

# Independent Review Committee Report



## To Security Holders

for the period from January 1, 2023 to December 31, 2023

### MESSAGE TO SECURITY HOLDERS 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 Security holders of the ETFs.

Under National Instrument 81-107 respecting *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 Security holders. Furthermore, the IRC collaborates with the ETFs' Manager.

Security holders in a Fund may obtain a copy of this report free of charge by contacting Desjardins ETFs Customer Service at 514 350-8686, 1 877 353-8686 or by visiting [DesjardinsETF.com](https://DesjardinsETF.com) or [sedar.com](https://sedar.com).

A handwritten signature in black ink, appearing to read "Marie Giguère".

**Marie Giguère**

Chair, Desjardins Exchange Traded Funds' Independent Review Committee

# INDEPENDENT REVIEW COMMITTEE REPORT TO SECURITY HOLDERS

## Desjardins Funds' Independent Review Committee

### Report to Security Holders

(Section 4.4 of NI 81-107)

For the period from January 1, 2023 to December 31, 2023

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## 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. DGAM is an indirect wholly owned subsidiary of the Desjardins Group.

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

## IRC Members

Marie Giguère, *Chair, Independent Review Committee*

Caroline Bineau

Marco Bouchard

Ms. Giguère was 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. Ms. Giguère was reappointed by the Committee, with the ETFs Manager's agreement, as a member and Chair of the IRC in March 2020 for a further three years.

Ms. Giguère was reappointed by the Committee, with the ETFs Manager's agreement, as a member and Chair of the IRC in March 2023 for an additional year.

Ms. Bineau was appointed on March 20, 2017 by Desjardins Global Asset Management Inc., under the provisions of NI 81-107. Ms. Bineau was reappointed by the Committee as a member of the IRC, with the ETFs Manager's agreement, in March 2020 for a further three years.

Ms. Bineau was reappointed by the Committee, with the ETFs Manager's agreement, as a member of the IRC in March 2023 for a further three years.

Mr Bouchard was appointed by the Committee on March 1st, 2018. M. Bouchard was reappointed by the Committee as a member of the IRC, with the ETFs Manager's agreement, in March 2021 for a further 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 them has any relationship that would cause a reasonable person to question their independence.

## Ownership of Securities

As at December 31, 2023, 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, 2023, 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 the Manager or 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 semi-annually. 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, 2023 amounts to \$42,000. 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.

# INDEPENDENT REVIEW COMMITTEE REPORT TO SECURITY HOLDERS

## FOR THE PERIOD FROM JANUARY 1, 2023 TO DECEMBER 31, 2023

### 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.

The Manager stated that, throughout the year, it 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.

During the year, the Manager filed two cases for IRC approval. In each of the cases, the IRC issued its approval. The IRC also received from the Manager the required disclosures in accordance with the standing instructions:

- 1) Standing instruction concerning the investment in security classes of an issuer where a related party acts as underwriter
- 2) Standing instruction concerning a transaction on securities with an entity that is a member of the Desjardins Group
- 3) Standing instruction concerning the investment in unlisted debt securities of a related entity

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 beginning 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. Inter-fund trades (Cross trade)
5. Investing in securities during the period of distribution of those securities or during the period of 60 days after the distribution when Desjardins Securities Inc. (DSI), an entity related to the Manager, acts or has acted as underwriter in the distribution
6. Purchasing Government Debt Securities or Non-Government Debt Securities from DSI, which holds the debt securities for its own account, or selling 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 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 JANUARY 1, 2023 TO DECEMBER 31, 2023**

**DESJARDINS EXCHANGE TRADED FUNDS**

**INCOME ETFS**

Desjardins Canadian Universe Bond Index ETF (DCU)  
Desjardins RI Active Canadian Bond – Net-Zero Emissions Pathway ETF (DRCU)  
Desjardins Canadian Short Term Bond Index ETF (DCS)  
Desjardins 1-5 year Laddered Canadian Corporate Bond Index ETF (DCC)  
Desjardins 1-5 year Laddered Canadian Government Bond Index ETF (DCG)  
Desjardins Canadian Preferred Share Index ETF (DCP)

**CANADIAN EQUITY ETFS**

Desjardins RI Canada – Net-Zero Emissions Pathway ETF (DRMC)  
Desjardins RI Canada Multifactor – Net-Zero Emissions Pathway ETF (DRFC)

**AMERICAN EQUITY ETFS**

Desjardins RI USA – Net-Zero Emissions Pathway ETF (DRMU)  
Desjardins RI USA Multifactor – Net-Zero Emissions Pathway ETF (DRFU)  
Desjardins SocieTerra American Equity ETF (DSAE)

**GLOBAL AND INTERNATIONAL EQUITY ETFS**

Desjardins RI Developed ex-USA ex-Canada Multifactor - Net-Zero Emissions Pathway ETF (DRFD)  
Desjardins RI Emerging Markets Multifactor - Net-Zero Emissions Pathway ETF (DRFE)  
Desjardins RI Global Multifactor – Fossil Fuel Reserves Free ETF (DRFG)  
Desjardins RI Emerging Markets – Net-Zero Emissions Pathway ETF (DRME)  
Desjardins RI Developed ex-USA ex-Canada Net-Zero Emissions Pathway ETF (DRMD)

**ALTERNATIVE ETF**

Desjardins Alt Long/Short Equity Market Neutral ETF (DANC)  
Desjardins Alt Long/Short Equity Market Neutral ETF – US\$ Hedged (DANC.U)  
Desjardins Alt Long/Short Global Equity Markets ETF – CA\$ Hedged (DAMG)  
Desjardins Alt Long/Short Global Equity Markets ETF – US\$ Hedged (DAMG.U)