

SocieTerra Portfolios

Quarterly commentary as of December 31, 2020



Market overview

Market performance as of December 31, 2020

	3 months	1 year	3 years	5 years	10 years
Fixed Income					
FTSE Canada Universe Bond Index	0.63	8.68	5.61	4.19	4.49
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	1.07	5.33	4.58	4.20	4.47
Growth					
MSCI Canada Index (total return)	8.65	3.47	4.17	8.07	4.78
MSCI USA Index (CAD) (total return)	7.79	18.61	15.12	13.08	16.28
MSCI EAFE Index (CAD) (total return)	10.68	5.92	4.86	5.61	8.16
MSCI Emerging Markets Index (CAD) (total return)	14.16	16.23	6.77	10.87	6.24
MSCI ACWI ex CANADA IMI (CAD) (total return)	10.38	14.50	10.51	10.28	12.12

Sources: Desjardins Investments Inc., Morningstar Inc.

Comments on market performance

- The global economy continues to be seriously affected by the spread of COVID-19. A resurgence in many parts of the world has resulted in a temporary deterioration of the global economic outlook because of the measures implemented to curb the pandemic. However, the beginning of vaccination campaigns in many countries has contributed to advances on the main global stock markets.
- In Canada, the steep rise in oil prices and the strong growth of the financial sector helped boost the stock market, which posted growth of 8.7% during the quarter¹. Like many of the other central banks, the Bank of Canada maintained very favourable financing conditions to help the economy get through the pandemic and foster quick post-COVID growth.
- In the United States, the US presidential election created its share of uncertainty. Joe Biden's victory should lead to many changes in economic, health and environmental policy. On the equity side, the technology and finance sectors contributed to the 8.8% growth of the MSCI USA Index in Canadian dollars (total return). The Canadian dollar appreciated against the US dollar, reducing returns for US dollar-denominated assets.
- The level of volatility on the global financial markets remains relatively high due to uncertainty tied to the COVID-19 pandemic.
- The fourth quarter capped a tumultuous 2020. After an excellent 2019, the financial markets were keeping pace at the beginning of 2020, until the COVID-19 pandemic hit. After posting sharp retreats in February and March, the stock markets made a strong comeback thanks to government recovery programs, central bank interventions and the reopening of economies. The markets then fluctuated in line with the evolution of the pandemic and progress in the development and distribution of the various vaccines.
- All in all, 2020 was a positive year for the main stock and bond markets. As such, the US stock markets posted growth of 28.6% for the year, fuelled by the strong gains in technology stocks². The Canadian stock market was slowed down by the energy sector and grew 3.5% in 2020³. On the bond side, the central banks' highly accommodative monetary policies put downward pressure on key rates, including in Canada, where this context contributed to the FTSE Canada Universe Bond Index's 8.7% return for the year.

¹ Based on the MSCI Canada Index quarterly return (total return).

² Based on the MSCI USA Index annual return in Canadian dollars (total return).

³ Based on the MSCI Canada Index annual return (total return).

Portfolio performance (A-Class) as of December 31, 2020

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
SocieTerra Conservative Portfolio	3.50	9.26	5.73	4.38	4.31	5.18	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	5.93	13.36	7.51	5.87	5.50	6.43	2009/01/20
SocieTerra Growth Portfolio	6.86	13.95	8.08	6.60	6.30	4.98	2000/01/10
SocieTerra Maximum Growth Portfolio	8.64	16.17	9.51	7.94	7.51	8.85	2009/01/20
SocieTerra 100% Equity Portfolio	10.18	18.16	-	-	-	16.85	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 December 31, 2020

Fixed income (A-Class return)

- The fixed income funds that make up the portfolio posted quarterly returns ranging from 0.7% to 3.4%.*
- Following its greater exposure, the Desjardins SocieTerra Canadian Bond Fund was the greatest contributor to overall performance for fixed income funds, posting a quarterly return of 0.7%.
- The overweight position in high-yield bonds contributed to the strong relative performance of the Desjardins SocieTerra Global Bond Fund, which posted a 3.4%* return for the quarter.
- For 2020, the fixed income funds that make up the portfolios posted returns ranging from 5.9% to 7.3%. The Desjardins SocieTerra Canadian Bond Fund was the greatest contributor to overall performance for fixed income funds, posting an annual return of 7.3%.

Growth (A-Class return)

- The equity funds that make up the portfolios posted quarterly returns of between 4.8% and 18.3%.
- The Desjardins SocieTerra American Equity Fund, the Desjardins SocieTerra Canadian Equity Fund, and Desjardins SocieTerra Cleantech Fund were the greatest contributors to overall performance of equity funds, posting quarterly returns of 11.8%, 7.2% and 18.3% respectively.
- Good stock selection in the consumer discretionary (Tesla) and health (M3) sectors contributed positively to the relative performance of the Desjardins SocieTerra Positive Change Fund, which posted a quarterly return of 15.2%.
- For 2020, the equity funds that make up the portfolios posted returns of 5.7% to 79.9%. The Desjardins SocieTerra American Equity Fund, the Desjardins SocieTerra Positive Change Fund and Desjardins SocieTerra Cleantech Fund were the greatest contributors to overall performance of equity funds, posting annual returns of 28.5%, 79.9% and 27.6% respectively.
- During the year, the underweight position in fossil fuel sector companies and the good selection of companies in the renewable energy and health sectors contributed positively to the relative performance of equity funds.

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

Contribution to portfolio performance (A-Class) as of December 31, 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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