

SocieTerra Portfolios

Quarterly commentary as of June 30, 2020



Market overview

Market performance as of June 30, 2020

	3 months	1 year	3 years	5 years	10 years
Fixed Income					
FTSE Canada Universe Bond Index	5.87	7.88	5.28	4.20	4.63
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	2.71	5.34	4.43	4.06	4.40
Growth					
MSCI Canada Index (total return)	14.99	-4.36	2.75	3.39	5.29
MSCI USA Index (CAD) (total return)	16.34	12.35	12.16	12.03	16.25
MSCI EAFE Index (CAD) (total return)	9.93	-1.12	2.42	3.85	8.39
MSCI Emerging Markets Index (CAD) (total return)	12.99	0.70	3.53	4.67	5.87
MSCI ACWI ex CANADA IMI (CAD) (total return)	14.58	5.73	7.38	8.13	12.10

Sources: Desjardins Investments Inc., Morningstar Inc.

Comments on market performance

- The gradual reopening of economies, large stimulus packages and growing hope for a new vaccine led to a strong rebound for the main stock markets around the world. The initial data on the global economy suggest a quicker recovery than expected.
- The upsurge in COVID-19 cases at the end of the quarter especially in the United States may nonetheless slow down economic recovery at the end of the quarter. The pandemic is currently the primary source of uncertainty on the financial markets, and there is every reason to believe that it will take several years before the economic environment returns to normal.
- Like many other countries around the globe, Canada experienced one of the worst recessions in its history, prompting one of the U.S. credit rating agencies to lower its rating. However, we should see the Canadian economy start to recover in May as lockdown measures are lifted. This was followed by a significant increase in the Canadian stock market fuelled in part by a sharp increase in the materials and technology sectors.
- In the United States, the technology sector contributed substantially to the best quarterly performance for the U.S. stock market in more than two decades. Furthermore, the U.S. Federal Reserve remains committed to using all the tools at its disposal to support the economy. Low interest rates and securities purchasing should continue for a while.
- The first country affected by the pandemic, China, was also one of the first economies to recover. Industrial production has already recovered to almost the same level as before the crisis. However, relations between China and a number of countries, including the United States, have deteriorated as a result of the coming into force of the national security act imposed by the Chinese regime on Hong Kong and the crackdown on demonstrators there.
- The Canadian dollar appreciated against most international currencies. Compared to the U.S. dollar, the value of the Canadian dollar increased by 4.5% over the quarter, decreasing the value of assets denominated in foreign currencies.

Portfolio performance (A-Class) as of June 30, 2020

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
SocieTerra Conservative Portfolio	8.48	5.16	4.01	3.29	4.27	4.87	2009/01/20
SocieTerra Moderate Portfolio	In accordance with the legislation in effect, information regarding returns may not be published for funds that are less than one year old.						2020/04/14
SocieTerra Balanced Portfolio	10.37	5.77	4.60	3.95	5.20	5.80	2009/01/20
SocieTerra Growth Portfolio	11.37	5.64	4.87	4.40	6.06	4.41	2000/01/10
SocieTerra Maximum Growth Portfolio	13.07	5.83	5.52	5.14	7.18	7.87	2009/01/20
SocieTerra 100% Equity Portfolio	In accordance with the legislation in effect, information regarding returns may not be published for funds that are less than one year old.						2019/07/08

In contrast with the indexes, portfolio return is established net of fees and expenses.

Sources: Desjardins Investments Inc.

Comments on portfolio performance as of June 30, 2020

Fixed income (A-Class return)

- The fixed income funds that make up the portfolio posted returns ranging from 4.8% to 9.0%*.
- The Desjardins SocieTerra Canadian Bond Fund was the largest contributor to overall performance for fixed income funds, with a return of 6.5% for the quarter.
- Overexposure to global corporate bonds contributed positively to the good relative performance of the SocieTerra Environmental Bond Fund, with a return of 4.8% for the quarter.

Growth (A-Class return)

- The equity funds that make up the portfolios posted returns of between 10.0% and 33.2%.
- Desjardins SocieTerra Canadian Equity Fund and Desjardins SocieTerra American Equity Fund were the largest contributors to overall performance of equity fund securities with their respective quarterly performances of 14.4% and 15.4%.
- Good stock selection in the health sector (Moderna and DexCom) and consumer discretionary sector (Tesla) contributed positively to the relative performance of the SocieTerra Positive Change Fund, which posted a quarterly return of 33.2%.

* Return for Desjardins SocieTerra Global Bond Fund Class I shares.

Contribution to portfolio performance (A-Class) as of June 30, 2020

	Fixed income	Growth
SocieTerra Conservative Portfolio	+++	+++
SocieTerra Moderate Portfolio	In accordance with the legislation in effect, information regarding returns may not be published for funds that are less than one year old.	
SocieTerra Balanced Portfolio	+++	+++
SocieTerra Growth Portfolio	+++	+++
SocieTerra Maximum Growth Portfolio	++	+++
SocieTerra 100% Equity Portfolio	In accordance with the legislation in effect, information regarding returns may not be published for funds that are less than one year old.	

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The information presented on market conditions and the strategy represents a summary of the portfolio manager's observations with respect to the markets as a whole and its strategy on the date indicated. Different points of view can be expressed based on management style, objectives, opinions, or different philosophies.

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