



CHORUS II

BULLETIN

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Through geographic diversification

Expand your portfolio's growth opportunities

In a given year, stock markets in different countries or regions offer varied return potential. That's why geographic diversification is so important for an investor looking to optimize portfolio growth.

QUARTERLY
FINANCIAL
INFORMATION
BULLETIN

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MORE DIVERSIFICATION, LESS RISK

The fact is that Canadian listed companies represent only about 4% of global stock capitalization. The developed countries account for 90%.¹ Moreover, international markets represent a variety of sectors, including consumer packaged goods, consumer discretionary, health care and IT. These different sectors are underrepresented on the Canadian stock market, which is more heavily concentrated in financial services, energy and commodities.

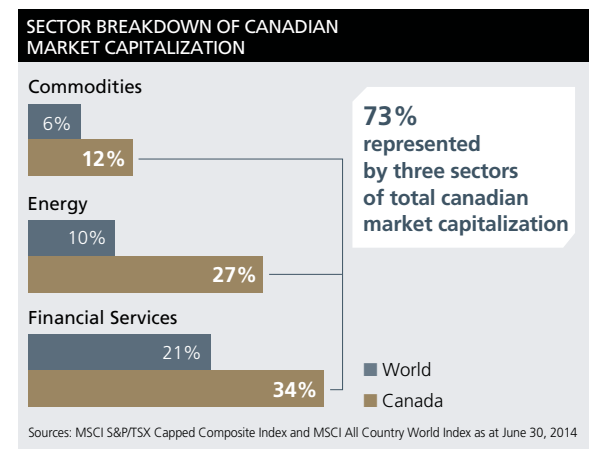
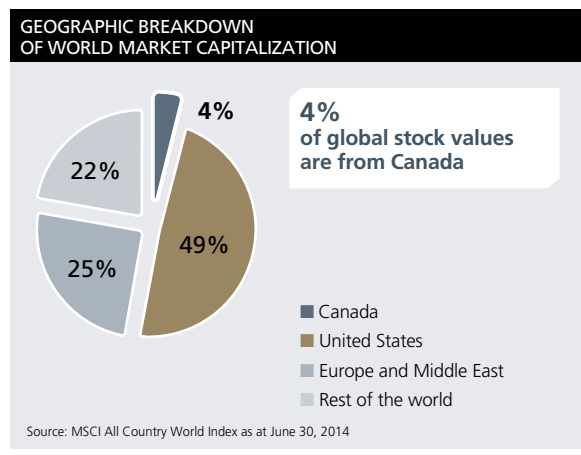
When you invest in global investment funds, you expand the growth opportunities of your investments as you gain exposure to the development potential of dynamic companies in other parts of the world. And in doing so, you reduce your overall portfolio risk because you have broader diversification.

OPTIMUM DIVERSIFICATION AND MANAGEMENT WITH YOUR CHORUS II PORTFOLIO

As a Chorus II Portfolio investor, you already have the benefit of diversification into foreign markets ranging from 18% to 59% of your portfolio, depending on the type of Chorus II Portfolio you hold. Because it is rebalanced regularly, your Chorus II Portfolio gives you the advantage of foreign market trends while staying true to your investor profile and your tolerance for market fluctuations.

And you also have the advantage of dynamic management, which means your tactical asset allocation is adjusted according to financial conditions and events. Through your Chorus II Portfolio, you also benefit from opportunities in emerging markets, exchange-traded funds and foreign currencies.

¹ For the MSCI All Country World Index



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



Cooperating in building the future

(Continued from page 1)

INTERNATIONALLY RECOGNIZED PORTFOLIO MANAGERS

The Desjardins Funds made up of U.S. and global stocks are managed by internationally recognized portfolio managers with proven trackrecords, supported by teams of analysts located across a range of countries. They have been carefully selected by Desjardins Global Asset Management, which assesses their experience, performance trackrecords, reputations and management styles. The Company also considers the transparency of their investment processes and monitors them on a regular basis.

When you invest in these investment funds, you can easily access the opportunities provided by international markets. To learn more, talk to your representative.

The Chorus II Portfolios perform well



The Chorus II Portfolios performed well in the second quarter of 2014. Growth stocks continued to advance on the strength of the Canadian market and the rebound in emerging markets. Bonds, meanwhile, were buoyed by lower interest rates following on the European Central Bank’s accommodative monetary policy and reassuring words from the U.S. Federal Reserve.

Supported by stronger commodities prices, oil among them, the Desjardins Canadian Equity Growth Fund contributed greatly to the performance of the Chorus II Portfolios. The proportion of Canadian equities in the Corporate Class Portfolios also boosted performance.

In the bond arena, the Desjardins Enhanced Bond Fund was a star performer, in particular improving the performance of the more conservative Chorus II Portfolios.

Changes in the asset allocation

Against a backdrop of potential interest rate hikes, the asset allocation of the Trust Class and Corporate Class was modified between March and May 2014 to minimize the possible impacts increases might have on bond yields.

The new asset mix focuses on shorter term bonds, at the same time improving their geographic and credit risk diversification.

THE FUNDS WITHDRAWN FROM THE CHORUS II PORTFOLIOS ARE:	THE REPLACEMENT DESJARDINS FUNDS ARE:
<ul style="list-style-type: none"> ETF¹ iShares DEX Long Term Bond Index Northwest Specialty Global High Yield Bond Fund 	<ul style="list-style-type: none"> Global Tactical Bond Enhanced Bond Canadian Bond Floating Rate Income

¹ Exchange-traded funds

DID YOU KNOW?

Over the last 20 years, investment fund assets have grown an average of 15% per year in Canada. As at August 31, 2014, mutual funds represented assets of C\$1.13 trillion according to the Investment Funds Institute of Canada (IFIC).

This constant growth confirms that Canadians have confidence in mutual funds to grow their wealth, In fact, it’s their first choice when they make the decision to invest. Mutual funds account for 26% of Canadians’ financial wealth.

Source: The Investment Funds Institute of Canada, August 31, 2014

CHORUS II PORTFOLIO RESULTS AS AT SEPTEMBER 30, 2014

To learn more about financial markets and your Chorus II Portfolio performance in the third quarter of 2014, please view the video capsule on Chorus II Portfolio returns as at September 30, 2014 available starting October 25, 2014 on:

@ desjardinsfunds.com/chorus
> Useful links > Videos

You’ll also receive a message in your secure AccèsD Internet inbox when the video becomes available online.

Updates to Desjardins Funds’ legal and financial publications

The Quarterly Information on Investment Portfolio (unaudited) as at June 30, 2014 is now available in the Information Center section at desjardinsfunds.com in the Legal and Financial Publications sub-section. 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, respectively.

FINANCIAL EDUCATION BY ANGELA IERMIERI*

Desjardins Group Financial Planner



WHEN A CHILD'S FUTURE IS IMPORTANT TO YOU...



Lend a helping hand by investing in a registered education savings plan with your Chorus II Portfolio

When you invest in a registered education savings plan (RESP), you're doing much more than simply putting money aside to finance a child's postsecondary studies – you're saying you want that education to be a success and that you're willing to help to make it happen.

This is an encouragement that is worth its weight in gold and it comes with a number of attractive advantages. Here are the highlights:

■ **Attractive grants**

RESPs create eligibility for attractive government grants of up to \$10,800 depending on the contributions paid in and the family's net income.

<p>The Canada Education Savings Grant (CESG) </p> <ul style="list-style-type: none"> • Available from the Government of Canada • Maximum grant of \$600 per year, with a \$7,200 lifetime limit 	<p>The Québec Education Savings Incentive (QESI) </p> <ul style="list-style-type: none"> • Available from the Gouvernement du Québec • Maximum payment of \$300 per year, with a \$3,600 lifetime limit
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■ **Investment income is tax-free as long as it stays in the plan**

You can contribute up to \$50,000 with investment income growing tax-free as long as it stays in the plan.

■ **Less debt**

If you start investing early in a child's life, the accumulated savings could cover almost the full cost of a postsecondary program, thereby reducing or eliminating student debts.

When it's time to start school

The student may benefit from the Educational Assistance Payments (EAP), which are made up of the grants received and the RESP investment income. To receive them, the student must provide proof of registration in a postsecondary education program in a vocational school, college or university.

As an investor, you may choose to cash in the invested capital or leave it so it can grow tax free in a RESP.

Keep in mind that:

- A beneficiary can be replaced with a brother or sister at any time.¹
- EAP withdrawals are added to the student's taxable income while payment from contributions accumulated in the RESP are not. To minimize the tax impact of withdrawals, it is important to know – or to estimate – a student's total income for the year. You can then determine the ideal mix for withdrawals from an EAP, an amount from contributions, or a combination of the two. Your representative can guide you.
- EAP withdrawals are limited to \$5,000 in the first 13 weeks of studies. If the child continues to study for several years, withdrawals can be spread over time to reduce the tax impact.

* Financial Planner and Mutual Funds Representative for Desjardins Financial Services Firm Inc.

¹ Certain conditions apply.

To learn more, talk to your representative!

WATCH THE VIDEO

Expert portfolio managers, selected with care

Desjardins Funds draws on the expertise of portfolio managers carefully selected by Desjardins Global Asset Management. Located around the world, these portfolio managers are mandated to choose the best investment opportunities to include in your portfolio in accordance with Desjardins Funds' investment objectives.

To learn more about these portfolio managers, view the Portfolio Manager's Selection Process video clip on desjardinsfunds.com > Useful links > Videos.





Desjardins Funds contributes to conserving Canada's boreal forest

As an investor in the Desjardins Funds, you have contributed to conserving and protecting the biodiversity of the Canadian boreal forest, which is a unique ecosystem on the planet. As a member of the Boreal Leadership Council since 2010, Desjardins Funds is a cosignatory to the *Boreal Forest Conservation Framework*.

PROTECTING THE FOREST

The goal of the Framework is to protect 50% of the Canadian boreal forest and support sustainable development and responsible commercial practices across the landscape. The Canadian boreal forest is a vast territory encompassing approximately 574 million hectares (1.4 billion acres) that contains one quarter of the world's remaining original forests.

LEARNING MORE

In the spring of 2014, the members of the Council met in Yellowknife to learn more about the conservation visions of the Government of the Northwest Territories and to draw lessons for developing conservation strategies in other parts of the boreal forest.

To learn more about the Boreal Leadership Council, visit borealcouncil.ca.

ONLINE STATEMENTS WITH VERY TANGIBLE BENEFITS

Desjardins Funds online statements saved **2,236,610 sheets of paper** in 2013, or the equivalent of three tonnes of greenhouse gas.

To receive your online statement, visit desjardins.com/e-statement

NEW PROGRAM



EXCLUSIVE ADVANTAGES FOR MEMBERS

THE ADVANTAGE OF DESJARDINS MEMBERSHIP

Management fee rebates for your investment solution

Being a member of Desjardins entitles you to a host of advantages that make your financial life easier and help you put your plans into action and build your wealth. It means you can reap attractive savings when you opt for a wide range of Desjardins financial products and services for saving, obtaining credit or taking out insurance that gives you protection at highly favourable rates.

By investing in a Chorus II Portfolio, you enjoy management fee rebates. And that rebate is progressive based on the total amount of your investment and is automatically invested in securities of the portfolio that generated the rebate, thereby increasing your return over time.

You'll also be entitled to a progressive management fee rebate when you invest in a Desjardins Funds solution in a group account with assets of \$25,000 or more.

Visit desjardins.com/ca/personal/member-advantages/index.jsp now to learn more about the host of exclusive advantages you'll enjoy as a Desjardins member!

WINNERS of two exclusive Chorus II contests



A MEMORABLE VIP EVENING

The winners of the Exclusive Chorus II Contest "*Experience a VIP Rouge evening at Cirque du Soleil®*" took home a memorable experience on July 14, as Louise Julien recalls...

"Everything was perfect! The hospitality and service at Hôtel Saint-Sulpice, the cocktail buffet, the seat selection at Cirque du Soleil... And the bottle of champagne was exactly right."

VIP DAY AT THE CHAMPIONS TOUR QUÉBEC

Congratulations to the winners of the VIP Day at the Champions Tour Québec held on September 6 at the La Tempête Golf Course. They are:

- **André Touchette**, Caisse Desjardins du Cœur des Hautes-Laurentides, Mont-Laurier
- **Lucie Demers**, Caisse Desjardins de Hull-Aylmer, Gatineau
- **Sylvain Lacerte**, Caisse Desjardins des Berges de Roussillon, Saint-Constant
- **Jean-Claude Lamontagne**, Caisse Desjardins Thérèse de Blainville, Sainte-Thérèse
- **Herman Linteau**, Caisse populaire Desjardins de Charlesbourg, Québec City

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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.



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