

# Notice of management fee rebates

Applicable to all Desjardins Funds and Portfolios



## Eligibility for preferred pricing program

As a unitholder of Desjardins Funds or of Chorus II, Melodia and SocieTerra Portfolios<sup>1</sup>, you may be eligible for the preferred pricing program for the Desjardins Funds management fee rebate.

Find out if you're eligible for the preferred pricing program.

## Preferred pricing program

As a unitholder of Desjardins Funds or of Chorus II, Melodia and SocieTerra Portfolios<sup>1</sup> (collectively, the "Desjardins Funds"), the preferred pricing program (the "Program") includes two components:

### Individual unitholder

A unitholder of Desjardins Funds with a net asset value<sup>2</sup> equal to or greater than \$100,000 is eligible for an individual management fee rebate (the "management fee rebate") under the Program.

#### SAMPLE DAILY REBATE CALCULATIONS 1 BASIS POINT (BPS) = 0.01% (0.0001)

##### EXAMPLE 1 CLIENT A – \$200,000

| MARKET VALUE          | REBATE RATE            | DAILY WEIGHTING                     | REBATE                         |
|-----------------------|------------------------|-------------------------------------|--------------------------------|
| Funds<br>\$125,000    | \$100,000<br>x 2.5 bps | 365 days x<br>(\$125,000/\$200,000) | = \$0.1541/day<br>\$56.25/year |
| Portfolio<br>\$75,000 | \$100,000<br>x 6.5 bps | 365 days x<br>(\$75,000/\$200,000)  | = \$0.0925/day<br>\$33.75/year |

**TOTAL REBATE: \$90**

*The individual rebate applies (before taxes)*

### Unitholders grouped by household<sup>3</sup>

A household, defined as being all the occupants of the same residence, whose principal investor is a unitholder of Desjardins Funds with a **net asset value<sup>2</sup> equal to or greater than \$250,000**, is eligible for a household management fee rebate (the "household rebate", and together with the management fee rebate, the "rebates") under the Program. If certain conditions are met, all participants eligible for a household rebate benefit from the same management fee rebate rates. The latter is determined based on the total market value of Desjardins Funds units for all household participants.

#### SAMPLE DAILY REBATE CALCULATIONS 1 BASIS POINT (BPS) = 0.01% (0.0001)

##### EXAMPLE 2 CLIENT B AND C – \$380,000

| MARKET VALUE  | REBATE RATE   | DAILY WEIGHTING                     | REBATE                          |
|---|---|-------------------------------------|---------------------------------|
| Client B<br>Portfolio<br>\$105,000  | \$100,000 x<br>2.5 pbs                                | 365 days x<br>(\$105,000/\$380,000) | = \$0.1862/day<br>\$67.97/year  |
| Client C<br>(principal investor)<br>Portfolio<br>\$250,000<br>Funds<br>\$25,000 | \$150,000 x<br>6.5 pbs<br>+<br>\$130,000 x<br>9.5 pbs | 365 days x<br>(\$275,000/\$380,000) | = \$0.4877/day<br>\$178.03/year |

**HOUSEHOLD REBATE: \$246**

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

## Calculation of management fee rebates

When you meet all the Program's eligibility conditions and you qualify for a management fee rebate or a household rebate, the rebate is calculated and paid as follows:

- + The net asset value of your Desjardins Funds is determined at the end of each business day<sup>4</sup> ("daily market value").
- + The rebate rates on the management expense ratio (MER)<sup>5</sup> are applied in tiers based on the daily market value:

| DAILY MARKET VALUE                  | REBATE RATE IN BASIS POINTS (before taxes) |
|-------------------------------------|--|
| On the first \$100,000              | 2.5 bps                                    |
| On the next \$150,000               | 6.5 bps                                    |
| On the next \$250,000               | 9.5 bps                                    |
| On the next \$500,000               | 11.5 bps                                   |
| On the next \$4,000,000             | 13.5 bps                                   |
| On the amount exceeding \$5,000,000 | 15.5 bps                                   |

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

## Payment of management fee rebates

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

# Tax treatment of management fee rebates

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

## REGISTERED ACCOUNTS

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

## NON-REGISTERED ACCOUNTS

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

For more information regarding management fee rebates applicable to the Desjardins Funds, consult your representative.

**This notice is not a legal or tax document. Investors should consult a tax advisor to get information specific to their situation.**

- <sup>1</sup> Even though the total amount of net assets invested in Desjardins Funds Class F, S, C, and R units is used to determine the daily market value, only Class F, S, C-FE and R-FE units can benefit from the management fee rebate under the Program.
- <sup>2</sup> The net asset value corresponds to the total value of net assets, excluding any front- or back-end loads.
- <sup>3</sup> Please consult the "Household account grouping form" to find out more about the Program.
- <sup>4</sup> Any day the Toronto Stock Exchange is open for business.
- <sup>5</sup> You can find the MER in part A of the Simplified Prospectus, which is available in the Investor Resources section of the [desjardinsfunds.com](http://desjardinsfunds.com) website.
- <sup>6</sup> TFSA: Tax-free savings account  
LIRA: Locked-in retirement account  
RRIF: Registered retirement income fund  
LIF: Life income fund  
RESP: Registered education savings plan  
RRSP: Registered retirement savings plan

Desjardins Funds are not guaranteed, their value fluctuates frequently and their past performance is not indicative of their future returns. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Desjardins Funds are offered by registered dealers.

