

# Letter of Direction



**Desjardins**  
**Financial Security<sup>®</sup>**  
Investments Inc.





**DISCLOSURE STATEMENTS (CHECK ALL APPROPRIATE STATEMENTS) – Optional for Quebec clients.**

In deciding to proceed with these switches, the following has been explained to me and I understand the following:

**ADDITIONAL FEES AND COSTS**

- Redemption fees will be deducted from the value of my existing investment by the current fund company as a result of electing to switch to a new fund company. Approximate redemption charge: \$ \_\_\_\_\_
- If a new fund is purchased on a deferred sales charge (DSC) basis, I will begin a new DSC period during which redemption fees may be charged by the new fund company. New redemption period: \_\_\_\_\_ years
- If a new fund is purchased on a front-end sales charge (FEL) basis, up front service charges may be applied against my new investment. Approximate FEL fee: \$ \_\_\_\_\_

**TAX IMPLICATIONS**

If my investments are non-registered, any growth in the value of my fund at redemption is subject to taxation, and has been explained by my representative.

**COMMISSIONS**

- A commission will be paid to my representative and DFS Investments ( \_\_\_\_\_ %) as a result of the purchase of my new Mutual funds.
- If the authorized trades are placed in FEL funds, my representative's trailing commission will increase as a result of this trade with no additional cost to me.

**7. COMMISSION SPLIT (Maximum 99%)**

ASSIGN _____ % TO _____	REPRESENTATIVE CODE [ ][ ][ ][ ][ ][ ]	DEALER CODE [ ][ ][ ][ ][ ][ ]
ASSIGN _____ % TO _____	REPRESENTATIVE CODE [ ][ ][ ][ ][ ][ ]	DEALER CODE [ ][ ][ ][ ][ ][ ]

**8. SPECIAL INSTRUCTIONS – Indicate the fee discussion notes and recommendation / summary / notes regarding transactions with LTA.**

**9. TRANSACTIONS WITH LIMITED TRADING AUTHORIZATION (LTA)**

INSTRUCTIONS RECEIVED BY  FAX  E-MAIL  PHONE  OTHER \_\_\_\_\_ ON \_\_\_\_\_ DD/MM/YYYY AT \_\_\_\_\_ TIME  A.M.  P.M.

PERSON GIVING THE ORDER  OWNER  CO-OWNER  OTHER (specify – e.g.: POA) \_\_\_\_\_

**10. AUTHORIZATION**

I, the undersigned, acknowledge that I received the prospectus or simplified prospectus for the Mutual funds I purchased or, if applicable, the contract and the information folder for the Segregated funds I purchased and accept the conditions described.

I, the undersigned, acknowledge that I have read and have been explained all subjects detailed at the back of this form: Deferred sales charge (DSC) fees disclosure, Investment yield, Pre-authorized debit agreement, Personal Information Management, Checking Written Communication, Election of Domicile, Legal Entity, Relationship between DFS Investments and Desjardins Trust Inc., Relationship between DFS Investments and NorthWest & Ethical Investments L.P., Other Activities and Disclosure Document on Leveraging.

**GUARANTEED SIGNATURE STAMP**

**Pre-authorized debit agreement (PAD):** I, the undersigned, authorize DFS Investments to debit my account held at the financial institution indicated in section 5 of this form according to the period and amounts indicated in section 4. Moreover, I acknowledge having read the terms and conditions regarding the PAD at the back of this form and I understand them. I acknowledge receipt of a copy of this agreement and I understand that **I will not receive any other confirmation prior to the first payment.**

Signed in the province of \_\_\_\_\_

_____ OWNER SIGNATURE	_____ DATE (DD/MM/YYYY)	_____ JOINT OWNER SIGNATURE	_____ DATE (DD/MM/YYYY)
_____ REPRESENTATIVE SIGNATURE	_____ DATE (DD/MM/YYYY)	_____ BRANCH/CO-BRANCH MANAGER SIGNATURE	_____ DATE (DD/MM/YYYY)

#### DEFERRED SALES CHARGE (DSC) FEES DISCLOSURE

The purchase of Mutual funds and other investment products may be subject to initial sales charge (front-end sales charges) or to redemption fees (deferred sales charge). Please refer to the prospectus to determine the impact of applicable fees.

#### INVESTMENT YIELD

The value of any money is not guaranteed and past yield does not guarantee future yield.

#### PRE-AUTHORIZED DEBIT (PAD) AGREEMENT (section 4)

#### CHANGE, CANCELLATION OR REIMBURSEMENT

I shall inform DFS Investments, within 10 business days of the next PAD, of any changes to this agreement.

I may cancel this agreement at any time upon notification within 10 business days of the next PAD. Cancellation of this agreement does not terminate or alter my obligation towards my account(s) held at DFS Investments. DFS Investments may cancel the PAD agreement by providing me with a 30-day written notice to this effect. A cancellation may occur, when automatic withdrawals are refused by the financial institution regardless of the reason.

I have certain recourse rights if any debit does not comply with this agreement. For example, I have the right to receive reimbursement for any debit that is not authorized or is not consistent with this PAD Agreement. To obtain a sample cancellation form or more information on my recourse rights, I may contact my financial institution or visit [www.cdnpay.ca](http://www.cdnpay.ca).

#### AUTHORIZATION TO COLLECT AND COMMUNICATE PERSONAL INFORMATION

I agree that personal information in this agreement may be disclosed to the financial institution of DFS Investments and to the owner of the account(s) held at DFS Investments.

#### PERSONAL INFORMATION MANAGEMENT

DFS Investments handles your personal information in a safe and confidential manner. DFS Investments keeps this information on file so that you may benefit from the Company's various financial services (savings, investments, loans, etc.). This information is consulted solely by DFS Investments employees and agents who need to do so in the course of their work or in the normal process of business. You have the right to consult your file.

You may also have information corrected if you demonstrate that it is inaccurate, incomplete, ambiguous or not useful. To do so, you must send a written request to the following address:

Privacy Officer  
Desjardins Financial Security Investments Inc.  
200, rue des Commandeurs  
Lévis (Québec) G6V 6R2

DFS Investments may send information on its promotions or offer new products to those whose names appear on its client list. DFS Investments may also give its client list to another component of the Desjardins Group for the same purposes. If you do not wish to receive these offers, you may have your name removed from these lists. To do so, you must send a written request to the Privacy Officer at DFS Investments. To get more information, you can call us at 1-877-647-5435 or write to the following e-mail address: [service@dfsinvestments.ca](mailto:service@dfsinvestments.ca).

#### CHECKING WRITTEN COMMUNICATION

In the event of any error, the owner must notify DFS Investments within 30 days following the receipt of the trade confirmation or the statement of account, except any amount that may have been credited by mistake in the account.

#### ELECTION OF DOMICILE

##### Applicable for clients who live in Quebec and whose representatives live in another province

Whereas DFS Investments is a financial services firm registered in the province of Quebec under the provisions of the Act Respecting the Distribution of Financial Products and Services;

Whereas DFS Investments is involved in maintaining securities accounts for holders;

The province of Quebec resident agrees that the Quebec laws shall apply to all aspects or the relationship between DFS Investments and himself/herself, in accordance with the provisions of the Hague Convention on the Law Applicable to Certain Rights in Respect of Securities Held with an Intermediary.

#### LEGAL ENTITY

The firm DFS Investments is a wholly owned subsidiary of Desjardins Financial Security Life Assurance Company, and is also a separate legal entity from Desjardins Financial Security Life Assurance Company.

#### RELATIONSHIP BETWEEN DESJARDINS FINANCIAL SECURITY INVESTMENTS INC. AND DESJARDINS TRUST INC.

DFS Investments is the agent designated by Desjardins Trust Inc. to administer registered self-directed accounts.

#### RELATIONSHIP BETWEEN DESJARDINS FINANCIAL SECURITY INVESTMENTS INC. AND NORTHWEST & ETHICAL INVESTMENTS L.P.

DFS Investments and its salespeople may from time to time recommend that you trade in securities of the NorthWest Funds and Ethical Funds (the Funds). DFS Investments and the Funds are entities of the Desjardins Group. The manager of the Funds, Northwest & Ethical Investments L.P., and DFS Investments are both indirect subsidiaries of the Fédération des caisses Desjardins du Québec.

#### OTHER ACTIVITIES

In addition to the sale of Mutual funds, your representative may be engaged in other activities of a financial service nature. Securities laws require that your representative disclose to you his/her other activities, the service(s) and products he/she provides, how they are compensated (if at all), and the entity through which they are provided. It is, therefore, important that you are aware of the following:

- Which activities, services, or products are being provided by your representative through DFS Investments and which are not; and
- If such activities, services, or products are not provided through DFS Investments, supervision of these other activities, services or products will not be provided by DFS Investments, and you therefore should not rely on DFS Investments for any review of these activities, services or products; and
- If such activities, services, or products are not provided through DFS Investments, DFS Investments will not be held liable for any errors or omissions as a result of these other activities or services performed by your representative.

#### DISCLOSURE DOCUMENT – BORROWING MONEY TO BUY SECURITIES (LEVERAGING)

##### **Risks of Borrowing for Purchasing Investments**

Mutual fund units and other securities may be purchased using available cash or a combination of cash and borrowed money. If cash is used to pay for the purchase in full, the percentage gain or loss will equal the percentage increase or decrease in the value of the securities. The purchase of securities using borrowed money magnifies the gain or loss on the cash invested. This effect is called leveraging. For example, if \$100,000 of Mutual fund units are purchased and paid for with \$25,000 from available cash and \$75,000 from borrowings, and the value of the fund units declines by 10% to \$90,000, your equity interest (the difference between the value of the securities and the amount borrowed) has declined by 40%, i.e. from \$25,000 to \$15,000. It is important that an investor proposing to borrow for the purchase of securities be aware that a purchase with borrowed monies involves greater risk than a purchase using cash resources only. To what extent a purchase using borrowed monies involves undue risk is a determination to be made by each purchaser and will vary depending on the circumstances of the purchaser and the securities purchased.

You have to keep in mind that if you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.

##### **Financial Resources Required for Investments Purchased with Borrowed Funds**

It is also important that the investor be aware of the terms of a loan secured by securities. The lender may require that the amount outstanding on the loan not rise above an agreed percentage of the market value of the securities. Should this occur, the borrower must pay down the loan or sell the securities so as to return the loan to the agreed percentage relationship. In our example above, the lender may require that the loan not exceed 75% of the market value of the Mutual fund units. On a decline of value of the units to \$90,000 the borrower must reduce the loan to \$67,500 (75% of \$90,000). If the borrower does not have cash available, the borrower must sell units at a loss to provide money to reduce the loan.

Money is, of course, also required to pay interest on the loan. Under these circumstances, investors who use borrowed funds to purchase their investments are advised to have adequate financial resources available both to pay interest and also to reduce the loan if the borrowing arrangements require such a payment.

Where **quality** and  
**service** meet

