

Questions and Answers – New *ActionGIC* (clients)

June 4, 2021

Background and Important Considerations

ActionGICs have certain characteristics that differentiate them from fixed-rate GICs (regular GICs): they do not provide any return or income before maturity. Their return is linked to the performance of an index. There is no guarantee that the index will increase during the term and, therefore, that investors will receive more at maturity than the principal amount originally invested. This product is only suitable for investors who are willing to assume the risk associated with the return.

The *ActionGIC* can represent an interesting option, because it guarantees the capital while allowing you to benefit from a high growth potential compared to conventional investment products.

* Laurentian Bank of Canada reserves the right to modify the list of companies included in the portfolio at any time before the expected date of issue of this investment. Furthermore, if an extraordinary event occurs during the issue, the Laurentian Bank of Canada reserves the right (without being obligated) to make certain adjustments to the reference portfolio (including its composition or the weight attributed to each security) or any other variable as we determine to be the appropriate in order to preserve as nearly as practicable the economic equivalent before the extraordinary event in question occurred.

General questions and answers

Q. 1: What makes the *ActionGIC* different from a GIC?

A GIC offers a fixed return that is known in advance, whereas an *ActionGIC* offers a variable return that is only known at maturity. This is because the return on the *ActionGIC* is linked to the performance of a reference index, also known as an equity portfolio. However, the return potential of the *ActionGIC* is higher than that of the regular GIC.

Q. 2: Is there a minimum and maximum amount for the purchase of *ActionGIC*?

Yes, a minimum amount of \$500 is required when purchasing *ActionGIC*. However, there is no maximum and you can invest any amount you wish.

Q. 3: Is my *ActionGIC* cashable or redeemable?

No, you will not be able to make any partial or full withdrawals or transfers prior to the maturity of your term. In addition, your investment cannot be redeemed in a secondary market.

The Laurentian Bank of Canada *ActionGIC* is not eligible for the Home Buyers' Plan (HBP) or Lifelong Learning Plan (LLP) programs.

The *ActionGIC* can be held within a RRIF. However, this product cannot be split when minimum payments are required. You may want to ensure that you have access to other assets for your minimum payments when considering this product.



Q. 4: What happens if I change my mind?

You have at least 2 business days between the date of purchase and the date your *ActionGIC* is issued to cancel or change this investment. You will find [online](#) information on current sales periods and confirmation of your investments if you have purchased one of these products.

Q. 5: How is the final return calculated?

The final return of the reference index is determined by calculating the sum of the return of each share in the reference index during this period, divided by the number of securities making up the reference index.

Rate of return calculation of each share:

$$\text{Return of each share} = \frac{\text{FV} - \text{IV}}{\text{IV}}$$

IV: Value of share on the day of issue

FV: Average value of share on the three (3) dates mentioned on the Disclosure Notice

Final rate of return calculation of reference index:

$$\text{Final rate of return of reference index} = \frac{\text{Sum of the return of each share}}{\text{Number of shares in reference index}}$$

Q. 6: Can I monitor the performance of my *ActionGIC* during the term of my investment?

Yes, the information is updated monthly on the 1st of each month on the Laurentian Bank of Canada [website](#). For information purposes only, historical performances are also available on the website, but past performance is not indicative of future performance.

Q. 7: What happens if the Reference Index Return is negative at maturity

It is possible that the final return of the *ActionGIC* is negative or zero at maturity. In these cases, the capital originally invested will be fully repaid at maturity, however, interest will be paid.

Q. 8: When will I receive interest earnings?

Since the final return will only be known at the end of the term, interest, if any, will only be paid at maturity.

Q. 9: Are CPG *Action* products covered by deposit insurance?

Yes, the capital invested in the *ActionGIC* is an insurable deposit under the Canada Deposit Insurance Corporation Act (CDIC). Since April 30th, 2020, the CDIC has extended its deposit protection to include your eligible deposits held in foreign currencies and with terms greater than 5 years.



Q. 10: Do I own shares in the companies that make up my reference index?

No. When you invest in an *ActionGIC*, you are not directly buying stocks, and this does not entitle you to interests in those shares. Rather, it is a guaranteed investment whose return is linked to the performance of a portfolio of stocks.

Q. 11: Is the Bank investing 100% of the amounts in the shares that make up the ActionGICs?

No, the Bank only invests a portion. Another percentage is allocated to guarantee the capital of our clients.

Q. 12: Will I have to pay an acquisition or administration fee?

No, there are no acquisition fees or administrative fees that apply to *ActionGIC*.

Q. 13: What happens if there is a major market disruption due to unforeseen events (pandemic, etc.)?

In the event that an extraordinary event occurs, the Bank reserves the right to make certain adjustments to the reference index, including its composition or the weight attributed to each security, or to any other variable. The Bank may, in its sole discretion, make such changes in order to preserve as much as possible the anticipated economic equivalent prior to the unexpected event. In this case, the Bank shall notify *ActionGIC* investors of the extraordinary event and the amendment.

Q. 14: Is the final return considered a gain in capital or an interest income?

The return is considered interest income since you have invested in a guaranteed investment and not directly in the stocks that make up the portfolio. The stocks that make up your *ActionGIC*'s reference index are only used to measure its performance.

Q. 15: Why are there sales periods for this product?

Since many steps are required to manage this product, sales are accumulated during the sales period. All products purchased during the same sales period form a cohort that follows the same key dates, i.e., issue, calculation, and maturity dates.

Q. 16: How do you select the companies included in the reference index?

The stocks that make up the reference portfolio have been carefully selected by our team of experts for their performance and stability and to ensure a diversified portfolio as a performance benchmark.

Q. 17: Why don't you offer a guaranteed minimum rate like some of your competitors do?

If we would be offering a guaranteed minimum rate, our maximum rate of return would be much lower than the one currently offered.

If you still want a guaranteed minimum return, we invite you to choose a combination of our GIC and *ActionGIC* products.



Specific Questions and Answers - Canadian Sustainability *ActionGIC*

Q. 1: What are ESG criteria and how can companies qualify?

ESG criteria are used to evaluate the environmental, social and governance responsibility of companies in their management practices.

Q. 2: What makes Canadian Sustainability *ActionGIC* companies environmentally responsible?

The companies that make up the reference index for this product have been selected for their environmental, social and governance performance by Refinitiv.

Q. 3: Why does Laurentian Bank of Canada rely on Refinitiv's recommendations to select the companies that make up the Canadian Sustainable *ActionGIC* portfolio?

Refinitiv, an LSEG (London Stock Exchange Group) company, is a leading provider of infrastructure - and data for the financial markets, serving the needs of more than 40,000 institutions in over 190 countries. It provides information and big data, offers trading platforms, and creates technology and data platforms that connect a thriving global capital markets community to improve their performance in trading, investing, wealth management and market data, regulatory compliance, corporate risk and financial crime. For more information, visit refinitiv.com.

Q. 4: Is responsible investing a passing trend or a new way of investing that will become the norm?

Increasingly, investors are looking for investments that incorporate ESG criteria into their portfolios. They are looking for companies that have a positive impact on the environment, promote diversity policies and contribute to the advancement of women in leadership roles.

Specific Questions and Answers - Quebec Performance *ActionGIC*

Q. 1: What does the name Performance Quebec mean?

Companies selected in the portfolio of this product are all publicly traded companies headquartered in Quebec.

If a company in the Quebec Performance portfolio moves its head office outside of the province of Quebec, it will have to be replaced by another company with its head office in Quebec.

Q. 2: Are the companies selected in this portfolio in good financial health?

Yes, all the companies that constitute this portfolio are public and are listed on the stock exchange. You can therefore follow their performance in real time.

Q. 3: By opting for this product, am I directly encouraging the selected Quebec companies by becoming one of their shareholders?

No. By investing in a Quebec Performance *ActionGIC*, you do not directly purchase shares of these companies. Rather, it is a guaranteed investment whose return is linked to the performance of a portfolio composed of several shares of Quebec companies listed on the stock exchange. However, indirectly, you are encouraging these companies since Laurentian Bank is buying these shares to guide the performance of their *ActionGIC*.

