

Independent Review Committee Report to Securityholders

For the period from April 3, 2017 to December 31, 2017



MESSAGE TO SECURITYHOLDERS OF DESJARDINS EXCHANGE TRADED FUNDS

The members of the Desjardins Exchange Traded Funds' (the "ETFs") Independent Review Committee (the "IRC") submit their Annual Report to Securityholders of ETFs.

Under *National Instrument 81-107, Independent Review Committee for Investment Funds* ("NI 81-107"), which came into force in 2007, all investment funds created in Canada and that are reporting issuers are required to set up an independent committee to advise the fund manager with respect to conflicts of interest that may arise in its fund management.

Desjardins Global Asset Management Inc. ("DGAM") is the manager of the ETFs and operates in accordance with *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

The IRC's mandate is to review conflict of interest matters referred to it by the ETFs' Manager and to recommend actions to achieve a fair and reasonable result for the ETFs.

The IRC must annually review the policies and procedures adopted by the ETFs' Manager to resolve any potential conflict of interest matters. The IRC must ensure that these policies and procedures are adequate. At least once a year, the IRC must also review and assess the independence, effectiveness and compensation of its members.

The IRC works in the interest of the ETFs and, consequently, of the Securityholders. Furthermore, the IRC collaborates with the ETFs' Manager.

Securityholders of a Fund may obtain a copy of this report free of charge by contacting Desjardins ETFs Customer Service at 514-350-8686 or 1877-353-8686, or by visiting DesjardinsETF.com or sedar.com.

Marie Giguère

Chair, Desjardins Exchange Traded Funds' Independent Review Committee

Desjardins Exchange Traded Funds' Independent Review Committee Report to Securityholders (Section 4.4 of NI 81-107)

For the period from April 3, 2017 to December 31, 2017

Introduction

This report was prepared by the Independent Review Committee (the "IRC") for the Securityholders of each of the Desjardins ETFs listed at the end of this document.

Desjardins Global Asset Management Inc. ("DGAM" or the "Manager") is the Desjardins ETFs' manager, promoter and portfolio advisor.

This report was prepared in accordance with the provisions of *National Instrument 81-107, Independent Review Committee for Investment Funds* ("NI 81-107").

IRC Members

Marie Giguère, *Chair, Independent Review Committee*

Gladys Caron

Caroline Bineau

Ms. Giguère, Ms. Caron and Ms. Bineau were appointed on March 20, 2017 by Desjardins Global Asset Management Inc., under the provisions of NI 81-107.

Ms. Giguère was elected Chair of the IRC on March 20, 2017, the date on which the IRC officially assumed its responsibilities, for a term of three years.

None of the IRC members serve as members of an independent review committee for investment funds managed by another manager. IRC members' declarations show that none of its members has any relationship that would cause a reasonable person to question their independence.

FOR THE PERIOD FROM APRIL 3, 2017 TO DECEMBER 31, 2017

Ownership of Securities

As at December 31, 2017, members of the IRC did not own, in aggregate, directly or indirectly, more than 10% of the outstanding securities of any of the ETFs.

DGAM is an indirect wholly owned subsidiary of the Fédération des caisses Desjardins du Québec (the “Federation”). As at December 31, 2017, members of the IRC did not own, in aggregate, directly or indirectly, more than 0.01% of the outstanding securities of the Federation.

None of the members of the IRC owns, directly or indirectly, securities of an entity that supplies services to the ETFs or the Manager or to affiliates of the Manager.

Compensation and Indemnities

The IRC members are entitled to compensation by the ETFs. They may also be indemnified by the ETFs when circumstances so justify, and if allowed by NI 81-107.

The IRC members meet with representatives of the Manager regularly, at least semiannually. At the end of each meeting, the IRC members meet privately, without the Manager’s representatives, to freely discuss matters that involve them, as well as their concerns in this respect. The Chair then meets with one of the Manager’s representatives to share the decisions made during said private meeting, as needed.

During its last year of operations, the IRC held two regular meetings. The aggregate compensation paid by the Desjardins ETFs to the IRC members for the period ended December 31, 2017 amounts to \$32,000. This amount was allocated proportionally among the ETFs.

The initial compensation of the IRC members was set by the Manager, as stipulated in NI 81-107. Pursuant to its charter, the IRC reviews and assesses its compensation annually based on its last assessment, the number of ETFs the IRC evaluates, as well as comparable industry practices.

Charter

The IRC has drawn up its charter in collaboration with the Manager. Adopted on March 29, 2017, the charter came into force on the same date and complies with NI 81-107, on which it is largely based. No changes were brought to the charter during the period outlined in this report.

Conflict of Interest Matters

The IRC is not aware of any conflict of interest matters referred to it by the Manager in respect of which the Manager has not followed the IRC’s recommendations.

The IRC is not aware of any conflict of interest matters referred to it by the Manager in respect of which the Manager has not complied with any conditions imposed by the IRC in its recommendations or its approval, as the case may be.

During the year, the Manager complied with the policies and procedures it adopted relating to the management of potential conflict of interest situations. Where standing instructions relating to the management of conflict of interest situations were approved by the IRC, the Manager complied with those standing instructions and reported periodically to the IRC about their application.

Potential conflicts of interest matters, for which the IRC’s recommendation or approval may be required, depending on the situation, are listed below. At the start of its mandate, the IRC familiarized itself with this list, as well as the listed potential conflict of interest matters. Accordingly, the IRC has made recommendations and the Manager has made changes to this list:

1. Prohibited or inappropriate investments
2. Self-dealing
3. Short term speculation (market timing)
4. Interfund trades (cross trade)
5. Investing in securities during the distribution period of those securities or during the 60-day period after the distribution when Desjardins Securities Inc. (“DSI”), an entity related to the Manager, acts or has acted as underwriter in the distribution
6. Purchase Government Debt Securities or Non-Government Debt Securities from DSI, which holds the debt securities for its own account, or sell Government Debt Securities or Non-Government Debt Securities to DSI which buys the debt securities for its own account (principal trading)
7. Trading error, an error relating to the calculation of the net asset value (NAV) or of a distribution
8. Valuation of securities held by the Desjardins ETFs (automatic and manual)
9. Changing the auditor
10. Merging or restructuring a Desjardins ETF
11. Changing the basis for calculating or adding new fees and expenses
12. Personal transactions of DGAM employees
13. Conflict of interests of DGAM employees (external activities, gifts)
14. Proxy voting
15. Investing in underlying funds (units of a Desjardins ETF held by another Desjardins ETF)
16. Changing the portfolio manager
17. Significant trading (material positions) in a Desjardins ETF by institutional investors related to Desjardins

FOR THE PERIOD FROM APRIL 3, 2017 TO DECEMBER 31, 2017

DESJARDINS EXCHANGE TRADED FUNDS

DESJARDINS CANADIAN FIXED INCOME ETFS

Desjardins Canadian Universe Bond Index ETF

Desjardins Canadian Short Term Bond Index ETF

Desjardins 1-5 year Laddered Canadian Corporate Bond Index ETF

Desjardins 1-5 year Laddered Canadian Government Bond Index ETF

DESJARDINS CANADIAN PREFERRED SHARE ETF

Desjardins Canadian Preferred Share Index ETF

DESJARDINS MULTIFACTOR-CONTROLLED VOLATILITY ETFS

Desjardins Canada Multifactor-Controlled Volatility ETF

Desjardins USA Multifactor-Controlled Volatility ETF

Desjardins Developed ex-USA ex-Canada Multifactor-Controlled Volatility ETF

Desjardins Emerging Markets Multifactor-Controlled Volatility ETF