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ECONOMIC AND FINANCIAL NEWS

The markets are volatile, but focused on long-term growth

Summer flies by so fast! So, since you've probably had less of a chance to keep up on the news over the summer, here are the highlights that have had an effect on your investment performance since the beginning of the year.

The U.S. economy has continued to grow

Job creation and consumer confidence in the United States have advanced, while gas prices remained low. The greenback is up and the U.S. Federal Reserve could eventually raise its key rate.

Good prospects for Canada despite a slower economy

Lower gas prices have been good for Canadian consumers and industries. Job creation in Québec and Ontario has fared well. But Alberta, Saskatchewan and Newfoundland and Labrador – the main oil producers – have slowed down as the price¹ of a barrel of oil sank below US\$45 this summer.

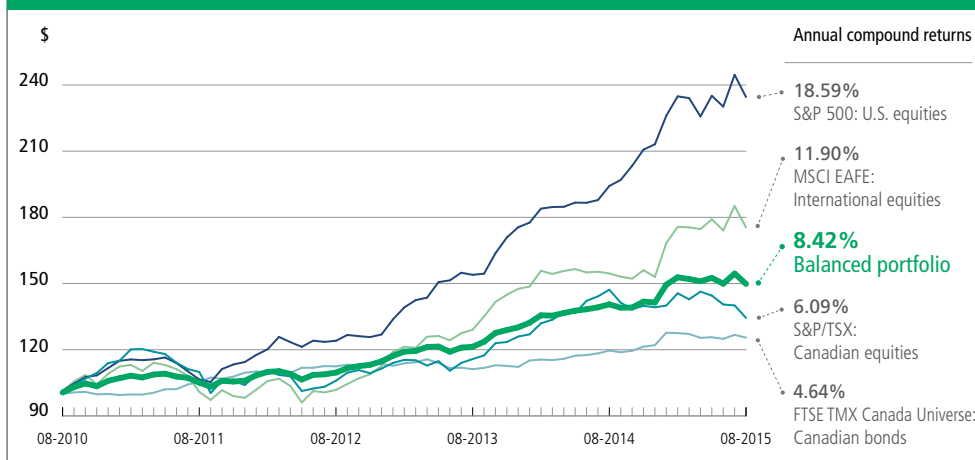
The Bank of Canada lowered its key rate to 0.50% to stimulate the economy and keep the Canadian dollar low, which has helped step up exports. Despite a recession as summer draws to a close, prospects remain good, as three-quarters of our exports flow to the U.S. market.

Overall, the weaker loonie has been good for U.S. and international equity fund holders, as this boosted returns on investments in foreign currencies. Lower bond interest rates were favourable for bond fund holders and homeowners with mortgage loans.

Greece and China have been making headlines

Across the Atlantic, Greece's economic situation has drawn attention. An austerity plan was first rejected by referendum, but the Greek government later managed to come to an agreement with its creditors² in return for major reforms. Greece remains in the euro zone and the geopolitical stability of the European Union has been preserved.

GROWTH OF A \$100 INVESTMENT FROM AUGUST 31, 2010 TO AUGUST 31, 2015
(in Canadian dollars)



Source: Morningstar Direct

¹ Based on WTI, the benchmark for crude produced in North America.

² Greece's creditors are the International Monetary Fund, the European Central Bank and the European Financial Stability Facility.

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In China, the economic growth downturn and major rout in continental Chinese stock markets have also made headlines.

Volatile markets

In August, stock markets became more volatile and underwent downturns, which stemmed mainly from China's economic backdrop. However, markets began to recover at month-end. History has shown us that periods of volatility eventually pass and markets bounce back after minor setbacks. That said, the current volatility is expected to persist for some time.

Meanwhile, considering that major central banks have maintained their economic stimulus measures and in light of the U.S. market's strength, the global economy should continue to trend upward.

Diversification: a strategy that pays off!

Market ups and downs are normal and inevitable. A long-term investment plan that includes a well-diversified portfolio is still one of the best strategies for growing your wealth.

For instance, as shown in the chart, the value of a balanced portfolio* has increased continuously and relatively steadily over the past five years.



TO LEARN MORE ABOUT FINANCIAL
MARKETS AND YOUR INVESTMENT
PERFORMANCE**, don't hesitate to talk
to your representative.

* Return on a balanced portfolio comprising stock indices identical to those shown in the chart above (55% stocks/45% bonds) from August 31, 2010 to August 31, 2015.

** See also desjardinsfunds.com/prices-performance

InfoFunds has a new look

Now sporting a third section, InfoFunds covers a variety of topics investors need to know about.

Whether you hold a Chorus II, Melodia, or SocieTerra Portfolio or Desjardins Funds, you'll find smart tips and concise articles that keep you abreast of events that drive the value of your investments.

CHORUS II PORTFOLIOS



TRANSFERRING YOUR WEALTH

The chance to protect the ones you love

While we make plans for our careers, buying a home, starting a family and retiring, we often neglect to prepare an estate plan, even though transferring the assets we've built up over a lifetime really deserves much more of our attention.

Prudent estate planning

Estate planning is one of the areas included in your Financial Plan. When you take the time to organize carefully, you avoid leaving your loved ones with financial headaches. You can arrange to:

- Protect your spouse and your family;
- Pay the least tax possible so you can leave more;
- Grow your assets to maximize your estate;
- Make bequests that reflect your wishes;
- Make settling your estate easier.

Knowing the value of your estate

Before going to a notary to prepare your will, it's a good idea to draw up your financial balance sheet so you can estimate what the net value of your estate will be. Your Desjardins advisor can help you work out a draft statement of your net worth.

For instance, together you can assess the value of setting up a trust, plan gifts for a foundation or charitable organization, or take out a life insurance policy that will protect your heirs.

The value of recognized expertise and personalized advice

Talking about transferring wealth can raise questions and stir up strong emotions. Which is why it's valuable to be able to discuss it with an advisor who can listen objectively. Understanding your financial position allows an advisor to make recommendations and open the door to a team of experts who can cover all the angles of planning how to transfer your assets.

You and your loved ones will have the benefit of full support to guide you through the process. You'll enjoy real peace of mind knowing that your wishes will be carried out and your loved ones taken care of.



MAKE AN APPOINTMENT
WITH YOUR DESJARDINS ADVISOR OR VISIT
desjardins.com/estateplanning.

RESPONSIBLE INVESTMENT



SHAREHOLDER ENGAGEMENT

Advocacy strategy that works

Collaborating with partner NEI Investments through SocieTerra Portfolios and the Desjardins Environment Fund, Desjardins took part in 50 dialogues with companies. Their purpose is to influence companies and build their awareness of environmental, social and governance (ESG) issues to encourage them to improve their practices.

In 2014, 36 of those dialogues helped to drive significant advances.

Here are five:

COMPANY / SECTOR	KEY TOPICS OF DIALOGUE
Enbridge/Energy	▶ Pipeline safety
CGI/Information Technology	▶ Protection of personal information
Canadien National/Transportation	▶ Safety of transporting oil by rail
Suncor/Energy	▶ Greenhouse gas emissions
First Quantum Minerals/Mining	▶ Improvements to environmental management systems

New Funds



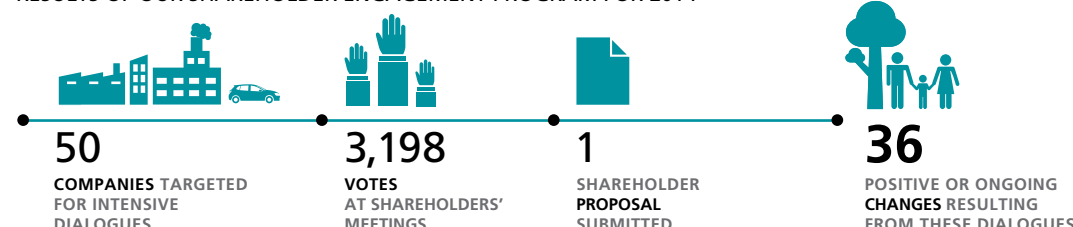
Last June, the Desjardins Environment Fund became the Desjardins **SocieTerra** Environment Fund. The Fund's new investment objective aims to:

- Reduce the environmental impact of investment decisions;
- Scale back on Fund holdings in mining, oil and gas companies;
- Provide greater diversification by investing in companies located in every part of the world.



Moreover, the Desjardins SocieTerra Canadian Bond Fund has been added to the lineup of responsible investment products available through Desjardins. The Fund is appropriate for investors seeking high income together with enhanced capital security.

RESULTS OF OUR SHAREHOLDER ENGAGEMENT PROGRAM FOR 2014



FOR MORE INFORMATION ABOUT
THE OUTCOME OF THE DIALOGUES:
desjardins.com/outcome-dialogues.



CASE STUDY

BY ANGELA IERMIERI / DESJARDINS GROUP FINANCIAL PLANNER*

BUILDING FINANCIAL INDEPENDENCE

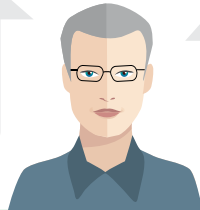
The freedom to choose your lifestyle

Sebastian is 45 and self-employed. He's doing very well and earns good money. But there are times his income varies and he worries about it...

He'd like to gain financial independence to be able to spend more time with his family and choose his own lifestyle.



"I don't have a pension plan to top up my income when I start working less and gradually move towards retirement. I don't know how much I should be putting aside, or over how long. Sometimes I feel like my goal is unreachable!"



"I'd like to know if I'm dreaming or if I have a chance of getting there, given the money I've already saved. Am I making the right choices?"

HIS FINANCIAL SITUATION

- Annual salary: \$75,000
- Mortgage payable: \$125,000

HIS GOALS

- At 50: Be able to work fewer hours
- At 60: Receive an annual income of \$50,000 from his investments

Time is his best ally and he needs to move forward step by step!

Sebastian already has some investments, and that's a good thing. But to achieve his goal more easily, his strategy should include these three elements:

- + **MAKING A BUDGET** and sticking to it every month.
- + **PAYING DOWN HIS DEBTS** as quickly as possible to increase his financial leeway.
- + **SAVING MORE** by automatically earmarking an amount off the top of his income (ideally 10%) so he can budget it in more easily.

By talking over an action plan with his Desjardins advisor, Sebastian will be able to make a decision about putting money into suitable investments and taking advantage of stock market growth opportunities. He'll be able to focus on optimizing how he manages his cash – paying off his mortgage loan or enjoying the tax benefits of an RRSP or a TFSA.

Using a tool¹ like the Desjardins Retirement Calculator, he'll also be able to determine how much he needs to put aside to gain financial independence.



"That makes me feel better! It seems much more realistic."

"I invest regularly, and I make a smooth transition to being closer to achieving my goals."

"ULTIMATELY, I CAN SEE MYSELF BEING ABLE TO DO MORE WITH THE FAMILY."



¹ desjardins.com/retirement-calculator – Other practical tools and advice are available at desjardins.com/ca/co-opme/action-plans-tips/successful-retirement.

* Financial Planner and Group Savings Representative for Desjardins Financial Services Firm Inc.



TFSA: GOOD NEWS FOR INVESTORS EVEN MORE MONEY TAX-FREE!

This year, the annual TFSA* contribution limit has been raised to \$10,000 from the previous amount of \$5,500 and the initial \$5,000. The new ceiling will apply to upcoming years, without inflation indexing.

ANNUAL TFSA CONTRIBUTION LIMIT

Between 2009 and 2012	\$5,000
For 2013 and 2014	\$5,500
Starting in 2015	\$10,000
Cumulative contribution limit in 2015	\$41,000

Investment income accrued in a TFSA is not taxable, even when you withdraw it, which is what makes it such an attractive investment vehicle.

Your cumulative contribution room depends on your TFSA contributions and withdrawals. To find out how much TFSA contribution room you have, contact the Canada Revenue Agency (cra-arc.gc.ca).

* Tax-Free Savings Account

The WebFinance Zone

THE BEST ADVICE FOR YOUR PERSONAL FINANCES

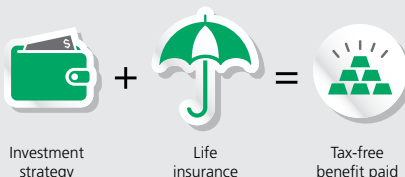
Watch our series of videos to learn more about your investments. You'll find advice on diversifying your portfolio and how you can reduce your tax bill, protect your retirement goals and increase the wealth you'll leave your loved ones.

These videos are available at desjardins.com/webfinance-zone.

New topics are added regularly. You can ask questions and even make an appointment with a representative!

GROW YOUR WEALTH AND LEAVE A MORE SUBSTANTIAL INHERITANCE TO YOUR LOVED ONES

Hard work and smart planning allowed you to live the life you wanted, surrounded by those you love. And now, you'd like to see your loved ones have the same freedom.



Increase the value of your estate

You've planned out an effective investment strategy to leave your loved ones an inheritance, but did you know that by including insurance in your strategy you could leave them even more?

With the *Lasting Legacy Integrated Solution*, you can protect your assets and, when you pass on, leave an even bigger tax-free inheritance to your loved ones.

Personalized advice tailored to your situation

This strategy gives you the benefit of your Desjardins advisor working side-by-side with a financial security advisor*. Together, they'll find the integrated solution that works best for you so you can achieve your financial goals.

* Employee of Desjardins Financial Security, Financial Services Firm

RESP: OFFER THE BEST. OFFER AN EDUCATION.

Now's the time to think about it!

When your child is just starting school, postsecondary education seems a long way off. However, higher education is expensive, and you might be eligible for attractive government grants of up to \$12,800 if you start investing now in a Registered Education Savings Plan (RESP). These grants top up the savings you put aside for your child's education.

One of the simplest ways to invest in an RESP is to make regular instalments.



TALK IT OVER WITH YOUR
DESJARDINS ADVISOR.
desjardins.com/RESP

UPDATES TO DESJARDINS FUNDS' LEGAL AND FINANCIAL PUBLICATIONS

The Quarterly Information on Investment Portfolio (unaudited) as at June 30, 2015 is now available in the Information Centre section at desjardinsfunds.com in the Legal and Financial Publications sub-section, and at sedar.com. These files are published on a semi-annual basis, specifically on June 30 and December 31. Data as at March 31 and September 30 are published in the Interim Management Report and the Annual Management Report of Fund Performance, respectively.

The 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. Please read the prospectus before investing. The Desjardins Funds are offered by such registered dealers as Desjardins Financial Services Firm Inc., a mutual fund dealer belonging to Desjardins Group that distributes the Funds in caisses throughout Québec and Ontario, as well as through the Centre financier Desjardins.