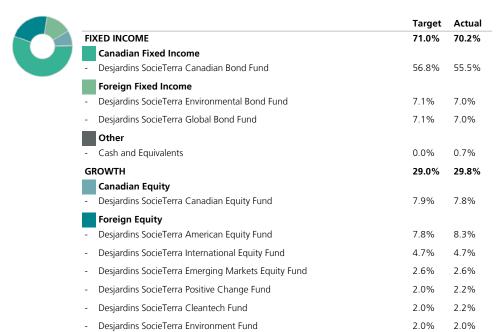
Quarterly commentary

SocieTerra Conservative Portfolio



December 31, 2019

Portfolio Asset Allocation (%)



Annual Compound Returns (%)

	1 Mith	3 Mith	6 Mith	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
A-Class	-0.5	1.0	2.1	9.7	3.7	3.3	4.0	4.8
T4-Class	-0.5	1.0	2.1	9.7	3.7	-	-	3.0

The fourth quarter of 2019 was marked by renewed optimism in the markets on the heels of a first agreement between China and the United States. The easing of trade tensions contributed to the widespread advance at the world's main global stock markets, particularly those of emerging markets, which gained 9.5% over the quarter.1 In Canada, the rise in oil prices contributed to strong performance in the energy sector. Overall, the Canadian stock market posted a 2.7% gain during the quarter according to the MSCI Canada Index (net return). For bonds, the Bank of Canada maintained the status quo on the country's monetary policy, despite stronger than anticipated inflation. The FTSE Canada Universe Bond Index posted a decline of -0.85% for the quarter.

In the United States, echoing the improvement in U.S.-China relations, the country's main indexes posted record highs.

The MSCI USA Index net return in Canadian dollars advanced 6.73% over the quarter. As to the proceedings to impeach President Donald Trump, the House of Representatives' vote in favour does not seem to have had a major impact on the markets, given that the Senate is expected to vote against impeachment.

† Desjardins Funds

 $^{1\ \} Based on the MSCI \, Emerging \, Markets \, Index \, total \, return \, in \, Canadian \, dollars.$

In Europe, the election of a Conservative majority to Britain's Parliament lowered the likelihood of a no-deal Brexit, which would have had a negative impact on the country's economy. In the euro zone, Germany managed to avoid a technical recession, posting annualized GDP growth of 0.3% last summer. Despite this, the MSCI Europe Index net return in Canadian dollars is up 4.49% for the quarter.

2019 was an excellent year for the main stock and bond markets. In that respect, the Canadian (22.9%)², U.S. (24.3%)³, international (21.7%)⁴ and emerging stock markets (18.1%)⁵ all ended the year up sharply. The situation was similar for bonds, including a 6.87% rise in the FTSE Canada Universe Bond Index. The central banks contributed substantially to these strong results by favouring an expansionary monetary policy. Moreover, the trade wars between the United States and several countries have mostly resulted in the signing of economic accords or agreements, resulting in promising signs for global economic growth.

For the quarter ending December 31, 2019, the SocieTerra Conservative Portfolio (Class A shares) posted a return of 0.98%, compared with 1.12% for its benchmark index. The index is made up as follows: 49.7% FTSE Canada Universe Bond Index, 21.3% Barclays Multiverse Index (CAD-hedged), 20.3% MSCI ACWI ex CANADA IMI (total return) and 8.7% MSCI Canada Index (total return). The FTSE Canada Universe Bond Index returned -0.85% for the quarter. Unlike the benchmark, the portfolio return is established after deducting fees and expenses.

The funds making up the portfolio posted returns ranging from -1.56% to 15.14% over the quarter. Representing 7.8% and 2.0% of the portfolio's target allocation, the SocieTerra American Equity Fund and the SocieTerra Positive Change Fund were the biggest contributors to overall performance at 6.53% and 15.14%, respectively. Also note the strong performance delivered by the SocieTerra Cleantech Fund, which recorded a 9.66% return thanks to the right choice of securities in the industrial sector. In contrast, two of three bond funds contributed negatively to the portfolio's overall performance. The SocieTerra Canadian Bond Fund, which represents 56.8% of the portfolio's target allocation, was the biggest drag on overall performance with a return of -0.91%.

For 2019, the SocieTerra Conservative Portfolio (Class A shares) posted a return of 9.75%, compared with 11.05% for its benchmark index. The FTSE TMX Canada Universe Bond Index returned 6.87% for the year. Unlike the benchmark, the portfolio return is established after deducting fees and expenses. The funds making up the portfolio posted returns ranging from 5.71% to 28.55%. The SocieTerra Canadian Bond and SocieTerra American Equity funds were the biggest contributors to the portfolio's overall performance, whereas the SocieTerra Emerging Markets Equity fund limited the portfolio's overall performance the most.

 $^{2\ \} Based\ on\ the\ S\&P/TSX\ Composite\ Index\ total\ return.$

³ Based on the MSCI USA Index net return in Canadian dollars.

⁴ Based on the MSCI EAEO Index total return in Canadian dollars.

⁵ Based on the MSCI Emerging Markets Index total return in Canadian dollars.