

INFO FUNDS



Happy
New Year!



IN SUMMARY:

- P1 PREPARING YOUR RETIREMENT
- P3 FIXED-INCOME SECURITIES ADD STABILITY TO YOUR PORTFOLIO
- P3 BAKER GILMORE, FUND MANAGER
- P4 ENGAGING COMPANIES IN DIALOGUE
- P4 TEST YOUR FINANCIAL KNOWLEDGE

PREPARING YOUR RETIREMENT

A project you can start today!

Have you already begun to put money aside for your retirement? If you haven't, well, you're not alone! In fact, according to a Canada-wide survey carried out by Desjardins to create its "Personal Finance Index", 60% of respondents over 45 have no specific savings plan set up for their retirement.

The figures are surprising given the increase in life expectancy and the maximum amounts of the public programs that were not designed to cover all the financial needs of retirees. With this in mind, here are a few tips to make saving easier so you'll be sure you can afford a retirement that lives up to your expectations.

1 SAVING SLOWLY AND SURELY WITH A PERIODIC INVESTMENT PLAN!

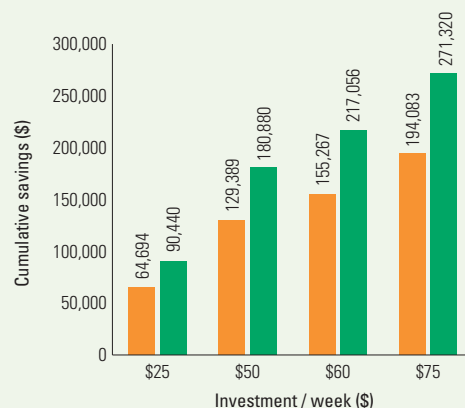
Not everyone has the discipline to put money aside. But when you invest using regular instalments, you can do it at your own pace, and decide for yourself how much and how often to contribute to your retirement investments. Look at the nest egg you could build up over the years, assuming an annual return of 5%.

As you can see, just making a weekly instalment of \$50 instead of \$25 makes all the difference down the line, especially spread over a period of 25 or 30 years. So it's wise to take an interest in regular investing as early as possible and decide on how much you can afford to set aside at a time.

Why not include the amount of your regular instalments in your budget? As an incentive, think of the instalments as gifts you're giving yourself, because investing will contribute to your wellbeing in the future.

When you set up your budget, you'll be able to see how much financial leeway you have and determine the amount you can afford to give to regular instalments—and how often—all based on your financial priorities.

CUMULATIVE SAVINGS AT AN ASSUMED ANNUAL RETURN OF 5%



Investment on 25 years
Investment on 30 years

Source: Desjardins Funds

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WHEN YOU INVEST USING REGULAR INSTALMENTS, YOU CAN DO IT AT YOUR OWN PACE.

▶ If you have any questions about your investments or any feature article in this newsletter, consult your Desjardins advisor and visit desjardinsfunds.com at any time!



Cooperating in building the future

Preparing your retirement – A project you can start today!

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2 VISUALIZE HOW YOU WANT TO LIVE IN RETIREMENT!

Once you've established how much you can save, you'll also be able to determine whether that amount will allow you to have the retirement you want. To figure out how much money you'll need during retirement, imagine the lifestyle you'd like as a retiree and draw up a preliminary budget that matches it.

When you plan your retirement budget, you should also take the following factors into consideration:

- ▶ *The age you want to retire at, together with your life expectancy:* If the statistics are any yardstick, you could spend many years of your life in retirement;
- ▶ *The impact of inflation on your retirement spending:* Over the years, the prices of goods and services trend persistently upward, causing increases in the cost of living that will have an impact on your budget;
- ▶ *The healthcare you may need:* Build this item into your budget to cover yourself against possible illnesses or disability related to aging.

3 TAX SHELTER YOUR SAVINGS TO SPUR THEIR GROWTH!

To keep a larger portion of your savings for yourself, you can opt to invest in an RRSP and a TFSA, two tax-advantaged investment plans you can contribute to with automatic withdrawals.

REGISTERED RETIREMENT SAVINGS PLANS (RRSPs)

- ▶ RRSPs are an efficient way of saving for retirement.
- ▶ The annual maximum contribution is 18% of the income earned the previous year; the maximum contribution for 2012 is \$22,970.
- ▶ To be deductible from taxable income in 2011, contributions must be made before February 29, 2012.
- ▶ Investment income is non-taxable as long as it remains in the RRSP, but withdrawals are taxable.

TAX-FREE SAVINGS ACCOUNTS (TFSAs)

When you use a TFSA as a savings vehicle, you pay no income tax—either on your investment income or your withdrawals.

- ▶ Since 2009, the annual maximum contribution has been \$5,000.
- ▶ Annual unused contribution room, along with withdrawals from your TFSA during previous years, is cumulative.
- ▶ Withdrawals generate new room for the following year.

4 GET THAT EXTRA BOOST FROM YOUR DESJARDINS ADVISOR!

Your retirement is easier to prepare with budget planning, regular instalments to make saving simpler and support from your Desjardins advisor. Wherever you are in the process, contact your advisor to get the guidance you need today... for a better tomorrow!

FREQUENTLY ASKED QUESTIONS

Q WHY IS IT IMPORTANT TO HAVE A SAVINGS PLAN SPECIFICALLY FOR RETIREMENT?

A According to the statistics, you will live longer in retirement, which will mean higher expenses. And the public programs will cover a smaller and smaller portion of the financial needs of retirees. So, it's important to set up a savings plan that factors in these elements.

Q HOW DO YOU SAVE SIGNIFICANTLY OVER THE LONG TERM?

A Saving takes self control, which isn't necessarily a natural reflex. But, when you build your budget, you can figure out how much you can put aside to ensure your retirement. If you invest through regular instalments over several years, you can build up significant savings that will allow you to live well in retirement.

Q HOW CAN I TELL WHAT MY FINANCIAL NEEDS WILL BE IN RETIREMENT?

A First, think about the lifestyle you would like to have in your retirement. Factor in the life expectancy statistics that will let you estimate the number of years your retirement may last. To give yourself an idea of your expenses during retirement, remember to include the effects of inflation and the cost of any health care you might need.

Q HOW CAN I SHELTER MY SAVINGS FROM INCOME TAX?

A You may choose to invest in a registered retirement savings plan (RRSP) or a tax-free savings account (TFSA), two tax-advantaged ways to invest that you can contribute to through regular instalments.

AVAILABLE INFORMATION AT DESJARDINSFUNDS.COM

The Annual Management Report, the Annual Audited Financial Statements of the Desjardins Funds as at September 30, 2011 and the Annual Report to Unitholders from the Independent Review Committee from October 1, 2010 to September 30, 2011, are available in the *Information for Investors* section at desjardinsfunds.com, and at sedar.com.

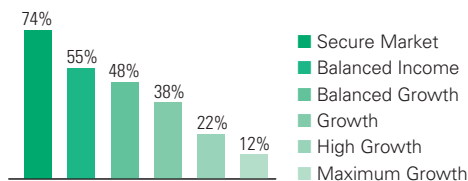
Fixed-income securities add stability to your portfolio

Diversification by asset class is a key element of any investment strategy because it helps to reduce fluctuations in a portfolio in the short term and optimize returns from year to year. Diversifying in this way is based on the principle that the stocks and bonds that make up the backbone of a portfolio react differently to market conditions.

That's why, as shown in the graphs, the Diapason portfolios include a percentage of fixed-income securities that varies according to your investor profile, which keeps the focus on your financial goals, risk tolerance and investment horizon. As you can see, the percentage varies depending on whether you hold a Diapason portfolio that's designed for your working life, or for your retirement.

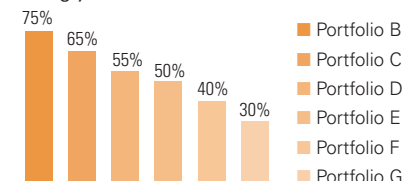
TARGET PERCENTAGE OF FIXED-INCOME SECURITIES BY DIAPASON PORTFOLIO

During your active working life



Source: Desjardins Funds

During your retirement



Source: Desjardins Funds

GREATER CAUTION: MORE FIXED-INCOME SECURITIES!

Ideal for individuals who see the need for a great deal of caution in their investments, the Diapason Secure Market Portfolio consists of 74% fixed-income securities. Diapason Retirement Portfolio B is one of the most stable, and experiences fewer fluctuations in periods of market volatility.

At the other end of the spectrum, the Diapason Maximum Growth Portfolio is designed for investors targeting optimum long-term capital appreciation and who are willing to accept greater portfolio volatility in consequence. Nonetheless, the portfolio contains 12% fixed-income securities to mitigate to some extent the risks related to short- and medium-term market fluctuations.

The Desjardins Funds that make up your portfolio are managed by investment professionals from among the world's best fund managers—each in their respective field. Every quarter, we give you a brief profile on one of them.

FUND MANAGER

BAKER GILMORE & ASSOCIATES INC.

A reference in Canadian fixed-income securities

Founded more than 20 years ago, Baker Gilmore is one of Canada's largest specialty fixed-income managers. The firm has established a solid reputation with pension funds, insurance companies and other institutional investors.

A member of the Connor, Clark & Lunn Financial Group, which is responsible for the investment of approximately C\$37 billion, Baker Gilmore is known primarily for its philosophy that favours:

- ▶ Thorough analysis of the economy and the key factors, such as interest rate forecasting, that drive bond market returns;
- ▶ A rigorous approach to portfolio construction that focuses on meeting the fund's risk and return objectives;
- ▶ Security selection based on credit analysis and, specifically, default risk.

BAKER GILMORE AT A GLANCE

Founding year: 1988

Head office: Montréal

Total assets under management: C\$4.5 billion

Desjardins Fund managed:

Desjardins Short-Term Income Fund

Research is the keystone in Baker Gilmore's investment philosophy. To generate superior returns over a long-term investment horizon, the firm pursues multiple, diversified strategies which capitalize on the best investment opportunities available in the market place.

ACCÈSD

YOUR INVESTMENTS ARE ONLY CLICKS AWAY... WHENEVER AND WHEREVER YOU WANT!

SIMPLE, FAST, SECURE

- ▶ To invest in your Desjardins Funds online
- ▶ To get your Desjardins Funds investment statement

For more information, visit AccèsD or desjardinsfunds.com, or contact customer service at 514 CAISSES/1 800 CAISSES.

CONTEST

"GO PAPERLESS"

The first draw in the "Go Paperless" contest was held on October 31, 2011. Mrs Nicole Tanguay of Caisse Desjardins du Sud de la Chaudière is the lucky winner of a prize of \$5,000.

The most recent draw was held on November 30, 2011 and the next two will take place on December 30, 2011 and January 31, 2012.

- ▶ To participate, simply register for your Desjardins Funds online investment statement via AccèsD. Enter now!



ENGAGING COMPANIES IN DIALOGUE

How are we doing?

In 2011, the Desjardins Environment Fund (DEF) Corporate Engagement Program targeted nine companies on the recommendation of our partner NEI Investments and the Desjardins Funds Environmental Advisory Group. The Environmental Advisory Group is made up of independent experts working in the environment.

The objective of the Engagement Program is to dialogue with the companies whose shares make up the DEF to encourage them to adopt

environmental best practices. The dialogue was carried on jointly with NEI Investments. Results overall are positive, and while not all objectives were met, the companies have demonstrated their openness and their willingness to make progress.

In 2012, the Desjardins Environment Fund will continue to engage these companies in dialogue. It has also targeted six other Canadian companies, extending into other sectors.

Content related to this article is available at desjardinsfunds.com and in the December 2011 issue of *Investing in Your World* on our website:

- Detailed dialogue results for 2011
- The companies targeted by the program for dialogue in 2012

COMPANY	SECTOR	DIALOGUE OBJECTIVES	MOVEMENT
Crescent Point Energy	Energy	<ul style="list-style-type: none"> – Manage water-related risks. – Set up a sufficient land rehabilitation fund. 	▲
Enbridge	Energy	<ul style="list-style-type: none"> – Obtain freely given, prior and informed consent from First Nations. – Include ESG elements in executive compensation. 	▼
Encana	Energy	<ul style="list-style-type: none"> – Manage water-related risks in fracking operations. – Include ESG elements in executive compensation. 	▲
Suncor Energy	Energy	<ul style="list-style-type: none"> – Toughen up water resource monitoring in oil sands extraction. – Set up a sufficient land rehabilitation fund. – Include ESG elements in executive compensation. 	▲
Talisman	Energy	<ul style="list-style-type: none"> – Manage water-related risks in fracking operations. – Obtain freely given, prior and informed consent from First Nations. – Include ESG elements in executive compensation. 	▲
Barrick Gold	Materials	<ul style="list-style-type: none"> – Obtain freely given, prior and informed consent from First Nations. – Reinforce governance structures to better manage ESG risks. 	▲
Goldcorp	Materials	<ul style="list-style-type: none"> – Obtain freely given, prior and informed consent from First Nations. – Apply the recommendations of the extraction-related human rights impact assessment. 	▲
Potash	Materials	<ul style="list-style-type: none"> – Develop and implement a corporate water use strategy. 	▲
Teck	Matériaux	<ul style="list-style-type: none"> – Set a greenhouse gas emissions reduction target. – Obtain freely given, prior and informed consent from First Nations. 	▲

Legend: ▲ Better ▷ No change ▼ Worse

DID YOU KNOW?

When you contribute to a group retirement savings plan set up by your employer, your Desjardins advisor can help you to set your financial goals for retirement based on your own needs and circumstances.

MAKE AN APPOINTMENT RIGHT AWAY—YOU HAVE EVERYTHING TO GAIN!

TEST YOUR FINANCIAL KNOWLEDGE

TRUE OR FALSE?

- 1 When you invest regular instalments of \$50 a week for 30 years at an assumed annual return of 5%, your accumulated savings add up to \$180,880.
- 2 If I start saving early for my retirement, annual inflation will have no impact on my purchasing power while I'm in retirement.
- 3 Investment income from a TFSA and investment income generated by an RRSP that stays in the RRSP are not taxable.

ANSWERS 1. (True) 2. (False) 3. (True)

Desjardins Funds are offered by Desjardins Financial Services Firm Inc., a mutual fund dealer owned by the Fédération des caisses Desjardins du Québec. Desjardins Funds are not guaranteed, their value fluctuates frequently and their past performance is not indicative of their future returns. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments and the use of an asset allocation service. Please read the simplified prospectus of the Desjardins Funds in which investment may be made under the asset allocation service before investing.