Fund, Desjardins Short-Term Income Fund (A- and I-Class Units), Desjardins Canadian Bond Fund (A- and I-Class Units), Desjardins Enhanced Bond Fund (A- and I-Class Units), Desjardins Capital Yield Bond Fund (A- and I-Class Units), Desjardins Canadian Balanced Fund (A- and I-Class Units), Desjardins Québec Balanced Fund (A-, T- and I-Class Units), Desjardins Dividend Income Fund (A-, T- and I-Class Units), Desjardins Dividend Growth Fund (A-, T- and I-Class Units), Desjardins Canadian Equity Value Fund (A-, T- and I-Class Units), Desjardins Canadian Equity Growth Fund (A- and I-Class Units), Desjardins Environment Fund (A- and I-Class Units), Desjardins Canadian Small Cap Equity Fund (A- and I-Class Units), Desjardins American Equity Value Fund (A- and I-Class Units), Desjardins American Equity Growth Fund (A- and I-Class Units), Desjardins Overseas Equity Value Fund (A- and I-Class Units), Desjardins Overseas Equity Growth Fund (A- and I-Class Units), Desjardins Global Dividend Fund (A-, T- and I-Class Units) (formerly Desjardins Global Equity Value Fund), Desjardins Global All Cap Equity Fund (A-, T- and I-Class Units), Desjardins Global Small Cap Equity Fund (A- and I-Class Units), Desjardins Emerging Markets Fund (A- and I-Class Units), Desjardins Completion Investments Fund (A-, T- and I-Class Units), Desjardins Global Real Estate Fund (A-, T- and I-Class Units), SocieTerra Secure Market Portfolio, SocieTerra Balanced Portfolio, SocieTerra Growth Portfolio and the SocieTerra Growth Plus Portfolio on the investment portfolio as at September 30, 2011, the statement of net assets as at September 30, 2011 and 2010 and the statements of operations and changes in net assets for the years or periods then ended as indicated in the statements of operation of each of the Funds. Our report is dated December 8, 2011.

We consent to the use through incorporation by reference in the above-mentioned Simplified Prospectus of our reports to the securityholders of each of the Chorus II Conservative Portfolio, Chorus II Balanced Income Portfolio, Chorus II Balanced Growth Portfolio, Chorus II Growth Portfolio, Chorus II High Growth Portfolio, Chorus II Maximum Growth Portfolio, Chorus II Corporate Class Conservative Portfolio, Chorus II Corporate Class Balanced Income Portfolio, Chorus II Corporate Class Balanced Growth Portfolio, Chorus II Corporate Class Growth Portfolio, Chorus II Corporate Class High Growth Portfolio and Chorus II Corporate Class Maximum Growth Portfolio on the statement of net assets as at October 14, 2011. Our reports are dated November 1, 2011.

(signed) "PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l."<sup>1</sup>  
Montréal, Quebec  
March 28, 2012

<sup>1</sup> Chartered Accountant auditor permit No. 15492

## Certificates of the Funds, the Manager and the Promoter

This annual information form, together with the simplified prospectus and the documents incorporated therein by reference, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus as required by securities legislation in all provinces and territories of Canada and do not contain any misrepresentations

### Income Funds

Desjardins Money Market Fund  
Desjardins Short-Term Income Fund (A- and I-Class Units)  
Desjardins Canadian Bond Fund (A- and I-Class Units)  
Desjardins Enhanced Bond Fund (A- and I-Class Units)  
Desjardins Capital Yield Bond Fund (A- and I-Class Units)

### Balanced Funds

Desjardins Canadian Balanced Fund (A- and I-Class Units)  
Desjardins Québec Balanced Fund (A-, T- and I-Class Units)  
Desjardins Dividend Income Fund (A-, T- and I-Class Units)

### Canadian Equity Funds

Desjardins Dividend Growth Fund (A-, T- and I-Class Units)  
Desjardins Canadian Equity Value Fund (A-, T- and I-Class Units)  
Desjardins Canadian Equity Growth Fund (A- and I-Class Units)  
Desjardins Environment Fund (A- and I-Class Units)  
Desjardins Canadian Small Cap Equity Fund (A- and I-Class Units)

### American Equity Funds

Desjardins American Equity Value Fund (A- and I-Class Units)  
Desjardins American Equity Growth Fund (A- and I-Class Units)

### Global and International Equity Funds

Desjardins Overseas Equity Value Fund (A- and I-Class Units)  
Desjardins Overseas Equity Growth Fund (A- and I-Class Units)  
Desjardins Global Dividend Fund (A-, T- and I-Class Units)  
(formerly Desjardins Global Equity Value Fund)  
Desjardins Global All Cap Equity Fund (A-, T- and I-Class Units)  
Desjardins Global Small Cap Equity Fund (A- and I-Class Units)  
Desjardins Emerging Markets Fund (A- and I-Class Units)

### Specialty Funds

Desjardins Completion Investments Fund (A-, T- and I-Class Units)  
Desjardins Global Real Estate Fund (A-, T- and I-Class Units)

### Investment Solutions

SocieTerra Secure Market Portfolio  
SocieTerra Balanced Portfolio  
SocieTerra Growth Portfolio  
SocieTerra Growth Plus Portfolio  
Chorus II Conservative Portfolio  
Chorus II Balanced Income Portfolio  
Chorus II Balanced Growth Portfolio  
Chorus II Growth Portfolio  
Chorus II High Growth Portfolio  
Chorus II Maximum Growth Portfolio

### Corporate Class Investment Solutions

Chorus II Corporate Class Conservative Portfolio  
(Series A, T4 and T6 Shares)\*  
Chorus II Corporate Class Balanced Income Portfolio  
(Series A, T4 and T6 Shares)\*  
Chorus II Corporate Class Balanced Growth Portfolio  
(Series A, T5 and T7 Shares)\*  
Chorus II Corporate Class Growth Portfolio  
(Series A, T5 and T7 Shares)\*  
Chorus II Corporate Class High Growth Portfolio  
(Series A, T6 and T8 Shares)\*  
Chorus II Corporate Class Maximum Growth Portfolio  
(Series A, T6 and T8 Shares)\*

\*Shares of Desjardins Funds Corporate Class Inc.

**DATED** March 28, 2012

(collectively the "Funds")

DESJARDINS INVESTMENTS INC. as Manager and promoter of the Funds, as well as for and on behalf of the Trustee of the Funds other than the Corporate Funds.

(signed) "Alain Thauvette"

Alain Thauvette, President  
(signed in the capacity of Chief Executive Officer)

(signed) "François Drouin"

François Drouin, Chief Financial Officer

On behalf of the Board of Directors of Desjardins Investments Inc. in its capacity as Manager and promoter of the Funds, as well as on behalf of the Trustee of the Funds other than the Corporate Funds

(signed) "Renaud Coulombe"

Renaud Coulombe  
Director

(signed) "Yves Néron"

Yves Néron  
Director

# Certificate of Desjardins Funds Corporate Class Inc.

This Annual Information Form, together with the Simplified Prospectus and the documents incorporated therein by reference, constitute full, true and plain disclosure of all material facts relating to the securities offered by the Simplified Prospectus as required by securities legislation in all provinces and territories of Canada and do not contain any misrepresentations.

Dated March 28, 2012

(signed) "Éric Landry"

Éric Landry  
Vice-President  
Desjardins Funds Corporate Class Inc.

(signed) "François Drouin"

François Drouin  
Chief Financial Officer  
Desjardins Funds Corporate Class Inc.

## On behalf of the Board of Directors of Desjardins Funds Corporate Class Inc.

(signed) "Gregory Chrispin"

Gregory Chrispin  
Director

(signed) "Renaud Coulombe"

Renaud Coulombe  
Director

## Desjardins Funds

### Income Funds

Desjardins Money Market Fund  
Desjardins Short-Term Income Fund (A- and I-Class Units)  
Desjardins Canadian Bond Fund (A- and I-Class Units)  
Desjardins Enhanced Bond Fund (A- and I-Class Units)  
Desjardins Capital Yield Bond Fund (A- and I-Class Units)

### Balanced Funds

Desjardins Canadian Balanced Fund (A- and I-Class Units)  
Desjardins Québec Balanced Fund (A-, T- and I-Class Units)  
Desjardins Dividend Income Fund (A-, T- and I-Class Units)

### Canadian Equity Funds

Desjardins Dividend Growth Fund (A-, T- and I-Class Units)  
Desjardins Canadian Equity Value Fund (A-, T- and I-Class Units)  
Desjardins Canadian Equity Growth Fund (A- and I-Class Units)  
Desjardins Environment Fund (A- and I-Class Units)  
Desjardins Canadian Small Cap Equity Fund (A- and I-Class Units)

### American Equity Funds

Desjardins American Equity Value Fund (A- and I-Class Units)  
Desjardins American Equity Growth Fund (A- and I-Class Units)

### Global and International Equity Funds

Desjardins Overseas Equity Value Fund (A- and I-Class Units)  
Desjardins Overseas Equity Growth Fund (A- and I-Class Units)  
Desjardins Global Dividend Fund (A-, T- and I-Class Units)  
(formerly Desjardins Global Equity Value Fund)  
Desjardins Global All Cap Equity Fund (A-, T- and I-Class Units)  
Desjardins Global Small Cap Equity Fund (A- and I-Class Units)  
Desjardins Emerging Markets Fund (A- and I-Class Units)

### Specialty Funds

Desjardins Completion Investments Fund (A-, T- and I-Class Units)  
Desjardins Global Real Estate Fund (A-, T- and I-Class Units)

### Investment Solutions

SocieTerra Secure Market Portfolio  
SocieTerra Balanced Portfolio  
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SocieTerra Growth Plus Portfolio  
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Chorus II Balanced Growth Portfolio  
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Chorus II High Growth Portfolio  
Chorus II Maximum Growth Portfolio  
Corporate Class Investment Solutions  
Chorus II Corporate Class Conservative Portfolio  
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Chorus II Corporate Class High Growth Portfolio  
(Series A, T6 and T8 Shares)\*  
Chorus II Corporate Class Maximum Growth Portfolio  
(Series A, T6 and T8 Shares)\*

\*Shares of Desjardins Funds Corporate Class Inc.

Additional information about the Funds is available in their Fund Facts, their management reports of fund performance, as well as in their respective financial statements. You may obtain a copy of these documents at no cost, by calling us from the Montréal area at **514 286-3499** or toll-free at **1 866 666-1280** or from your dealer or by e-mail at [info.fondsdesjardins@desjardins.com](mailto:fondsdesjardins@desjardins.com).

These documents and other information about the Funds, such as information circulars and material contracts, are also available on the Desjardins Web site at [desjardinsfunds.com](http://desjardinsfunds.com) or at [sedar.com](http://sedar.com).

The Manager, Desjardins Investments Inc. is located at 1, Complexe Desjardins, P.O. Box 34, South Tower, Montréal, Québec, H5B 1E4.



Desjardins Investments Inc.  
Desjardins Funds Customer Service  
514 286-3499 (for the Montréal area)  
1 866 666-1280  
[info.desjardinsfunds@desjardins.com](mailto:info.desjardinsfunds@desjardins.com)

[desjardinsfunds.com](http://desjardinsfunds.com)



**Desjardins**

Cooperating in building the future