

SocieTerra Portfolios

Quarterly commentary as of June 30, 2021



Market overview

Market performance as of June 30, 2021

	3 months	1 year	3 years	5 years	10 years
Fixed Income					
FTSE Canada Universe Bond Index	1.66	-2.43	4.16	2.64	3.90
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	1.07	0.51	4.24	2.72	4.12
Growth					
MSCI Canada Index (total return)	8.41	32.59	9.18	9.95	6.50
MSCI USA Index (CAD) (total return)	7.18	28.98	16.42	16.38	17.22
MSCI EAFE Index (CAD) (total return)	3.62	20.33	6.11	9.23	8.56
MSCI Emerging Markets Index (CAD) (total return)	3.50	28.11	9.05	11.96	6.92
MSCI ACWI ex CANADA IMI (CAD) (total return)	5.51	27.97	12.04	13.58	12.93

Sources: Desjardins Investments Inc., Morningstar Inc.

Comments on market performance

- Pandemic developments continue to have a major impact on global economic growth. The regions that were most affected by the second and third waves of COVID-19 have had a harder time in their economic recoveries than other countries. However, the markets remain optimistic as vaccination campaigns make headway and public health restrictions loosen. Nearly all stock markets around the world posted strong performances for the quarter.
- In Canada, the quarter ended on a positive note with an 8.41% return for the MSCI Canada Index (total return). The financial and information technology sectors played a major role in this impressive performance. The Bank of Canada (BoC) slowed the pace of its bond purchases in April, then opted for the status quo in June. Positive developments in the public health crisis suggest that the Canadian economy will see a strong rebound this summer. The BoC should therefore continue to gradually tighten its monetary policy while reducing its bond purchases. The FTSE Canada Universe Bond Index posted a 1.66% gain for the quarter.
- The US stock markets fared well thanks to the information technology sector's performance. The MSCI USA Index posted a return of 7.18% for the period. As for bonds, the Federal Reserve adopted a more optimistic tone, even signalling that the robust outlooks for inflation and the labour market could justify normalizing its monetary policy sooner.
- The slow pace of vaccination campaigns in emerging countries and tightened financial conditions in China have had a negative impact on economic growth outlooks for those countries. The stock markets were hampered by the 3.50% quarterly return on the MSCI Emerging Markets Index (CAD) (total return).
- 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. Portfolio performance (A-Class) as of June 30, 2021

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
SocieTerra Conservative Portfolio	2.22	5.24	5.23	3.96	4.09	4.90	2009/01/20
SocieTerra Moderate Portfolio	2.58	7.44	N/A	N/A	N/A	11.13	2020/04/14
SocieTerra Balanced Portfolio	3.26	12.57	7.76	6.22	5.56	6.32	2009/01/20
SocieTerra Growth Portfolio	3.67	15.63	8.66	7.43	6.52	5.02	2000/01/10
SocieTerra Maximum Growth Portfolio	4.51	21.65	10.61	9.53	8.02	8.92	2009/01/20
SocieTerra 100% Equity Portfolio	5.29	27.30	N/A	N/A	N/A	16.37	2019/07/08

Unlike the benchmarks, portfolio returns are net of fees and expenses.

Source: Desjardins Investments Inc.

Comments on portfolio performance as of June 30, 2021

Fixed income (A-Class return)

- The fixed income funds that make up the portfolio posted quarterly returns ranging from 0.1% to 2.9%.*
- The Desjardins SocieTerra Canadian Bond Fund was the greatest contributor to overall performance for fixed income funds, posting a quarterly return of 1.3%.
- Overexposure to emerging market bonds contributed positively to the relative performance of the Desjardins SocieTerra Global Bond Fund, which posted a quarterly return of 2.9%.*
- Overexposure to European bonds contributed negatively to the relative performance of the SocieTerra Environmental Bond Fund, which posted a quarterly return of -0.1%.

Growth (A-Class return)

- The equity funds that make up the portfolios posted returns of between -1.5% and 8.9%.
- The Desjardins SocieTerra Canadian Equity Fund, the Desjardins SocieTerra American Equity Fund, and the Desjardins SocieTerra Cleantech Fund were the greatest contributors to the overall performance of equity funds, posting quarterly returns of 7.4%, 4.1% and 6.2%, respectively. Conversely, the Desjardins SocieTerra Emerging Markets Equity Fund was the biggest detractor from total performance due to a quarterly return of -1.5%.
- Strong stock selection in the healthcare (Moderna Inc. and Illumina Inc.) and industrial (NIBE Industrier AB) sectors contributed positively to the relative performance of the Desjardins SocieTerra Positive Change Fund, which posted a quarterly return of 8.9%.
- On the whole, the lack of exposure to producers and transporters specialized in fossil fuels contributed negatively to the relative performance of several SocieTerra equity funds over the quarter.

*Return for Desjardins SocieTerra Global Bond Fund Class I shares

Contribution to portfolio performance (A-Class) as of June 30, 2021

	Fixed income	Growth
SocieTerra Conservative Portfolio	+	++
SocieTerra Moderate Portfolio	+	++
SocieTerra Balanced Portfolio	+	++
SocieTerra Growth Portfolio	+	+++
SocieTerra Maximum Growth Portfolio	+	+++
SocieTerra 100% Equity Portfolio	N/A	+++

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