

Information on Conflicts of Interest

Desjardins Financial Security Investments Inc., which also operates under the business name SFL Investments, a financial services firm (hereinafter, the "Dealer"), is a mutual fund dealer registered in all Canadian provinces and territories and is also registered as a restricted dealer in Quebec. Products offered through the Dealer include mutual funds, principal protected notes, guaranteed investment certificates (GICs), hedge funds and labour-sponsored funds.

This summary provides you with information on the nature and scope of certain conflicts of interest that could affect the products and services provided to you by the Dealer.

1. Conflicts of Interest: Our Responsibilities

Our advisors must deal fairly, honestly and in good faith with clients, observe high standards of ethics and conduct in the transaction of business, and refrain from engaging in any business conduct or practice which is unbecoming or detrimental to the public interest.

It is important that you are informed of existing or potential conflicts of interest which could arise in the course of the Dealer's activities. A conflict of interest arises when the interests of different persons, for example those of a client and those of the Dealer or 1 of its advisors, are incompatible or divergent.

The Dealer takes reasonable measures to identify any material conflicts of interest that exist or that it can reasonably expect to arise. A material conflict of interest is one where the conflict may be reasonably expected to affect either of the following, or both: 1) the decisions of the client in the relationship or 2) the recommendations or decisions of the advisor in the relationship.

The Dealer assesses the level of risk associated with each conflict and avoids any circumstances that involve a serious conflict of interest or that present an important risk for its clients. In any other situation involving a conflict of interest, the Dealer ensures that appropriate measures are put in place to effectively control the conflict.

2. Relationships with Related or Connected Issuers

The following section lists relationship and product information to help you make an informed choice by describing any affiliation between the Dealer and the following issuers which may be recommended by your advisor. When there is a connection between the Dealer and an issuer, a potential conflict of interest exists. The Dealer mitigates this risk by putting in place policies and procedures to ensure that there are no incentives, financial or otherwise, to sell related issuers' products over the products of another issuer.

The Dealer is a wholly owned subsidiary of Desjardins Financial Security Life Assurance Company, a provider of life and health insurance and retirement savings products, and is therefore an indirect subsidiary of the Fédération des caisses Desjardins du Québec. The following entities may be considered issuers related or connected to the Dealer:

- Desjardins Trust Inc.
- NEI Funds
- Desjardins Funds
- The Fédération des caisses Desjardins du Québec

3. Outside Activities

Where permitted and approved by the Dealer, your advisor may engage in certain activities outside of their mutual fund registration. We require that these activities be disclosed to the Dealer and approved prior to the advisor engaging in them, and we require the advisor to monitor and fully disclose certain activities to clients so that clients are aware these activities are not conducted through or supervised by the Dealer. In addition, advisors are required to disclose to clients, in writing, any outside activity which may give rise to a potential or actual conflict of interest.

4. Information on Compensation and Fees and Charges

The following section lists fee and compensation structure information to help you make an informed choice by explaining charges, fees, commissions and compensation received by your advisor and the Dealer related to sales and the servicing of your account. The Dealer mitigates the risk of an advisor selling you a product that does not meet your needs by ensuring that account transactions flow through the Dealer and are reviewed for suitability, including the fee structure selected. For more information regarding suitability, please contact your advisor or refer to the Relationship Disclosure document provided to you by your advisor when you opened your account. You can request a copy of the Relationship Disclosure document through your advisor, at any time.

The Dealer and its advisors receive a commission from the fund company or fees agreed to by clients when they purchase investment products. The amount of commission earned depends on which type of asset class is purchased and on whether the investment products were purchased on a front-end load fee basis or deferred sales charge basis, or if they are held in a fee-for-service account.

Front-End Load Fees

Front-end load (FEL) fees are deducted from the original investment. A corresponding commission is then paid to the Dealer and to the advisor. The exact amount of the FEL fee which may be charged is described in the mutual fund prospectus or Fund Facts document. For a client who chooses an FEL fee structure, the exact amount of the fee charged is negotiated with their advisor on a per-transaction basis.

Deferred Sales Charges

Deferred sales charges (DSC) have a declining fixed rate over a specific number of years. In this fee structure, the client will not pay any commission up front; however, should the client redeem any units from the investment fund during the DSC period, the applicable fee will apply. The exact number of years where DSC charges may apply to a redemption and the amount of the fee are described in the mutual fund prospectus or the Fund Facts document. Every year, a client may redeem up to a certain percentage of the units fee free (generally 10%), even during the DSC period. After the DSC period, the client may redeem unlimited units without penalty. The Dealer and its advisors earn a commission paid directly by the mutual fund company when a client purchases a mutual fund on a DSC basis.

Trailer Fees

The fund company continues to pay the Dealer and your advisor a commission for as long as you hold fund units. The commission, commonly referred to as a trailer fee, is intended to recognize the ongoing service and advice provided by your advisor. The trailer fee is included in the management fee, and the rate depends on which of the above-mentioned sales charge options you choose.

Fee-For-Service Accounts/Investments

With a fee-for-service account/investment, you agree to pay fees in return for the advice provided to you by your advisor concerning the trading and management of eligible securities. These fees are collected by the mutual fund company, an intermediary or the Dealer, and a portion of these fees are paid to your advisor. Your advisor does not receive any commissions from the investment funds in this type of account. If you choose to pay your advisor on a fee-for-service basis, you will complete an agreement together outlining the details of the fee-for-service account.

Referral Commission

Your advisor may refer you to a service or investment provider through a referral arrangement available through the Dealer. Any compensation (monetary or non-monetary) received by your advisor and/or the Dealer from the referral is explained in the Referral Disclosure document, which you are required to sign to evidence your consent in order for the referral arrangement to be effective. It is important to note that products or services provided through the referred entity/individual are not offered or supervised by the Dealer.

Other Incentives

Your advisor may qualify for additional compensation, such as bonuses and non-monetary benefits like travel incentives. This compensation is based upon the gross revenue earned by your advisor, and not specific investments. Investments through the Dealer are supervised to ensure that they are suitable for you, in respect of your personal information, including your Know Your Client (KYC) information. For more information regarding KYC, please contact your advisor or refer to the Relationship Disclosure document provided to you by your advisor when you opened your account. You can request a copy of the Relationship Disclosure document through your advisor, at any time.