



INFO > FUNDS

Happy New Year
2016

QUARTERLY FINANCIAL
INFORMATION BULLETIN

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SUMMARY

1

Economic and financial news
2015–10 top news items

2

Portfolio managers that are on the ball
To seize the best market opportunities
Dialogues begun in 2015

3

For peace of mind
Focus on your strategy...
even as markets rise and fall

4

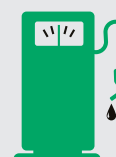
News

ECONOMIC AND FINANCIAL NEWS 2015–10 TOP NEWS ITEMS

After almost three years of significant growth, the stock markets saw volatility return in 2015. Here are 10 top news items on the economic front that had an effect on your investment returns over the last year.



CANADA



\$55
January
price drop
\$36
December

OIL BARREL
PRICE DROP¹



GDP
-0.2%
First
quarter

-0.1%
Second
quarter

RECESSION EARLY
IN THE YEAR



from **1%**
to **0.5%**

BANK OF CANADA
KEY RATE DECREASE

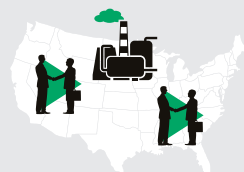


< US\$0.74²

CANADIAN DOLLAR
AT 11-YEAR LOW



USA



GDP = 2.6%

THE U.S. ECONOMY CONTINUES TO GROW³



0.25%⁴

Jan. 1 → Dec. 15

FED'S KEY INTEREST RATE KEPT LOW



WORLD



Growth
< 7%⁵

SLOWDOWN IN THE
CHINESE ECONOMY



DEBT CRISIS
IN GREECE



THE EURO IS
TREADING WATER⁶



Central banks
IMPLEMENT MEASURES
TO STIMULATE
THEIR ECONOMIES

¹ Lower oil prices are a worldwide phenomenon impacting oil-producing countries, including Canada. In Canada, the decline primarily affects oil-producing provinces. Data dated December 10.

² In January 2015, CA\$1 was worth US\$0.7867. It reached its lowest point of US\$0.7336 as at December 10, 2015.

³ Annual percentage anticipated by Desjardins economists in September 2015.

⁴ On December 16, 2015, the Fed's key interest rate was raised to 0.50%.

⁵ Based on the Gross Domestic Product (GDP) as at November 2015.

⁶ Euro fluctuations: US\$1.21 (December 31, 2014), US\$1.12 (June 30, 2015), US\$1.09 (December 10, 2015).

Sources: Desjardins Economic Studies, Nasdaq Inc., Bank of Canada, U.S. Federal Reserve.

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Impacts on stock markets

Energy and commodities stocks weighed on the Canadian stock market. U.S. stocks continued to offer attractive returns.

Investors with foreign equity benefited from the lower Canadian dollar, while investors with equities in emerging countries, such as China, saw their portfolios shrink.

Impacts on bond markets

The global economic conditions outlined previously and their impacts on markets favoured government bonds in Canada and other developed countries*.

Corporate and government bonds in emerging countries yielded lesser returns and were seen as riskier than government bonds issued by developed nations.

Your portfolio in all this

Due to the innate unpredictability of economic and financial cycles, diversifying your portfolio remains the best strategy.

In 2015, investors with balanced portfolios felt the beneficial effect of bond returns, which mitigated the effects of the stock market downturn. In 2014, however, when stocks were generally performing better than bonds, some investors were likely tempted to scale back on portfolio investments in bonds. But since you can never tell from one year to the next what will generate the best returns, it's important to have a well-diversified portfolio that aligns with your risk tolerance.

* As at December 10, 2015.

ANNUAL STOCK AND BOND INDEX PERFORMANCE AS AT DECEMBER 10, 2015

Canadian short-term bonds FTSE TMX Canada Short Term Bond	2.38%
Canadian bonds FTSE TMX Canada Bond Universe	2.86%
European, Australasian and Far East equities MSCI EAFE	14.70%
Emerging market equities MSCI EM	-1.13%
Canadian equities S&P/TSX	-8.53%
American equities S&P 500	19.20%

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



Desjardins
Wealth Management
INVESTMENTS

Cooperating in building the future

IF YOU HAVE ANY QUESTIONS ABOUT YOUR INVESTMENTS OR ANY FEATURE ARTICLE IN
THIS NEWSLETTER, CONSULT YOUR REPRESENTATIVE OR VISIT DESJARDINSFUNDS.COM

DYNAMIC MANAGEMENT OF CHORUS II PORTFOLIOS



PORTFOLIO MANAGERS THAT ARE ON THE BALL To seize the best market opportunities

Given the volatility on the financial markets since last August, portfolio managers have been keeping a keen eye open for the markets’ best investment opportunities. Here’s a thumbnail of the strategic decisions for the Desjardins Funds in the Chorus II Portfolios.

Looking for under-valued stocks

Tetrem Capital Management*, one of the managers of Desjardins Canadian Equity Value Fund, prefers undervalued stocks of large cap companies with high-quality management teams and the ability to efficiently control risk. For this reason, the firm has been focusing on the financial and energy sectors, where certain companies present prime investment opportunities.

Growth at a reasonable price

Well known for its growth-at-a-reasonable-price management style, Jarislowsky Fraser Limited*, which manages the Desjardins Dividend Growth Fund, also increased its investments in energy sector securities to take advantage of Canadian energy companies’s lower stock prices and long-term potential for growth.

U.S. market

Aberdeen Asset Management*, manager of Desjardins Global Equity Value Fund, has targeted certain companies that are particularly well positioned in the U.S. financial and energy sectors.

Emerging markets

Also mandated to manage the Desjardins Emerging Markets Fund, Aberdeen has consolidated its investments in the Mexican financial industry and South African telecoms. These portfolio managers base their decisions on thorough analyses. They aim to enhance the value or growth potential of investments in the Chorus II Portfolios, factoring in both market conditions and the investment objectives of each Desjardins Fund.

DYNAMIC MANAGEMENT BRINGS MARKET OPPORTUNITIES
WITHIN YOUR REACH. ENJOY THE ADVANTAGE OF A PORTFOLIO
THAT ADAPTS TO CHANGING MARKET CONDITIONS.

* The portfolio managers named herein are mandated by Desjardins Global Asset Management.

RESPONSIBLE INVESTMENT



Dialogues begun in 2015

On behalf of investors in the SocieTerra Portfolios and Desjardins SocieTerra Environment Fund, in collaboration with NEI Investments, we engage in dialogues with companies to encourage them to improve their sustainability practices.

Following are some examples of actions taken in 2015 under the program that targets about 50 companies.

COMPANY	OBJECTIVE	OUTCOME OR ACTION TAKEN
COCA-COLA	› Access to water	› Coca-Cola has accepted to replenish drinking water sources at all its host bottling plant sites by 2020.
LOBLAW	› Climate and greenhouse gas emissions policy › Improved environmental, social and governance reporting › Responsible supply chain	› Building Loblaw’s awareness of the importance of sustainability, greenhouse gas and responsible supply chain reporting. › Requested that the company give attention to animal welfare in its supply chain.
YUM! BRANDS	› Food system sustainability and access to nutrition › Responsible supply chain	› Requested that Yum! Brands improve disclosure on the company’s social responsibility governance structure. › Invited the company to participate in a sectoral initiative on marketing to vulnerable populations.



CASE STUDY

BY ANGELA IERMIERI / DESJARDINS GROUP FINANCIAL PLANNER*

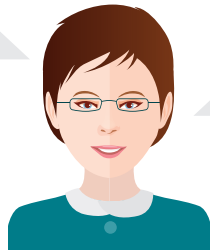
FOR PEACE OF MIND

Focus on your strategy... even as markets rise and fall

At 43, Nathalie is an informed professional who contributes to her RRSP every year. In 15 years, she'd like to have enough money set aside to be free to make some changes in her lifestyle and devote more time to the things she loves.



"Should I continue to invest in mutual funds when markets are trending downward? Is my investment strategy still right for me? Wouldn't it be better to wait before investing my RRSP contribution?"



"Should I choose other types of investments? How can I know I'm making the right financial decisions when markets are volatile?"

HER FINANCIAL POSITION

- Annual salary: \$60,000
- Annual RRSP contribution: \$5,000

HER OBJECTIVE

- Have the best investment strategy to achieve her dream of devoting herself fully to the things she loves.

The benefits of making informed decisions based on sound advice

It's normal for Nathalie to be concerned about market volatility. But rather than making emotional decisions on the spur of the moment, she should wisely follow the guidance of a Desjardins advisor who takes an objective look at her position. An advisor can support her and show her that – as in the past – staying focused on your long-term strategy is the best thing to do.

A few years ago, for example, Nathalie's Desjardins advisor suggested that she should stick with her investment strategy in spite of the market volatility caused primarily by the 2008 financial crisis. As the table shows, staying focused and continuing to invest in stock markets was the most profitable decision.

2015 VALUE OF A \$1,000 INVESTMENT MADE IN 2005, UNDER THREE DIFFERENT OPTIONS



As you can see, if she had not kept to her initial plan, Nathalie would certainly have had a lower return on her investments.

Calculation assumptions: Funds invested from October 1, 2005 to September 30, 2015.

Portfolio breakdown: 40% FTSE TMX Canada Bond Universe (Canadian bonds), 15% MSCI EAFE (international equities), 20% S&P 500 (U.S. equities), 25% S&P TSX (Canadian equities).

¹ Funds withdrawn from January 1 to December 31, 2009, then reinvested until September 30, 2015.

² Funds withdrawn from January 1, 2009 to December 31, 2011, then reinvested until September 30, 2015. Source: Morningstar Direct

"I've made up my mind!
I'll invest my RRSP contribution in my mutual fund portfolio, thereby maintaining my exposure to stock markets."



A word to the wise...

SO SHE DOESN'T GET CAUGHT UP IN EMOTIONAL SELF-DOUBT DURING PERIODS OF MARKET VOLATILITY, NATHALIE WOULD BE BETTER OFF INVESTING BY REGULAR INSTALMENTS. AUTOMATED AND WITHDRAWN AT A PREDETERMINED FREQUENCY, INSTALMENTS MAKE INVESTING MUCH EASIER.

RRSP
CONTRIBUTION
DEADLINE:
FEBRUARY 29, 2016



WHAT'S NEW ONLINE FROM ACCÈSD

Your tax information slips are available on AccèsD

Make your life easier and get your tax information slips online!

You're automatically signed up if you receive online statements for your Desjardins Funds.

Not signed up yet? You can register online on AccèsD, or call 1 800 CAISSES to have someone walk you through the process.



ALL YOUR DOCUMENTS
ARE AVAILABLE IN ONE
SINGLE LOCATION



FAST ACCESS WHEN
YOU WANT



EASY TO READ...
AND FULLY SECURE

SECURITY REDEMPTIONS

To protect investors' interests, Québec's Autorité des marchés financiers oversees compliance with the regulations governing all Québec mutual fund managers. For this reason, Desjardins Investments Inc., Desjardins Funds' Manager, reminds you of your rights on an annual basis.

You may therefore, at any time, request the redemption of all or part of the securities you hold in a fund, with a minimum redemption amount of \$50.

In Québec and Ontario, you may redeem Desjardins Funds securities in person, by telephone or by mail through:

- your Québec or Ontario Desjardins caisse: 1 800 CAISSES (1 800 224-7737);
- for non-residents of Canada, Desjardins Funds Customer Service: 514 286-3499 or 1 866 666-1280;
- Desjardins Online Solutions AccèsD: 514 JACCESD (522-2373) or 1 800 CAISSES (1 800 224-7737).

In addition, in any jurisdiction in Canada where we can subscribe Desjardins Funds securities, you may redeem Desjardins Funds securities through a Desjardins service point, a duly registered Securities Dealer or Mutual Fund Dealer.

Any written order must include your name and address, the name of the Fund and the number of securities or value of the transaction. You must sign the order and return it to your point of business. For more information, please contact your representative.

Any request received by the Investment Fund Manager before 4:00 p.m. (Montréal time) on a

valuation date is executed at the net asset value per security determined on that day. Any request received later than 4:00 p.m. will be executed at the net asset value per security determined on the following valuation date. The Investment Fund Manager will pay the sale proceeds to you, less any applicable fees, within three business days from the date on which the sale price was determined, provided all necessary documentation is received by the Investment Fund Manager with your redemption order.

If the duly completed documents have not been received by the Investment Fund Manager by the close of business on the 10th business day following the redemption date, the Fund will be deemed having accepted an order for the purchase of a number of securities of the Fund equivalent to that redeemed. The redemption proceeds shall be applied to the payment of the purchase price of the replacement securities.

The Investment Fund Manager may suspend the redemption of securities of a fund or delay the payment of the redemption price under the exceptional circumstances set out in the "Suspension of Redemptions" section of the Simplified Prospectus.

The WebFinance Zone

THE BEST ADVICE FOR YOUR PERSONAL FINANCES

Be even better prepared to manage your personal finances by viewing our videos in the *WebFinance Zone*.

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

Upcoming topics include:

- Pay down your mortgage or invest in an RRSP?
- A retired entrepreneur: can that happen?

To learn more, visit us at

desjardins.com/webfinance-zone

NEW LEGAL AND FINANCIAL PUBLICATIONS

If you would like to know more about your investments, you'll find these documents of interest:

- Annual Management Report of Fund Performance as at September 30, 2015;
- Audited Annual Financial Statements as at September 30, 2015;
- Independent Review Committee Report to Securityholders for the period from October 1, 2014 to September 30, 2015.



You may access these documents in the *Information Centre* section at desjardinsfunds.com, in the *Legal and Financial Publications* sub-section

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.