



Short Form Prospectus

Continuous Distribution **37th Edition**

Class “A” Shares

Series 1 for transfer to an RRSP or a RRIF

Series 2 for holding outside an RRSP

Only those persons who may keep their shares until retirement and who have a certain tolerance for risk should invest in the Fonds de solidarité FTQ.

June 30, 2020

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada.

Copies of the documents incorporated herein by reference may be obtained on request without charge by contacting the Saving Services of the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (the “Fonds de solidarité FTQ”) P.O. Box 1000, Chabanel Station, Montréal, Québec H2N 0B5, or by calling 514-383-3663 or 1 800 567-3663. These documents are also available electronically on the Fonds de solidarité FTQ website at fondstfq.com or the SEDAR website at sedar.com.



SHORT FORM PROSPECTUS

CLASS “A” SHARES, SERIES 1 AND SERIES 2

June 30, 2020

GENERALLY, AN INVESTMENT IN THE FONDS DE SOLIDARITÉ FTQ SHOULD BE CONSIDERED AN INVESTMENT FOR YOUR RETIREMENT.

The Class “A” Shares, Series 1 and Series 2 (hereinafter collectively referred to as the “Shares” or the “Share”), described in this short form prospectus are offered to Québec residents only. For the purpose of this short form prospectus, the definition of resident is the one described in the Québec *Taxation Act*.

For the purpose of maintaining the balance of its business model, among other objectives, the Fonds de solidarité FTQ may limit the issuance of Shares for the current fiscal year (see Section 6 “How can I subscribe for shares offered by the Fonds de solidarité FTQ?” for details on the terms applicable to any limitation on the issuance of Shares and for applicable exceptions).

SHARE VALUE AS AT JUNE 30, 2020	INVESTMENT COMMISSION ¹	PROCEEDS RECEIVED BY THE FONDS DE SOLIDARITÉ FTQ
\$44.24	None	\$44.24

The Share value, which is the same for issuances, redemptions and purchases-by-agreement, is generally determined twice a year, on the basis of the net assets of the Fonds de solidarité FTQ as at November 30 and May 31. This value is published on or about December 31 and June 30 each year by press release (see Subsection 8.3 “What is the issuing, purchase or redemption price of the Shares?”). The Share value may therefore vary depending on the subscription date.

No broker has participated in the preparation or examined the content of the short form prospectus.

There is no market for trading the Fonds de solidarité FTQ's Shares. Shares may only be redeemed or purchased-by-agreement by the Fonds de solidarité FTQ as decided by its Board of Directors, and only in certain circumstances. This affects the Share's liquidity. See subsection 1.4 “What are the risks of investing in the Fonds de solidarité FTQ?”

NET PROCEEDS FROM ISSUANCE AND THEIR USE

The Fonds de solidarité FTQ expects to pay the costs relating to the current issuance from its working capital as operating expenses.

The Fonds de solidarité FTQ will use the proceeds of this issuance to invest in businesses with an impact on Québec's economy in accordance with its mission, to make other investments on the market, as provided for in its Integrated Financial Asset Management Policy, to redeem the Shares of shareholders who qualify for one of the redemption or purchase-by-agreement criteria as well as to cover operating expenses relating to all its activities. The allocation of funds between the development capital investment portfolio and the portfolio of other investments is based on asset management strategies in compliance with the investing rules set out in the *Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.)* (the “Act”) (see Section 3 “What types of investments does the Fonds de solidarité FTQ make?”)

The Fonds de solidarité FTQ must redeem your Shares, at your request, at the price at which you acquired them, provided that you make a written request within 60 days of the date of your subscription or of your first payroll deduction, as the case may be, by completing the Fonds de solidarité FTQ's form entitled “Redemption Request–60-day Redemption”. At your request, the Fonds de solidarité FTQ must also redeem the Shares that you have held, at their value on the redemption date, in certain cases prescribed by the Act, and it may also purchase your Shares by agreement in certain exceptional

1 The Fonds de solidarité FTQ offers its Shares directly to the public based primarily on its union structure (see Subsection 4.2 “Who can I contact for more information on the Fonds de solidarité FTQ and its Shares?”)

circumstances. For more information, see Section 8 “When are the Fonds de solidarité FTQ’s Shares redeemable?”. Furthermore, the Act also provides that the holder² of Shares may not transfer them, except in certain **exceptional circumstances**, or offer them in warranty. For more information, see Section 9 “Are the Fonds de solidarité FTQ’s Shares transferable?”.

An investment in the Fonds de solidarité FTQ should provide you with certain tax benefits. For more information, see Section 10 “What are the tax consequences for Shareholders?”.

SUMMARY OF FEES PAYABLE BY INVESTORS AS AT MAY 31, 2020

Enrolment fee for new shareholders	\$0
Annual fee	\$0
Redemption or transfer fee	\$0
Fee for transferring to an RRSP or a RRIF	\$0
Fee to open an RRSP or a RRIF	\$0
Total operating expense ratio	1.49%
Trading expense ratio	0.02%

In order to make the Fonds de solidarité FTQ eligible for the short form prospectus regime, on February 24, 2006, the Autorité des marchés financiers exempted it from the requirement of listing its Shares on an eligible stock exchange, as prescribed by paragraph 2.2(e) of *Regulation 44-101 respecting Short Form Prospectus Distributions*.

This short form prospectus contains important information to help you to make an informed investment decision and understand your rights and obligations. **Due to the particular characteristics of this investment and the risks inherent therein, please read this document and the documents incorporated by reference carefully before deciding to invest. The Shares offered under this short form prospectus involve some risks** (see Subsection 1.4 “What are the risks of investing in the Fonds de solidarité FTQ?”).

This short form prospectus contains information that should be completed by examining the Fonds de solidarité FTQ’s continuous disclosure file as at June 30, 2020, composed of the following documents: the annual audited consolidated financial statements (the “Financial Statements”); the annual audited statement of development capital investments, at cost; the annual unaudited statement of other investments; the annual unaudited index of the share of the Fonds de solidarité FTQ in investments made by specialized funds, at cost; the activity and sustainable development report; the annual Management’s Discussion and Analysis (the “MD&A”); the Annual Information Form and any material change

report; the Management Proxy Circular and the Notice³ of the Annual Shareholders’ Meeting.

These documents and their updates, including those which will be filed by the Fonds de solidarité FTQ as of and after the date of the short form prospectus but before the end of the current issuance, are incorporated herein by reference and legally form an integral part hereof, as if they were a printed part of this short form prospectus, provided that they are not amended or replaced by a declaration in this short form prospectus or in any other document filed subsequently and incorporated or deemed to be incorporated by reference herein. A copy of these documents may be obtained from the Fonds de solidarité FTQ at no charge:

by telephone:

in Montréal, at 514 383-FONDS (3663)
in Québec City, at 418 628-FONDS (3663)
toll free, at 1 800 567-FONDS (3663)

in person:

8717 Berri Street
Montréal, Québec H2M 2T9
755 Saint-Jean Blvd.
Pointe-Claire, Québec H9R 5M9
5000 des Gradins Blvd., Suite 320
Québec City, Québec G2J 1N3

in writing:

P. O. Box 1000, Chabanel Station
Montréal, Québec H2N 0B5

by Internet:

fondsftq.com
sedar.com

Short form prospectus dated June 30, 2020.

2 Where the text so requires, words importing use of the masculine gender include all genders, and vice versa and words importing use of the singular include the plural and vice versa.

3 The notice of the annual meeting of shareholders must be sent not less than 21 days and not more than 50 days before the date of the meeting, namely after June 30, 2020.

TABLE OF CONTENTS

1	WHAT DOES THE FONDS DE SOLIDARITÉ FTQ CONSIST OF AND WHAT ARE THE RISKS OF INVESTING IN IT?	4
1.1	What does the Fonds de solidarité FTQ consist of?	4
1.2	What are the Fonds de solidarité FTQ's main objectives?	4
1.3	What are the Fonds de solidarité FTQ's main activities?	4
1.4	What are the risks of investing in the Fonds de solidarité FTQ?	4
1.4.1	Risks of the Fonds de solidarité FTQ	4
1.4.2	Particular risks for Fonds de solidarité FTQ shareholders	6
2	HOW IS THE FONDS DE SOLIDARITÉ FTQ MANAGED AND ORGANIZED?	9
2.1	Who is responsible for carrying out the main corporate functions?	9
2.2	How is the Board of Directors formed and how does it manage risks?	9
2.3	Who is entitled to offer the Fonds de solidarité FTQ's Shares?	10
2.4	Who carries out the complementary functions?	10
3	WHAT TYPES OF INVESTMENTS DOES THE FONDS DE SOLIDARITÉ FTQ MAKE?	10
3.1	What are the investment rules set forth in the Act?	10
3.2	The Fonds de solidarité FTQ's Integrated Financial Assets Management Policy	11
3.3	Investments impacting the Québec economy	11
3.4	Other Investments	11
3.5	Derivative financial instruments	11
4	WHO SHOULD INVEST IN THE FONDS DE SOLIDARITÉ FTQ AND WHO CAN I CONTACT FOR MORE INFORMATION ON IT AND ITS SHARES?	12
4.1	Who should invest in the Fonds de solidarité FTQ?	12
4.2	Who can I contact for more information on the Fonds de solidarité FTQ and its Shares?	12
5	WHAT ARE THE FEES RELATED TO THE FONDS DE SOLIDARITÉ FTQ?	13
5.1	Fees directly payable by the shareholder	13
5.2	Fees paid by the Fonds de solidarité FTQ	13
6	HOW CAN I SUBSCRIBE FOR SHARES OFFERED BY THE FONDS DE SOLIDARITÉ FTQ?	13
6.1	Payroll Deduction	13
6.2	Preauthorized Withdrawals	14
6.3	Lump sum payment	14
7	WHAT ARE THE CHARACTERISTICS OF THE SHARES?	14
7.1	Class "A" Shares	14
7.2	Class "B" Shares	15
7.3	Class "C" Shares	15
8	WHEN ARE THE FONDS DE SOLIDARITÉ FTQ'S SHARES REDEEMABLE?	16
8.1	What are the redemptions provided for by the Act?	16
8.2	What is purchase-by-agreement?	16
8.3	What is the issuing, purchase or redemption price of the Shares?	17
9	ARE THE FONDS DE SOLIDARITÉ FTQ'S SHARES TRANSFERABLE?	19
9.1	Can I transfer my Shares to another person?	19
9.2	Can I transfer my Shares to an RRSP?	19
9.3	Can I transfer my Shares to an RRIF?	19
10	WHAT ARE THE TAX CONSEQUENCES FOR SHAREHOLDERS?	20
10.1	For the 2020 taxation year, the Québec tax credit is 15% and the federal tax credit is 15%, for a total of 30%	20
10.2	Tax consequences upon transfer to an RRSP	21
10.3	The Home Buyers' Plan and the Lifelong Learning Plan	21
10.4	Tax consequences of a redemption or purchase-by-agreement of Shares held outside an RRSP	21
10.5	Tax consequences of the redemption of Shares from an RRSP or a RRIF or of a withdrawal from a registered plan	21
11	HOW IS THE PURCHASE OR REDEMPTION PRICE OF THE SHARES DETERMINED?	22
12	HOW ARE THE PROFITS DISTRIBUTED?	23
13	WHAT KIND OF INFORMATION IS GIVEN TO SHAREHOLDERS?	23
14	WHAT RIGHTS DO SHAREHOLDERS HAVE?	23
15	RIGHT OF RESCISSION AND CIVIL SANCTIONS	23
	SCHEDULE 1 – REDEMPTION CRITERIA PRESCRIBED BY THE ACT	24
	SCHEDULE 2 – PURCHASE-BY-AGREEMENT CRITERIA	28
	CERTIFICATE OF ISSUER AND INVESTMENT FUND MANAGER	40

1 WHAT DOES THE FONDS DE SOLIDARITÉ FTQ CONSIST OF AND WHAT ARE THE RISKS OF INVESTING IN IT?

1.1 What does the Fonds de solidarité FTQ consist of?

The Fonds de solidarité FTQ is a development capital investment fund with union roots created on the initiative of the Fédération des travailleurs et travailleuses du Québec (FTQ) (the “FTQ”) (known in English as the Québec Federation of Labour). The Fonds de solidarité FTQ was established under the *Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.)*, which was enacted by the Québec National Assembly on June 23, 1983, and amended by other laws that were subsequently adopted.

It is a “solidarity fund” aimed at collecting the savings from the members of the FTQ and residents of Québec who wish to participate in this way in creating and maintaining jobs in order to improve workers’ conditions and stimulate the Québec economy. In pursuing its objectives, the Fonds de solidarité FTQ also seeks to provide its shareholders with a reasonable rate of return.

1.2 What are the Fonds de solidarité FTQ’s main objectives?

- (a) To invest in businesses yielding an economic impact in Québec and provide them with services in order to contribute to their development and to create, maintain or protect jobs;
- (b) To promote economic training for workers and to allow them to increase their influence on the economic development of Québec;
- (c) To stimulate the Québec economy by making strategic investments that will be of benefit to Québec businesses;
- (d) To make workers aware of the need to save for retirement and encourage them to do so, and to participate in the development of the economy by subscribing for Fonds de solidarité FTQ Shares.

1.3 What are the Fonds de solidarité FTQ’s main activities?

The Fonds de solidarité FTQ acts as investment fund manager and, in accordance with its mission, invests directly in enterprises itself, or indirectly in specialized funds. These development capital investments, as provided in the *Regulation respecting Development Capital Investment Fund Continuous Disclosure*, in the form of unsecured venture capital, are classified internally by the Fonds de solidarité FTQ into three categories: development capital, venture capital and structuring capital. These investments may be in the form of shares or debentures in private and public companies as well as units of specialized funds, among others.

In addition, the Fonds de solidarité FTQ manages the balance of assets not invested in its partner companies. These other investments are composed of the following portfolios: cash and money market, bonds, shares and other securities.

The Fonds de solidarité FTQ coordinates all activities related to the subscription of Shares, which forms part of its investor services. These services include, among other things, training and information activities intended for the local representatives (“LR”) network as well as tasks related to bookkeeping and the management of redemptions and the purchase-by-agreement of the Shares. The Fonds de solidarité FTQ mainly relies on the FTQ’s permanent union structure and on the solidarity and availability of its members to carry out its subscription activities.

Moreover, in order to contribute to the growth of its companies, the Fonds de solidarité FTQ offers training in economic matters for the workers of these businesses in order to promote understanding of the challenges they face.

Lastly, in order to, among other things, diversify its savings product offering and better assist its investors, the Fonds de solidarité FTQ markets mutual funds units that are exclusively distributed by FlexiFonds de solidarité FTQ inc., a wholly owned subsidiary of the Fonds de solidarité FTQ (the “FlexiFonds Funds”). Keeping in line with the Fonds de solidarité FTQ’s mission of supporting Québec’s businesses and economy, 70% of each FlexiFonds Fund is composed of assets related to Québec’s economy, of which 30% consists of Class “C” Shares of the Fonds de solidarité FTQ, such shares being more fully described in Section 7 “What are the characteristics of the Shares?”. The Fonds de solidarité FTQ is the investment fund manager of the FlexiFonds Funds and, in that capacity, it directs the business, activities and affairs of the FlexiFonds Funds and is responsible for their administration.

1.4 What are the risks of investing in the Fonds de solidarité FTQ?

1.4.1 Risks of the Fonds de solidarité FTQ

An investment in the Fonds de solidarité FTQ involves certain risks that are described below. These risks have not been classified in any particular order and are briefly described in this subsection. For further information, see the Annual Information Form and the MD&A, which describes the types of risk the Fonds de solidarité FTQ is exposed to in pursuing its activities, namely: (a) market risk; (b) credit and counterparty risk; (c) liquidity risk; (d) operational risk; (e) strategic risk; and (f) reputation risk.

The spread of the coronavirus disease (COVID-19) has resulted in a slowdown in the global economy and has led to volatility in the global financial markets. COVID-19 or any other pandemic may adversely affect the performance of the Shares of the Fonds de

solidarité FTQ and may possibly affect, to a varying degree, certain risks related to an investment in the Fonds de solidarité FTQ. Public health crises, acts or threats of terrorism, military operations or any other similar events may have an unforeseen impact on national economies and stock markets.

(a) Market risk

Market risk is the risk of a financial loss arising from a change in the fair value of financial instruments as a result of their exposure to financial markets. More specifically, this risk varies with the financial markets' conditions and certain parameters of these markets, such as volatility, which may lower the value of the Fonds de solidarité FTQ's financial assets and thus have a negative impact on its financial position and results. Difficult economic or financial conditions may thus have a negative impact on the value of the Fonds de solidarité FTQ's shares.

The Fonds de solidarité FTQ takes into account three kinds of market risk, namely interest rate risk, stock market risk and foreign exchange risk in making decisions regarding its global and integrated allocation of financial assets.

(b) Credit and counterparty risk

Credit risk is the potential for loss due to the failure of a partner company (financial instruments presented under Development capital investments, see Subsection 3.3 - Investments impacting the Québec economy), issuer or counterparty in a transaction (financial instruments presented under Other investments, see Subsection 3.4 - Other Investments) to honour its contractual obligations or due to a degradation of its financial position. The Fonds de solidarité FTQ also includes in this type of risk the concentration risk.

The Fonds de solidarité FTQ's exposure to credit risk results mainly from its mission-driven development capital investments, which are generally unsecured. Other investment activities generally entail less of this risk since the counterparties concerned (governments, banks, etc.) typically have greater financial strength. Furthermore, the Fonds de solidarité FTQ is also exposed to credit risk as a result of its accounts receivable. However, the potential impact of the exposure to this risk is low given the amounts involved. The maximum exposure to credit risk related to the financial instruments described above corresponds to their fair value in the statement of financial position, plus funds committed but not disbursed as well as guarantees and suretieships.

Furthermore, over-the-counter derivative financial instruments that are held in the Fonds de solidarité FTQ portfolios expose it to counterparty risk.

Concentration risk is the risk that a significant portion of the Fonds de solidarité FTQ's financial commitments is attributable

to a specific issuer, financial product, industry or geographic area, which could put the Fonds de solidarité FTQ in a vulnerable position in the event that such issuer, product, industry or area experiences difficulties.

(c) Liquidity risk

The Fonds de solidarité FTQ must make disbursements on a daily basis—in particular when it redeems shares held by its shareholders (Class "A" Shares and Class "C" Shares), disburses amounts it committed to invest in partner companies, reimburses notes payable and pays expenses.

It is worth noting that the Fonds de solidarité FTQ is required to redeem its Class "A" Shares only in the circumstances set out in the Act, or to purchase them by agreement in exceptional situations provided under a policy adopted for such purpose by the Board of Directors and approved by the Minister of Finance of Québec.

The purchase and redemption of Class "C" Shares of the Fonds de solidarité FTQ by the FlexiFonds Funds are made in accordance with the FlexiFonds Funds' rebalancing policy (i) semi-annually, on the date the value of the Class "C" Share of the Fonds de solidarité FTQ is published; and (ii) in the course of the six-month period, if important deviations from asset allocation targets of the Class "C" Shares of the Fonds de solidarité FTQ are observed.

The Fonds de solidarité FTQ must be able to obtain the liquidity required to meet its commitments. Liquidity risk is therefore related to the potential for loss due to its inability to meet such commitments. In certain cases, securities acquired on the market can be subject to resale restrictions, thus potentially reducing their liquidity.

To ensure that sufficient liquid financial assets are maintained, the Fonds de solidarité FTQ regularly carries out simulations for different scenarios and reviews events that could lead to a lack of liquidity. The Fonds de solidarité FTQ ensures it maintains internal controls that allow it to manage such liquidity risk in a manner consistent with prudent business practices.

Among such controls, the Fonds de solidarité FTQ adopted a liquidity risk management policy that requires 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 or Class "C" Shares:

- the Fonds de solidarité FTQ must maintain 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 indicated in the audited semi-annual financial statements. This ratio will be monitored on a monthly basis;

- the Fonds de solidarité FTQ must maintain 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 indicated in the audited semi-annual financial statements. This ratio is monitored on a quarterly basis.

Compliance with these two liquidity ratios is disclosed in the management discussion and analysis of the Fonds de solidarité FTQ.

The Fonds de solidarité FTQ administers a governance process to maintain sufficient liquid assets. This process includes, among other things, an escalation procedure that is triggered when predetermined liquid assets level variation thresholds are met, allowing the Board of Directors to take the measures deemed appropriate in a timely manner and in accordance with the securities regulations requirements. Such measures include, among other things, ceasing to issue or temporarily suspending the right to redeem Class “C” Shares or units of the FlexiFonds Funds, or temporarily reducing the amounts allocated to the redemptions of Class “C” Shares of the Fonds de solidarité FTQ and proceeding with such redemptions on a prorated basis between the different shareholders.

The Fonds established and applies policies and procedures that are based on the recommendations of the International Organization of Securities Regulators regarding liquidity risk management, in order for the Fonds to act in the best interests of its shareholders, regardless of their class of shares, but also in the best interests of the FlexiFonds Funds’ unitholders. Such policies and procedures will allow the identification, in a timely manner, of situations that lead to the temporary suspension of redemption orders, for both Class “C” Shares and FlexiFonds Funds’ units.

(d) Operational risk

Inherent to all of the Fonds de solidarité FTQ’s activities, operational risk is the risk of sustaining losses as a result of the inadequacy or failure of certain processes or systems in place or due to human factors or external events. This risk also includes legal risk, regulatory compliance risk and cybersecurity risk.

(e) Strategic risk

Strategic risk, which also includes competition risk and risk associated with regulatory changes, refers to the possibility of incurring losses as a result of ineffective strategies, lack of integrated business strategies or the inability to adapt the strategies to changes in the business environment.

(f) Reputation risk

Reputation risk is the risk that negative information, whether founded or unfounded, will cause expenses, revenue losses, a decrease in liquidity or a decline in the customer base.

1.4.2 Particular risks for Fonds de solidarité FTQ shareholders

From the shareholder’s perspective, the following risks should be considered: (a) the risk related to the characteristics of the Shares; (b) the risk related to the type of development capital and other investments made by the Fonds de solidarité FTQ; (c) the risk arising from current operations; (d) the risks related to the FlexiFonds Funds; (e) regulatory risk and (f) concentration risk.

(a) Risk related to characteristics of the Shares

- (i) There is no public market for the Shares and they may be redeemed or purchased by agreement only in certain exceptional circumstances (see Section 8 “When are the Fonds de solidarité FTQ’s Shares redeemable?”).
- (ii) The purchase of Shares of a labour fund does not constitute a monetary deposit under the *Deposit Insurance Act* and is not insured by the Autorité des marchés financiers or by the Canada Deposit Insurance Company (CDIC). An investment in the Fonds de solidarité FTQ is therefore not guaranteed.

(b) Risk related to the types of development capital and other investments made by the Fonds de solidarité FTQ

The Fonds de solidarité FTQ invests in several types of assets. The Share value fluctuates based on the value of the assets and liabilities of the Fonds de solidarité FTQ, which varies, in particular due to fluctuation of interest and exchange rates, changes in economic conditions, market conditions, stock market fluctuations and the release of business news or business-related financial information. As a result, the value of your Shares at the time of their redemption could be less than their value when you purchased them. For example, you will find below a list of several factors that could influence the value of the Fonds de solidarité FTQ’s assets over time:

- (i) In accordance with the Act, the Fonds de solidarité FTQ invests a significant portion of the sums it receives in small and medium-sized enterprises located in Québec and these investments are not guaranteed.

The success of these enterprises depends on several factors which vary according to their business sectors including, without limitation, their ability to carry out the project being financed, recruit and keep skilled officers and employees, face growing competition, design,

develop and produce new commercially viable products, goods or services more quickly than their competitors, obtain necessary regulatory approvals within the prescribed delay, protect their intellectual property rights, and raise the funds necessary to develop, produce and market their products, goods or services. There is consequently no guarantee that these enterprises will generate the expected benefits within the anticipated time, which could negatively influence the Share value.

In addition, these enterprises are generally vulnerable to economic changes and market conditions so it is always possible that the Fonds de solidarité FTQ could lose a significant portion or all the investments it has made in one or more of these enterprises, which could negatively influence the Share value.

- (ii) Approximately 47% of the Fonds de solidarité FTQ's assets under management is composed of investments in private enterprises and specialized funds for which there is no public market. The fair value of these investments, which is determined by qualified valuers employed by the Fonds de solidarité FTQ, is based on valuation principles that rely on guidelines generally used in the venture capital industry in Québec (as regulated by the *Regulation respecting development capital investment fund continuous disclosure*), in compliance with Canadian generally accepted accounting principles. Although these principles are among the most thorough and contain several audit and validation steps, the resulting values may differ from the actual price obtained on the sale of such investments, which could negatively influence the Share value.
- (iii) Approximately 31% of the Fonds de solidarité FTQ's assets under management is invested in the stock market and the value of such assets may therefore be negatively influenced by a fluctuation in the value of the stock markets. Any decrease in the value of the stock markets could have a negative impact on the Share value.
- (iv) Approximately 19% of the Fonds de solidarité FTQ's assets under management is invested in the bond market; the value of these assets is sensitive to interest rate fluctuations and credit spread variations, and any interest rate or credit spread hike could have a negative effect on the Share value.
- (v) Approximately 20% of the Fonds de solidarité FTQ's assets under management is invested in foreign currencies; the value of these assets is sensitive to

exchange rate fluctuations and any appreciation in the Canadian dollar could have a negative effect on the Share value.

- (vi) A difficult economic situation may have a negative effect on the value of the Share;
- (vii) Certain securities bought on the market by the Fonds de solidarité FTQ may be subject to resale restrictions, which could reduce the liquidity of the Fonds de solidarité FTQ's assets.

(c) Risk resulting from the day-to-day operations of the Fonds de solidarité FTQ

Like any business, the Fonds de solidarité FTQ incurs certain risks which result from its day-to-day operations. You will find below a description of the main financial and operational risks that could negatively influence the Share value:

- (i) Since the Fonds de solidarité FTQ is required to meet certain solvency tests in accordance with laws governing corporations but it has the right to make all of its investments in the form of non-liquid investments, which therefore cannot be sold on short notice, there could be delays in the payment of the redemption or purchase-by-agreement price when such a request is made. However, it is impossible to determine in advance the precise length of such delays. Since its existence, the Fonds de solidarité FTQ has always met these solvency tests.
- (ii) The Fonds de solidarité FTQ must regularly honour certain fund withdrawals to redeem Shares, purchase shares by agreement or make the necessary investments in businesses. If the amount corresponding to such withdrawals exceeds the Fonds de solidarité FTQ's liquidities, which may be influenced by the general economic conditions at the time, and if it has to sell certain other investments to meet its obligations, such advance sale could be difficult to carry out or could lead to a decrease in the anticipated return and negatively influence the Share value. As at May 31, 2020, the ratio of liquid financial assets⁴ expressed as a percentage of assets under management was 52%, which in management's opinion shows that the Fonds de solidarité FTQ has the necessary liquidities to meet all its obligations and commitments, even in the event of scenarios less favourable to it.
- (iii) If, at the end of a fiscal year, the average value of the investments impacting the Québec economy in the Fonds de solidarité FTQ is below the investment rule threshold

⁴ Liquid financial assets are fixed income securities (cash and the money market, bonds) as well as listed shares in the Other Investments portfolio and certain listed shares in the Development Capital Investment portfolio.

or, further to a government decision, the number of Shares that may be issued by the Fonds de solidarité FTQ is limited for the following fiscal year (see the Annual Information Form for further information), this results in a decrease in cash inflows and could lead to less liquidity. For further information regarding the investment rule, see Section 3.1 “What are the investment rules set forth in the Act?”.

- (iv) Under the Québec *Taxation Act*, the Fonds de solidarité FTQ must pay a penalty to the Québec government when all the sums paid following purchases-by-agreement made during a given fiscal year, excluding those which are paid under the Home Buyers’ Plan and the Lifelong Learning Plan, exceeds 2% of the paid-up capital. Since this provision came into force, the amount of purchases-by-agreement made by the Fonds de solidarité FTQ has always been below this limit. The Board of Directors could postpone authorizations or deny requests of the 2% limit has been reached.
- (v) In the normal course of business, the Fonds de solidarité FTQ signs many contracts. Certain businesses with which the Fonds de solidarité FTQ signs such contracts might not meet their commitments, and in particular the repayment of amounts owed to the Fonds de solidarité FTQ, which could cause it to incur financial losses. These losses could negatively affect the Share value.
- (vi) To manage its operations, the Fonds de solidarité FTQ has set up certain procedures, has acquired information technology and relies on the skills and integrity of its human resources. The Fonds de solidarité FTQ could suffer losses due to the inadequacy or the failure of certain procedures, deficiencies in its information technologies and errors or lack of integrity on the part of its human resources.

(d) Risks related to the FlexiFonds Funds

The marketing of the FlexiFonds Funds could give rise to certain risks for the Class “A” Shareholders of the Fonds de solidarité FTQ:

(i) Conflicts of Interest Risk

The Fonds de solidarité FTQ acts as investment fund manager and manages its own assets to the benefit of holders of its Class “A” Shares and Class “C” Shares and acts as investment fund manager for each of the FlexiFonds Funds. In that capacity, the Fonds de solidarité FTQ will have a duty to act in the best interests of each of the parties involved, including the Fonds de solidarité FTQ, the FlexiFonds Funds, the FlexiFonds Funds’ unitholders and the holders of Class “A” Shares, and ensures that conflicts of interest that could arise between it and the two groups of

investors or between those two groups are appropriately managed.

The Fonds de solidarité FTQ has adopted the Conflicts of Interest Management Policy, which provides a framework for the management of conflicts of interest issues that it may face as investment fund manager of the Fonds de solidarité FTQ and as investment fund manager of the FlexiFonds Funds.

(ii) Risk of Arbitrage

Generally speaking, the risk of arbitrage refers to the risk that a holder may engage in 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 frequency of the valuation of the Fonds de solidarité FTQ shares, determined semi-annually, and the computation of the net asset value of the FlexiFonds Funds’ units, determined on a daily basis, a risk of arbitrage exists.

This structure, specific to the FlexiFonds Funds and the Fonds de solidarité FTQ, could create a risk of arbitrage by encouraging investors who own FlexiFonds Funds’ units to purchase or redeem FlexiFonds Funds’ 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.

Certain measures allow the Fonds de solidarité FTQ to mitigate the risks and adverse effects that may result from the risk of arbitrage: (a) a framework policy for short-term transactions was adopted and allows for the control of transactions effected by a FlexiFonds Fund unitholder within a 90-day period, during which redemption fees may be charged; (b) an arbitrage transaction framework policy was adopted and allows for the detection and control of arbitrage transactions in securities of the FlexiFonds 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 determines which transactions constitute arbitrage transactions and notifies the holder to cease to carry out this type of transaction or prohibits such holder from making any subscriptions going forward; (c) the FlexiFonds Funds’ prospectus provides that a unitholder may not purchase units of a FlexiFonds Fund if, following such transaction, the value of the units held by the unitholder in such fund exceeds one million dollars; (d) the FlexiFonds Funds’ units may only be held by individuals.

(iii) Inequity Risk between Holders of Class “A” Shares of the Fonds de solidarité FTQ and Holders of FlexiFonds Funds’ 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, there is an inequity risk.

The introduction of the FlexiFonds Funds could make such inequity less marginal. In fact, the more the FlexiFonds Funds’ 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.

Actually, one objective of each FlexiFonds Fund is to invest 30% of its assets in Class “C” Shares of the Fonds de solidarité FTQ. In order to maintain this 30% target allocation, FlexiFonds Fund transactions involving Class “C” Shares of the Fonds de solidarité FTQ are subject to a rebalancing policy. In a strong bull market or strong bear market situation, a transaction made to bring back the Class “C” Shares’ weight close to the established target (i.e., 30% of the FlexiFonds Fund’s assets) could lead to inequity for the other shareholders of the Fonds de solidarité FTQ, particularly if the total amount of the transaction is substantial.

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 Funds’ unitholders and the holders of Class “A” Shares in order to circumscribe the risks and develop contingency measures to limit them. The Fonds de solidarité FTQ has, among other things, adopted a policy for the management of extreme cases. The goal of this policy is 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.

(e) Regulatory risk

The Fonds de solidarité FTQ is governed by or indirectly affected by both federal and provincial laws, regulations, standards, rules

and policies, as well as by internal rules, by-laws and policies providing a framework according to which it must conduct its business. The risk lies in the Fonds de solidarité FTQ’s ability to adapt to any material regulatory change or the strict application of policies currently in place. For example, a change to the tax credits granted to shareholders of the Fonds de solidarité FTQ by the Quebec or federal government may lead to a change in shareholder subscription habits and affect its development capital investments.

(f) Concentration risk

Concentration risk is the possibility that a major portion of a shareholder’s portfolio will be comprised of Fonds de solidarité FTQ Shares, which could put the shareholder in vulnerable position should the value of the Fonds de solidarité FTQ shares drop significantly.

2 HOW IS THE FONDS DE SOLIDARITÉ FTQ MANAGED AND ORGANIZED?

2.1 Who is responsible for carrying out the main corporate functions?

See the Annual Information Form (more specifically Section 9) and the MD&A for information about the Fonds de solidarité FTQ’s governance and rules of ethics.

2.2 How is the Board of Directors formed and how does it manage risks?

The Act provides that the Board of Directors is formed of 19 people (see the Fonds de solidarité FTQ’s Annual Information Form as well as the Activity and Sustainable Development Report for the names of the directors), designated as follows:

- (a) seven (7) people are nominated by the General Council of the FTQ;
- (b) eleven (11) people are elected by the Fonds de solidarité FTQ’s Annual Shareholders’ Meeting, including:
 - (i) seven (7) people who qualify as independent persons and whose candidacies are recommended to the Board by the Governance and Ethics Committee;
 - (ii) four (4) people elected from among candidates following a call for nominations;
- (c) the President and CEO of the Fonds de solidarité FTQ.

The Fonds de solidarité FTQ’s Board of Directors is responsible for, among other things, approving the Fonds de solidarité FTQ’s broad orientations and business strategies, particularly with respect to the integrated management of financial assets and

risk. It is also responsible for the existence of controls relating to the management of the Fonds de solidarité FTQ, including management of the risks to which it is exposed. The Board of Directors is assisted by various committees with respect to these duties.

For further information on risk management, see the Annual Information Form and the MD&A.

2.3 Who is entitled to offer the Fonds de solidarité FTQ's Shares?

The Fonds de solidarité FTQ has not hired any securities broker to distribute its Shares. It offers its Shares directly to the public, relying primarily on the union structures (see Subsection 4.2 “Who can I contact for more information on the Fonds de solidarité FTQ and its Shares?”).

No commission is payable to anyone for the distribution of the Fonds de solidarité FTQ's Shares.

2.4 Who carries out the complementary functions?

MANAGER OF THE FONDS DE SOLIDARITÉ FTQ	The Fonds de solidarité FTQ itself manages its assets and is registered as an investment fund manager.
PORTFOLIO MANAGER	For the Other Investments Portfolio, the Fonds de solidarité FTQ has granted management mandates to the following managers: Addenda Capital Inc., Guardian Capital LP, Letko, Brosseau and Associates Inc., Montrusco Bolton Investments Inc., Picton Mahoney Asset Management, State Street Global Advisers Limited and Triasima Portfolio Management Inc. for the Other Investments Portfolio. For the Development Capital Investment Portfolio, the Fonds de solidarité FTQ has granted a management mandate to Eterna Investment Management Inc.
TRUSTEE SERVICES	Through its trustee, Fiducie Desjardins Inc., the Fonds de solidarité FTQ offers its shareholders two registered plans: a Registered Retirement Savings Plan (hereinafter “RRSP”) and a Registered Retirement Income Fund (hereinafter “RRIF”). By transferring your Shares to an RRSP, you may take advantage of certain tax benefits. For more information, see Section 10 “What are the tax consequences for Shareholders?”.
CUSTODIAN	Fiducie Desjardins Inc. also acts as custodian under a custodian and administration agreement. Sub-custodian agreements have also been signed with RBC Investor Services Trust, the Laurentian Bank of Canada and the Fédération des caisses Desjardins du Québec pursuant to a merger with the Caisse centrale Desjardins as at January 1, 2017. For further information, see the Annual Information Form.

SHARE REGISTERS	The Fonds de solidarité FTQ maintains its own shareholder and transfer registers, except in respect of RRIFs, where the task of maintaining the records has been entrusted to Desjardins Trust Inc.
AUDITORS	Deloitte LLP, 1190 Avenue des Canadiens-de-Montréal, Suite 500, Montréal, Québec, H3B 0M7, and Raymond Chabot Grant Thornton LLP, National Bank Tower, 600 de la Gauchetière St. West, Suite 2000, Montréal, Québec, H3B 4L8, jointly audit the financial statements of the Fonds de solidarité FTQ to ensure that they present fairly, in all material respects, its financial position its financial performance and its cash flow, in accordance with International Financial Reporting Standards (IFRS). The financial statements disclose the net assets per Share. The auditors are independent within the meaning of the code of ethics of the <i>Ordre des comptables professionnels agréés du Québec</i> . Deloitte LLP audits the statement of development capital investments, at cost, in accordance with section 18 of the <i>Regulation respecting development capital investment fund continuous disclosure</i> .

3 WHAT TYPES OF INVESTMENTS DOES THE FONDS DE SOLIDARITÉ FTQ MAKE?

The Fonds de solidarité FTQ aims to meet the objectives set forth in the Act when investing, while generating a reasonable return for its shareholders.

If changes are made to the provisions of the Act in terms of investments, including with respect to the investment rule, the Fonds de solidarité FTQ will not change the contents of this short form prospectus during the current issuance unless such changes constitute a material change of the rights of shareholders within the meaning of securities regulations, as determined by the Fonds de solidarité FTQ.

3.1 What are the investment rules set forth in the Act?

Under the Act, the Fonds de solidarité FTQ may invest in any business, in whatever form. However, the value of all eligible investments, as defined in the Act, must represent, on average, at least 65%⁵ of its average net assets for the previous fiscal year.

Under the Act, the Fonds de solidarité FTQ can make investments outside Québec, but they cannot exceed 7.5% of the Fonds de solidarité FTQ's net assets for the preceding fiscal year to be eligible pursuant to the Act. The Policy regarding investments outside Québec does not provide for any geographic or sector-based limits with respect to such investments.

⁵ See the March 26, 2015 Québec budget.

For further information about investment standards, see the Annual Information Form (more specifically at Section 2.2.1).

3.2 The Fonds de solidarité FTQ's Integrated Financial Assets Management Policy

The Fonds de solidarité FTQ's Integrated Financial Assets Management Policy ensures sound diversification in the investment of its financial assets and optimal risk/return ratio, while complying with the mission of the Fonds de solidarité FTQ and fulfilling stakeholder expectations.

The Integrated Financial Asset Management Policy of the Fonds de solidarité FTQ is completed by the Development Capital Investment Policy and by the Other Investments Portfolio Policy. The purpose underlying these policies is to formulate principles and rules applicable to the investment of financial assets, to define the roles and responsibilities of participants, and to specify return and risk objectives and related monitoring procedures.

3.3 Investments impacting the Québec economy

The Fonds de solidarité FTQ invests mainly in the form of development capital and spreads out its investment portfolio in various sectors of the economy specifically to ensure risk diversification. It focuses mainly on traditional economic sectors which, as at May 31, 2020, made up the majority of its investment portfolio. The Fonds de solidarité FTQ also invests in real estate and in the new economy sectors such as life sciences, information technology and telecommunications.

Investment projects are evaluated based on the following decision-making criteria: the financial aspects of the investment, the quality of governance and management team, the market, the exit opportunities, the legal aspects of the investment, taxation, the environmental risks, the reputation risks, the degree of innovation, the quality of operational infrastructures and processes, the relevance for the Fonds de solidarité FTQ's stakeholders and the enterprise's social responsibility audit. For greater detail, refer to the Annual Information Form.

The Fonds de solidarité FTQ's regional and local commitment

One of the Fonds de solidarité FTQ's priorities is its regional and local commitment, which has become one of its development objectives. With the *Fédération québécoise des municipalités*, it has established the *Fonds locaux de solidarité FTQ, s.e.c.*, the purpose of which is to promote the emergence of various local funds, among others, within regional county municipalities for small local investments to support the strengths of the community and contribute to the development of local economies and regional employment.

With the active cooperation of the socio-economic stakeholders of the regions, the Québec government and the unions, the Fonds de solidarité FTQ has participated in the creation of Fonds régionaux de solidarité FTQ (regional funds) in all the administrative regions of Québec. As at May 31, 2020, the Fonds de solidarité FTQ had invested a total of \$300.4 million in these funds. For further information, see the Annual Information Form.

3.4 Other Investments

The other investments of the Fonds de solidarité FTQ are comprised of uninvested sums from the capital development investment portfolio. As at May 31, 2020, all such investments represented 43% of its assets under management.

As at this same date, 51% of these other investments were composed of a cash and money market portfolio and a bond portfolio. Those securities generate, among other things, interest income. The remainder was invested in Canadian and international global equity portfolios and other securities. The foreign portion of the other investments is distributed among several developed countries. There are no specific limits with respect to the foreign content of investments, but the Integrated Financial Assets Management Policy provides for certain limits in terms of foreign content for certain asset categories.

The share portfolio and the other securities portfolio as well as a part of the bond portfolio were already managed externally by specialized managers. During a reorganization in January 2020, it was decided that the management of the entire bond portfolio and of the money market portfolio would also be transferred to external managers. Moreover, the new office of Vice-President of Asset Allocation and External Management was created to combine the responsibilities of allocating assets and overseeing the other investments portfolio, which is now entirely managed externally by specialized managers.

3.5 Derivative financial instruments

In managing its assets, the Fonds de solidarité FTQ may trade in derivative financial instruments to facilitate portfolio management, improve returns, manage market risks, make changes in asset allocation and manage the hedging of foreign currencies. For further details, see the Annual Information Form.

4 WHO SHOULD INVEST IN THE FONDS DE SOLIDARITÉ FTQ AND WHO CAN I CONTACT FOR MORE INFORMATION ON IT AND ITS SHARES?

4.1 Who should invest in the Fonds de solidarité FTQ?

Only individuals 18 years of age or older and on their own account may purchase Shares. As a result, no sum directly transferred from another plan may be used to buy Shares. For example, you cannot use money in an RRSP which you hold with another institution to purchase Shares.

The following individuals residing in Québec who are able to keep their Shares until retirement and who have a certain risk tolerance (see Subsection 1.4 “What are the risks of investing in the Fonds de solidarité FTQ?”) can invest in the Fonds de solidarité FTQ:

- (a) Québec workers who wish to promote employment while investing for their retirement;
- (b) any investor wishing to participate in the economic development of Québec by supporting enterprises having an economic impact in the province;
- (c) investors looking for an investment product with additional tax benefits;
- (d) Quebeckers whose income level requires that they pay income tax.

The Fonds de solidarité FTQ reserves the right to accept or refuse any subscription request in whole or in part. In general, a subscription will be accepted or refused within 30 days following its receipt. The Fonds de solidarité FTQ issues the Shares subscribed for as soon as payment is made.

If the amount paid is insufficient for the purchase of a whole Share, the Fonds de solidarité FTQ will issue a fractional Share. A fractional Share has the same rights attached to it as a whole Share, except the right to vote. The subscription price for Shares is generally the price in effect on the day the payment for the Shares is cashed by the Fonds de solidarité FTQ.

However, when sums are paid in your name before you reach 18 years of age, through your employer, or during the period prohibiting subsequent acquisition of Shares following the purchase-by-agreement of your Shares pursuant to the Purchase-by-Agreement Policy (see Subsection 8.2 “What is purchase-by-agreement?” as well as Schedule 2 for more information about the terms and conditions of acquiring Shares after a redemption), such sums will only allow the Fonds de solidarité FTQ to issue Shares when you reach 18 years of age or upon expiry of the blackout period, and the price of such Shares will be set according to the Share value in effect at the time of

issuance. Sums paid before you reach 18 years of age or during the blackout period will be deposited in the trust account until Shares may be issued. A reimbursement of sums held in trust may, however, be granted at the holder’s request. For more information, please see Subsection 8.2 “What is purchase-by-agreement?”.

4.2 Who can I contact for more information on the Fonds de solidarité FTQ and its Shares?

A number of people can provide you with information about the Fonds de solidarité FTQ and the characteristics of its Shares and collect your subscription. These individuals may be employees of the Fonds de solidarité FTQ, people working in the various Fonds régionaux de solidarité FTQ (regional funds), union advisors, active union representatives, union members or simply individuals who support the Fonds de solidarité FTQ’s goals. However, the Board of Directors mainly relies on the FTQ’s permanent union structure and on the solidarity and availability of its members for the solicitation of subscriptions.

Local Representatives

In FTQ-affiliated unions (as well as unions with which the Fonds de solidarité FTQ has entered into agreements), the Fonds de solidarité FTQ has developed a network of local representatives (“LRs”) who voluntarily promote the Fonds de solidarité FTQ in their workplace. Their work consists mainly of explaining the objectives of the Fonds de solidarité FTQ and promoting the subscription of its Shares by members of those unions.

The Fonds de solidarité FTQ has entered into agreements with the Centrale des syndicats du Québec (“CSQ”), the Confédération nationale des cadres du Québec (“CNCQ”) and the Fédération interprofessionnelle de la santé du Québec (“FIQ”), to inform their members about and encourage them to enroll in the Fonds de solidarité FTQ.

When the Fonds de solidarité FTQ organizes activities for the LRs, such as training or information days, it reimburses their employer or union with which they are affiliated, as the case may be, all or part of the LRs’ salary since they must obtain union leave to participate in these activities.

Employees of the Fonds de solidarité FTQ

The Fonds de solidarité FTQ offers shareholders’ service at its permanent offices in Montréal, Pointe-Claire and Québec City and in thirteen (13) offices of the Fonds régionaux de solidarité FTQ (regional funds) in Québec. Other points of service generally open temporarily to meet shareholder needs.

Subscriptions are also collected by employees of the Fonds de solidarité FTQ who are paid in accordance with its applicable collective agreement. No other compensation is paid to the personnel for collecting subscriptions.

5 WHAT ARE THE FEES RELATED TO THE FONDS DE SOLIDARITÉ FTQ?

5.1 Fees directly payable by the shareholder

On June 1, 2019, the Fonds de solidarité FTQ eliminated the \$25 enrolment fee that was, until then, payable by new shareholders upon opening an account. Thus, there are no more fees that are directly payable by the shareholders of the Fonds de solidarité FTQ.

All fees are set by the Board of Directors, and the Fonds de solidarité FTQ will publish a 30-day written notice prior to any raise in the amount of fees or the introduction of any new type of fees directly payable by the shareholder.

5.2 Fees payable by the Fonds de solidarité FTQ

Fees that are paid by the Fonds de solidarité FTQ include operating expenses with regards to its overall functioning, such as salaries and benefits (salaries of permanent and temporary employees), advertising and information costs, occupancy fees and rent, as well as professional fees (such as legal and audit fees), external managers' fees, custodial fees for the safekeeping of securities, the remuneration of the trustee and transaction fees. These costs influence the value of your investment.

The annual total operating expense ratio⁶ to the overall functioning of the Fonds de solidarité FTQ was 1.49% and its trading expense ratio⁷ was 0.02% of the average net assets of the Fonds de solidarité FTQ for the year ended May 31, 2020.

6 HOW CAN I SUBSCRIBE FOR SHARES OFFERED BY THE FONDS DE SOLIDARITÉ FTQ?

There are three ways to subscribe for Shares of the Fonds de solidarité FTQ: payroll deductions (the method of choice for workers), preauthorized withdrawals and lump sum payments.

It is important to note that the Fonds de solidarité FTQ may limit the issuance of Shares during a fiscal year, which means that the subscription of Shares by an investor would only be possible through certain specific subscription methods. In the event the Fonds de solidarité FTQ does limit the issuance of Shares, it will announce, by press release, the terms of such limitation. In such a case, the Fonds de solidarité FTQ will prioritize existing subscription agreements, whether by payroll deductions,

employer contributions or preauthorized withdrawals, and will continue to issue Shares according to such agreements for the whole duration of the fiscal year.

For investors subscribing for Shares through lump-sum payments, it should be noted that the Fonds de solidarité FTQ will issue Shares to such investors on a "first come, first served" basis. Considering that the Fonds de solidarité FTQ sets aside Shares for those investors who subscribe for Shares under the above-mentioned agreements, subscriptions through lump-sum payments, new subscription agreements with preauthorized withdrawals as well as increasing preauthorized withdrawals under existing agreements may not be accepted in order to comply with the limit on the issuance of Shares that the Fonds de solidarité FTQ may announce.

Sums paid during the period in which the issuance of Shares is limited and for which Shares could not be issued will be deposited into a liquid assets trust account. A reimbursement of sums held in trust may be granted at the holder's written request throughout the entire period in which the issuance of Shares is limited, after which time Shares will be issued.

If you choose to set up or change payroll deductions or preauthorized withdrawals, or if you wish to subscribe through a lump sum payment, you can either speak to your LR at work, contact the Fonds de solidarité FTQ's Saving Services or consult the Fonds de solidarité FTQ's website at fondsftq.com. Note that when you first subscribe for Series 2 Class "A" Shares (outside an RRSP), you will have to meet with a representative of the Fonds de solidarité FTQ (either an employee or an LR) to personally fill out a schedule in order to ensure compliance with the requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

6.1 Payroll Deduction

This form of subscription allows you to make a fixed payment to purchase Shares with every paycheque until you notify the Fonds de solidarité FTQ otherwise. You may tell your employer that you would like to receive the tax benefits associated with the purchase of Fonds de solidarité FTQ's Shares every pay period. This way, you will receive an immediate tax benefit with every paycheque instead of having to wait for your income tax return to be processed by the authorities.

Your employer may, at any time, implement the payroll deduction you have requested. Under the Act, your employer is required to do so, within a reasonable time frame, if the lesser of (i) 20% of the total number of employees or (ii) 50 employees make such a request through the Fonds de solidarité FTQ or its representative,

6 The total operating expense ratio is obtained by dividing total operating expenses for the year indicated in the statement of comprehensive income by the average net assets attributable to security holders of the Fonds de solidarité FTQ for the year.

7 The trading expense ratio is obtained by dividing transaction costs by the average net assets attributable to security holders of the Fonds de solidarité FTQ for the year.

such as your union. Your employer must remit the amounts withheld to the Fonds de solidarité FTQ no later than the 15th day of the month following the month in which the deduction was made. The remittance must be accompanied by your social insurance number in accordance with the Act solely for the purpose of issuing tax slips. To ensure your employer properly makes the payroll deduction, we recommend that you sign up or subscribe through your online account at fondsftq.com. The amounts withheld remain due to the employee as salary until they are remitted by the employer to the Fonds de solidarité FTQ. If you decide to cease acquiring shares by way of payroll deductions, you may at any time contact the Fonds de solidarité FTQ's Saving Services by e-mail or telephone.

6.2 Preauthorized Withdrawals

This type of subscription allows you to acquire Shares through preauthorized withdrawals (a \$10 minimum per withdrawal) from your account at a financial institution. To do so, attach a sample cheque to the application form and give it to your LR or send it directly to the Fonds de solidarité FTQ. You may also subscribe and ask to use the direct payment system at the site fondsftq.com or by calling the Fonds de solidarité FTQ's Saving Services.

6.3 Lump sum payment

You may subscribe for Shares by paying for them in a single payment. To ensure instant processing of your transaction, we recommend that you sign up and subscribe through your online account at fondsftq.com. You can also enclose a cheque, money order or bank draft with the subscription application form for the amount subscribed, which you may give to your LR or send directly to the Fonds de solidarité FTQ. You may also use the direct payment system if you go to one of the Fonds de solidarité FTQ's points of service.

7 WHAT ARE THE CHARACTERISTICS OF THE SHARES?

7.1 Class "A" Shares

The Fonds de solidarité FTQ's Shares have no par value and give their holders the following rights:

- (a) the right to vote at any Fonds de solidarité FTQ's meeting of shareholders on the basis of one vote per Share, since a fractional Share does not give the right to vote. Only a whole Share gives the holder the right to vote. If all the Shares have been transferred to an RRSP of which the spouse⁸ is the

annuitant,⁹ the spouse is deemed to have the voting right attached to the transferred Share;

- (b) the right to elect eleven (11) directors to the Board of Directors;
- (c) the right to receive any dividend declared by the Fonds de solidarité FTQ, i.e. the share of its earnings which it might decide to pay its shareholders; the Fonds de solidarité FTQ's policy is to reinvest the annual revenue generated from its operations. It does not expect to pay its shareholders' dividends.
- (d) the right to require the redemption of their Shares by the Fonds de solidarité FTQ, subject to certain conditions prescribed by the Act; if Shares are transferred to an RRSP of which the spouse is the annuitant, the spouse will be deemed to be the person who has acquired the Shares from the Fonds de solidarité FTQ for the purpose of the provisions concerning redemptions (see Section 8 "When are the Fonds de solidarité FTQ's Shares redeemable?");
- (e) the right to ask that the Shares be purchased by agreement, according to the terms and conditions of the Purchase-by-Agreement Policy;
- (f) the right to receive their proportionate share of the Fonds de solidarité FTQ's assets if it is liquidated.

The Shares are issued in the form of Series 1 or Series 2 Class "A" Shares. The issuance of Series 1 Shares is limited to people who ask them to be transferred to an RRSP or a RRIF. Series 2 Shares are held in a non-RRSP account.

If Series 1 Shares are withdrawn from an RRSP or a RRIF, they must be exchanged for the same number of Series 2 Shares. All holders of Series 2 Shares are also required to exchange them for the same number of Series 1 Shares if they wish to transfer their Shares to an RRSP (see Section 10 "What are the tax consequences for Shareholders?").

The voting right attached to the Shares is exercised at the same meeting (annual or special), regardless of their respective series, and their holders may be represented at it by proxy.

Regardless the Series, the Shares rank equally among themselves, as Class "A" Shares, with respect to the payment of dividends, where applicable, and the sharing of the Fonds de solidarité FTQ's property upon its dissolution, liquidation or the distribution of all or part of its assets among the holders of Shares. They also rank equally among themselves, where

⁸ Unless indicated otherwise, for the purpose hereof, the definition of "spouse" is that set out in the Québec *Taxation Act*, which includes both same-sex and opposite-sex spouses.

⁹ The annuitant is a person in whose name the plan is registered in accordance with federal and Québec income tax laws. Such person may be the person who contributes to an RRSP constituted under his or her own name or the spouse of the contributor, in the case of a spousal RRSP.

applicable, with respect to the payment of any purchase-by-agreement or redemption of Shares.

The Board of Directors of the Fonds de solidarité FTQ may, from time to time, by resolution of the directors, increase or reduce the issued and paid-up capital account relating to the Series 1 Shares, without any distribution or payment to the holders of such Shares. The Fonds de solidarité FTQ may also, from time to time, by resolution of the directors, apply any contributed surplus to eliminate or reduce the deficit. Such transactions do not have a negative impact on the Fonds de solidarité FTQ's shareholders (see the Annual Information Form for further information).

The amendment to the rights attached to the Shares is subject to the provisions of the Act and the *Companies Act* (Québec). As of the date of this prospectus, the Fonds de solidarité FTQ does not intend to amend the rights relating to its Shares.

7.2 Class "B" Shares

Presently, there are no Class "B" Shares issued and outstanding. Authorized Class "B" Shares have no par value, they do not confer any voting right and they may be issued in series. They could give the right to a preferential dividend at a rate set by the Board of Directors if applicable. In the event of liquidation, they rank in priority to Class "A" Shares. In the event of liquidation, the holders of Class "B" Shares have the right to receive, in cash or in kind, an amount equal to the value of the consideration paid with respect to such outstanding Shares plus, where applicable, any declared and unpaid dividend and any other amount determined by the articles of amendment creating certain series of Class "B" Shares, in priority to and ranking above the other classes of Shares. No other additional participation in the remaining assets is provided for Class "B" Shares.

7.3 Class "C" Shares

At the February 28, 2019 meeting of the Board of Directors, 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. This By-Law has been duly ratified at the special meeting of shareholders held on May 27, 2019.

The Fonds de solidarité FTQ is thus authorized to issue, in one or more series, an unlimited number of shares with no par value designated as "Class 'C' Shares". The attributes specific to all Class "C" Shares are the following:

- (a) 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;

- (b) the Class "C" Shares, regardless of the series, rank equally among themselves with respect to the payment of dividends and the sharing of property in the event of the Fonds de solidarité FTQ'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.
- (c) 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 de solidarité FTQ's dissolution, liquidation or the distribution of all or part of its assets among the shareholders and, if applicable, to redemption payments;
- (d) 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 de solidarité FTQ.

A first series of Class "C" Shares, designated as "Class 'C' Shares, Series 1", was created. The Class "C" Shares, Series 1 are offered, pursuant to a prospectus exemption, to the FlexiFonds Funds only. Unlike Class "A" Shares of the Fonds de solidarité FTQ, the acquisition of Class "C" Shares does not provide entitlement to tax credits.

The transactions made by the FlexiFonds Funds with respect to Class "C" Shares (i.e., subscriptions and redemptions) are governed by a rebalancing policy that helps reaching and maintaining a FlexiFonds Funds' asset investment target of 30%. Thus, the Class "C" Shares are purchasable or redeemable in accordance with the rebalancing policy, which is more fully described in Section 1.4, "What are the risks of investing in the Fonds de solidarité FTQ?".

Moreover, the Fonds de solidarité FTQ may redeem the Class "C" Shares registered under the name of the FlexiFonds Funds if the holding of Class "C" Shares has an adverse effect on a FlexiFonds Fund or its unitholders or on the Fonds de solidarité FTQ or its shareholders, or if it is authorized or required to do so under applicable law or has been instructed to do so by regulatory authorities having jurisdiction.

The FlexiFonds Funds, however, upon receiving a duly completed redemption request, shall pay the redemption proceeds to the unitholders no later than two business days following the date on which the calculation of the net asset value per unit used to determine the redemption price is made.

8 WHEN ARE THE FONDS DE SOLIDARITÉ FTQ'S SHARES REDEEMABLE?

Generally, any subscription for Shares of the Fonds de solidarité FTQ must be considered an investment for retirement.

The Fonds de solidarité FTQ can either redeem your Shares in the circumstances provided for by the Act or purchase them by agreement in the exceptional circumstances set out in the Purchase-by-Agreement Policy adopted by the Fonds de solidarité FTQ's Board of Directors and approved by Québec Minister of Finance. **Except in these circumstances, the Fonds de solidarité FTQ cannot redeem your Shares or purchase them by agreement.**

Provided the requirements of the criterion are met and once all the required documents have been submitted, requests made under the Policy will be examined and authorized by a decision-making committee appointed by the Board of Directors for this purpose. If in doubt as to the application of such a Policy, the committee will interpret the Purchase-by-Agreement criteria restrictively and render a decision consistent with the principle of permanent maintenance of Fonds de solidarité FTQ's capital.

If your request does not include sufficient information to justify its authorization, the Fonds de solidarité FTQ may ask for additional documentation to ensure that the requirements of the criterion invoked are respected.

You may request a partial purchase-by-agreement of your Shares. In this case, the authorization will be limited to the amount requested. However, any authorization for a partial purchase that leaves a balance of fewer than 20 Shares in a shareholder's account will automatically be deemed to be a full authorization to close the account except under the "Access to Home Ownership" criterion in connection with the Home Buyers' Plan ("HBP") and "Return to Full-Time Studies" in connection with the Lifelong Learning Plan ("LLP"), due to repayments which must be made to the Fonds de solidarité FTQ. Furthermore, any request from a shareholder who holds fewer than 50 Shares will be submitted for authorization without further documentary evidence, other than a solemn declaration confirming the existence of the criteria invoked to justify the redemption or the purchase-by-agreement.

The sums held in a trust account of the Fonds de solidarité FTQ will be paid at the same time as the Shares are disbursed

pursuant to a purchase-by-agreement criterion provided for in the Act or a purchase-by-agreement provided for in the Purchase-by-Agreement Policy.

8.1 What are the redemptions provided for by the Act?

Redemption criteria

Under the Act, the Fonds de solidarité FTQ is required to redeem all or part of the Shares you acquired, in the situations described in the table attached as Schedule 1.¹⁰

Subject to Subsection 8.3 "What is the issuing, purchase or redemption price of the Shares?"; any disbursement will only be made after you actually retire, and the redemption price of your Shares will be the price in effect on that date.

Redemption time frame

The redemption of your Shares will be completed within a reasonable time frame, **typically not more than 30 days following the date the Fonds de solidarité FTQ receives your redemption request if you have provided all of the necessary documents.**

Subsequent Acquisition of Shares

Any individual may acquire Shares subsequent to a redemption in the circumstances described in the table set forth in Schedule 1 (except in the event of death¹¹).

Tax consequences

After redemption of all or part of the Shares, in the circumstances described in the Table set forth in Schedule 1 (except in the event of death¹²), you may no longer receive the tax credit in respect of the acquisition of the Fonds de solidarité FTQ's Shares, as applicable in each of those circumstances.

Therefore, if a Share redemption request is submitted within 60 days following the subscription date, the amount of the tax credit associated with the acquisition of such Shares is cancelled. Where the redemption of Shares is for reasons relating to disability, no credit is granted for the Shares purchased after the time the redemption request is submitted. Finally, in circumstances relating to age and/or retirement, no credit is granted for Shares acquired before or after the redemption.

Therefore, in the latter case, an individual who did not receive, for the years prior to the redemption, all of the tax credit to which he

¹⁰ See Section 10, "What are the tax consequences for Shareholders?" for the tax implications of redeeming Shares.

¹¹ A succession or a spousal RRSP may not acquire Shares. Only a natural person may acquire Shares.

¹² An individual who is a legatee of Shares and who subsequently acquires other Shares may benefit from the rules pertaining to tax credits as explained under Section 10 "What are the tax consequences for Shareholders?". The same goes for a legatee who acquires Shares after submitting a request for the redemption of Shares held in a spousal RRSP following the death of the contributing spouse.

or she was entitled is no longer authorized to claim a deduction, in calculating his or her tax payable, regarding the unused portion of this tax credit.

Any redemption of Series 1 (held in an RRSP or a RRIF) or Series 2 (held outside an RRSP or a RRIF) Shares, may lead to other tax consequences. The tax consequences of redeeming your Shares are briefly summarized in Section 10 “What are the tax consequences for Shareholders?”.

8.2 What is purchase-by-agreement?

Criteria for purchase-by-agreement

The Fonds de solidarité FTQ can purchase your Shares by agreement in whole or in part, but only in the cases provided for in the Purchase-by-Agreement Policy adopted by its Board of Directors and approved by the Québec Minister of Finance on June 16, 2017.

All requests for purchase-by-agreement submitted after that date are treated according to the version of the Purchase-by-Agreement Policy then in force. However, shareholders who subscribed before the Purchase-by-Agreement Policy’s effective date may invoke the policy in effect on the date of their subscription if that policy is to the shareholder’s advantage. The previous policies are available upon request.

The purchase-by-agreement must benefit the shareholder personally and not only his or her creditors, such as in the case of bankruptcy for instance. In some cases, when indicated, the purchase may also benefit the spouse of the shareholder or a dependent child.

The “Criteria for Purchase-by-Agreement” table which summarizes the Purchase-by-Agreement Policy is found in the attached Schedule 2.

Management of the Purchase-by-Agreement Policy

The committee created by the Board of Directors to make decisions about purchase-by-agreement requests, interprets and applies the Purchase-by-Agreement Policy adopted by the Board of Directors of the Fonds de solidarité FTQ and makes its decisions in accordance that policy.

All requests that qualify under the criterion invoked and meet the requirements and the application principles of the Purchase-by-Agreement Policy are authorized by the committee. However, under the Québec *Taxation Act*, the Fonds de solidarité FTQ must pay a penalty to the Québec government when, in a fiscal year, the total amount paid for purchases-by-agreement, excluding those paid under the Lifelong Learning Plan and the Home Buyers’ Plan, exceeds 2% of the paid-up capital of the Shares.

Since this provision came into effect, the amount of the Fonds de solidarité FTQ’s purchases-by-agreement has always been less than the 2% limit. As at May 31, 2020, the Fonds de solidarité FTQ had authorized purchases-by-agreement in an amount representing 0.79% of its paid-up capital. The Board of Directors could postpone authorizations or deny requests if the 2% limit is reached.

Furthermore, under the Québec *Companies Act* and under section 2 of the Act, the Fonds de solidarité FTQ must satisfy certain solvency tests before paying for Shares that it redeems or purchases by agreement. The tests concern maintenance of the capital of the Fonds de solidarité FTQ and are applied so that it will be able to meet its obligations as they come due. Since its creation, it has always satisfied the solvency tests.

Time frame for purchases-by-agreement

The purchase of your Shares will be completed within a reasonable time frame, **typically not more than 30 days following the date on which the Fonds de solidarité FTQ receives your request if you have provided all necessary documents.**

Time frame for subsequent purchase of Shares

After purchase-by-agreement of your Shares, you could be subject to a time limit for subsequent share acquisition pursuant to the Purchase-by-Agreement Policy (see Schedule 2 for further information regarding the terms and conditions of subsequent acquisitions). Where sums are paid in your name during the blackout period, they are deposited into a trust account until the Shares may be issued. Subsequently, when the blackout period expires, the amounts paid will allow Shares to be issued, and their price will be set according to the Share value in effect at the time of issuance. The Shares issued may then give entitlement to tax credits in accordance with the applicable tax rules set forth under Section 10 “What are the tax consequences for Shareholders?”.

A reimbursement of sums held in trust may, however, be granted at the shareholder’s request. To obtain a reimbursement of the sums held in trust, you must submit a written request to the Fonds de solidarité FTQ.

Tax consequences

In regards to a purchase-by-agreement, no transfer to another retirement savings plan is authorized except under the “Redemption of Pension Credits”, “Serious and Irreversible Illness”, “Ineligibility for Tax Credits” and “Emigration from Canada” criteria. When authorized, such sums may be transferred to another plan (an RRSP or a RRIF) without tax consequences.

The tax consequences of a purchase-by-agreement of your Shares are summarized in Subsections 10.4 “Tax consequences of a redemption or purchase-by-agreement of Shares held outside an RRSP” and 10.5 “Tax consequences of the redemption of Shares from an RRSP or a RRIF or of a withdrawal from a registered plan”.

The table in Schedule 2 presents all the criteria set out in the Purchase-by-Agreement Policy and the conditions to comply with to be eligible.

8.3 What is the issuing, purchase or redemption price of the Shares?

The redemption or purchase Share price is equivalent to the issuing price and is set by the Board of Directors based on the net asset value of the Fonds de solidarité FTQ. Unless there are exceptional circumstances, including those provided for in the Policy for the Management of Extreme Cases when the performance of some assets of the Fonds de solidarité FTQ shows extreme fluctuations, such value is fixed in accordance with the Act, twice a year, at dates six months apart. This value is determined based on the financial statements prepared according to Canadian generally accepted accounting principles. The financial statements are jointly audited by two independent auditing firms. The issuance, redemption or purchase by agreement price of the Share is published by press release within a few weeks of the end of each six-month period, namely, around June 30 and December 31 (see Section 11 “How is the purchase or redemption price of the Shares determined?”).

The current price the day the Fonds de solidarité FTQ redeems or purchases your Shares will be used, except in the case of the “Ineligibility for Tax Credits” and “Redemption within 60 Days” criteria, in which case the reimbursement is the value of the Shares when they were purchased.

When any redemption or purchase-by-agreement request is made, **the necessary documents must have been submitted to the Fonds de solidarité FTQ within 30 days**, failing which the request file will be closed and another request will have to be made. The redemption will be at the price in effect on the day the Fonds de solidarité FTQ redeems your Shares or the day the Fonds de solidarité FTQ authorizes the purchase of your shares by agreement.

Shares redeemed or purchased by agreement during the transition period, which is between the end of each six-month period and the date of publication of the new redemption or purchase price (the “Transition Period”), are redeemed or

purchased at the current price per Share until the new redemption or purchase price is published.

If you submit a request for redemption for Shares held inside or outside an RRSP during the Transition Period under one of the “Retirement” criteria and you are in one of the following situations:

- you are considered retired;
- you began your retirement during the Transition Period or within three months of the end of that period,

you will then have two (2) options:

The first option allows you to wait until the new price is published (the “New Price”) before Fonds de solidarité FTQ redeems your Shares, in which case **it will pay you the most favourable of the two prices**, i.e. the current price at the time of the filing¹³ of your request with the Fonds de solidarité FTQ or the New Price. If you choose this option, you must make a redemption request, **indicating as the disbursement date the date of publication of the next change in share value** and wait until the New Price is determined and released by the Board of Directors before receiving your payment.

Under the second option, you may choose not to wait for the date of publication of the New Price to have your Shares redeemed, in which case the redemption will be for the price on the disbursement date you indicated on the redemption form. Furthermore, the Fonds de solidarité FTQ will grant you the most favourable between the current price or the New Price, if the disbursement is made more than 30 days after the date it received all the necessary documents to proceed with your redemption request.

If there are outstanding fees in your account, these fees will be deducted or claimed at the time your Shares are redeemed or purchased by agreement.

When a request to redeem your Shares or purchase them by agreement is accepted by the Fonds de solidarité FTQ because that request complies with the Act or the Fonds de solidarité FTQ’s Purchase-by-Agreement Policy and the disbursement is made by cheque, **the cheque must be cashed within six months of its issue date**. After that time, the amount of the disbursement resulting from the redemption or purchase-by-agreement will be deposited in a liquid asset trust account which will be available at your written request. However, that amount then becomes seizable and could therefore benefit one of your creditors, including in the event of your bankruptcy. Moreover, if the amount was deposited in your liquid asset trust account further to a Share purchase-by-agreement under the criterion

13 For the purposes hereof, filing a request with the Fund refers to a request that is personally delivered or sent by postmarked mail to the offices of the Fund between the beginning of the six-month period and the date the new share price is published, namely between December 1 and around December 31 and between June 1 and around June 30.

“Recourse of a creditor”, “Loss pertaining to principal residence” or “Extraordinary and unexpected expense necessary for the health of the shareholder, the shareholder’s spouse or a dependent” for which the disbursement was made by cheque payable jointly to you and the creditor, you must prove that the claim for which you initially obtained the purchase-by-agreement still exists in order to obtain the amount of the said disbursement. A new cheque will then be issued jointly to you and the creditor. Should you fail to present such proof, the amount will be deposited in Shares in your account, at the current Share value.

9 ARE THE FONDS DE SOLIDARITÉ FTQ’S SHARES TRANSFERABLE?

The decision to transfer Shares from your RRSP to the Fonds de solidarité FTQ RRIF should be made after consulting your financial planner or advisor. Note that the Act does not allow you to transfer Shares to an individual retirement plan (IRP), a locked-in retirement account (LIRA) or a life income fund (LIF).

9.1 Can I transfer my Shares to another person?

The transfer of Shares (property) held in an RRSP or RRIF account by an annuitant in the RRSP or RRIF account of a former spouse is only authorized under certain circumstances relating to the partition of patrimony between married spouses.¹⁴ The former spouse beneficiary is considered to be the initial purchaser for the purposes of redemption or purchase-by-agreement of the Shares and may therefore request the purchase-by-agreement of his or her Shares provided he or she meets one of the criteria of the Purchase-by-Agreement Policy. The issue date of the Shares thereby transferred is deemed to be the date of their subscription at the Fonds de solidarité FTQ.

Also, in the case of the separation of *de facto* spouses, the decision-making committee, mandated by the Board of Directors, examines the file and may authorize certain transfers of Shares held in an RRSP or RRIF account by an annuitant in the RRSP or RRIF account of the former spouse. In such a case, the Fonds de solidarité FTQ is only required to redeem the Shares transferred to the RRSP or RRIF account of the former spouse from the time the initial purchaser (i.e., the initial annuitant) has reached age 65. For more information, see Section 8 “When are the Fonds de solidarité FTQ’s Shares redeemable?”.

Such transfers of Shares in settlement of the rights arising from a marriage or a civil union are made on a tax-free basis.

In that respect, the former spouse beneficiary of a transfer of Shares into an RRSP or RRIF account is not entitled to a tax credit or an RRSP deduction.

It should be noted that a transfer authorized in a partition of family patrimony or separation of *de facto* spouses, is effected by Shares and the value of the Shares is determined on the transfer date.

9.2 Can I transfer my Shares to an RRSP?

You can only transfer your Shares to a Fonds de solidarité FTQ RRSP (yours or that of your spouse¹⁵) upon acquiring them or at a later date, and this transfer allows you, subject to the limits prescribed for the contributions to an RRSP, to deduct from the calculation of your income an amount equal to the fair value of your Shares (which corresponds to the redemption price then in effect) at the time of the transfer (see Section 11 “How is the purchase or redemption price of the Shares determined?”).

Shares you transfer to a Fonds de solidarité FTQ RRSP belonging to your spouse become his or her property.

If you would like to transfer your Shares into a Fonds de solidarité FTQ RRSP (yours or your spouse’s¹⁶) when they are purchased, you must fill out and sign the “Enrolment Form”, including the section in the form to this effect.

Since September 1, 2017, transfers of Series 1 Shares held in a Fonds de solidarité FTQ RRSP account into a self-directed RRSP managed by a stockbroker or a financial institution are no longer possible.

Shareholders wishing to transfer Series 2 Shares to a Fonds de solidarité FTQ RRSP after they are purchased must complete and sign the “Transfer Request Form”. The Fonds de solidarité FTQ will exchange Series 2 Shares for an equivalent number of Series 1 Shares and then make the transfer (see Subsection 10.2 “Tax consequences upon transfer to an RRSP”).

9.3 Can I transfer my Shares to an RRIF?

You can transfer the Shares you hold in a Fonds de solidarité FTQ RRSP to an RRIF. There are no tax consequences if you transfer Shares already registered in a Fonds de solidarité FTQ RRSP to an RRIF. You may hold a Fonds de solidarité FTQ RRSP in which your Shares are deposited until age 71. For further information, contact the Canada Revenue Agency.

If you would like to transfer your Series 1 Shares into a Fonds de solidarité FTQ RRIF, you must fill out and sign the form requesting the opening of a RRIF available at our offices and you

¹⁴ The civil union between two persons also entails the establishment of a family patrimony which may be divided in the case of nullity or dissolution of such union.

¹⁵ See footnote 8.

¹⁶ See footnote 8.

must comply with a redemption requirement as well as the requirement that at least 20 Shares be held (see Section 8 “When are the Fonds de solidarité FTQ’s Shares redeemable?”). The RRIF minimum withdrawal tax rule will apply the year following the creation of the RRIF. Following the transfer of RRSP Shares into a RRIF, a periodic redemption of part of your Shares will ensure you receive retirement income.

Upon your death, your surviving spouse, where applicable, if he or she is designated as the beneficiary in your will, may have the RRIF registered in his or her name or, if he or she is less than 71 years old, transfer the assets of the RRIF into his or her RRSP.

Fonds de solidarité FTQ’s shareholders who are entitled to the redemption of their Shares due to retirement may, by choosing (for example) the FlexiFonds Funds, transfer the proceeds from the Fonds de solidarité FTQ’s RRSP to a RRIF or RRSP offered by FlexiFonds de solidarité FTQ inc.

Since September 1, 2017, transfers of Series 1 Shares held in an RRSP or RRIF with the Fonds de solidarité FTQ into a self-directed RRIF at another financial institution are no longer possible.

10 WHAT ARE THE TAX CONSEQUENCES FOR SHAREHOLDERS?

The following is a summary of the principal tax implications affecting shareholders of the Fonds de solidarité FTQ. It does not constitute a tax or legal opinion for a given shareholder and you should not consider it as such. Tax consequences may vary according to your situation. You should seek advice from a specialist to help you understand the possible impact of an investment in Shares, and in particular with respect to your right to receive potential amounts from the governments upon retirement, such as the federal Guaranteed Income Supplement.

YOU ARE RESPONSIBLE FOR ENSURING THAT YOUR SUBSCRIPTIONS TO THE FONDS DE SOLIDARITÉ FTQ ARE ELIGIBLE FOR TAX CREDITS AND RRSP-RELATED DEDUCTIONS. *An acquisition of Shares does not automatically entitle you to tax credits.*

If changes are made to the tax provisions applicable to the Fonds de solidarité FTQ or its shareholders, the Fonds de solidarité FTQ will not change the content of this prospectus during the current issuance unless such changes constitute a material change of the rights of its shareholders within the meaning of securities regulations, as determined by it.

10.1 For the 2020 taxation year, the Québec tax credit is 15% and the federal tax credit is 15%, for a total of 30%

For the 2020 taxation year, the Québec and federal tax credits total 30% (each granting a tax credit of 15%).

According to Québec and federal tax laws, for the 2020 taxation year, you may deduct from the income tax you have to pay a total amount equal to 30% of the amount paid to purchase the Fonds de solidarité FTQ’s Shares during the year (or within 60 days following the end of the 2020 taxation year).

Only people who initially acquired Shares may take advantage of the tax credits available under Québec and federal tax laws. As a result, only the person who acquires Shares and who subsequently transfers them to an RRSP for the benefit of his or her spouse can claim the related tax credits.

For the 2020 taxation year, the maximum amount of tax reduction you may obtain using the two income tax credits is \$1,500 in total, which corresponds to a purchase of Fonds de solidarité FTQ Shares having a monetary value of \$5,000. The total amount of the purchase price of shares in a labour fund which you can take into account in calculating these tax credits for a given tax year is \$5,000. Any portion of such tax savings that cannot be applicable in the taxation year in which you acquired the Shares may be used in the following taxation years for Québec income tax credit purposes, but not for federal income tax credit purposes.

- (a) Under the Québec *Taxation Act*, no tax credit may be claimed for a taxation year in the following cases:
- (i) if you have reached the age of 45 before the end of the year and have availed yourself of the right to retirement or early retirement; or
 - (ii) if you contribute to a spousal RRSP and your spouse has reached 45 years of age before the end of the year and has availed himself or herself of the right to retirement or early retirement; or
 - (iii) if, prior to the end of the year, you have reached the age of 65 or would have reached the age of 65 if not for your death; or
 - (iv) if you contribute to a spousal RRSP and your spouse has reached the age of 65 or would have reached the age of 65 during the year if not for his or her death; or
 - (v) if you requested the redemption of your Shares within 60 days of your subscription; or
 - (vi) if you are disabled and have asked that the Fonds de solidarité FTQ redeem your Shares because of such disability, for the Shares purchased after the time when such a redemption request was submitted;
 - (vii) if you contribute to a spousal RRSP for your spouse and your spouse has requested a redemption of Shares by the Fonds de solidarité FTQ for reasons of disability, for

the Shares contributed to the spousal RRSP after the time when such a redemption request was submitted.

You are deemed not to have taken advantage of the right to retirement or early retirement if all your income from employment and a business for the year exceeds \$3,500 and you have not, **before the end of the year in which you have requested the credit**, reached age 65 or obtained the redemption under the Act of all or part of your Shares.

- (b) Under the federal legislative measures, **a federal tax credit will only be granted to you if you are also entitled to the Québec tax credit.**

10.2 Tax consequences upon transfer to an RRSP

The transfer of your Shares through a contribution to your RRSP or your spouse's RRSP allows you to deduct from the calculation of your income an amount equal to their fair value at the time of the transfer (which corresponds to the redemption price at that time) (see Section 11 "How is the purchase or redemption price of the Shares determined?"). The fair value of your Shares at the time of transfer may be different from their purchase price, i.e. the amount you paid for them.

This deduction in calculating your income will be allowed within the prescribed limits for contributions to an RRSP, both federally and in Québec. You can therefore benefit from a tax reduction based on your marginal tax rate (federally and in Québec).

The transfer of your Shares to an RRSP entails a disposition of your Shares for tax purposes whereby a capital gain or loss may arise if the value of your Shares at the time of transfer differs from their purchase price. When a capital gain results from such a transfer, half of the gain is taxable.¹⁷ However, if the transfer gives rise to a capital loss, this loss is deemed to be nil for tax purposes.

10.3 The Home Buyers' Plan and the Lifelong Learning Plan

You can still acquire Shares, even if you took advantage of a purchase-by-agreement in accordance with the criteria "Access to Home Ownership" within the context of Home Buyers' Plan or the "Return to School" criterion within the context of the Lifelong Learning Plan, unless you must comply with a subsequent acquisition time limit because you effected a purchase-by-agreement under another criterion in Schedule 2.

If you subscribe for Shares between the time of purchase-by-agreement and the prescribed date of repayment of the Shares thereby redeemed, you are eligible for the tax credits they will

give you. However, once the repayment period has begun, you may benefit from the tax credits only after having made the annual acquisitions of replacement Shares required by the Québec *Taxation Act*. When an annual repayment amount is due, the Fonds de solidarité FTQ considers any subscription received up to that amount as an acquisition of reinvestment Shares. No credit is allowed on the purchase of reinvestment Shares. If the total subscriptions exceed the amount of the prescribed repayment, tax credits are allowed on the excess. It is your responsibility to ensure that you comply with the tax laws which determine repayments made under these plans. Each year, the Fonds de solidarité FTQ sends the shareholders concerned a statement of acquisitions of replacement shares.

10.4 Tax consequences of a redemption or purchase-by-agreement of Shares held outside an RRSP

The redemption or purchase-by-agreement of your Shares entails a disposition of your Shares for tax purposes whereby a capital gain or loss may result if the value of your Shares at the time of redemption or purchase-by-agreement differs from the amount paid to acquire them, and they were not registered in an RRSP or a RRIF. Half of the capital gains realized following a redemption or purchase-by-agreement are taxable. If a capital loss results following a redemption or purchase-by-agreement, this loss is reduced for tax purposes up to the amount of each tax credit obtained at the time the Shares which triggered the capital loss were acquired.

10.5 Tax consequences of the redemption of Shares from an RRSP or a RRIF or of a withdrawal from a registered plan

Redemption of Shares from an RRSP or a RRIF

Subject to compliance with the Policy and the Act, you or your spouse can ask for the redemption of Series 1 Shares held in an RRSP or a RRIF. The proceeds of the Share redemption must be included in your income, except in the case of the Home Buyers' Plan and the Lifelong Learning Plan. If, during a year, your spouse requests the redemption of the amounts in his or her spousal RRSP and you have contributed to a spousal RRSP for your spouse during that year or one of the two preceding taxation years, you might have to include in your income all or part of the proceeds of redemption of the Shares. In such situations, the Fonds de solidarité FTQ might take a deduction at source from the proceeds of redemption of the Shares, as required by tax laws.

¹⁷ It is your responsibility to include any taxable capital gains resulting from the transfer in your tax returns.

Deregistration

You can also ask for the deregistration¹⁸ of Shares held in your RRSP or RRIF. The Fonds de solidarité FTQ will exchange Series 1 Shares for Series 2 Shares. If it is the first time you have held Series 2 Shares, please see Section 6 “How can I subscribe for shares offered by the Fonds de solidarité FTQ?” In general, the value of the deregistered Shares should be included in your income. If the government has not abolished the deduction at source and the deregistration is not accompanied by a payment, the Fonds de solidarité FTQ will ask you for a sum of money to cover the deduction at source required according to tax laws.

11 HOW IS THE PURCHASE OR REDEMPTION PRICE OF THE SHARES DETERMINED?

The valuation of Shares is based on the Fonds de solidarité FTQ’s financial statements prepared in accordance with Canadian generally accepted accounting principles. The Board of Directors uses the net assets per Share, as presented in the audited financial statements, for the purpose of fixing prices for redeeming the Shares and purchasing them by agreement (collectively designated “Redemption Price”). The significant accounting policies and critical accounting estimates and judgments that have an impact on Share value are outlined in Notes 2 and 3 of the Fonds de solidarité FTQ’s Financial Statements, which are available on its website and under the Fonds de solidarité’s profile on SEDAR. A copy of the Financial Statements will be sent to you free of charge upon request. Reasonable fees may apply should a person who is not a Fonds de solidarité FTQ shareholder wish to obtain certain documents.

Thus, both purchase and redemption prices published could not always be equivalent to the net assets per Share, which vary constantly with respect to the fair value of the Fonds de solidarité FTQ’s assets and liabilities, while the published prices usually set twice a year correspond to net assets per Share on May 31 or November 30. It is not obligated to fix issue and redemption prices more than twice a year at dates six months apart.

Nevertheless, the Fonds de solidarité FTQ adopted a Policy for the Management of Extreme Cases. The goal of this policy is to determine whether it is necessary to exceptionally revalue the price of the Fonds de solidarité FTQ’s Class “A” and Class “C” Shares in the course of the six-month period if the performance of some of its assets shows extreme fluctuations. 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 office of the Executive Vice-President, Finance of the Fonds de solidarité FTQ, 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, which procedure would include, among other things, the issuance of a press release announcing that the Class “A” 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.

The Act allows the Fonds de solidarité FTQ’s Board of Directors to determine other redemption prices in the course of a year on the basis of an internal valuation that, in each case, is supported by a public accountant’s special report confirming continued adherence to Canadian generally accepted accounting principles and methods used to establish the fair value of its capital development and other investments for the purpose of setting the redemption price of the Shares. So far, the Fonds de solidarité FTQ has not exercised this right.

The first 6-month period begins on June 1 and ends on November 30 and the net assets per Share is set based on the financial information available at that latter date, and is published on or about December 31. The fiscal year ends on May 31 and the net assets per Share is set based on the financial information available at that latter date, and is published on or about June 30.

The net assets per Share have evolved over the past 10 years as follows:

YEAR	AS AT MAY 31	AS AT NOVEMBER 30
2010	\$23.84	\$25.03
2011	\$25.92	\$25.98
2012	\$26.59	\$27.20
2013	\$27.98	\$29.21
2014	\$30.29	\$31.36
2015	\$33.26	\$33.59
2016	\$34.73	\$36.11
2017	\$37.88	\$39.32
2018	\$40.73	\$41.61
2019	\$43.90	\$46.20
2020	\$44.24	

During the twelve-month period preceding the date of this short form prospectus (starting July 5, 2019, and ending June 17, 2020),

18 Deregistration of Shares does not necessarily lead to their redemption because, if requested, a redemption must first qualify under the Act or the Policy (see Section 8 “When are the Fonds de solidarité FTQ’s Shares redeemable?”).

the Fonds de solidarité FTQ issued 19,527,417.7399 Shares, of which 10,853,410.6172 Shares were issued at a price of \$43.90 per Share, and 8,674,007.1227 Shares at a price of \$46.20 per Share.

12 HOW ARE THE PROFITS DISTRIBUTED?

The Fonds de solidarité FTQ's policy is to reinvest all the annual income derived from its operations. It does not plan to pay dividends to its shareholders.

13 WHAT KIND OF INFORMATION IS GIVEN TO SHAREHOLDERS?

At any time, upon request, the Fonds de solidarité FTQ will issue to you a portfolio summary which confirms the number of Shares you own and their total value, free of charge.

The Fonds de solidarité FTQ will send you:

- (a) generally in August
 - a notice of the annual general meeting of shareholders, together with a proxy form, which includes an extract of the audited financial statements and a reply card;
 - a confirmation of the number of Shares you hold and the total value they represent (which corresponds to the Share value then in effect). This confirmation is in lieu of a Share certificate;
 - a shareholder's portfolio summary.
- (b) generally in January
 - a shareholder's folder including, among other things, a complete statement of your transactions and a summary of your portfolio.

Some of these documents may be sent electronically. You can ask the Fonds de solidarité FTQ to do so on its website fondsfqt.com. The Management Proxy Circular may be consulted on the Fonds de solidarité FTQ website and on its SEDAR profile in addition to being sent to shareholders upon request.

14 WHAT RIGHTS DO SHAREHOLDERS HAVE?

The Fonds de solidarité FTQ is required to redeem your Shares at the price at which you purchased them, provided you make a written request within 60 days of the date of your subscription or of your first payroll deduction, as the case may be, by completing the required Fonds de solidarité FTQ form. Under these circumstances, the Fonds de solidarité FTQ will reimburse you all amounts paid for the purchase of your Shares within 30 days of receiving your request. Income tax may be withheld if your Shares were registered in an RRSP. See also Section 7 "What are the characteristics of the Shares?" for more information about the rights attached to Shares.

The purpose of the *Act respecting the protection of personal information in the private sector* is to protect the confidential nature of personal information and the right to privacy. The Fonds de solidarité FTQ subscribes fully to this objective and makes all

necessary efforts to ensure that proper security measures are in place to ensure the protection of your personal information and the compliance with all legislative provisions concerning the collection, possession, use and communication of personal information as well as the use of electronic means to file and communicate information.

The personal information that you or your employer provide to the Fonds de solidarité FTQ is stored on secure computerized files. This information allows the Fonds de solidarité FTQ to maintain and manage all of the administrative activities required in the normal course of business. The Fonds de solidarité FTQ places such information in a file whenever it establishes, maintains, develops or terminates a business relationship with each of its shareholders. Such personal information is used for several purposes, primarily to confirm a person's identity, prevent fraud, open accounts, issue Shares, register a plan (RRSP or RRIF), where applicable, keep records, communicate information concerning the Fonds de solidarité FTQ to its shareholders, and effect transactions involving redemptions or purchase-by-agreements. You must also provide the Fonds de solidarité FTQ with your social insurance number in accordance with the Act, solely for the purpose of issuing tax slips.

The Fonds de solidarité FTQ uses the personal information in your file in a strictly confidential manner and solely for the purpose for which it was collected. Access to this information is limited to that prescribed by the *Act respecting the protection of personal information in the private sector*.

You have the right to consult your personal information file and, if you wish, obtain a copy of such file. You may also correct and complete this information, if necessary. The Fonds de solidarité FTQ keeps personal information files at its head office. You can send a written request to access your file. The Fonds de solidarité FTQ will reply to such request within 30 days of its receipt.

15 RIGHT OF RESCISSION AND CIVIL SANCTIONS

The Québec *Securities Act* provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within 2 business days after receipt of a prospectus and any amendment. This Act further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

Lastly, the Fonds de solidarité FTQ has a complaint processing procedure which allows you to submit your concerns. Please contact the Fonds de solidarité FTQ's Saving Services where applicable.

CRITERIA	REQUIREMENTS	DOCUMENTS REQUIRED	ELIGIBLE SHARES
65 years of age	The shareholders must be 65 years of age.	The Fonds de solidarité FTQ form which includes the "Shareholder's Solemn Declaration" that he or she is 65 years of age or older.	All Shares held for at least 730 days.
Retirement between ages 60-64 AND beneficiary of a pension from the Québec Pension Plan or an equivalent plan¹	The shareholder must be at least 60 years of age, receive or be set to receive ² , within three months of the request, a pension from the Québec Pension Plan or an equivalent plan.	The Fonds de solidarité FTQ form AND a copy of proof of payment of pension benefits under the Québec Pension Plan or an equivalent plan such as: <ul style="list-style-type: none"> • notice of acceptance; • pension cheque; • confirmation that the pension has been changed; • Relevé 2 or T4A slip. 	All Shares held for at least 730 days.
Retirement between ages 55-64 AND beneficiary of retirement benefits	The shareholder must be at least 55 years of age, receive or be set to receive ² within three months of the request, a life annuity under a pension plan, an annuity under a registered retirement savings plan or a deferred profit-sharing plan or payments under a registered retirement income fund, unless such annuity or payment is received because of the death of his or her spouse.	The Fonds de solidarité FTQ form AND a copy of proof of payment of one of the following retirement benefits, such as a pension cheque, Relevé 2 or T4A slip: <ul style="list-style-type: none"> • pension benefits under an employer's pension plan or a declaration by the employer confirming the retirement; • periodic payments³ under a registered retirement income fund (RRIF – LIF); • annuity under a deferred profit-sharing plan (DPSP); • pension under a registered retirement savings plan (RRSP). 	All Shares held for at least 730 days.
Retirement between ages 50-64 as a result of termination of employment	The shareholder must be at least 50 years of age, have contributed to the Québec Pension Plan for at least one year and ceased working or be set to cease ² working within three months of the request AND his or her estimated earned income for the 12 month period following retirement will not exceed 25% of the maximum pensionable earnings set for the year of the application under the <i>Act respecting the Québec Pension Plan</i> .	The Fonds de solidarité FTQ form containing a section "Shareholder's Solemn Declaration" stating that the shareholder's estimated earned income for the 12 months following the day of the application does not exceed 25% of the maximum pensionable earnings set for the year of the application under the <i>Act respecting the Québec Pension Plan</i> . AND proof that the shareholder contributed to the Québec Pension Plan for at least one year. This proof may be made by one of the documents mentioned below, provided that the periods worked for the year of the request are at least for one year, or through a statement of participation in the Québec Pension Plan AND If the shareholder has permanently ceased working: for an <i>employee</i> , ⁵ provide a copy of the latest record of employment or a declaration from the employer confirming the end of employment OR for a <i>self-employed worker</i> , ⁶ provide a confirmation of termination of activities, such as a copy of the Notice of Striking Off of the business, a copy of an Amending Notice applicable to professional insurance or a copy of the termination of the contracts OR for an <i>owner of a business</i> , ⁶ provide a copy of a document stating the closure of the business, such as a Notice of dissolution, an Amending Declaration, a Deed of sale	All Shares held for at least 730 days.

For details and additional information with regard to the endnotes, please refer to the end of the Schedule.

CRITERIA	REQUIREMENTS	DOCUMENTS REQUIRED	ELIGIBLE SHARES
Phased retirement between ages 50-64	The shareholder must be at least 50 years of age, have contributed to the Québec Pension Plan for at least one year and signed an agreement with the employer ³ providing for a 20% reduction in regular work time until retirement.	<p>OR</p> <p>If the shareholder has not terminated his or her employment relationship yet but has ceased working:</p> <p>a copy of one of the following documents:</p> <ul style="list-style-type: none"> • employer's declaration that the shareholder has taken pre-retirement leave⁷; • employer's declaration that the shareholder is on disability leave with wage insurance, the benefits of which do not exceed 25% of the maximum pensionable earnings under the <i>Act respecting the Québec Pension Plan</i>.⁴ <p>The Fonds de solidarité FTQ form</p> <p>AND</p> <p>a copy of the agreement with the employer specifying:</p> <ul style="list-style-type: none"> • the date phased retirement begins; • at least a 20% reduction in regular work time along with confirmation of income⁹ before and after phased retirement; • the scheduled retirement date. 	<p>All Shares held for at least 730 days.</p> <p>Shares purchased after the beginning of the phased retirement agreement cannot be redeemed under this criterion. Disbursement equivalent to the lesser of the declared salary loss for the year or the account balance, divided by the number of years left before full retirement, as established at the first time of the first redemption request. Each year, the shareholder must submit a redemption request and must once again prove that he or she is still in the process of taking phased retirement. A minimum interval of one year will be required between each disbursement.</p>
Retirement between ages 45-54 AND beneficiary of retired benefits under an employer's registered pension plan	<p>The shareholder must be at least 45 years of age, have taken or be set to take², within three months of the request, early retirement under the employer's registered pension plan</p> <p>AND</p> <p>his or her estimated earned income for the 12-month period following the beginning of his or her retirement will not exceed 25% of the maximum pensionable earnings⁴ set for the year of the application under the <i>Act respecting the Québec Pension Plan</i>.</p>	<p>The Fonds de solidarité FTQ form containing a section "Shareholder's Solemn Declaration" stating that the shareholders estimated earned income for the 12 months following the day of the application will not exceed 25% of the maximum pensionable earnings set for the year of the application under the <i>Act respecting the Québec Pension Plan</i>.</p> <p>AND</p> <p>a copy of one of the following documents confirming the retirement:</p> <ul style="list-style-type: none"> • employer's declaration confirming the shareholder's retirement along with a copy of the text of the employer's registered pension plan; • payment of retirement benefits such as a pension cheque, Relevé 2 or T4A. 	<p>All Shares held for at least 730 days.</p>

For details and additional information with regard to the endnotes, please refer to the end of the Schedule.

CRITERIA	REQUIREMENTS	DOCUMENTS REQUIRED	ELIGIBLE SHARES
Severe and prolonged disability (physical or mental) resulting in permanent unfitness for work	<p>The shareholder is less than 60 years old and has become incapable of pursuing any substantially gainful occupation</p> <p>OR</p> <p>the shareholder is 60 years or older and has become incapable of pursuing the substantially gainful occupation held at the time the shareholder ceased working due to disability.</p>	<p>The Fonds de solidarité FTQ form</p> <p>AND</p> <p>a copy of one of the following documents attesting the severe and prolonged disability:</p> <ul style="list-style-type: none"> notice of acceptance from the Québec Pension Plan as a beneficiary of a disability pension; <p>OR</p> <ul style="list-style-type: none"> declaration from a physician attesting to the severe and prolonged disability, which results in permanent unfitness for work. 	All Shares.
Death	<p>The person¹⁰ to whom the Shares were assigned by succession must submit a written request for redemption.</p>	<p>Written request¹⁰</p> <p>AND</p> <p>proof of the shareholder's death (attestation of death by a physician, death certificate issued by a thanatologist or a copy of the death certificate issued by the government)</p> <p>AND</p> <p>the original or true copy (certified photocopy) of the will* and marriage contract if it contains a testamentary provision, or, in the absence of the above-mentioned documents, a sworn declaration of transmission by death</p> <p>AND</p> <p>document showing testamentary search with the Registre des dispositions testamentaires et des mandats du Québec.</p> <p>* Probate of the will is required if it is a holograph will or a will made before witnesses.</p>	All Shares (cheque in the name of the estate or transfer to another registered plan ¹¹).
Death of the person who contributed to a spousal RRSP	<p>The shareholder who is the beneficiary of a spousal RRSP may request the redemption of the Shares included in such RRSP, if the person who contributed to such spousal RRSP dies.</p>	<p>Written request</p> <p>AND</p> <p>proof of the death of the person who contributed to such RRSP (attestation of death by a physician, death certificate issued by a thanatologist or a copy of the death certificate issued by the government).</p>	All Shares.
Redemption within 60 days of the subscription	<p>The request made by the person who acquired Shares from the Fonds de solidarité FTQ must be received within 60 days of the subscription. However, if the subscription is through payroll deduction, the request must be received within 60 days of the first deduction.</p>	The Fonds de solidarité FTQ form	All eligible Shares.

The following notes do not form an integral part of the *Redemption Criteria Prescribed by the Act*. Rather, they serve to specify certain information or guide the interpretation thereof and may be amended from time to time at the discretion of the Fonds de solidarité FTQ.

1. “Equivalent plan” means the Canada Pension Plan. This equivalent plan covers persons having worked outside Québec and has similar provisions to the Québec Pension Plan.
2. A shareholder who is at least 45 years of age and who benefits solely from a spousal RRSP may qualify under this criterion, provided such shareholder can show that he or she is in fact retired and complies with the conditions of such criterion OR such shareholder can show that he or she has not held a paid job or carried on a business during the 730 days preceding the redemption request submitted to the Fonds AND that the person who is his or her spouse satisfies the conditions of this criterion. Unless indicated otherwise, for the purpose hereof, the definition of “spouse” is that set out in the Québec *Taxation Act*, which includes both same-sex and opposite-sex spouses.
3. The meaning of periodic payment is a payment payable at least 4 times a year. Such proof must be dated not more than 30 days of its receipt by the Fonds de solidarité FTQ.
4. For 2020, the maximum pensionable earnings are set at \$58,700.

5. If the proof confirming the end of employment is dated more than 730 days prior to the Fonds de solidarité FTQ's receipt of the request, the shareholder must also provide a statement of participation in the Québec Pension Plan that is less than 30 days old proving the absence of earnings or earnings that do not exceed 25% of the maximum pensionable earnings under the *Act respecting the Québec Pension Plan* (namely 25% of \$58,700 = \$14,675 for 2020) for all of the years that have elapsed since the end of employment.
6. In such a case, the shareholder must still show that the employment ended within 730 days of the date the request is received by the Fonds de solidarité FTQ.
7. Pre-retirement leave is leave granted by the employer while the shareholder remains on the payroll, for example, when the shareholder decides to use up all his or her sick leave before officially retiring.
8. The shareholder must be employed as a paid employee and, if he or she has more than one employer, he or she must make arrangements with these employers to reduce his or her regular working hours by at least 20%.
9. "Income" means gross annual income before and after phased retirement begins.
10. The written request for redemption must be signed by the liquidator of the estate, a notary or a lawyer legally mandated to settle the estate or a representative of Revenu Québec's unclaimed property directorate (*Direction des biens non réclamés*).
11. To simplify the estate representative's work, transfers to other financial institutions' registered plans could be carried out through a Fonds de solidarité FTQ's registered plan under the surviving spouse's name.

SCHEDULE 2

PURCHASE-BY-AGREEMENT CRITERIA

CRITERIA	REQUIREMENTS	REQUIRED DOCUMENTS	ELIGIBLE SHARES	SUBSEQUENT ACQUISITION OF SHARES	PAYMENT TERMS AND CONDITIONS
Ineligibility for tax credits	The shareholder must have purchased Shares without being entitled to Québec and federal tax credits, unless the credit was refused because the amount contributed exceeded the maximum allowed under applicable tax legislation.	The Fonds de solidarité FTQ form AND proof that the tax credits were claimed and refused by the Québec and federal governments OR proof ¹ that the tax credits could not be claimed in Québec and at the federal level for one of the following reasons: <ul style="list-style-type: none"> • no income tax was payable by the shareholder • the shareholder is retired and his or her employment income for the relevant taxation year is below \$3,500 • the shareholder is a non-resident.² 	All Shares purchased while the shareholder was not eligible for tax credits.	Once the shareholder is eligible for tax credits.	A single payment equal to the value of the eligible Shares. The disbursement is made for the value of the Shares at the time they were acquired. Transfer to another plan is permitted.
Return to school on a full-time basis for a minimum period of three months in a designated educational institution	The shareholder or his or her spouse,³ must have returned to full-time studies and be registered in a training program offered by a designated educational institution requiring at least three months of schooling AND must not have been a full-time student in such program at the time of his or her enrollment with the Fonds de solidarité FTQ AND cannot submit a request under the "Return to School" criterion if, during his or her studies, the student receives non-refundable grants or financial support from government programs or any other income, including employment income exceeding 75% of his or her employment income before his or her studies began AND must agree to make his or her repayments to the Fonds de solidarité FTQ, ⁵ in order to benefit from the government continuing education assistance programs ⁴ .	If the shareholder or his or her spouse has already begun studying The Fonds de solidarité FTQ form which includes the "Declaration by Educational Institution." If the shareholder or his or her spouse has not yet begun studying⁵ The Fonds de solidarité FTQ form and confirmation from the designated educational institution of registration for full-time studies, the program start date and its duration AND a copy of the tuition fee statement, including proof that 50% of the fees or a minimum of \$500 was paid AND in order to benefit from the government continuing education assistance programs, provide the duly completed and signed Canada Revenue Agency form in order to avoid the deductions at source that would normally apply.	All Shares held for at least two years. Shares purchased after returning to school cannot be redeemed under this criterion.	At any time.	A single payment equal to the value of the eligible Shares, up to a maximum of \$10,000 gross for a return to studies of less than six months OR a maximum of two instalments equal to the value of the eligible Shares, up to a maximum of \$20,000 gross for a single return to studies of six months or more.

For details and additional information with regard to the endnotes, please refer to the end of the Schedule.

SCHEDULE 2

PURCHASE-BY-AGREEMENT CRITERIA

CRITERIA	REQUIREMENTS	REQUIRED DOCUMENTS	ELIGIBLE SHARES	SUBSEQUENT ACQUISITION OF SHARES	PAYMENT TERMS AND CONDITIONS
Access to home ownership	<p>The shareholder must be eligible for the Home Buyers' Plan (HBO) by withdrawing funds from an RRSP⁷</p> <p>AND</p> <p>must agree to make the repayments to the Fonds de solidarité FTQ.</p>	<p>The Fonds de solidarité FTQ form</p> <p>AND</p> <p>Canada Revenue Agency's form</p> <p>AND</p> <p>one of the following proofs of purchase indicating the address of the property:</p> <p>For the purchase of an existing home</p> <ul style="list-style-type: none"> the accepted offer to purchase⁸ in the shareholder's name, duly signed by the relevant parties. <p>For the purchase of a factory built / prefabricated home</p> <ul style="list-style-type: none"> the purchase agreement of the factory-built home/ prefabricated home in the shareholder's name, duly signed by the relevant parties. <p>For the purchase of a mobile home</p> <ul style="list-style-type: none"> the purchase agreement of the mobile home in the shareholder's name, duly signed by the relevant parties <p>AND</p> <ul style="list-style-type: none"> proof that the shareholder owns the land or rental agreement for at least one year with supporting lease. <p>For the purchase of a new home</p> <ul style="list-style-type: none"> a preliminary purchase agreement (equivalent to the offer to purchase), duly signed by the relevant parties. <p>For the autoconstruction of a house by the shareholder</p> <ul style="list-style-type: none"> a building permit duly issued by the municipality in the shareholder's name confirming the construction of a new home <p>AND</p> <ul style="list-style-type: none"> proof that the shareholder owns the land. 	All Shares issued and held in an RRSP or spousal RRSP for at least 90 days, up to the maximum amount allowed by the plan.	At any time.	A maximum of two instalments equal to the value of the eligible Shares, up to the maximum amount allowed by the plan.
Loss pertaining to principal residence	<p>The shareholder must show that there was a loss⁹ without indemnification or with partial indemnification</p> <p>AND</p> <p>must declare financial inability to pay for the consequences of the loss¹⁰</p> <p>AND</p> <p>must have liquidated and used up all redeemable investments¹¹ (including any other RRSP),¹² the purchase of the Shares being the last resort.¹³</p>	<p>The Fonds de solidarité FTQ form which includes a section entitled "Shareholder's Solemn Declaration" attesting to the financial inability to pay the consequences of the loss</p> <p>AND</p> <p>proof of the loss :</p> <ul style="list-style-type: none"> a fire water damage a natural catastrophe a breakage or safety defect of equipment causing damages to the principal residence a deficiency or defect in the foundation or structure of the residence to such an extent that it endangers the health or safety of the occupants 	All Shares held.	One year after purchase by the Fonds de solidarité FTQ.	<p>A net payment¹⁵ equal to the amount required to cover a substantial part of the cost to replace¹³ the asset.</p> <p>Cheque payable jointly to the shareholder and the creditor (if applicable).</p>

(continued on next page)

For details and additional information with regard to the endnotes, please refer to the end of the Schedule.

SCHEDULE 2

PURCHASE-BY-AGREEMENT CRITERIA

CRITERIA	REQUIREMENTS	REQUIRED DOCUMENTS	ELIGIBLE SHARES	SUBSEQUENT ACQUISITION OF SHARES	PAYMENT TERMS AND CONDITIONS
		<p>AND proof of partial indemnification or absence of indemnification</p> <p>AND proof of the costs related to the loss for the repair or replacement¹⁴ of the assets damaged by the loss</p> <p>AND proof that all redeemable family investments have been liquidated and used up to pay part of the costs related to the loss or that the family investments are not redeemable.</p>			
<p>Decrease in gross income of 30% or more for a minimum period of two consecutive months caused by the dissolution of a union¹⁶</p>	<p>The shareholder must show that he or she is in a position of decreasing income caused by the dissolution of a union which occurred less than a year ago¹⁷</p> <p>AND must show a decrease of at least 30% in the shareholder's family income²⁰ for a minimum period of two consecutive months¹⁸</p> <p>AND must have liquidated all redeemable investments¹¹ (including any other RRSP),¹² the purchase of the Shares being the last resort.¹³</p>	<p>The Fonds de solidarité FTQ form</p> <p>AND proof of the dissolution of a union which has occurred less than a year ago</p> <ul style="list-style-type: none"> • confirmation of the dissolution of the union by a notary, a lawyer or a mediator • proof of the change in marital status with the Canada Revenue Agency¹⁹ • divorce judgment • agreement on corollary relief <p>AND record of all gross family income²⁰ for a full month²⁵ prior to the decrease in income</p> <p>AND recent record of all gross family income²⁰ during the period of decrease in income for two full consecutive months²¹</p> <p>OR proof of absence²² of income for two full consecutive months, as applicable</p> <p>AND proof that redeemable investments have been liquidated or cannot be redeemed.</p>	<p>All Shares held. Shares purchased after the dissolution of the union cannot be redeemed under this criterion.</p>	<p>One year after purchase by the Fonds de solidarité FTQ.</p>	<p>A maximum of two disbursements paid out at the latest during the year following the dissolution of the union, up to a maximum net amount¹⁵ of \$15,000 for a single dissolution of union.</p>
<p>Decrease in net income of the shareholder or his or her spouse³ by 20% or more for a minimum period of two consecutive months</p>	<p>The shareholder or his or her spouse³ must show that he or she has been affected by one of the following events²³ which causes a decrease in income for a minimum period of two consecutive months,¹⁸ namely:</p> <ul style="list-style-type: none"> • loss of employment or loss of the sole contract on which the shareholder or his or her spouse worked for a minimum of 28 hours per week, and this, for at least two months; 	<p>The Fonds de solidarité FTQ form</p> <p>AND For the loss of employment or end of the sole contract</p> <ul style="list-style-type: none"> • employment record confirming the end of the last employment • letter from the employer confirming the end of the last employment or the end of the sole contract • letter from the employer confirming the involuntary decrease of the hourly rate • proof of the involuntary closure of the business of the shareholder or that of his or her spouse if such spouse was an employee thereof 	<p>All Shares held. Shares purchased after the decrease in net income cannot be redeemed under this criterion.</p>	<p>One year after purchase by the Fonds de solidarité FTQ.</p>	<p>Maximum payments not exceeding a net value¹⁵ of \$5,000 each, at a minimum two-month interval between each payment</p> <p>OR upon the initial request under the event invoked, a single payment equal to the total value of the account,²⁷ provided such value is under \$10,000 gross.</p>

For details and additional information with regard to the endnotes, please refer to the end of the Schedule.

SCHEDULE 2

PURCHASE-BY-AGREEMENT CRITERIA

CRITERIA	REQUIREMENTS	REQUIRED DOCUMENTS	ELIGIBLE SHARES	SUBSEQUENT ACQUISITION OF SHARES	PAYMENT TERMS AND CONDITIONS
	<ul style="list-style-type: none"> the involuntary reduction in regular work hours at a job at which the shareholder or his or her spouse worked for at least two months; the involuntary decrease or termination of income replacement benefits that the shareholder or his or her spouse had been receiving for at least two months <p>AND must show that the net income²⁴ has decreased by 20% or more for a minimum period of two consecutive months¹⁸</p> <p>AND must have liquidated all redeemable investments¹¹ (including any other RRSP),¹² the purchase of the Shares being the last resort¹³</p> <p>AND For subsequent applications the shareholder must show that the event invoked still exists and that net income has decreased by 20% or more for a new minimum period of two consecutive months.¹⁸</p>	<ul style="list-style-type: none"> proof of regular employment insurance, employment assistance or income security benefits for at least two months; proof of ineligibility to regular employment insurance benefits <p>For the involuntary reduction in regular work hours</p> <ul style="list-style-type: none"> letter from the employer confirming the involuntary reduction in regular work hours letter from the employer confirming the unpaid suspension <ul style="list-style-type: none"> proof of the loss of employment at which the shareholder or his or her spouse worked less than 28 hours per week proof of multiple lay-offs in the last two months <p>For the involuntary decrease or termination of income replacement benefits</p> <ul style="list-style-type: none"> proof of the involuntary decrease or termination of income replacement benefits²³ (CNESST, SAAQ, employment insurance, disability insurance, income security, employment assistance, etc.) <p>AND proof of all net income or net benefits prior to the decrease in income for a full month²⁶</p> <p>AND recent proof of all net income or net benefits for the period of decrease in income for two full consecutive months²¹</p> <p>OR recent proof of absence of income²² for two full consecutive months, as applicable</p> <p>AND proof that all redeemable investments have been liquidated or cannot be redeemed.</p> <p>AND If the decrease in income involves the shareholder's spouse proof of all net family income²⁰ or net family benefits²⁵ for a full month²⁶ prior to the decrease in income</p> <p>AND recent proof of all net family income²⁰ or net family benefits for the period of decrease in income for two full consecutive months²¹</p>			

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For details and additional information with regard to the endnotes, please refer to the end of the Schedule.

SCHEDULE 2

PURCHASE-BY-AGREEMENT CRITERIA

CRITERIA	REQUIREMENTS	REQUIRED DOCUMENTS	ELIGIBLE SHARES	SUBSEQUENT ACQUISITION OF SHARES	PAYMENT TERMS AND CONDITIONS
<p>Decrease in gross income of the shareholder or his or her spouse³ by 30% or more for a minimum period of two consecutive months caused by a temporary disability</p>	<p>The shareholder or his or her spouse³ must be in a position of decreasing income caused by a temporary disability²³</p> <p>AND</p> <p>must show that the gross income has decreased by 30% or more for a minimum period of two consecutive months²⁸</p> <p>AND</p> <p>must have liquidated all redeemable investments¹¹ (including any other RRSP),¹² the purchase of the Shares being the last resort.¹³</p> <p>AND</p> <p>For subsequent applications the shareholder must show that he or she, or his or her spouse, is still temporarily disabled and that gross income has decreased by 30% or more for a new minimum period of two consecutive months.²⁸</p>	<p>OR</p> <p>recent proof of absence of family income²² for two full consecutive months, as applicable</p> <p>AND</p> <p>proof that all redeemable family investments have been liquidated or cannot be redeemed.</p> <p>The Fonds de solidarité FTQ form</p> <p>AND</p> <p>a recent medical certificate attesting to the disability for a minimum period of two consecutive months</p> <p>AND</p> <p>proof of all gross income for a full month²⁶ prior to the decrease in income</p> <p>AND</p> <p>recent proof of all gross income for the period of decrease in income for two full consecutive months²¹</p> <p>OR</p> <p>recent proof of absence of income²² for two full consecutive months, as applicable</p> <p>OR</p> <p>recent written confirmation from the shareholder's or the shareholder's spouse's employer or insurer attesting to the payment of disability benefits causing a decrease of 30% in gross income for a minimum period of two consecutive months²¹</p> <p>AND</p> <p>proof that all other redeemable investments have been liquidated or cannot be redeemed</p> <p>AND</p> <p>if the decrease in net income involves the shareholder's spouse</p> <p>proof of all gross family income²⁰ for a full month²⁶ prior to the decrease in income</p> <p>AND</p> <p>recent proof of all gross family income²⁰ for the period of decrease in income for two full consecutive months²¹</p> <p>OR</p> <p>recent proof of absence of family income²² for two full consecutive months, as applicable</p> <p>AND</p> <p>proof that all redeemable family investments have been liquidated or cannot be redeemed.</p>	<p>All Shares held. Shares purchased after the temporary disability cannot be redeemed under this criterion.</p>	<p>One year after purchase by the Fonds de solidarité FTQ.</p>	<p>Maximum payments not exceeding a net value¹⁵ of \$5,000 each, at a minimum two-month interval between each payment</p> <p>OR</p> <p>upon the initial request under the disability invoked, a single payment equal to the total value of the account,²⁷ provided such value is under \$10,000 gross.</p>

For details and additional information with regard to the endnotes, please refer to the end of the Schedule.

SCHEDULE 2

PURCHASE-BY-AGREEMENT CRITERIA

CRITERIA	REQUIREMENTS	REQUIRED DOCUMENTS	ELIGIBLE SHARES	SUBSEQUENT ACQUISITION OF SHARES	PAYMENT TERMS AND CONDITIONS
<p>Involuntary decrease of 20% or more in net income derived from self-employment for a minimum period of six consecutive months</p>	<p>The shareholder or his or her spouse³ is self-employed AND must show that the decrease in net income is involuntary and not cyclical AND must show that the net income after the involuntary decrease has decreased by 20% or more for a minimum period of six consecutive months²⁹ AND must have liquidated all redeemable investments¹¹ (including any other RRSP),¹² the purchase of the Shares being the last resort.¹³ AND For subsequent applications the shareholder or his or her spouse must show that the involuntary decrease still exists and that net income has decreased by 20% or more for a new minimum period of six consecutive months.²⁹</p>	<p>The Fonds de solidarité FTQ form AND recent confirmation from clients of cancellation or termination of contracts or reduction in the number of contracts AND recent proof of all net income²⁵ for the period of involuntary decrease in income for six full consecutive months²⁹ or proof of absence of income,²² as applicable AND proof of all net income for the same period last year AND proof that all redeemable investments have been liquidated or cannot be redeemed AND if the involuntary decrease in income involves the shareholder's spouse recent proof of all net family²⁰ income²⁵ for the period of involuntary decrease for six full consecutive months²⁹ or proof of absence of family income,²² as applicable AND proof of all net family income²⁰ for the same period last year AND proof that all redeemable family investments have been liquidated or cannot be redeemed.</p>	<p>All Shares held. Shares purchased after the involuntary decrease in net income cannot be redeemed under this criterion.</p>	<p>One year after purchase by the Fonds de solidarité FTQ.</p>	<p>Payments not exceeding \$15,000 net¹⁵ each. A minimum six-month interval is required between each payment.</p>
<p>Extraordinary and unexpected expense³⁰ necessary for the health of the shareholder, the shareholder's spouse³ or a dependent³¹</p>	<p>The shareholder must show that the expense is unexpected³⁰ and necessary for the health of the shareholder, the shareholder's spouse³ or a dependent³¹ AND must show financial inability to pay the expense AND must have liquidated or used up all redeemable investments¹¹ (including any other RRSP),¹² the purchase of the Shares being the last resort.¹³</p>	<p>The Fonds de solidarité FTQ form which includes a section entitled "Shareholder's Solemn Declaration" attesting to financial inability to pay the expense AND recent proof of confirmation from a health professional attesting to the necessity of the care AND proof of absence of indemnification or partial indemnification AND proof of the costs related to the extraordinary expense AND proof that all redeemable investments have been liquidated and used up to pay part of the costs related to the expense or that the investments cannot be redeemed</p>	<p>All Shares held.</p>	<p>One year after purchase by the Fonds de solidarité FTQ.</p>	<p>A net payment¹⁵ equal to the amount required to pay a substantial part of the expense. Cheque payable jointly to the shareholder and the creditor (if applicable).</p>

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SCHEDULE 2

PURCHASE-BY-AGREEMENT CRITERIA

CRITERIA	REQUIREMENTS	REQUIRED DOCUMENTS	ELIGIBLE SHARES	SUBSEQUENT ACQUISITION OF SHARES	PAYMENT TERMS AND CONDITIONS
<p>Capital injection to create or maintain jobs in a business founded or acquired less than a year ago</p>	<p>The shareholder must show that the business is duly constituted</p> <p>AND</p> <p>must show that he or she is the owner of the business (alone or with others) and participates in the decision-making process</p> <p>AND</p> <p>must show that the injection of capital will create or maintain at least one full-time permanent job³²</p> <p>AND</p> <p>must show that the business is a going concern and not a seasonal business, unless the business operates several seasonal activities throughout the year.</p>	<p>OR</p> <p>if the expense involves the shareholder's spouse or a dependent child</p> <p>proof that all redeemable family investments have been liquidated and used up to pay part of the costs related to the expense or that the family investments cannot be redeemed.</p> <p>The Fonds de solidarité FTQ form</p> <p>AND</p> <p>a declaration of registration or certificate of incorporation</p> <p>AND</p> <p>proof of creation or retention of a full-time permanent job³²</p> <p>If the job created or maintained is the shareholder's, provide one of the following:</p> <ul style="list-style-type: none"> • employment record or letter from the employer confirming the end of an employment at which the shareholder worked full-time³² • recent proof of the termination of employment insurance benefits • proof of the end of a contract under which the shareholder worked full-time³² • proof of admission into a government program <p>If the job created or maintained is not the shareholder's, provide one of the following:</p> <ul style="list-style-type: none"> • monthly remittances to the Québec and federal governments • pay slips showing a full-time permanent job³² <p>AND</p> <p>proof that the business is a going concern.</p> <p>For a new business in operation for less than a year</p> <ul style="list-style-type: none"> • recent invoices³³ from suppliers and customers after the business was registered • GST and QST numbers • a commercial lease or operating permit (if applicable) <p>For a business already in operation acquired less than a year ago</p> <ul style="list-style-type: none"> • a notarized deed of sale • a purchase contract. 	<p>All Shares held for at least two years.</p>	<p>Two years after purchase by the Fonds de solidarité FTQ.</p>	<p>A single payment of a net value¹⁵ of \$30,000 or a lesser amount if the analysis conducted by the Fonds de solidarité FTQ shows a financial need less than \$30,000.</p> <p>This criterion can only be invoked once by the shareholder.</p>

For details and additional information with regard to the endnotes, please refer to the end of the Schedule.

SCHEDULE 2

PURCHASE-BY-AGREEMENT CRITERIA

CRITERIA	REQUIREMENTS	REQUIRED DOCUMENTS	ELIGIBLE SHARES	SUBSEQUENT ACQUISITION OF SHARES	PAYMENT TERMS AND CONDITIONS
<p>Capital injection to maintain jobs in a business in operation for more than one year and in financial difficulty</p>	<p>The shareholder must show that the business is duly constituted</p> <p>AND</p> <p>must show that he or she is the owner of the business (alone or with others) and participates in the decision-making process</p> <p>AND</p> <p>must show that the business is a going concern and not a seasonal business, unless the business operates several seasonal activities throughout the year</p> <p>AND</p> <p>show that the business is in financial difficulty</p> <p>AND</p> <p>show that the capital injection will maintain at least one full-time permanent job.³²</p>	<p>The Fonds de solidarité FTQ form</p> <p>AND</p> <p>a declaration of registration or certificate of incorporation</p> <p>AND</p> <p>financial statements for two full fiscal years and the interim financial statements for the current period</p> <p>AND</p> <p>proof of retention of a full-time permanent job³²</p> <p>If the job maintained is the shareholder's, provide one of the following:</p> <ul style="list-style-type: none"> • an income tax return and notice of assessment showing that the shareholder works full-time³² in his or her business <p>If the job maintained is not the shareholder's, provide one of the following:</p> <ul style="list-style-type: none"> • monthly remittances to the Québec and federal governments • pay slips of the employee showing full-time permanent job.³² 	<p>All Shares held for at least two years.</p>	<p>Two years after purchase by the Fonds de solidarité FTQ.</p>	<p>A single payment of a net value¹⁵ of \$30,000 or a lesser amount if the analysis conducted by the Fonds de solidarité FTQ shows a financial need less than \$30,000. This criterion can only be invoked once by the shareholder.</p>
<p>Decrease of net family income²⁰ of 20% or more when the shareholder or the shareholder's spouse³ acts as a natural caregiver for a family member</p>	<p>The shareholder must show a decrease in net family income²⁰ because the shareholder or his or her spouse³ acts as a natural caregiver for a family member</p> <p>AND</p> <p>must show that the person cared for</p> <ul style="list-style-type: none"> • is at least 70 years of age and resides at the same address as the shareholder <p>OR</p> <ul style="list-style-type: none"> • is at least 18 years of age and has a serious mental and/or physical handicap³⁴ <p>AND</p> <p>must show that the decrease in net family income²⁰ is attributable to the need to act as natural caregiver</p> <p>AND</p> <p>must show that net family income²⁰ has decreased by 20% or more for a minimum period of two consecutive months¹⁸</p>	<p>The Fonds de solidarité FTQ form which includes a section entitled "Shareholder's Solemn Declaration" stating that the shareholder or his or her spouse must act as a natural caregiver for a family member</p> <p>AND</p> <p>proof that the person cared for is at least 70 years of age and resides at the same address as the shareholder</p> <p>OR</p> <p>proof that the person cared for is at least 18 years of age and proof from the attending physician that the person cared for has a serious mental and/or physical handicap³⁴</p> <p>AND</p> <p>written confirmation³⁵ that the decrease in family income²⁰ is attributable to the need to act as natural caregiver</p> <p>AND</p> <p>proof of all family income²⁰ for a full month²⁶ prior to the decrease in income</p> <p>AND</p> <p>recent proof of all net family income²⁰ for the period of decrease in income for two full consecutive months²¹</p>	<p>All Shares held for at least two years.</p>	<p>One year after purchase by the Fonds de solidarité FTQ.</p>	<p>A single payment equal to the value of the eligible Shares. This criterion can only be invoked once by the shareholder within a 5 year interval from the disbursement date.</p>

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For details and additional information with regard to the endnotes, please refer to the end of the Schedule.

SCHEDULE 2

PURCHASE-BY-AGREEMENT CRITERIA

CRITERIA	REQUIREMENTS	REQUIRED DOCUMENTS	ELIGIBLE SHARES	SUBSEQUENT ACQUISITION OF SHARES	PAYMENT TERMS AND CONDITIONS
	<p>AND must have liquidated all redeemable family investments¹¹ (including any other RRSP),¹² the purchase of the Shares being the last resort.¹³</p> <p>AND For subsequent applications The shareholder must show that the involuntary decrease still exists and that net family income has decreased by 20% or more for a new minimum period of two consecutive months.²⁸</p>	<p>AND proof that all redeemable family investments have been liquidated or cannot be redeemed.</p>			
<p>Redemption of pension credits for years of past service or pension benefit improvement</p>	<p>The shareholder must have received a single, time-limited offer to improve pension plan benefits if the offer was not already mentioned in the plan</p> <p>OR must have received a single, time-limited offer to improve pension plan benefits, in the following circumstances:</p> <ul style="list-style-type: none"> • enrollment in a new employer plan • job change • change in employment status <p>AND must show that the proceeds of the purchase will be used to acquire pension credits for years of past service</p> <p>AND must have used up³⁶ all redeemable investments¹¹ (including RRSPs and LIRAs)¹¹ to improve pension plan benefits, the purchase of the Shares being the last resort.¹³</p>	<p>The Fonds de solidarité FTQ form</p> <p>AND a copy of the redemption offer for years of past service</p> <p>AND proof of acceptance by the pension plan administrator</p> <p>AND proof that all redeemable investments have been transferred in the pension plan or that they are not transferable.</p>	<p>All Shares held for at least two years.</p>	<p>At any time.</p>	<p>This criterion can only be invoked once by the shareholder. The cheque is issued to the pension fund and direct transfer to the pension plans is permitted. Total authorizations under this criterion cannot exceed 10% of the annual limit set for the Fonds de solidarité FTQ by the Québec <i>Taxation Act</i>.³⁷</p>
<p>Emigration from Canada</p>	<p>The shareholder, his or her spouse³ and dependent children³¹ must have permanently emigrated from Canada</p> <p>AND must have permanently left their residence and employment.</p>	<p>The Fonds de solidarité FTQ form which includes a section entitled “Shareholder’s Solemn Declaration” stating that the family has permanently emigrated from Canada</p> <p>AND proof of employment in the host country, a work permit or proof of citizenship</p> <p>AND proof of residence in the host country.</p>	<p>All Shares held in the shareholder’s account that have been held for at least two years.</p>	<p>Impossible.</p>	<p>A single payment once all the Shares become eligible. Transfer to another plan is permitted.</p>

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SCHEDULE 2

PURCHASE-BY-AGREEMENT CRITERIA

CRITERIA	REQUIREMENTS	REQUIRED DOCUMENTS	ELIGIBLE SHARES	SUBSEQUENT ACQUISITION OF SHARES	PAYMENT TERMS AND CONDITIONS
<p>Serious and irreversible illness³⁷</p>	<p>The shareholder, his or her spouse³ or dependent child³¹ must have a serious and irreversible illness which has reached a terminal phase.</p>	<p>The Fonds de solidarité FTQ form AND the declaration of the attending physician stating that the person is terminally ill.</p>	<p>All Shares held.</p>	<p>Impossible or after one year, if the shareholder invoked this criterion for his or her spouse or dependent child.</p>	<p>All Shares held (a maximum of two instalments). Transfer to another plan is permitted.</p>
<p>Recourse of a creditor that will result in the interruption of service or the seizure of the following property:</p> <ul style="list-style-type: none"> • salary;³⁹ • one or two automobiles; • principal residence;⁴⁰ • public utilities. 	<p>The shareholder must not qualify for any other criterion of the Purchase by-Agreement Policy AND must show that the recourse jeopardizes the shareholder's and/or his or her spouse's salary or automobile, the principal residence or a public utility AND must have liquidated all redeemable investments¹¹ (including any other RRSP),¹² the purchase of the Shares being the last resort.¹³</p>	<p>The Fonds de solidarité FTQ form which includes a statement by the shareholder</p> <ul style="list-style-type: none"> • explaining the reasons underlying the recourse <p>AND</p> <ul style="list-style-type: none"> • confirming that he or she has the necessary amounts to pay the balance if the redemption of the Shares is not sufficient to avoid the recourse <p>AND</p> <ul style="list-style-type: none"> • attesting to his or her financial inability to pay the recourse <p>AND proof of the recourse⁴¹ against the following assets or essential services</p> <p>For the shareholder's or his or her spouse's salary</p> <ul style="list-style-type: none"> • formal demand for payment from a government • a judgment against the shareholder ordering the payment of a sum of money <p>AND</p> <ul style="list-style-type: none"> • proof that the shareholder or his or her spouse has a garnishable salary. <p>For the shareholder's or his or her spouse's automobile</p> <ul style="list-style-type: none"> • notice of loss of benefit of a term with lease agreement • repossession notice • notice of seizure of the vehicle following a court order 	<p>All Shares held.</p>	<p>One year after purchase by the Fonds de solidarité FTQ.</p>	<p>A single net payment¹⁵ equal to the amount necessary to repay the amount due or a substantial part thereof. Cheque payable jointly to the shareholder and the creditor.</p>

For details and additional information with regard to the endnotes, please refer to the end of the Schedule.

CRITERIA	REQUIREMENTS	REQUIRED DOCUMENTS	ELIGIBLE SHARES	SUBSEQUENT ACQUISITION OF SHARES	PAYMENT TERMS AND CONDITIONS
		<p>For the principal residence</p> <ul style="list-style-type: none"> • final notice from the hypothecary creditor • prior notice to exercise a hypothecary right • motion for mandatory relinquishment or court order • a duly-served demand from the Régie du logement • final notice for overdue municipal and/or school taxes <p>For a public utility provided to the principal residence</p> <ul style="list-style-type: none"> • notice of service interruption from the relevant public utility <p>AND</p> <p>if the recourse is directed only at the shareholder's salary and/or automobile</p> <p>proof that all of the shareholder's redeemable investments have been liquidated and used up to pay part of the recourse or that the investments cannot be redeemed.</p> <p>if the recourse is directed at the principal residence, a public utility or the spouse's automobile and/or salary</p> <p>proof that all redeemable family investments have been liquidated and used up to pay part of the recourse or that the family investments cannot be redeemed.</p>			

The following notes do not form an integral part of the *Purchase by Agreement Policy*. Rather, they serve to specify certain information or guide the interpretation thereof and may be amended from time to time at the discretion of the Fonds de solidarité FTQ.

1. "Proof" means full tax statements at the federal and Québec levels along with the relevant schedules relating to tax credits for labour-sponsored funds and the respective notices of assessment for the years when the credits could not be claimed, for cases in which the shareholder had no income tax to pay or is retired with employment income lower than \$3,500 OR a letter confirming that the shareholder is a non-resident.
2. "Non-resident" means a shareholder that resides outside Canada.
3. Unless indicated otherwise, for the purpose hereof, the definition of "spouse" is that set out in the Québec *Taxation Act*, which includes both same-sex and opposite-sex spouses.
4. According to tax laws, a qualifying educational program is a training program offered by a designated educational institution that dispenses technical or vocational training or, in any other case, post-secondary training.
5. In such a case, the Fonds de solidarité FTQ form and confirmation from the educational institution may not be filled out and signed more than 30 days preceding commencement of the school term.
6. In such a case, the shareholder must repay the amounts withdrawn according to applicable tax laws. The repayments must be made to the Fonds de solidarité FTQ, or else the shareholder will have to pay a special tax corresponding to the tax credit already obtained, as provided for by the Québec *Taxation Act*. However, a shareholder who is eligible for a redemption or purchase-by-agreement for a given year or within 60 days of the year-end will not be subject to the special tax provided he or she cannot claim a tax credit regarding the acquisition of shares in a labour fund with respect to an amount paid during the 10-year period, for the Lifelong Learning Plan, and during the 15-year period, in the case of the Home Buyers' Plan, in which he or she must acquire replacement shares or within 60 days of the end of such period. The federal legislative measures also provide a special tax corresponding to the tax credit already obtained, for which the rules of application are similar to those applied in Québec. The Québec rules apply for the 2012 taxation years and following years. (See Section 10 "What are the tax consequences for Shareholders?").
7. The Fonds de solidarité FTQ must receive your request regarding the Home Buyers' Plan (HBO) no later than 30 days after signing the notarized deed of purchase for your principal residence.
8. To be eligible, the accepted offer to purchase must indicate the names and the signed acceptance of both parties and the address of the home purchased by the shareholder.
9. For the redemption application to be eligible under this criterion, a maximum of one year must have passed between the date of the loss and the time the application was made to the Fonds de solidarité FTQ.
10. Disbursement of the Fonds de solidarité FTQ shares must be used to pay the consequences of the loss and not the cause thereof.
11. Amounts held by the shareholder in a trust account with the Fonds de solidarité FTQ, as well as in any bank account, are considered to be redeemable investments and must be liquidated before a request for purchase by agreement is filed.
12. An investment is considered to be redeemable even if its withdrawal leads to costs or a loss of return.

13. In every case where, in conformity with the Purchase-by-Agreement Policy, a shareholder must demonstrate that his or her other redeemable investments have been liquidated or used up, he or she will have to, if he or she holds shares in both of Quebec's labour-sponsored funds, complete a purchase-by-agreement request at these two labour-sponsored funds. If both funds allow it, the amounts paid by them will be distributed pro rata to the value of the eligible shares in both of these labour funds.
14. The replacement value is the amount necessary to purchase an asset with the same characteristics.
15. The net amount corresponds to the amount of payment requested once the withholding tax is applied to the gross amount, which withholding tax is calculated using the minimum tax rate required by federal and provincial governments. Any request for an additional tax withholding will apply based on the same gross amount, thereby decreasing the net value of the payment.
16. "Dissolution of a union" means, depending on the type of union, separation from bed and board, separation between de facto spouses, divorce, annulment, dissolution of marriage, or death, whichever event happens first.
17. For the redemption application to be eligible under this criterion, a maximum of one year must have passed between the date of the dissolution of the union and the time the application was made to the Fonds de solidarité FTQ .
18. An application may only be filed after a minimum period of two consecutive months of decreased income prior to the date the application is made to the Fonds de solidarité FTQ. The decrease in income must apply to each month included in the period of reference. In the case of a shareholder who receives income security, the application may be made as of the date the decrease in income begins.
19. The *Avis sur le crédit d'impôt remboursable accordant une allocation aux familles* (notice in respect of the refundable tax credit granting a family allowance) issued by Retraite Québec confirming the change of civil status and the effective date of that change is also considered to be proof of the union's dissolution and should be privileged whenever possible.
20. "Family income" means the shareholder's income and, if the shareholder has a spouse, the shareholder's income plus that of his or her spouse. Family income includes employment income, rental income and business income, as applicable.
21. The decrease in income is calculated for each of the two months of reference.
22. In the event of absence of income in the last two months or in the last six consecutive months, as applicable, the shareholder must provide all his or her statements of account (and/or those of his or her spouse) to prove such absence of income.
23. For the redemption application to be eligible under this criterion, a maximum of two years must have passed between the date of the event which caused the decrease in income and the time the application was made to the Fonds de solidarité FTQ, and the event must still exist when the initial or subsequent application is made. For a subsequent application in connection with the same event, a maximum of two years must have passed between the date of the initial application and the subsequent application(s) to the Fonds de solidarité FTQ, unless the shareholder receives income security, and the event must still exist when the subsequent application(s) is/ are made.
24. "Net income" means earnings related to time worked (regular time, overtime, bonuses and tips). However, if the shareholder or his or her spouse received, during the periods of reference, one or more vacation pays and that such vacation pays are the only income indicated on the pay slip(s), such income will be considered in the calculation of income before and after the decrease in income invoked. Net income also includes rental income and business income.
25. For the purpose of this Policy, the benefits received under the Québec Parental Insurance Plan (QPIP) or the exhaustion of such benefits cannot be taken into account to invoke eligibility to this criteria.
26. The month preceding the decrease in income must be the last full month during which the shareholder or his or her spouse received regular income.
27. The total value of the account includes all sums held by the shareholder in labour funds in Québec.
28. An application may only be filed after a minimum period of two consecutive months of decreased gross income prior to the date the application is made to the Fonds de solidarité FTQ. In the event that a physician confirms the disability of the shareholder for a period of at least two (2) consecutive months, the application may be made as of the date the decrease in income begins.
29. An application may only be filed with the Fonds de solidarité FTQ after a minimum period of six consecutive months of involuntary decrease in income prior to the date the application is made to the Fonds de solidarité FTQ.
30. "Unexpected" means an expense arising from an event that is unforeseeable, accidental or unanticipated.
31. "Dependant" means the shareholder's child or the child of the shareholder's spouse, if that child lives at the same address and is 25 years of age or less.
32. "Full-time permanent job" refers to a minimum of 28 hours worked per week.
33. "Recent invoices from suppliers and customers" means invoices dated less than 30 days on the date they are received by the Fonds de solidarité FTQ.
34. Even with therapeutic care, devices or drugs, the cared-for person is: unable to perform one basic activity of daily living, such as seeing, talking, hearing, walking, eliminating, feeding oneself, dressing oneself or daily functioning owing to the lack of necessary mental abilities; OR due to a chronic illness, the cared-for person receives, at least twice a week for a minimum of 14 hours, therapeutic care prescribed by a physician, which is essential to maintain one of his or her vital functions, such as travelling, medical appointments and the necessary recovery after treatment.
35. The confirmation may be provided by a physician, an employer or other third parties.
36. The investments used must first have been applied to improving the pension plan benefits, as the purchase of Shares must be the last resort.
37. Under the Québec *Taxation Act*, the Fonds de solidarité FTQ must pay a penalty to the Québec government when the total purchase-by-agreement disbursements during its fiscal year, excluding those made under the Home Buyers' Plan (HBP) and the Lifelong Learning Plan (LLP), exceed 2% of its paid-up capital; this represents the Fonds de solidarité FTQ's "fixed annual limit" for the purchase-by-agreement.
38. "Serious and irreversible illness" means an illness which has reached a terminal phase.
39. In the case of independent workers, the Fonds de solidarité FTQ considers that the amounts received by such persons in payment of services provided can be likened to salary for the purpose of the Purchase-by-Agreement Policy.
40. "Principal residence" means the residence where the shareholder normally resides.
41. Dated less than 30 days on the date it is received at the Fonds de solidarité FTQ.

FONDS DE SOLIDARITÉ FTQ

CERTIFICATE OF ISSUER AND INVESTMENT FUND MANAGER

Dated: June 30, 2020

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the Province of Québec.

President and Chief Executive Officer, Executive Vice-President,
Finance,



Gaétan Morin



Sylvain Paré

On behalf of the Board of Directors of the Fonds de solidarité FTQ in its capacity as issuer and investment fund manager,

Chair,



Claude Séguin

Director

First Vice-Chair,



Daniel Boyer

Director

Upon request, you may obtain free of charge information on the Fonds de solidarité FTQ:



➤ **BY TELEPHONE:**

in Montréal, at 514 383-FONDS (3663)
in Québec City, at 418 628-FONDS (3663)
toll free, at 1 800 567-FONDS (3663)



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➤ **IN WRITING:**

Fonds de solidarité FTQ
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