

SocieTerra Portfolios

Quarterly commentary as of March 31, 2021



Market overview

Market performance as of March 31, 2021

	3 months	1 year	3 years	5 years	10 years
Fixed Income					
FTSE Canada Universe Bond Index	-5.04	1.62	3.77	2.83	3.98
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	-2.40	2.14	3.83	3.03	4.20
Growth					
MSCI Canada Index (total return)	8.12	40.64	8.64	9.00	5.05
MSCI USA Index (CAD) (total return)	3.95	40.01	15.80	15.42	16.32
MSCI EAFE Index (CAD) (total return)	2.09	27.66	5.13	8.23	8.26
MSCI Emerging Markets Index (CAD) (total return)	0.91	39.86	5.58	11.43	6.34
MSCI ACWI ex CANADA IMI (CAD) (total return)	3.60	38.97	11.01	12.67	12.28

Sources: Desjardins Investments Inc., Morningstar Inc.

Comments on market performance

- The global economy continues to move in tandem with COVID 19 pandemic developments. The decline in cases in many countries early in the year, the faster pace of vaccination programs and greater than anticipated economic resilience have helped brighten the economic outlook, fuelling gains in major equity markets worldwide.
- This improvement has also sparked fears of accelerating inflation, particularly on the back of rising commodity prices. Dampening bond markets reflect growing fears of a more rapid tightening of monetary policy.
- Markets remain cautious as a third wave of the pandemic is hitting many countries.
- In Canada, the faster than expected pace of domestic economic growth in the past quarter and the sharp rise in oil prices galvanized the Canadian stock market, up 8.1% for the quarter.¹ Like a number of other central banks, the Bank of Canada has maintained very favourable financing conditions to help the economy weather the pandemic. However, it has shown a little more openness to tuning the pace of its asset purchases to the strength of the recovery. Accordingly, the FTSE Canada Universe Bond Index returned 5% for the quarter.
- In the United States, the US government's \$1.9 trillion aid package and a fast paced vaccination campaign have sweetened the country's economic outlook. Driven by gains in the industrial and financial sectors, the MSCI USA Index in Canadian dollars (total return) added 4.0% during the quarter. On the bond front, the Federal Reserve continues to adopt a very cautious tone on economic growth, emphasizing labour shortages and downplaying inflationary risks.
- With an updraft from domestic monetary policy and rising commodity prices, the Canadian dollar appreciated against most foreign currencies, including the US dollar, trimming returns on foreign currency denominated assets.

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

Portfolio performance (A-Class) as of March 31, 2021

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
SocieTerra Conservative Portfolio	-2.94	11.69	4.81	3.79	3.93	4.81	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	-1.36	20.32	7.23	5.75	5.24	6.18	2009/01/20
SocieTerra Growth Portfolio	-0.64	24.22	8.09	6.79	6.08	4.87	2000/01/10
SocieTerra Maximum Growth Portfolio	0.62	31.61	10.00	8.61	7.37	8.72	2009/01/20
SocieTerra 100% Equity Portfolio	1.76	38.83	-	-	-	15.45	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 March 31, 2021

Fixed income (A-Class return)

- The fixed income funds that make up the portfolios posted quarterly returns ranging from -5.1% to -2.2%.
- The Desjardins SocieTerra Canadian Bond Fund was the greatest detractor from overall performance for fixed income funds, posting a quarterly return of -5.1%. The fund's underperformance is mainly due to Canadian government bond values, which declined during the quarter.
- The overweight position in corporate bonds contributed to the good relative performance of the Desjardins SocieTerra Environmental Bond Fund, which posted a -2.2% return for the quarter.

Growth (A-Class return)

- The equity funds that make up the portfolio posted returns of between -4.6% and 4.7%.
- The Desjardins SocieTerra Canadian Equity Fund, the Desjardins SocieTerra American Equity Fund and the Desjardins SocieTerra Cleantech Fund were the greatest contributors to overall performance of the equity funds, posting quarterly returns of 4.7%, 2.5% and 3.5% respectively. Conversely, the Desjardins SocieTerra Emerging Markets Equity Fund and the Desjardins SocieTerra International Equity Fund were the greatest detractors from overall performance, posting quarterly returns of -4.6% and -2.5% respectively.
- Overall, the lack of exposure to fossil fuel producers and specialized transporters contributed negatively to the relative performance of all SocieTerra equity funds on the quarter.

Contribution to portfolio performance (A-Class) as of March 31, 2021

	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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