

SocieTerra Portfolios

Quarterly commentary as of September 30, 2020



Market overview

Market performance as of September 30, 2020

	3 months	1 year	3 years	5 years	10 years
Fixed Income					
FTSE Canada Universe Bond Index	0.44	7.08	6.09	4.26	4.35
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	0.81	3.77	4.46	3.99	4.22
Growth					
MSCI Canada Index (total return)	4.11	-2.17	2.81	5.93	4.78
MSCI USA Index (CAD) (total return)	7.40	17.44	14.69	13.64	16.23
MSCI EAFE Index (CAD) (total return)	2.78	1.39	2.85	5.18	7.42
MSCI Emerging Markets Index (CAD) (total return)	7.45	11.52	4.69	8.89	5.25
MSCI ACWI ex CANADA IMI (CAD) (total return)	6.07	10.91	9.02	10.01	11.64

Sources: Desjardins Investments Inc., Morningstar Inc.

Comments on market performance

- The global economy has been gravely impacted COVID-19 and measures to curb the pandemic. Nevertheless, since the start of the quarter, a number of economic indicators have significantly improved, signalling a gradual economic recovery.
- The reopening of economies, government support programs, low interest rates and hopes for a coronavirus vaccine have helped spur the overall rise of global stock markets, including those in emerging markets which posted a gain of 7.4% over the quarter.¹ In this regard, China is one of a handful of countries that has already exceeded its pre-pandemic GDP.
- Like for many countries around the world, the strong rebound in activity over the summer due to the gradual lifting of lockdown measures enabled the Canadian economy to make up for some of its losses early in the year. The Canadian stock market advanced over the quarter, fuelled by industrials and materials. The Bank of Canada's decision to maintain key rates at their effective lower bound and its intention to pursue its easing program continue to support the Canadian economy.
- In the United States, the technology and consumer discretionary sectors contributed to advances on the country's main stock markets. At the same time, the U.S. presidential election has created its share of uncertainty for both local and global financial markets.
- In Europe, despite an improvement in most economic indicators, a number of signs of fading momentum are beginning to show. Furthermore, negotiations between the European Union and the United Kingdom have dragged on, reviving fears of a no-deal Brexit.
- The level of volatility on the global financial markets remains relatively high, particularly due to uncertainty tied to the COVID-19 pandemic and the development of a new vaccine.
- The Canadian dollar appreciated against the U.S. dollar, reducing returns for U.S. dollar-denominated assets, whereas it depreciated against most other international currencies, boosting returns for assets denominated in other currencies.

¹ Based on the MSCI Emerging Markets Index (CAD) (total return).

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

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
SocieTerra Conservative Portfolio	2.49	6.59	5.37	4.07	4.03	4.98	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	4.33	9.16	6.49	5.21	5.06	6.05	2009/01/20
SocieTerra Growth Portfolio	5.05	9.79	6.91	5.91	5.87	4.65	2000/01/10
SocieTerra Maximum Growth Portfolio	6.47	11.47	7.92	7.09	7.06	8.28	2009/01/20
SocieTerra 100% Equity Portfolio	7.84	13.21	-	-	-	11.51	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 September 30, 2020

Fixed income (A-Class return)

- The fixed income funds that make up the portfolio posted returns ranging from 0.4% to 2.4%.*
- The Desjardins SocieTerra Canadian Bond Fund was the greatest contributor to overall performance for fixed income funds, with a return of 0.4% for the quarter.
- Overexposure to global corporate bonds contributed positively to the strong relative performance of the SocieTerra Environmental Bond Fund, with a return of 2.4% for the quarter.

Growth (A-Class return)

- The equity funds that make up the portfolios posted returns of between 3.2% and 17.8%.
- The Desjardins SocieTerra Canadian Equity Fund, Desjardins SocieTerra American Equity Fund and Desjardins SocieTerra Cleantech Fund were the greatest contributors to overall performance of equity fund securities, posting quarterly performances of 6.3%, 9.0% and 13.0%, respectively.
- Significant underexposure to the energy sector and good security selection in the technology sector contributed positively to the relative performance of equity funds.
- Good stock selection in the consumer discretionary (Tesla) and health care (M3) sectors contributed positively to the relative performance of the SocieTerra Positive Change Fund, which posted a quarterly return of 17.8%.

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

Contribution to portfolio performance (A-Class) as of September 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	N/A	+++

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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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