

# Notice to Unitholders



THIS LETTER IS TO ADVISE YOU OF PROPOSED CHANGES TO SOME OF YOUR INVESTMENTS; DETAILS OF THESE CHANGES ARE PROVIDED BELOW.

## RE: NOTICE OF CONVERSION INTO O- AND P-CLASS UNITS WITH REDUCED MANAGEMENT FEES (THE “NOTICE”)

On or about January 14, 2022, Desjardins Investments Inc. (“DII”), the manager of Desjardins Funds, intends to convert the F- and S-Class Units of certain Desjardins Funds into O- and P-Class Units with reduced management fees. Given that as of the date of this Notice you hold F- and S-Class Units and that you meet the eligibility criteria of the O- and P-Class Units set out in the Desjardins Funds prospectus (the “eligibility criteria”), you could benefit from the conversion as well as the reduced management fees.

Moreover, following the conversion, DII intends to pay you a lump sum equal to a retroactive reduction of the management fees as well as a positive adjustment of the return calculated from your O- and P-Class Units eligibility date.

## BENEFITS OF THE CONVERSION

The manager considers that the conversion will be beneficial to you for the reasons set out below.

– The O- and P-Class Units have reduced management fees, as set out in the table below:

DESJARDINS FUNDS <sup>1</sup>	MANAGEMENT FEES (F- AND S-CLASS UNITS) <sup>2</sup>	MANAGEMENT FEES (O- AND P-CLASS UNITS) <sup>2</sup>

<sup>1</sup> The Desjardins Funds in which you hold F- and S-Class Units in a brokerage account as of the date of this Notice.

<sup>2</sup> Before taxes.

– The O- and P-Class Units have an enhanced return potential due to the reduced management fees.

– You will continue to benefit from the same advantages offered by the Desjardins Funds, such as professionally managed portfolios.

## PAYMENT OF A LUMP SUM

Following the conversion, DII will, if you qualify, pay you a lump sum equal to a reduction of the management fees retroactive to the date on which you became eligible for the O- and P-Class Units. This lump sum will be calculated at the date of conversion and will represent the difference between the management fees for the F- and S-Class Units that you have paid and the reduced management fees for the O- and P-Class Units for the period during which you were eligible. You will also receive a positive adjustment of the return calculated in the same manner. Payment of this lump sum will be made by cheque or by deposit of units to the account in which you hold your units.

## NATURE AND IMPACT OF THE CONVERSION

On or about January 14, 2022, on condition that you meet the eligibility criteria, the relevant F- and S-Class Units of Desjardins Funds that you hold or that you will acquire in a brokerage account between the date of this Notice and the conversion date will automatically be converted into O- and P-Class Units of the same Fund and of equal value. **These changes do not require you to take any action.**

You may continue to trade these F- and S-Class Units until the conversion date.

Following the conversion, all optional plans in effect, such as preauthorized payment plans, automatic transfer plans and automatic or periodic withdrawal plans, will continue under the same terms and conditions with respect to the O- and P-Class Units. Moreover, the terms of the professional fee agreement with your Signature Service wealth management advisor will remain unchanged.

If you no longer hold any Desjardins Funds F- and S-Class Units, you will not be affected by the conversion, but you may benefit from a lump-sum amount.

## TAX IMPLICATIONS

### a) Conversion

The conversion of F- and S-Class Units into O- and P-Class Units **will not trigger any tax consequences**, regardless of whether they are held in a registered or a non-registered account.

### b) Lump-sum Amount

The tax treatment of the lump-sum amount to be paid to you will be determined based on the relevant account type (registered or non-registered account) and the method of payment (by cheque or deposit of units). If your lump-sum amount is considered a taxable event, you will receive tax slips or a letter advising you of the amount subject to tax to be reported in your tax return(s).

Please refer to the table appended to this Notice for details regarding the tax treatment of these payments. You are not required to take any action if you do not receive any tax slip or letter.

Please note that the tax slips or letter informing you of the amount subject to tax with respect to this payment will be in addition to those normally sent to you each year. We recommend that you wait until having received all your documents before filing your 2022 tax return(s).

We recommend that you consult a tax advisor for advice regarding your personal tax situation when filing your 2022 income tax return(s).

## QUESTIONS?

For a free copy of the Fund Facts for O- and P-Class Units of Desjardins Funds that you hold, contact Desjardins Funds Customer Service or visit the Desjardins Funds website at [desjardinsfunds.com](http://desjardinsfunds.com).

*If you no longer hold any Desjardins Funds F- and S-Class Units in a brokerage account, please disregard the section concerning the conversion set out in this Notice.*

Dated December 3, 2021

**DESJARDINS INVESTMENTS INC.**  
**acting as investment fund manager**  
**for DESJARDINS FUNDS**

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## TAX IMPLICATIONS – LUMP-SUM AMOUNT

ACCOUNT TYPE	PAYMENT METHOD	TAX TREATMENT	RELEVANT TAX DOCUMENT FOR YOUR 2022 TAX RETURN(S)
RRSP, RRIF, Fixed-Term Annuity RRSP, LIRA, LIF, Locked-in RRSP, RLSP, RLIF, LRIF <sup>1</sup>	Deposit of Units	Non-taxable No impact on your RRSP contribution limit	None
	Cheque <sup>2</sup>	Taxable income	<ul style="list-style-type: none"> <li>• T4RSP or T4RIF</li> <li>• RL-2 slip (for Québec residents)</li> <li>• NR4 (for non-residents)</li> </ul>
TFSA	Deposit of Units	Non-taxable No impact on your TFSA contribution limit	None
	Cheque	Non-taxable The amount will be considered a withdrawal from your TFSA and will increase your TFSA contribution room for 2023.	None
RESP	Deposit of Units	No impact on your education savings contribution limit and incentives (CESG, CLB, QESI)	
	Cheque <sup>2</sup>	Taxable income	<ul style="list-style-type: none"> <li>• T4A</li> <li>• RL-1 slip (for Québec residents)</li> <li>• NR4 (for non-residents)</li> </ul>
Non-registered <sup>3</sup>	Deposit of Units	Taxable income	Letter advising you of the amount subject to tax
	Cheque	Taxable income	
Corporate entity	Deposit of Units	Taxable income	Letter advising you of the amount subject to tax
	Cheque	Taxable income	

<sup>1</sup> If your plan has been transferred to another plan holding units of Desjardins Funds, the amount will be deposited into the plan having received the transfer. If you transferred your plan to another financial institution, an advisor will contact you to assess the possibility of transferring the amount, without tax implications, to your new plan.

<sup>2</sup> Income tax withholding at source applies.

<sup>3</sup> Includes sole proprietorships (unincorporated).