



EXERCISE YOUR
**VOTING
RIGHTS**

(details on page 6)

NOTICE OF MEETING

Special Meeting of Shareholders
of the Fonds de solidarité FTQ

AND

MANAGEMENT PROXY CIRCULAR

For the Special Meeting of Shareholders
to be held on May 27, 2019

NOTICE OF MEETING

Notice is hereby given that the Special Meeting of Shareholders of the Fonds de solidarité FTQ will be held in Laval, at Sheraton Laval, 2440 Autoroute des Laurentides, Laval, Québec, H7T 1X5, on Monday, May 27, 2019, at 2:00 p.m.

Agenda

1. Call to order of the Special Meeting;
2. Reading and adoption of the Agenda;
3. Submission of the amendment to the share capital in order to create Class “C” Shares and ratification of By-Law No. 70.

The Board of Directors of the Fonds de solidarité FTQ has set March 29, 2019, as the record date for the purpose of the Special Meeting of Shareholders of the Fonds de solidarité FTQ (the “Meeting”). Shareholders registered on the books of the Fonds de solidarité FTQ at 11:59 p.m. on March 29, 2019, will be entitled to receive notice of and to vote at the Meeting in person or by proxy.

Dear Shareholders,

It is with great enthusiasm that we invite you to attend, on May 27, a special meeting that will mark a new milestone in the Fonds de solidarité FTQ's development. You will in fact have the opportunity to vote on a project that is important to us, the creation of new savings vehicles specifically designed to better suit the needs of our shareholders.

These products will not only better align with the financial reality of many shareholders, but they will also allow us to further support Québec businesses and even more quality jobs. In short, this is good news for investors who wish to continue to support the Fonds's mission and contribute to our economy!

Exercise your voting rights!

As a shareholder of the Fonds de solidarité FTQ, you have an opportunity to cast your vote on this project at this Special Meeting. We hope that you participate in large numbers to our shareholder democracy; this is why we offer you multiple ways to exercise your voting rights. You may vote in person at the May 27 meeting, but you can also vote online, by phone, by mail, by fax or by email.

Detailed instructions are provided in the attached voting form. You may also mandate someone else to vote on your behalf. To do so, fill out the proxy form and follow the instructions.

We look forward to a great turnout at this Special Meeting.

(signed) "Claude Séguin"

Claude Séguin

Chairman of the Board of Directors

(signed) "Gaétan Morin"

Gaétan Morin

President and Chief Executive Officer

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MANAGEMENT PROXY CIRCULAR

1. ENTRY IN THE RECORDS

All holders of record of full Class «A» Shares, Series 1 and Series 2, at 11:59 p.m. on March 29, 2019, are entitled to receive the notice of meeting and the management proxy circular and to vote at the Meeting.

2. VOTING AND GENERAL PROXY INFORMATION

2.1 Persons Making the Solicitation

This circular is provided to the shareholders of the Fonds de solidarité FTQ by management of the Fonds de solidarité FTQ for use at the Meeting. Shareholders may access the circular through the Fonds de solidarité FTQ's website or by submitting a request to the Saving Services Department of the Fonds de solidarité FTQ.

2.2 Voting and Proxy Instructions

Shareholders may exercise their voting rights in person or by proxy.

To exercise the right to vote in person, shareholders must attend the Meeting which will be held in Laval at **2:00 p.m. on Monday, May 27, 2019**, at the place and for the purposes set forth in the notice of meeting. Shareholders should bring their proxy form with them.

Shareholders who are unable to attend the Meeting, which will be held in Laval at **2:00 p.m. on Monday, May 27, 2019**, at the location and for the purposes set forth above in the section entitled "*Notice of Meeting*", may vote by proxy prior to the Meeting, either online or by telephone, mail, email or fax. The procedure for voting by proxy prior to the Meeting is detailed in the proxy form attached to the notice of meeting. If a shareholder votes by proxy, the AST Trust Company (Canada) ("AST") must receive the signed proxy form or the shareholder must have voted online or by telephone before 4:45 p.m. on Thursday, May 23, 2019.

Shareholders may also give their proxy form to the proxyholder of their choice to exercise their voting rights at the Meeting. The proxyholder need not be a shareholder but must be present at the Meeting. If your proxyholder attends the

Meeting, you must give him or her your duly completed proxy form sufficiently in advance for him or her to deliver it to AST by mail, by fax or by email, so that said proxy form may be processed before 4:45 p.m. on Thursday, May 23, 2019.

All proxies received without an expressly appointed proxyholder and without voting instructions will be automatically assigned on a 50-50 basis to Claude Séguin, Chairman of the Board, and Daniel Boyer, First Vice-Chair of the Board, as the representatives of the Fonds de solidarité FTQ and the shareholder's proxyholders.

Shareholders may exercise their voting rights online at www.astvotemyproxy.com before 4:45 p.m. on May 23, 2019.

2.3 Voting Results

After the Meeting, the Fonds de solidarité FTQ will publish a press release indicating the voting results as soon as possible. The press release will be filed with the Autorité des marchés financiers (the "AMF") on the SEDAR website. The voting results will also be announced at the Meeting and will be available directly on the Fonds de solidarité FTQ's website.

2.4 Voting Rights

All holders of record of full Class "A" Shares, Series 1 and Series 2, as at 11:59 p.m. on March 29, 2019, will be entitled to vote in person or by proxy. In case of a vote by secret ballot, they are entitled to one (1) vote per fully paid voting share registered in the shareholder's name in the Fonds de solidarité FTQ's records. In case of a vote by show of hands, the shareholders or their proxyholders are entitled to one (1) vote.

3. FLEXIFONDS – CREATION OF INNOVATIVE SAVINGS PRODUCTS

Following a strategic planning process, the Fonds de solidarité FTQ wishes to diversify its savings products offering in order to increase its support of Québec's economy and to better assist its shareholders, especially those shareholders who are in the process of redeeming their shares of the Fonds de solidarité FTQ, without veering away from its unique mission and complementary role in Québec's financial ecosystem. The Fonds de solidarité FTQ already offers the segregated Sécurifonds in association with SSQ Assurance, but now wishes to extend its offering by developing new savings products for its shareholders, as well as for Québec investors. These new savings products will include products with different investment profiles from which to choose from, and such products will not be subject to the restrictive redemption conditions to which shares currently issued by the Fonds de solidarité FTQ are subject to, in part because these new products will not benefit from any tax credits for labour-sponsored funds.

3.1 Mutual Fund

The Fonds de solidarité FTQ intends to create and market mutual funds (the "FlexiFonds"). A mutual fund is a type of investment fund generally established as a trust, in which money invested by persons with similar investment objectives is pooled together. Any person investing in a mutual fund is issued units of such mutual fund which represent this person's percentage of ownership of the mutual fund's aggregate value. By doing so, this person becomes a mutual fund unitholder.

The unitholders' investments are managed by professionals who act as portfolio managers. These managers make investment decisions (purchasing or selling securities of different issuers) they deem necessary to meet the mutual funds' investment objectives. The portfolio manager invests the assets in accordance with the mutual fund's investment objective. The portfolio so constituted may be invested in several different securities at the same time, thus achieving a level of investment diversification which is often superior to the level an individual investor could achieve.¹

Unitholders share the mutual fund's income, expenses, and the gains and losses the fund makes on its investments in proportion to the units they own. Generally, unitholders may withdraw their investment in a mutual fund at any time by requesting the redemption of their units. A mutual fund unit's redemption price depends on the aggregate value of the mutual fund at a given time (i.e., the net asset value). More specifically, a mutual fund unit's redemption price is computed on a daily basis, based on the mutual funds' net asset value, divided by the number of units of the mutual fund.

In short, mutual funds provide the following benefits to investors:

Professional Management. With mutual funds, investors can benefit from the knowledge and experience of portfolio managers.

Diversification. Most investors would benefit from having a well-diversified portfolio. By diversification, we mean investing in several different securities and asset categories (for example, an average investor alone may not be able to invest in shares of corporations from different sectors – e.g., industrial, technology, financial services, consumer products, energy and health sectors – as well as in governmental and corporate bonds because of the individual cost of each investment).

Wide Range of Mutual Funds. In the savings business, investors may choose among various types of mutual funds, including income funds, equity funds, diversified funds or specialty funds.

Liquidity. Mutual fund unitholders may promptly and easily dispose of their investment.

¹ It should be noted that a significant portion of the FlexiFonds' assets will be composed of shares of the Fonds de solidarité FTQ, which are valued semi-annually. See "Risks Related to New Savings Products – FlexiFonds" on this matter.

3.2 The FlexiFonds Mutual Funds

3.2.1 Description of the new savings products - FlexiFonds

In order to remain true to the Fonds de solidarité FTQ's mission to support Québec's businesses and economy, each of the three proposed FlexiFonds funds will consist of 70 % of assets related to Québec's economy. With respect to this 70 % portion, the objective of each FlexiFonds will be to invest 30 % of its assets in shares of the Fonds de solidarité FTQ, such shares being considered as a Québec asset (in this document, it is understood that when we refer to asset allocation percentages, such percentages constitute targets). By doing so, the Fonds de solidarité FTQ will add additional amounts to its assets which will enable it to increase its support to Québec's economy. The FlexiFonds 30% investment of its assets in shares of the Fonds de solidarité FTQ requires obtaining from the Autorité des marchés financiers an exemption for the FlexiFonds of certain restrictions provided for in Québec's securities regulations. Given the scope and innovative nature of these new savings products, the Autorité des marchés financiers held a public consultation process from January 17 to March 22, 2019. This consultation's objective was to inform stakeholders about the parameters of the new products and to solicit their feedback.

In order to allow the FlexiFonds to hold shares of the Fonds de solidarité FTQ and to provide their unitholders with a right to redeem their units upon request, the Fonds de solidarité FTQ wishes to modify its share capital by amending its articles in order to be authorized to issue a new class of shares designated as "Class 'C' Shares". These new Class "C" Shares would be issued by the Fonds de solidarité FTQ and would have the rights, privileges, conditions and restrictions described under "*Attributes of the Class 'C' Shares of the Fonds de solidarité FTQ*". Class "A" Shares will, however, continue to be issued in the same manner and continue to benefit from tax credits for labour-sponsored funds. As is the case with Class "A" Shares, Class "C" Shares held by the FlexiFonds will be valued semi-annually (see "*Risks Related to New Savings Products – FlexiFonds*" for information on this matter).

Other FlexiFonds could be created from time to time in order to complement and diversify the Fonds de solidarité FTQ's savings products offering.

The FlexiFonds units will be offered to all Québec investors through continuous disclosure documents in the form provided for in the regulations applicable to mutual funds. FlexiFonds de solidarité FTQ Inc., a mutual fund dealer registered as such with the Autorité des marchés financiers, and a wholly owned subsidiary of the Fonds de solidarité FTQ, will act as exclusive distributor of the FlexiFonds units.

The Fonds de solidarité FTQ intends to make an initial investment in each of the FlexiFonds that will allow completion of the FlexiFonds start-up phase. This seed money will be returned to the Fonds de solidarité FTQ depending on the purchases of FlexiFonds units by investors and in accordance with the regulations applicable to mutual funds.

3.2.2 Advantages of the New Savings Products Offering - FlexiFonds

The Fonds de solidarité FTQ intends to market and administer the FlexiFonds to achieve many objectives:

Further Support Québec's Economy

Since one objective of the FlexiFonds will be to invest 30% of their assets in Class "C" Shares of the Fonds de solidarité FTQ, it will allow the Fonds de solidarité FTQ to further contribute to Québec's economic development by maintaining or increasing the unsecured patient capital it offers to local businesses.

Diversify the Services Offered to Investors

The Fonds de solidarité FTQ wishes to diversify its savings products offering to achieve a twofold objective. On the one hand, the Fonds de solidarité FTQ wants to better adapt to investors' needs and, consequently, expand its service offering. In fact, the Fonds de solidarité FTQ believes that offering only one product (the Fonds de solidarité FTQ's Class "A" Shares) does not allow investors to achieve all of their investment objectives. It is in light of this observation that the Fonds de solidarité FTQ plans to initially offer FlexiFonds units with three different investment profiles to shareholders, particularly to

those shareholders who are in the process of redeeming their shares, and for whom an investment mainly composed of venture capital and development capital (as is the case for most of the Fonds de solidarité FTQ's investments) could be too risky. These shareholders could prefer being exposed to a less risky investment portfolio. On the other hand, the fact that the FlexiFonds will invest 30% of their assets in Class "C" Shares of the Fonds de solidarité FTQ will give Québec investors an access to assets rarely found in conventional savings products, namely venture capital and development capital, without being subject to the restrictive redemption conditions imposed upon holders of Class "A" Shares of the Fonds de solidarité FTQ.

Encourage More Investors to Support Québec's Economic Development Mission

Moreover, the Fonds de solidarité FTQ believes that offering more flexible savings products could encourage a new type of investors to indirectly invest in the Fonds de solidarité FTQ, namely all investors who do not want to immobilize their capital up to their retirement. In fact, since the FlexiFonds units may be redeemed upon request, an investment in such units would constitute, for this type of investor, an opportunity to indirectly invest in the Fonds de solidarité FTQ without being entitled to the tax credits related to labour-sponsored funds. As a result, the Fonds de solidarité FTQ fulfills its mission by stimulating Québec's economy with strategic investments from which investors can benefit.

3.2.3 Structure of the Funds – FlexiFonds

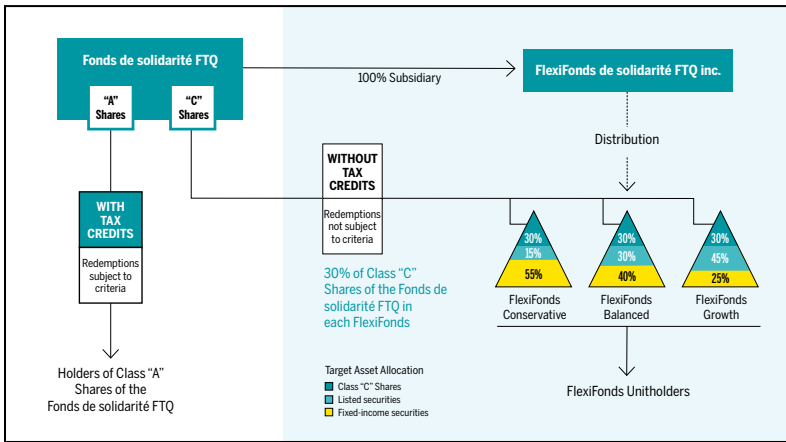
It should be noted that unlike Class "A" Shares of the Fonds de solidarité FTQ, no Québec or federal tax credits will be available for the subscription of FlexiFonds units.

The Fonds de solidarité FTQ will act as investment fund manager for the FlexiFonds; it will direct the business, operations and affairs of the FlexiFonds and will be responsible for their administration. The FlexiFonds assets will be held by a trust company authorized to act as custodian.

Initially, the Fonds de solidarité FTQ intends to create three FlexiFonds with different investment profiles, all of which will, however, have 30% of Class "C" Shares of the Fonds de solidarité FTQ:

- the **FlexiFonds Conservative of the Fonds de solidarité FTQ**. This mutual fund's objective will be to generate an income return and a low long-term capital appreciation. Its objective will be to invest 30% of its assets in Class "C" Shares of the Fonds de solidarité FTQ, 15% in listed securities (i.e., company shares or exchange traded equity funds) and 55% in fixed-income securities (i.e., securities that generally provide returns in the form of fixed periodic payments such as bonds or treasury bills);
- the **FlexiFonds Balanced of the Fonds de solidarité FTQ**. This mutual fund's objective will be to achieve a balance between income and long-term capital growth. Its objective will be to invest 30% of its assets in Class "C" Shares of the Fonds de solidarité FTQ, 30% in listed securities (i.e., company shares or exchange traded equity funds) and 40% in fixed-income securities (i.e., securities that generally provide returns in the form of fixed periodic payments such as bonds or treasury bills);
- the **FlexiFonds Growth of the Fonds de solidarité FTQ**. This mutual fund's objective will be to provide long-term capital growth and, to a lesser extent, generate an income return. Its objective will be to invest 30% of its assets in Class "C" Shares of the Fonds de solidarité FTQ, 45% in listed securities (i.e., company shares or exchange traded equity funds) and 25% in fixed-income securities (i.e., securities that generally provide returns in the form of fixed periodic payments such as bonds or treasury bills);

Below is the proposed structure of the FlexiFonds:



value of the Fonds de solidarité FTQ's shares is published; and (ii) based on the deviation limits relative to the FlexiFonds target asset allocation.

Following the launch of the FlexiFonds and based on the applicable regulatory framework, the Fonds de solidarité FTQ will establish ratios to follow the evolution of liquid financial assets in order to be able to meet all of its obligations with respect to liabilities and its short-term commitments (composed of the payment of redemptions provided for in its constituting act and of purchases by agreement by Class "A" Shareholders, of the shares held by the FlexiFonds, of the funds committed but not disbursed and of other short-term

3.2.4 Risks Related to New Savings Products – FlexiFonds

In light of the foregoing, the Fonds de solidarité FTQ believes that the creation and establishment of the FlexiFonds constitute the best option to meet its objectives. Nonetheless, the creation of the new savings products could give rise to certain risks for the Class "A" Shareholders of the Fonds de solidarité FTQ.

Liquidity Risk

The liquidity risk depends on the speed and ease with which a mutual fund asset may be sold at a fair price and converted into cash, thus allowing such mutual fund to respond to securities redemption requests. At the moment, the Fonds de solidarité FTQ maintains a certain proportion of its invested assets in liquid financial assets (i.e., assets that may be easily disposed of on market facilities on which public quotations are widely available, such as bonds and listed securities). This allows the Fonds de solidarité FTQ to, among other things, pay its Class "A" Shareholders who are entitled to and request redemption of their shares.

In order to maintain to 30% the proportion of the FlexiFonds assets invested in Class "C" Shares of the Fonds de solidarité FTQ, the FlexiFonds will place purchase or redemption orders for shares of the Fonds de solidarité FTQ in accordance with a FlexiFonds rebalancing policy (i) semi-annually, on the date the

liabilities). However, if the Fonds de solidarité FTQ failed to maintain sufficient liquid financial assets, it may not be able to meet its obligations with respect to liabilities or its short-term commitments within the prescribed time periods.

To ensure that sufficient liquid financial assets are maintained, the Fonds de solidarité FTQ will regularly carry out simulations for different scenarios and review events that could lead to a lack of liquidity. In addition, the management of liquidity risks resulting from the ownership, by the FlexiFonds, of Class "C" Shares of the Fonds de solidarité FTQ will be integrated into the Fonds de solidarité FTQ's governance structure and taken into account by the Fonds de solidarité FTQ, its board of directors, and the board of directors' committees whose mandate is to provide a framework for the management of risks resulting from the operations of the Fonds de solidarité FTQ. The Fonds de solidarité FTQ will maintain internal controls that allow it to manage such liquidity risk in a manner consistent with prudent business practices and will review such controls periodically.

Among such controls, the Fonds de solidarité FTQ will adopt a liquidity risk management policy that will initially require that the two liquidity ratios below be complied with in order to limit the risk, for the Fonds de solidarité FTQ, of being unable to act on redemption requests for Class "A" Shares submitted by its shareholders:

- the Fonds de solidarité FTQ shall maintain sufficient financial assets capable of liquidation in an orderly fashion within two days of the transaction, the value of which shall be equivalent or superior to 1.5 times its liabilities for the value of the issued and outstanding Class “C” Shares, as disclosed in the audited semi-annual financial statements; and
- the Fonds de solidarité FTQ shall maintain sufficient financial assets capable of liquidation in an orderly fashion within seven days of the transaction, the value of which shall be equivalent or superior to 75% of its liabilities and short-term commitments, as disclosed in the audited semi-annual financial statements.

Even though the Fonds de solidarité FTQ has, acting out of prudence, implemented all liquidity risk control and oversight measures, management of the Fonds de solidarité FTQ believes it is unlikely that the Fonds de solidarité FTQ will fail to maintain sufficient liquid financial assets to meet its obligations with respect to its liabilities and its short-term commitments within the prescribed time periods. In fact, such a situation has never occurred in the 35 years of existence of the Fonds de solidarité. In addition, as of the date of publication of its more recent audited financial statements, namely November 30, 2018, the Fonds de solidarité FTQ owned approximately 180% more liquid financial assets available within seven days than liabilities and short-term commitments, including the Class “A” Shares whose holders meet the redemption criteria or will meet such criteria within the next twelve months, the funds committed but not disbursed and its other short-term liabilities. Thus, the Fonds de solidarité FTQ owns, as of the above-mentioned date, a lot more liquid financial assets as would be necessary to meet its obligations with respect to liabilities or its short-term commitments, even in the event of scenarios less favourable to it.

Conflicts of Interest Risk

The Fonds de solidarité FTQ acts as an investment fund manager and manages its own assets to the benefit of holders of its shares and will act as an investment fund manager for each of the FlexiFonds. In that capacity, the Fonds de solidarité FTQ will have a duty to act in the interest of each of the parties involved, including the Fonds de solidarité FTQ, the FlexiFonds, the FlexiFonds unitholders and the holders of Class “A” Shares, and will appropriately manage the conflicts of interest that

could arise between it and the two groups of investors, or between those two groups.

As an investment fund manager, the Fonds de solidarité FTQ will delegate the portfolio management activities for the FlexiFonds to a portfolio manager registered with the Autorité des marchés financiers who will not be an affiliate. In addition, FlexiFonds de solidarité FTQ inc., the mutual fund dealer who is an affiliate of the Fonds de solidarité FTQ, will implement governance and controls to ensure that its representatives know the features and risks of the FlexiFonds well and make appropriate disclosure of the same upon offering the FlexiFonds units.

The Fonds de solidarité FTQ already has a Chief Compliance Officer who is, among other things, in charge of monitoring and identifying conflicts of interest situations. In order to manage the conflicts of interest issues which may arise as result of the Fonds de solidarité FTQ becoming the investment fund manager of the FlexiFonds, the Fonds de solidarité FTQ’s Chief Compliance Officer will now also have to ensure that the policies and procedures deemed appropriate by the Fonds de solidarité FTQ provide equal treatment for both the Class “A” Shareholders and the FlexiFonds as holders of Class “C” Shares.

In accordance with regulations, for the purpose of managing conflicts of interest issues affecting the business and operations of the FlexiFonds, an independent review committee made up of independent members of the Fonds de solidarité FTQ, the FTQ and its affiliated unions who have an expertise in the financial services sector will be constituted. The primary function of the independent review committee will be, in accordance with regulations, to review conflict of interest issues submitted to it, including any situation with respect to which a reasonable person considers that the Fonds de solidarité FTQ, or a related entity, has an interest that may conflict with the Fonds de solidarité FTQ’s ability to act in good faith and in the best interests of the FlexiFonds.

Risk of Arbitrage

Generally speaking, the risk of arbitrage means that a holder carries out subscription or redemption transactions in order to take advantage of the anticipated spread between the net asset value of the mutual fund securities and the market value of its assets, to the detriment of other holders.

In this case, given the difference between the valuation frequency of the value of the Fonds de solidarité FTQ's shares, which is determined semi-annually, and the computation of the net asset value of the FlexiFonds units, which is determined on a daily basis, a risk of arbitrage exists. In addition, since the Class "C" Shares of the Fonds de solidarité FTQ represent 30% of the FlexiFonds's assets, the value of the Class "C" Share of the Fonds de solidarité FTQ could have a significant impact on the value of the FlexiFonds units.

This structure, specific to the FlexiFonds and the Fonds de solidarité FTQ, could create a risk of arbitrage by encouraging investors who own FlexiFonds units to purchase or redeem FlexiFonds units prior to the publication of a revised value for the Class "C" Shares of the Fonds de solidarité FTQ in order to benefit from the upcoming change in value.

This risk depends on the investor's ability to estimate the next price for the Class "C" Share of the Fonds de solidarité FTQ. The extent of the potential arbitrage profit that may be realized depends, among other things, on the weight of the Class "C" Shares of the Fonds de solidarité FTQ in the FlexiFonds at the time of the transaction (the higher the weight, the higher the potential arbitrage profit), the change in value of the Class "C" Share of the Fonds de solidarité FTQ (the higher the spread between the new price and last price, the higher the potential arbitrage profit), the size of the investor's portfolio (the greater the capacity of the investor to purchase a large number of units when the net asset value of the Fonds de solidarité FTQ is superior to the published value for the Class "C" Share, or the greater the capacity of the investor to redeem a large number of units when the net asset value of the Fonds de solidarité FTQ is inferior to the published value for the Class "C" Share, the higher the potential arbitrage profit).

Certain measures will allow the Fonds de solidarité FTQ to mitigate the risks and adverse effects that may result from the risk of arbitrage: (a) the implementation of a framework policy for short-term transactions will allow for the control of transactions effected by a FlexiFonds unitholder within a 90-day period, while redemption fees may be charged, and (b) an arbitrage transaction detection policy will allow for the detection and control of arbitrage transactions in securities of the new mutual funds during the periods prior to the publication of the value of the Fonds de solidarité FTQ's shares. Based on the frequency, value, date and interrelations of the transactions carried out by a

holder, the Fonds de solidarité FTQ will determine which transactions constitute arbitrage transactions and will notify the holder to cease to carry out this type of transaction or will prohibit such holder from making any subscriptions going forward; (c) the prospectus will provide that a holder may not purchase units of a FlexiFonds if, following such transaction, the value of the units held by the holder in such fund exceeds one million dollars.

Inequity Risk between Holders of Class "A" Shares of the Fonds de solidarité FTQ and Holders of FlexiFonds Units

Since the Fonds de solidarité FTQ's shares are valued semi-annually (i.e., their value remains the same over the course of a six-month period) and since transactions in shares may be carried out at any time during such six-month period, at the last price published for Class "A" Shares, there is an inequity risk: if since the last valuation of the price for the Class "A" Share, the net asset value of the Fonds de solidarité FTQ has increased, a shareholder who is making a subscription at the last published price for the Class "A" Share (which is, consequently, inferior to its current value) benefits from this lower price to the detriment of other shareholders of the Fonds de solidarité FTQ; on the contrary, if since the last valuation of the price for the Class "A" Share, the net asset value of the Fonds de solidarité FTQ has decreased, a shareholder who is redeeming shares at the last published price for the Class "A" Share (which is, consequently, superior to its current value) benefits from this higher price to the detriment of other shareholders of the Fonds de solidarité FTQ. In such scenarios, the shareholder who carries out one transaction or the other is in fact marginally diluting the other shareholders of the Fonds de solidarité FTQ.

However, since the transactions that one or a few shareholders may normally make only represent a very minor portion of the total assets of the Fonds de solidarité FTQ, such inequity is in fact only theoretical: the dilution is so marginal that it cannot have a significant effect on the price of the Class "A" Shares.

The introduction of the FlexiFonds could make such inequity less marginal. In fact, the more the FlexiFonds's assets become important in relation to the Fonds de solidarité FTQ's assets, the more the FlexiFonds will have the opportunity to make large transactions with respect to Class "C" Shares of the Fonds de solidarité FTQ, which will increase the inequity risk.

Here are two examples:

a) Strong bear market

In a strong bear market, it is likely that the net asset value of the Fonds de solidarité FTQ would decrease significantly, even though such decrease would only be officially noticeable at the next valuation of the assets. At the same time, it is equally likely that the net asset value of the FlexiFonds would also decrease significantly. In fact, the only FlexiFonds asset whose value would remain the same (until the next publication of its price) would be the Class "C" Shares of the Fonds de solidarité FTQ that the FlexiFonds will hold (since the value of this asset is valued only semi-annually).

In such scenario, the weight of the Fonds de solidarité FTQ's Class "C" Shares in the FlexiFonds portfolio would probably become too important, forcing the portfolio manager to redeem Class "C" Shares of the Fonds de solidarité FTQ to bring back such weight close to its planned target (namely 30% of the FlexiFonds assets). However, such redemption would be made at the last published price for the Class "C" Share of the Fonds de solidarité FTQ, which price would likely exceed the net asset value of the Fonds de solidarité FTQ at the time of redemption. If the aggregate redemption amount is significant, this could result in inequity for the other shareholders of the Fonds de solidarité FTQ, including the holders of Class "A" Shares of the Fonds de solidarité FTQ, to the advantage of the FlexiFonds and, indirectly, of their unitholders.

Moreover, this inequity could be amplified if the FlexiFonds had to concurrently satisfy redemption requests from their unitholders, since such requests would force the FlexiFonds to increase their own redemption requests for Class "C" Shares to the Fonds de solidarité FTQ.

b) Strong bull market

In the opposite scenario, that is, a strong bull market, the inequity risk resulting from a dilution of the value of the Fonds de solidarité FTQ's shares would still be detrimental to the same group of shareholders.

In fact, in a strong bull market, it is likely that the net asset value of the Fonds de solidarité FTQ, including the portion of its portfolio exposed to markets, would increase significantly. At the same time, it is equally likely that the net asset value of the FlexiFonds would increase in a similar fashion. As is the case in the aforementioned scenario, the only asset of the FlexiFonds whose value would remain the same (until the next publication of its price) would be the Class "C" Shares of the Fonds de solidarité FTQ that the FlexiFonds will hold.

As a result, the weight of the Class "C" Shares of the Fonds de solidarité FTQ in the FlexiFonds's portfolio would probably become too low, forcing the portfolio manager to make a large purchase of Class "C" Shares of the Fonds de solidarité FTQ to bring back such weight close to its planned target. Since such purchase would be made at the last published price for the Class "C" Share of the Fonds de solidarité FTQ, which price would likely be inferior to the net asset value of the Fonds de solidarité FTQ at the time of purchase, this situation could also result in inequity for the other shareholders of the Fonds de solidarité FTQ.

The extent of the inequity will depend on the spread between the net asset value of the Fonds de solidarité FTQ and the published price for the Class "C" Shares of the Fonds de solidarité FTQ, the value of the FlexiFonds's transactions during the six-month period and the size of the FlexiFonds's assets under management in relation to the size of the Fonds de solidarité FTQ's net assets.

However, it should be noted that unless we are in a situation of extreme market volatility, combined with a significant spread between the net asset value of the Fonds de solidarité FTQ and the published price of the Fonds de solidarité FTQ's shares, the realization of the inequity risk would only have a minor impact on the unit price of the Fonds de solidarité FTQ's shares.

In any event, the Fonds de solidarité FTQ will continuously analyze any situation that could be qualified as inequitable for the FlexiFonds unitholders and the holders of Class "A" Shares of the Fonds de solidarité FTQ in order to circumscribe the risks and develop contingency measures to limit them.

The Fonds de solidarité FTQ will, among other things, adopt a policy for the management of extreme cases. The goal of this policy will be to determine whether it is necessary to exceptionally reevaluate the price of the Fonds de solidarité FTQ's share in the course of the six-month period if the performance of some of its assets shows extreme fluctuations. Such revaluation will concern both the Class "A" Shares and the Class "C" Shares which have, in fact, the same value. It should be noted that in the event of an exceptional revaluation in the course of the six-month period that would be triggered by the application of the policy for the management of extreme cases, such revaluation would not be a standard exhaustive revaluation, but rather a fragmentary update of the valuations based on the same valuation principles as those currently used for semi-annual valuations, which would be prepared or reviewed by qualified valuers reporting to the Vice-President, Taxation and Valuation of the Fonds de solidarité FTQ (as is currently the case during the semi-annual valuation process), the whole in accordance with applicable laws. If a valuation is carried out in the course of a six-month period, the Fonds de solidarité FTQ intends to implement a communication procedure for its shareholders and the FlexiFonds unitholders, which procedure would include, among other things, the issuance of a press release announcing that the Class "A" Shares and Class "C" Shares revaluation process has started, followed, after a period not exceeding 30 days, by a second press release announcing the new price. This policy's objective will be to ensure that both shareholders of the Fonds de solidarité FTQ and unitholders of the FlexiFonds have access to the same information.

Financial Risk

The creation and marketing of this initiative, the purpose of which is to diversify the service offering to investors and to further support Québec's economy, involve development costs and annual operating costs. Given the size of the Fonds de solidarité FTQ, these costs have no significant impact on its profitability. As a matter of fact, this new commercial activity should eventually generate profits and allow the Fonds de solidarité FTQ to recover its investment.

4. ATTRIBUTES OF THE CLASS "C" SHARES OF THE FONDS DE SOLIDARITÉ FTQ

The attributes specific to all Class "C" Shares are the following:

- These shares can be issued in an unlimited number and have no par value;
- The Class "C" Shares do not confer on their holder the right to receive the notice of meeting of shareholders or to attend or vote at such meeting, except if the law requires that shareholders of a class vote separately;
- The Class "C" Shares are entitled to (i) the payment of dividends and (ii) the sharing of property in the event of the Fonds de solidarité FTQ's dissolution or liquidation or the distribution of all or part of its assets among its shareholders. With respect to the exercise of such rights, the Class "C" Shares, regardless of the series, will be treated equally among themselves and in relation to the Class "A" Shares;
- The fair value of the Class "C" Shares is determined semi-annually and will be identical to the fair value of the Class "A" Shares. The value of the Class "C" Shares, like the value of the Class "A" Shares, can also be determined in the course of the six-month period at the discretion of the Board of Directors of the Fonds de solidarité FTQ, in accordance with the policy for the management of extreme cases; and
- The Class "C" Shares will be redeemable under a rebalancing policy: (i) on a calendar basis, i.e., semi-annually, on the date the price of the Fonds de solidarité FTQ's share is published, and (ii) based on the deviation limits of their target allocation.

A first series of Class "C" Shares, designated as "Class 'C' Shares, Series 1", will be created. Subject to the attributes shared by all Class "C" Shares, the shares of this series will have the following rights, privileges and restrictions:

- A holder of Class "C" Shares, Series 1 (i.e., a mutual fund) has the right to submit a redemption request to the Fonds de solidarité FTQ on the terms established by the Fonds de solidarité FTQ:

- The Fonds de solidarité FTQ may force the redemption of the Class “C” Shares, Series 1, of any holder if the ownership of such shares has an adverse effect on the other shareholders or the Fonds de solidarité FTQ, or if the Fonds de solidarité FTQ is authorized or required to do so under applicable law or as directed by the competent regulatory authorities;
- In accordance with applicable law or as directed by the competent regulatory authorities, the Fonds de solidarité FTQ may suspend or postpone the

redemption right of any Class “C” Shares, Series 1, or postpone the date of payment of all or part of the redemption price to a holder.

The Fonds de solidarité FTQ’s Board of Directors may, from time to time, provide for the creation and issuance of other series of Class “C” Shares, determine the terms thereof and amend the articles of the Fonds de solidarité FTQ accordingly, in compliance with the *Companies Act*.

The main differences between the Class “A” Shares and the Class “C” Shares are set out in the table below:

Class “A” Shares	Class “C” Shares
• Redeemable only if certain restrictive conditions have been met; e.g., having reached retirement age	• Redeemable by mutual funds in accordance with the terms of a rebalancing policy
• Purchasable by mutual agreement under a policy	• Non-purchasable by mutual agreement
• Voting rights	• No voting rights
• Tax credit granted	• No tax credit granted

The amendment of the Fonds de solidarité FTQ’s articles will not have the effect of putting the rights of holders of Class “C” Shares ahead of those of holders of Class “A” Shares with respect to (i) the payment of dividends, (ii) the sharing of property in the event of the Fonds de solidarité FTQ’s dissolution or liquidation or the distribution of all or part of its assets among the shareholders, and (iii) the payment of redemptions since holders of Class “A” Shares and holders of Class “C” Shares will be treated equally with respect to those rights. Even though Class “A” Shares and Class “C” Shares confer the right to receive dividends, the Board of Directors of the Fonds de solidarité FTQ has never declared any.

In light of the foregoing and taking into account the benefits associated with the creation of the new savings products described above, at the February 28, 2019, meeting, the directors of the Fonds de solidarité FTQ adopted By-Law No. 70 to amend the share capital of the Fonds de solidarité FTQ in order to create the Class “C” Shares. The ratification of this by-law requires, in accordance with the *Companies Act*, the approval of two thirds of the shareholders present or represented at the Special Meeting. The management of the Fonds de solidarité FTQ is soliciting proxies in order to obtain shareholder approval.

BY-LAW NO. 70 TO AMEND THE ARTICLES OF THE FONDS DE SOLIDARITÉ DES TRAVAILLEURS DU QUÉBEC (F.T.Q.) TO CREATE THE CLASS “C” SHARES

The articles of the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (the “Fonds”) are amended by the addition of the following:

“CLASS “C” SHARES

In addition to the Class “A” Shares referred to in its incorporating act, the Class “B” Shares created by articles of amendment and any other class of shares created by articles of amendment, the Fonds is authorized to issue, in one or more series, an unlimited number of shares with no par value designated as “Class ‘C’ Shares”, carrying the following rights, privileges, conditions and restrictions:

The attributes specific to all Class “C” Shares are the following:

1. The Class “C” Shares do not confer on their holder the right to receive the notice of meeting of shareholders or to attend or vote at such meeting, unless the law requires a separate vote, in which case the voting right is exercised at the same meeting, regardless of the series.
2. The Class “C” Shares, regardless of the series, rank equally among themselves, as shares of this class, with respect to the payment of dividends and the sharing of property in the event of the Fonds’s dissolution, liquidation or the distribution of all or part of its assets among the shareholders and, if applicable, to the payment of any redemption price.
3. The Class “C” Shares and the Class “A” Shares rank equally among themselves with respect to the payment of dividends and the sharing of property in the event of the Fonds’s dissolution, liquidation or the distribution of all or part of its assets among the shareholders and, if applicable, to redemption payments.
4. The value of the Class “C” Shares is determined semi-annually and is identical to the value of the Class “A” Shares. The value of the Class “C” Shares, like the value of the Class “A” Shares, can also be determined in the course of the six-month period at the discretion of the Board of Directors of the Fonds, in accordance with its incorporating act. A first series of Class “C” Shares, designated as “Class ‘C’ Shares, Series 1”, is created. Subject to the attributes specific to all Class “C” Shares, the shares of this series have the following rights, privileges and restrictions:
 - a) if the holding of Class “C” Shares, Series 1, by a particular holder of Class “C” Shares, Series 1, would, for tax or other reasons, have an adverse effect on other shareholders or the Fonds; or
 - b) if the Fonds is authorized or required to do so under applicable law or as directed by competent regulatory authorities;
5. The Class “C” Shares and the Class “A” Shares rank equally among themselves with respect to the payment of dividends and the sharing of property in the event of the Fonds’s dissolution, liquidation or the distribution of all or part of its assets among the shareholders and, if applicable, to redemption payments.
6. Notwithstanding anything herein contained, the Fonds may suspend or postpone, or continue a suspension or postponement, of the right to redeem any Class “C” Shares, Series 1. The Fonds may also accept a redemption request, at the price determined in accordance with Section 4, but postpone the date of payment of a redemption proceeds for any period of time. The Fonds may also redeem part of the Class “C” Shares, Series 1, for which redemption has been requested and postpone or suspend the redemption of the remaining shares for which redemption has been requested. If the lifting of the suspension or the postponement of the redemption right, in whole or in part, occurs after the Fonds has set a new redemption price for the shares in accordance with the terms of its incorporating act, the redemption price for the redemptions so suspended or postponed shall be the new redemption price set by the Fonds.

The Board of Directors may, from time to time, provide for the creation and issuance of other series of Class “C” Shares, and the Board of Directors shall, prior to the issuance of a given series of Class “C” Shares:

- a) determine the designation of that series of shares;
- b) determine the number, which may be unlimited, of Class “C” Shares making up that series;
- c) determine, subject to the attributes specific to all Class “C” Shares, the rights, privileges and restrictions attached to the shares of such series of shares; and
- d) amend the articles of the corporation accordingly, in accordance with the *Companies Act*.

Every director of the Fonds is authorized to sign articles of amendment, to perform any other act and to sign any other document necessary or useful to give effect to this by-law. The Board of Directors may, before the appropriate certificate is established, strike down this by-law.”