



CHORUS II

BULLETIN

| Volume 4, Number 1 | Winter 2015 |

2014

An upbeat year overall for investors¹

A review of the main financial highpoints of 2014 offers insight into the events that drove portfolio returns over the past year and provides outlook over 2015.

THE U.S. MARKET SETS THE PACE

In 2014, the U.S. stock market continued to track upward. Indeed, it advanced as investors seeking returns continued to favour equities.

In the United States, advances in exports contributed strongly to growth and the job market kept pace with the trend. Health care, information technology and utilities in particular drove stock market performance. Against a backdrop of economic growth, the U.S. dollar gained strength, rising against the Canadian dollar and the euro, which should ultimately lead to a slowdown in U.S. exports.

The U.S. Federal Reserve (Fed) ended the asset purchase program it used to support growth due to the apparent strength of the economic recovery. The European Central Bank took measures to support the euro zone. The economies of China and the emerging countries continued to grow, albeit at a slower rate.

the \$60 mark in mid-December. This significant decrease stems from greater oil supplies across global markets amidst stagnant demand. Unlike their usual behaviour under such circumstances, producing countries decided not to cut down their output, thereby leading to lower prices.

Naturally, such a downturn in black gold prices impeded oil companies in general, and the Canadian stock market in particular, as the energy sector comprises about 30% of the Canadian S&P/TSX Index. This is why the Canadian stock market lags behind its U.S. counterpart this year-end (the S&P/TSX Index had initially grown by 11.04% up until November).

However, Canada's manufacturing sector is faring well in the wake of simultaneous growth in production volumes, orders and jobs. Moreover, the Canadian dollar's devaluation has proved beneficial to exports.

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QUARTERLY
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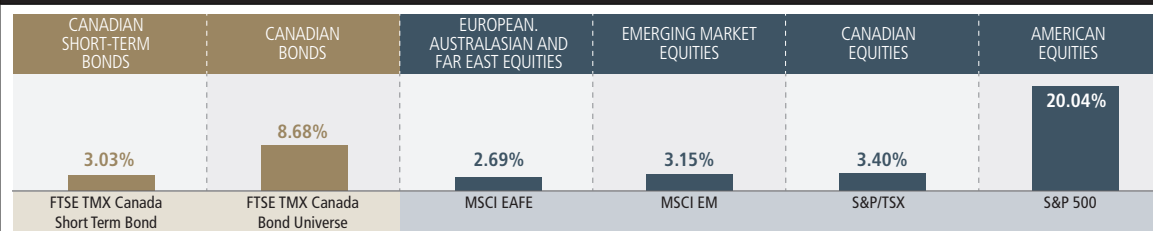
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ANNUAL STOCK AND BOND INDEX PERFORMANCE AS AT DECEMBER 15, 2014



In Canadian dollars, including stock dividends. Bonds in Canadian dollars. Source: Morningstar.

¹ Data as at December 15, 2014.

**Happy
New Year
2015**

May the new year bring you the freedom to live your dreams and enjoy the best days of your life!



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.

 **Desjardins**
Wealth Management
INVESTMENTS

Cooperating in building the future

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BOND MARKETS OFFER A PLEASANT SURPRISE

Canadian bonds performed well in 2014, mainly due to foreign investor interest in the country's currency. The bond markets generated higher-than-expected returns.

The portfolio managers responsible for your investments also paid particular attention to bond issues with potential to provide higher returns, for investors seeking to draw income from their investments.

YOUR PORTFOLIO MANAGERS TRACK MARKET MOVEMENTS

Certain international events, like the Crimean crisis, the Ebola virus outbreak and the drop in oil prices, impacted financial markets. This caused temporary market downturns which were, however, followed by upswings. This type of variation, seesawing up and down, is part of normal market dynamics. That being said, these swings were more significant in 2014, prompting your portfolio managers to track the fluctuations closely as they continued to focus on your long-term investment return.

OUTLOOK FOR 2015

The Canadian and U.S. economies should continue to advance in 2015, with expected growth rates of 2.5% and 3.1%, respectively. And short-term interest rates are likely to remain low in Canada and the United States, which could have a positive impact on bond returns.

However, no one can predict the future. Which is why — with an eye to long-term investing — diversification remains indispensable for seizing on market opportunities and mitigating the effects of market downturns. The broad range of expertise of Desjardins portfolio managers positions them to spot the best investment opportunities, across a variety of market environments. When you stay on course to your goals with a well-diversified portfolio, you hold all the aces for optimizing your investments.

To learn more about financial markets and your investment performance, talk to your representative or check your Desjardins Funds investment statement dated December 31, 2014.

Source: Desjardins Economic Studies

THE CHORUS^{III} PORTFOLIOS... THREE YEARS AND COUNTING!



On November 28, 2014, the Chorus II Portfolios turned three! This anniversary coincides with a major milestone for this investment solution, which passed the six billion dollar mark in assets under management during the same week. We're making the event an opportunity to thank you for your trust.

The Chorus II Portfolios now rank eighth in their category among Canada's investment solutions in terms of assets under management.* These results confirm that the Chorus II Portfolios are living up to your investment expectations. As we constantly strive to better meet your financial needs, we'd like to thank you and look forward to celebrating with you many more returns of the day!

* According to Investor Economics, Largest High-end Fund Wrap Provider, June 2014.

IF YOU HOLD A CHORUS II CORPORATE CLASS PORTFOLIO Keep your investment statement as at December 31

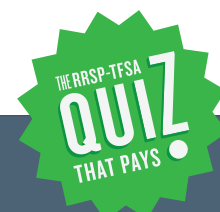
Did you know that the management fee rebate you receive on your Chorus II Corporate Class Portfolio is considered income and is therefore taxable?

Since this information is shown on your investment statements and not on a tax slip, it's important to include this income in your tax return. We recommend that you consult your tax advisor to assess which of these two options is most advantageous for you:

OPTION 1: Pay income tax immediately on the management fee rebate

OPTION 2: Defer income tax on the management fee rebate until later

Your representative can guide you on the procedure for each option.
Don't hesitate to get in touch!



It Pays to Know Your RRSP & TFSA

Test your knowledge
and get a chance
to win up to \$5,000
in a Desjardins RRSP
or TFSA!

From February 2 to March 2, 2015,
answer the RRSP-TFSA quiz
that pays!

To enter, visit
RrspTfsaQuiz.com*

* The contest runs from February 2 to March 2, 2015 and is open to residents of Quebec or Ontario, who have attained the age of majority in their province of residence on February 2, 2015. No purchase required. Details and conditions available on www.RrspTfsaQuiz.com. Total value of prizes: \$9,000 in Desjardins RRSP and TFSA. Draw of 4 prizes worth \$1,000 each and a grand prize of \$5,000 on March 18, 2015.

CASE STUDY BY ANGELA IERMIERI*

Desjardins Group Financial Planner



FOR RETIREMENT LIVING ON YOUR OWN TERMS

Plan properly with an RRSP and a TFSA

Simon is a seasoned manager who devotes a lot of time to his work. He wants to slow down the pace, now, to enjoy some of life's finer moments. So he's thinking of phasing in retirement with a combination of employment and retirement income.



At 50, Simon dreams of having more free time to spend on achieving his personal goals. He'd like to start phasing in retirement at 55 and preserve his capital for as long as possible. How can he decide on the best choices?

Transition smoothly with financial guidance

Since he's just finished paying off his mortgage, Simon can transition smoothly and invest the funds he used to set aside for home payments by making periodic investments in his Chorus II Portfolio... and still stay on budget.

With the end of his working life a few years away, here's how he can enjoy greater financial freedom in retirement¹

1. Maximize his RRSP contributions, if he still can, to grow his assets tax free. In 2014, his annual contribution may not exceed 18% of his income over the previous year, for a total cap of \$24,270. However, he can still use his available contribution rights, which he has accrued since 1991. The 2014 contribution deadline is March 2, 2015.



2. Contribute to his TFSA in a Chorus II Portfolio to generate investment income that will be tax-free in retirement. The maximum TFSA contribution in January 2015 will be \$36,500.²



3. Invest in a Chorus II Corporate Class Portfolio for the tax advantages.

¹ For illustrative purposes only. Advice is given on a case-by-case basis. For advice based on your personal situation, contact your Desjardins advisor.

² If you have never made a contribution.

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

Update your financial plan and devise a withdrawal strategy

Taking retirement — even if you phase it in — means embarking on a new stage of life! That's why Simon should update his financial plan, protect his income in case of illness and devise a withdrawal strategy that would allow him to pay less income tax.

The funds he will withdraw from his RRSP will be added to his taxable income. Which makes it important to talk to his Desjardins advisor to identify the best withdrawal strategy from a tax perspective.

For the freedom to make your dreams come true and achieve your financial goals, talk to your Desjardins advisor.

REAP THE FULL BENEFIT OF MARKET OPPORTUNITIES

With dynamic management!

The dynamic management process applied by the portfolio managers consists in rebalancing your Chorus II Portfolio in response to financial developments to make sure you benefit from market opportunities.

Here's an example of an advantage you enjoy with dynamic management:

To seize on the strong growth potential of companies around the world:

- The Desjardins Global Equity Growth Fund will be added to your Chorus II Portfolio in January 2015.

That being said, the global equities in your Chorus II Portfolio will originate from the Desjardins Global Equity Growth Fund as well as from the Desjardins Global Dividend Fund and the Desjardins Global All Cap Equity Fund which are already included in your portfolio.

And, so you can enjoy the tax advantages, the weight of the Desjardins Global Equity Growth Fund will be greater in the Chorus II Corporate Class Portfolios. In fact, the Desjardins Global

Equity Growth Fund is advantageous from a tax perspective for non-registered portfolios because it generates less foreign income, which is taxed at a higher rate.

Again this quarter, our seasoned portfolio managers applied dynamic management to adjust your portfolio to market conditions with the aim of optimizing returns while mitigating risks.





SRI Socially Responsible Investment

See how socially responsible investing makes a difference for society and the environment!

More and more investors and consumers like you are showing their concern surrounding environmental and social issues that affect all of us... and the planet. When you opt for socially responsible investing (SRI), you can grow your investments and you encourage businesses to adopt more responsible practices.

To learn more about how your investment can contribute to sustainable development, visit the new Desjardins website at letsthinksri.ca devoted exclusively to SRI.

VISIT THE NEW SITE AT letsthinksri.ca

You'll find articles, videos and key data that give tangible proof of how you can make a difference with socially responsible investing.



WHEN YOU OPT FOR SOCIALLY RESPONSIBLE INVESTING,
you can grow your investment and encourage businesses
to adopt better socially responsible practices!



YOUR FINANCIAL INSTITUTION RECOGNIZED FOR FINANCIAL STRENGTH

Desjardins stands out on the global scene!



Cooperating in building the future

According to the most recent ranking by financial news agency Bloomberg, Desjardins Group has been recognized as the world's second strongest financial institution. This recognition is based in particular on measures such as Tier-1 capital reserves, operating cost efficiency and level of assets and loans at risk.

The fact that Desjardins Group is a cooperative makes it possible to accumulate more capital without pressure from shareholders seeking short-term profit. As proven by the last economic and financial crisis, Desjardins' sustained prosperity, among other factors, enables it to better weather downturns than other economic actors over a long-term horizon.

Source: Bloomberg.com

CHORUS II PORTFOLIO RESULTS AS AT DECEMBER 31, 2014

To learn more about the financial markets and your Chorus II Portfolio's quarterly and annual performance, please view the Chorus II Portfolio Review video for results as at December 31, 2014, available as of January 27, 2015 at:



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 Desjardins Funds' Annual Management Report of Fund Performance and the Audited Annual Financial Statements as at September 30, 2014 and the Report to Securityholders from the Independent Review Committee for the period from October 1, 2013 to September 30, 2014 are now available in the Information Center section at desjardinsfunds.com in the Legal and Financial Publications sub-section, and at sedar.com.

desjardinsfunds.com

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 investment 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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