

March 26, 2020

Madam, Sir,

In accordance with *Regulation 81-107 respecting Independent Review Committee for Investment Funds* (the "Regulation"), the Independent Review Committee ("IRC") of the investment funds (collectively, the "Funds") managed by the manager Professionals' Financial – Mutual Funds Inc. (the "Manager") makes recommendations or gives its approval concerning certain conflicts of interest which may arise between the Funds and the Manager.

The members of the IRC have the requisite expertise and competencies to adequately perform their role and to suitably deal with all aspects of the conflicts of interest that are referred to them. The members supplement this expertise by keeping up to date on all matters related to their mandate.

The securities authorities have entrusted the IRC with the mandate of examining possible conflict of interest matters in respect of investment funds identified and referred to the IRC by the Manager, and to give its approval or make its recommendation concerning these matters, according to the type of conflict of interest. The IRC seeks primarily to determine whether the course of action proposed by the Manager achieves a fair and reasonable result for the investment fund concerned and, ultimately, its unitholders.

As required by the Regulation, the IRC has reviewed and assessed the adequacy, effectiveness and respect of the Manager's policies and procedures on conflict of interest matters in respect of the Funds, and has also done a self-evaluation of its effectiveness and of the independence and compensation of its members.

The IRC presents to you its annual report for the year ended December 31, 2019, which includes the above-mentioned assessments, and to continue to carry out its mandate, which consists in effectively protecting your interests, in collaboration with the Manager of the Funds.

Chair of the Independent Review Committee



Renée Piette, CPA CA, ASC

COMPOSITION OF THE IRC

As of the date of this report, the IRC is composed of the following members:

Ms. Renée Piette, CPA CA, ASC

Ms. Piette is as a Business Consultant and Corporate Director. She has over 30 years of experience in compliance, ethics and auditing for the Canadian financial market especially in Quebec. Among her achievements, she was Chief Compliance in various National Bank subsidiaries. Ms. Piette is a Board Member as well as a member of the Financial & Audit Committee for the Agence de mobilité durable. She also sat on different boards, including on the Quebec Bar. Ms. Piette was appointed member of the IRC on October 2015 and she became it's Chairperson in 2019. She does not serve on any other IRC.

Mr. Jean-François Bernier, LL. B

Having a lawyer background, Mr. Bernier is Senior Vice-President and Managing Director of the brokerage firm Interactive Brokers. He was also Director of Capital Markets for the Quebec Securities Commission (now the Autorité des marchés financiers). Mr. Bernier was appointed to the IRC on September 13, 2017 for a three (3) year term and sits on the IRC of the NBI Funds.

Mr. Jean Morin, B. Ing.

Mr. Morin served as branch manager and senior vice-president with CIBC Wood Gundy from 1989 to 2018. He also sat for 20 years on the Quebec District Council of the Investment Industry Regulatory Organization of Canada (IIROC) and served as chair of the Council from 1995 to 1997. Since 2005, he has been a member of the IIROC Hearing Panel (disciplinary tribunal). Mr. Morin has been a member of the Independent Review Committee since March 2019, replacing Mr. Serge Rémillard. He does not serve on any other IRC.

INDEPENDENT STATUS

The regulatory authorities recognize the special situation where investment fund units are placed only with defined groups of investors and recognize independent status when the interests of the representatives of these groups and those of the investors coincide.

OWNERSHIP OF SECURITIES

a) Funds

At December 31, 2019, the percentage of each class of units of the Funds covered in this report which was beneficially owned, directly or indirectly, in aggregate, by all the members of the IRC did not exceed 5% of the securities of any of the Funds.

b) Manager

At December 31, 2019, no member of the IRC beneficially owned, directly or indirectly, individually or in aggregate, a class or series of voting or equity securities of Professionals' Financial – Mutual Funds Inc.

c) Service providers

At December 31, 2019, no member of the IRC beneficially owned, directly or indirectly, a class or series of voting or equity securities of a person that provides services to the Funds or to the Manager in connection with the activities of the Funds.

COMPENSATION AND INDEMNITIES PAID TO MEMBERS OF THE IRC

December 31, 2019, the aggregate compensation paid to the members of the IRC has for the year ended amounted to \$ **39,938** . This amount includes the annual compensation of the Committee members, as well as the fees for each meeting they attended. The IRC's compensation policy is aligned with the compensation policy of the Board of directors of the Manager. This amount was allocated among the Funds in a manner that the Manager deems fair and reasonable in respect of the Funds.

The IRC considered the following criteria in determining the fairness of its compensation:

- / the total number of funds supervised;
- / the size of the funds supervised;
- / the time required for the meetings;
- / the responsibilities of the members of the IRC;
- / the best practices in the industry; and
- / the best interest of the Funds.

The IRC did not make any change to the procedure or criteria established by the Manager to set the compensation and expenses of the members of the IRC.

Neither the Funds nor the Manager paid any indemnity to the IRC or its members during the period.

CONFLICT OF INTEREST MATTERS

The Manager has policies and procedures for dealing with each of the conflict of interest. The Manager must also report regularly to the IRC. During the reporting period, the IRC is not aware of any instance in which the Manager acted in a conflict of interest matter without meeting the conditions imposed by the IRC.

In particular, the Manager received a positive recommendation from the IRC regarding the policies listed below, after complying with the required procedures, namely:

- / Use of brokerage commissions
- / Correction of the unit price of a fund
- / Selection of external sub-managers
- / Receipt of gifts or gratuities by an employee

STANDING INSTRUCTION

The IRC note that the Manager has not used any instructions. In addition, no new standing instructions have been issued by the IRC during the past year.

MANAGER'S STANDING INSTRUCTION REPORT

In accordance with the Regulation, the Manager provided the IRC with a written report describing its recourse to standing instructions during the period.

Also, in accordance with the Regulation and with its charter, the IRC examined the relevance and effectiveness of the Manager's written policies and procedures on standing instructions, as well as their relevance and effectiveness, and was satisfied therewith.

APPROVALS AND RECOMMENDATIONS

During the period January 1 to December 31, 2019, the IRC was not aware of any case where the Manager of the Funds acted in respect of a conflict of interest matter reported to the IRC for which the IRC did not give its approval or make a favourable recommendation. Furthermore, no condition was imposed by the IRC on its recommendations made to the Manager during the period.

FUNDS COVERED BY THIS REPORT

FDP **Balanced** Portfolio, Series A
FDP **Balanced Growth** Portfolio, Series A
FDP **Balanced Income** Portfolio, Series A
FDP **Canadian Bond** Portfolio, Series A
FDP **Cash Management** Portfolio, Series A
FDP **Global Fixed Income** Portfolio, Series A
FDP **Canadian Equity** Portfolio, Series A
FDP **Canadian Dividend Equity** Portfolio, Series A
FDP **Global Equity** Portfolio, Series A
FDP **US Equity** Portfolio, Series A
FDP **Emerging Markets Equity** Portfolio, Series A