



**Power your portfolio with  
responsible investment**



## Agenda

1. Desjardins, RI leader and pioneer
2. Why RI now?
3. How RI works
4. RI=Alpha
5. Desjardins Investment Solutions
6. Integrating RI into your practice

# Trailblazers in RI

## Inspiring trust from coast to coast

Created in  
**1990**

Desjardins Environment Fund



**The first of its kind in Canada**

Almost  
**\$3B**  
in RI AUM<sup>1</sup>



**25+ RI product options**

Over  
**7M**  
clients and members<sup>1</sup>



**The leading  
financial cooperative in Canada**

<sup>1</sup>AUM as at June 30, 2019; includes all RI assets held within the Group

# Access the most complete line of RI products in Canada

Allowing you to construct a full RI portfolio for your clients

25+ RI product options

## SocieTerra Funds and Portfolios

A cutting-edge product line for all investor profiles

## Responsible investment ETFs

Innovative RI strategies – first of their kind in Canada

## Helios2 Contract

RI guaranteed investment funds

## Guarantee Advantage

Global, ESG-selected securities

## Custom PPN

Principal-protected notes linked to an ESG basket





# Why RI now?

Business, investors and industry landscape are changing, fast



# If nothing changes...

By 2050, we will need **4 planets** to sustain projected consumption



Source: World Wildlife Fund “Living Planet” report, and Global Footprint Network (2015)

By 2050, there will be **more plastic** than fish in our oceans



Source: World Economic Forum, 2016. The New Plastics Economy: Rethinking the Future of Plastics.

By 2030, we'll only be able to meet **60% of the global demand** for drinking water



Source: The United Nations World Water Development Report 2015, Water for a Sustainable World.  
February 8, 2018 - Cape Town, South Africa : Capetonians queue for water as their taps threaten to run dry

# UN PRI – A strong indicator of RI growth

In 2005, the UN invited the world's largest institutional investors to develop the Principles for Responsible Investment (PRI).

Grown from 100 to MORE THAN

**1,800**

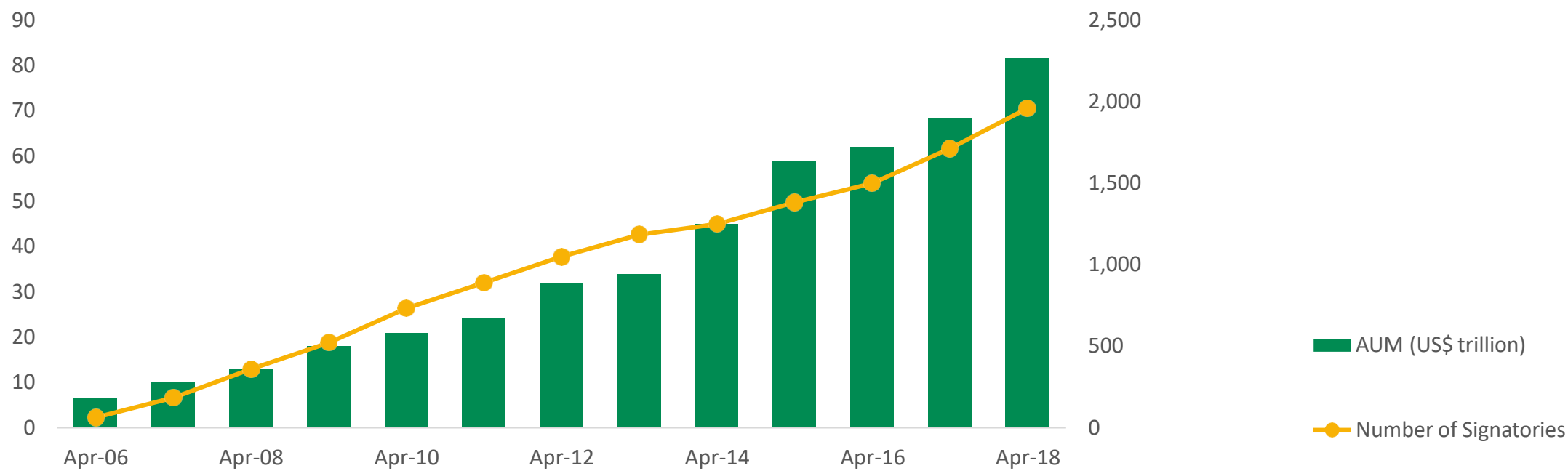
SIGNATORIES



Representing MORE THAN

**US\$68 trillion**

IN ASSETS UNDER MANAGEMENT (AUM)

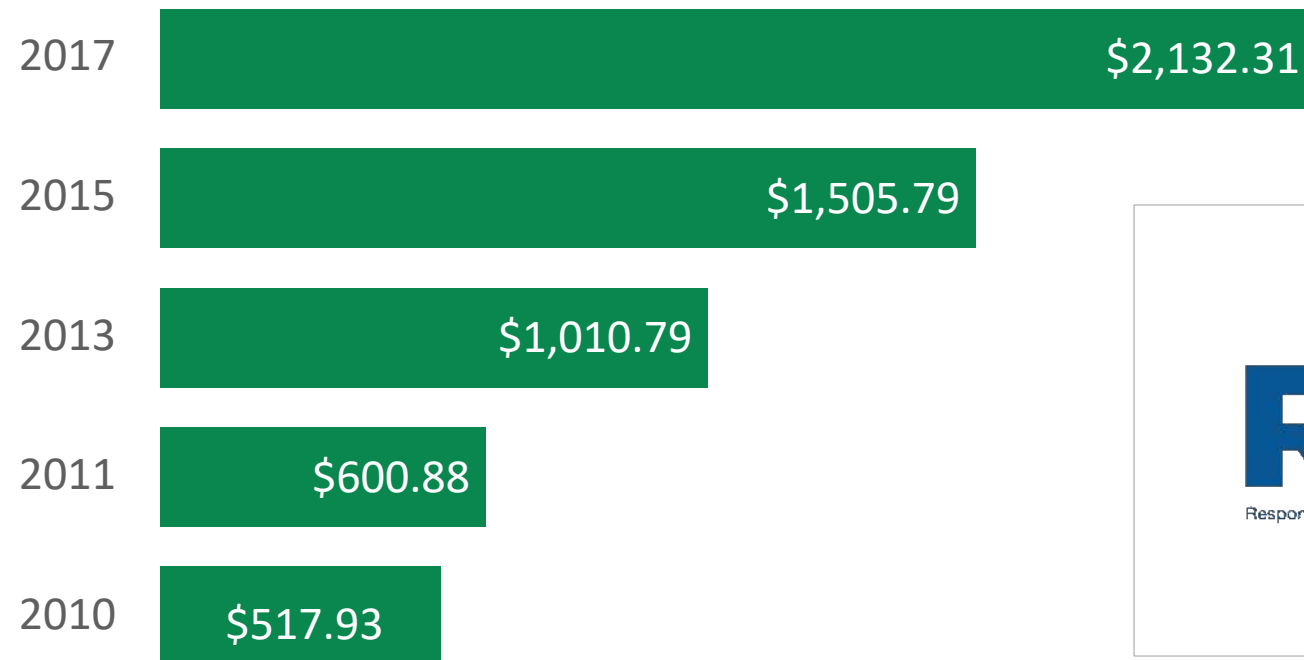


Source: UNPRI, as at April 2018

# Sustained growth of RI

## Growth of the Canadian RI industry

(in C\$ billions)



RI represents  
**50%**  
of total AUM in  
Canada

Source: RIA, 2018 Canadian RI Trends Report

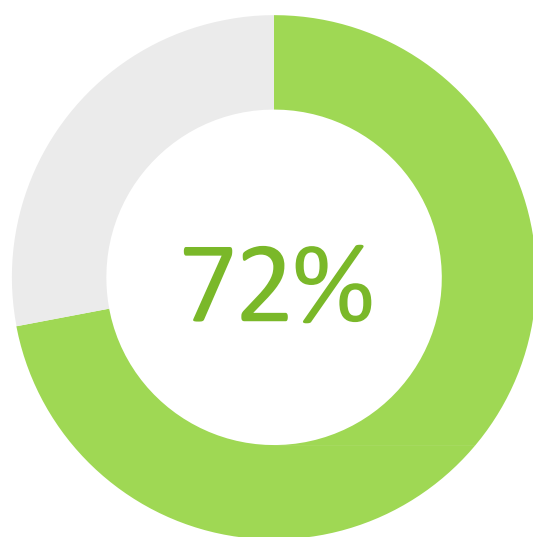


# Institutional investors are leading the way

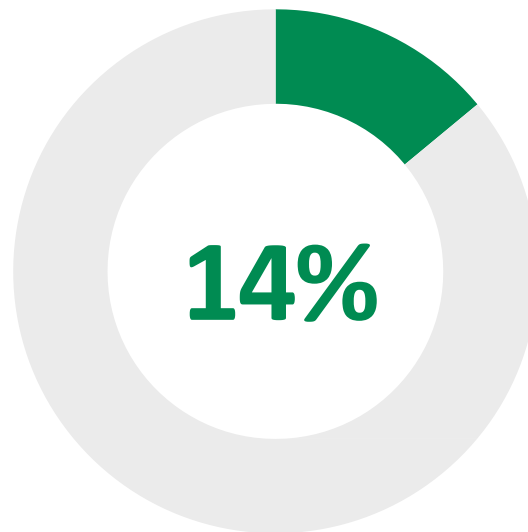


## Unmet need

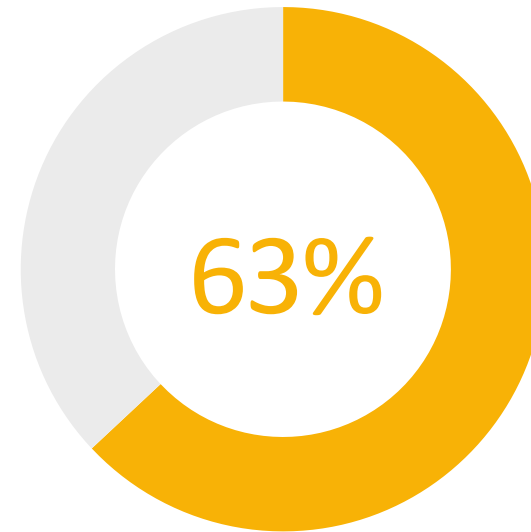
opportunity to grow your business



**Interest**



**Discussion with advisor**



**Intent**



Investors largely indicated that they rely on financial professionals for advice about RI

Source: Desjardins SOM Investor Survey, 2018

# Investors agree ESG considerations form smart long-term opportunities

71%

of investors believe that businesses with good ESG practices make better long-term investments.

Source: RIA Investor Opinion Survey, December 2018





# Rising demand for RI products

## Growth of RI Mutual Funds (in C\$)<sup>1</sup>



Significant **34% increase** in RI mutual funds vs. **20% growth** of general mutual fund industry<sup>2</sup>

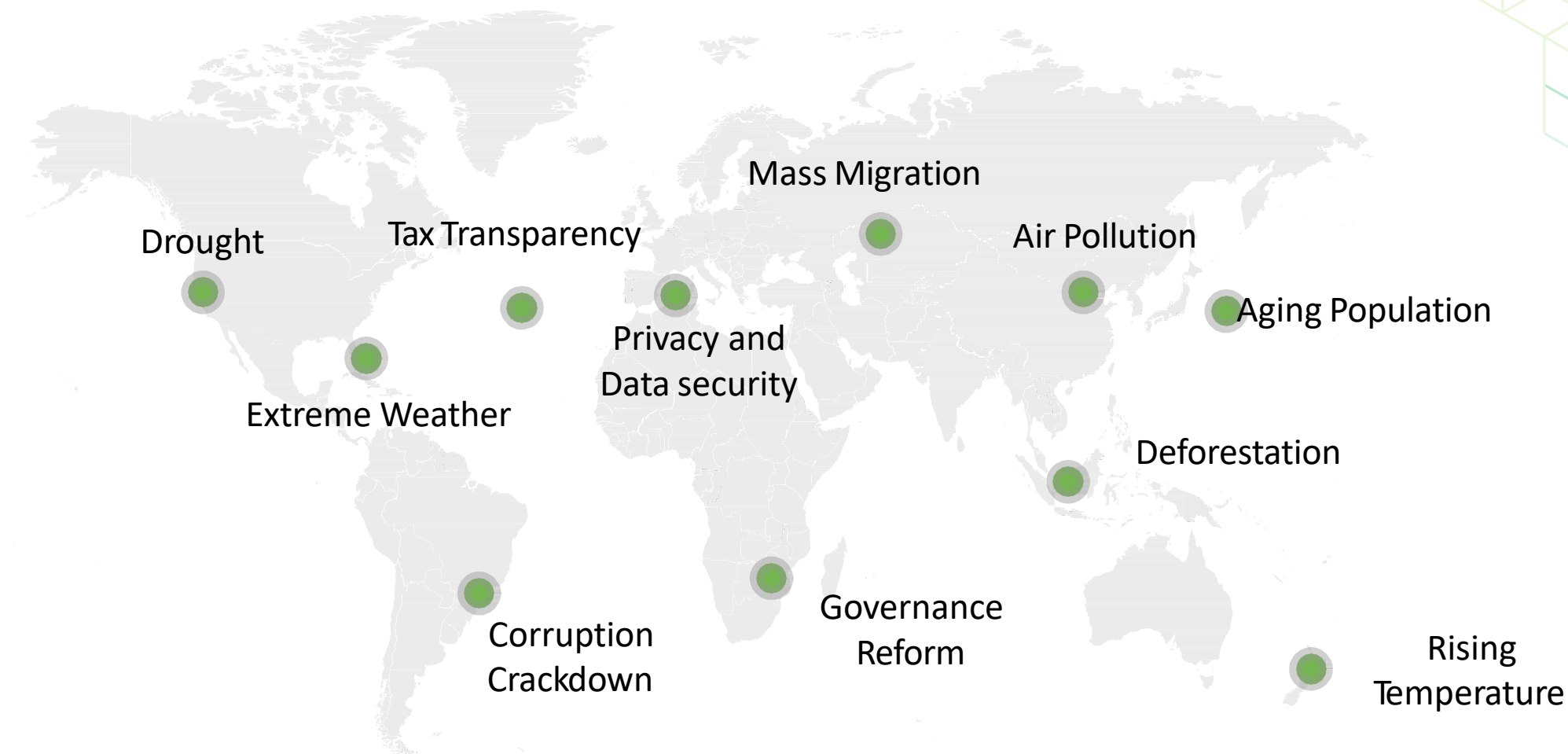
<sup>1</sup>RIA, 2018 Canadian RI Trends Report

<sup>2</sup>Investment Funds Institute of Canada, 2018



# How RI works

# World class challenges



Source: The World is Changing: <https://www.msci.com/esg-investing>



# World-class opportunities

## SUSTAINABLE DEVELOPMENT GOALS



# What is RI?

The application, on top financials, of Environmental, Social and Governance (ESG) criteria to the selection and management of investments

## Environment

- Climate change
- Water
- Carbon Footprint















## Social

- Labour standards
- Human rights (e.g., child labour)

## Governance

- Board diversity
- Executive compensation
- Shareholder rights

# Desjardins' RI strategies

		Exclusion filters	ESG integration	Best in class	Thematic investing	Shareholder engagement
Desjardins SocieTerra Funds and Portfolios	<b>Core Funds</b> <ul style="list-style-type: none"> <li>Canadian Bond</li> <li>Canadian Equity</li> <li>American Equity</li> <li>International Equity</li> <li>Emerging Markets</li> </ul>	  	✓	✓		✓
	<b>Specialized Funds</b> <ul style="list-style-type: none"> <li>Environmental Bond</li> <li>Environment</li> <li>Cleantech</li> <li>Positive Change</li> </ul>	  	✓	✓	✓	✓
Helios2 Contract Guaranteed Investment Funds	<ul style="list-style-type: none"> <li>4 Managed solutions</li> </ul>	  	✓	✓	✓	✓
Desjardins ETFs - RI	<ul style="list-style-type: none"> <li>Low CO<sub>2</sub></li> </ul>	 	✓	✓		✓
	<ul style="list-style-type: none"> <li>Fossil Fuel Reserve Free</li> </ul>	  	✓	✓		✓



# How RI compares to other investments

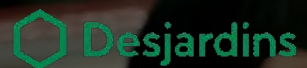
Competitive returns

ESG risk management

ESG opportunities + positive impacts

Traditional investment	Responsible investment	Thematic investment	Impact investment	Philanthropy
Little or no influence of ESG factors on investment analysis and execution.	ESG risks are integrated into analysis of all holdings as a component of financial risk management. Negative and positive screening of ESG risks are used to align a portfolio to specific values.	Focus on one or more areas where social or environmental need creates commercial growth opportunity for market-rate returns.	Focus on one or more areas where explicitly meeting a defined social or environmental need is part of the investment strategy.	Social enterprise funding in a variety of forms, with a range of return possibilities.
	Desjardins RI Strategies			

Source: Adapted from Bridge Ventures, Sustainable Impact Investments: How we define the markets, 2012



**RI = Alpha**

Enhanced returns, better risk management

# Overwhelming evidence

A review of **2,200** studies published since **1970** showed a neutral or positive relationship between ESG criteria and financial performance **90%** of the time.

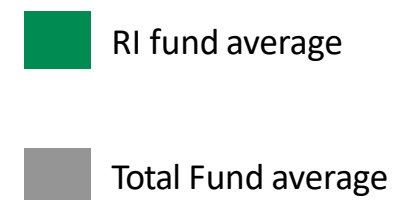
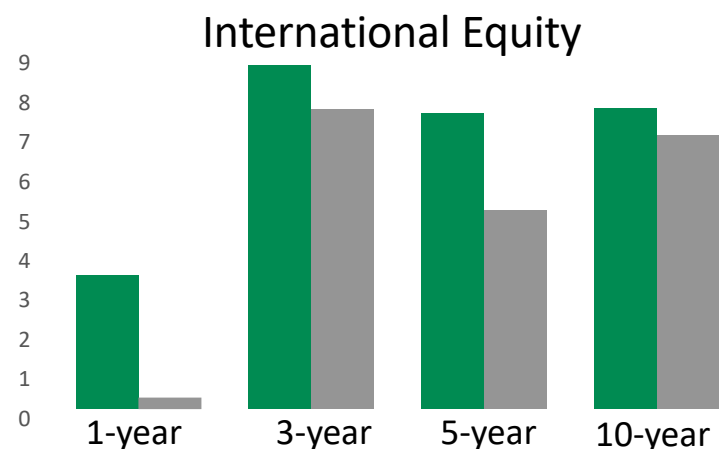
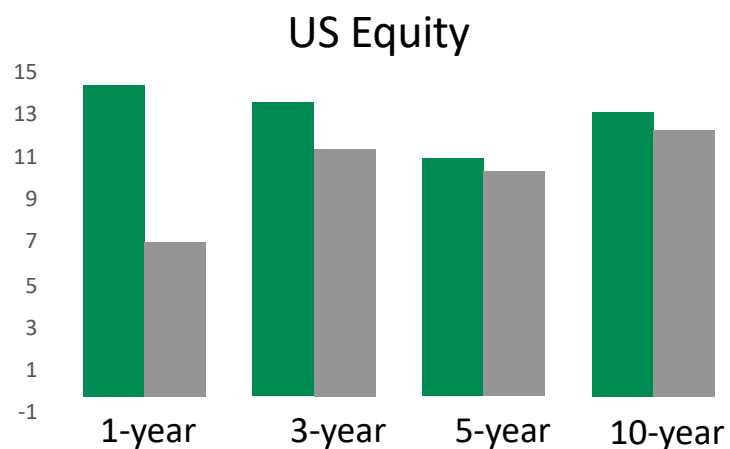
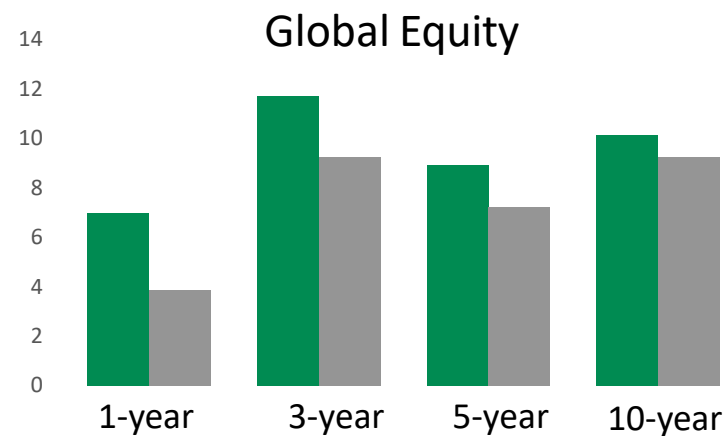
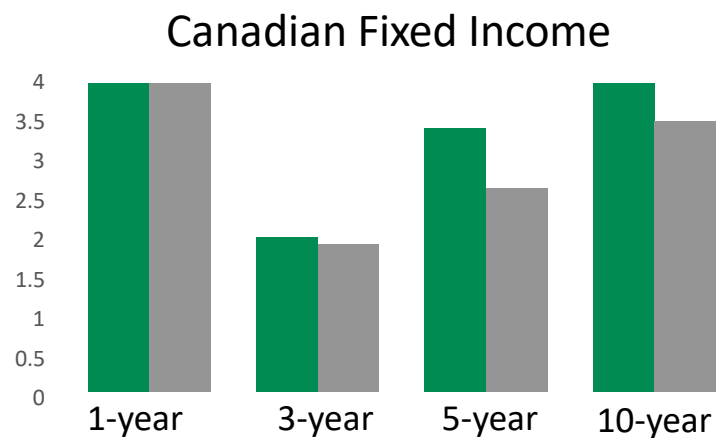


Source: ESG and financial performance: aggregated evidence from more than 2000 empirical studies, Journal of Sustainable Finance, 2015





# RI outperforms vs. broader Canadian fund market



Source: RIA, RI Funds Quarterly Performance Report as at June 30<sup>th</sup>, 2019.

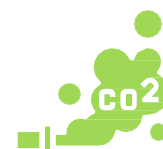
# Here's how ESG has added alpha



## Diversity

Companies with higher levels of female employees have performed well.

Female diversity added **+3.3% annually across all sub-sectors.**



## Emissions

Based on total greenhouse gas (GHG) and scope 1 emissions.

Low emitters have added **+3.1% alpha annually in relevant sectors.**



## Employee turnover

Low employee turnover benefits companies.

Low turnover has added **+0.8% (3 year)** and **+3.0% (5 year) alpha annually**



## Target Metrics

Stated goals on E&S performance.

“Target” metrics are linked to positive alpha, specifically those related to emissions **(1.2% per annum)**, energy **(1.6% per annum)** and water efficiency **(+0.8% per annum).**



## Resource intensity

Lower relative levels of energy and water intensity.

Low energy intensity has added **+2.6%** and low water **+1.8% alpha annually.**



## Business ethics improvement tools

Such as whistleblower, ombudsman, suggestion box, etc.

The only pure policy that consistently added an average **+0.9% alpha annually.**

Source: The PM's Guide to ESG Revolution, Goldman Sachs Global Investment Research, April 2017, p.4

# Better risk management

ESG can help you avoid value-destroying controversies ...  
... or at least help you understand the risk you're taking on



Consideration of ESG factors is the best signal we have found for future risk (and identifying):

- Stocks ***least likely to go bankrupt*** over the next five years
- Stocks ***least likely to have large price declines***
- Stocks ***least likely to have earnings declines***



# Desjardins Investment Solutions



# Desjardins Global Asset Management (DGAM)



Assets managed of  
approximately 63.9\$ billion  
(as of June 29, 2018)

Desjardins institutional  
investment team

One of the largest  
investment managers in  
Canada

## Our Team

- 55 investment professionals with an average of 19 years industry experience
- Diverse investment expertise
- Stability of tenure

## Our Proximity

- Direct involvement of portfolio managers and analysts with clients

## Our Experience

- Life and Property Insurance
- Pension funds
- Mutual Funds
- Foundations
- Private wealth
- ETFs



# Performance of SocieTerra Funds and Portfolios

Fund name (F-Class)	RI Approach	Return			Percentile Ranking (CIFSC)			Morningstar Rating (Star)	Morningstar Sustainability Rating (Globe)
		1-yr	2-yr	3-yr	1-yr	2-yr	3-yr		
SocieTerra Canadian Bond	Core ESG	7,2	8,9	1,9	45	41	59		
SocieTerra Environmental Bond	Thematic	10,1	10,7	2,8	2	12	18		
SocieTerra Canadian Equity	Core ESG	17,1	6,4		47	31			4
SocieTerra American Equity	Core ESG	21,8	12,1	15,0	6	6	14	4	5
SocieTerra International Equity	Core ESG	12,2	6,8		30	8			5
SocieTerra Environment	Thematic	13,4	0,6	7,5	42	73	51	2	2
SocieTerra Positive Change	Thematic	6,5	-5,2		92	94			4
SocieTerra Cleantech	Thematic	16,6	5,9	7,8	3	1	13	4	5
SocieTerra Emerging Markets Equity	Core ESG	3,8	0,1		39	57			5
SocieTerra Conservative	Portfolio	9,6	8,2	3,9	22	4	22		
SocieTerra Balanced	Portfolio	10,7	7,6	4,8	52	12	39	4	3
SocieTerra Growth	Portfolio	11,7	7,0	5,7	14	16	23	4	4
SocieTerra Maximum Growth	Portfolio	13,2	6,3	6,9	10	11	14	4	4

It's reassuring to see that the SocieTerra Funds and Portfolios **are highly resistant to volatility** on the financial markets. That was also one of the conclusions of a study by **Morgan Stanley**, which demonstrates that there is **no trade-off** in terms of long-term performance (the infamous return myth), but that RI funds offer **better protection** in a bear market.



# Desjardins SocieTerra Cleantech Fund

# Desjardins Societerra Cleantech Fund

Time Period: Since Common Inception (23/02/2002) to 31/10/2019



Source: Morningstar Institutional mandate performance since inception (CAD)

# Impax Asset Management - Overview

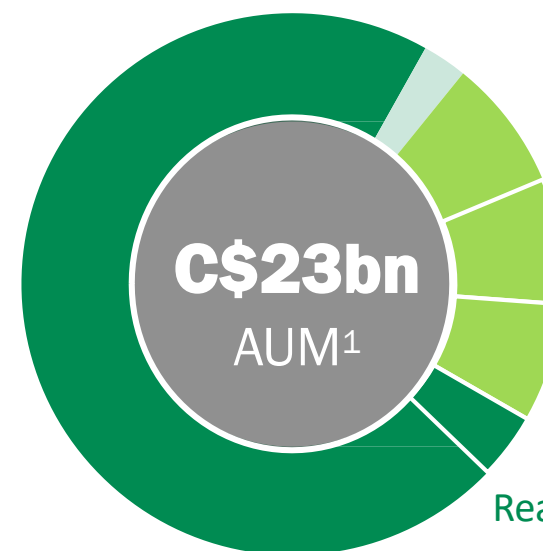
- Specialist manager, 20 years' experience
- 52 investment team members (UK, US, HK)
- Global distribution and client relations
- High quality investment solutions for institutional and individual investors
- Partnership approach with clients



2018 UNPRI assessment: **A+**  
Strategy and Governance



Thematic Equities C\$16.9bn



Unconstrained & US  
Equities C\$2.3bn

Smart Beta C\$1.7bn

Fixed Income C\$1.4bn

Real Assets C\$760m

London managed // US managed<sup>2</sup>

<sup>1</sup>As at 31 March 2019. Assets under advice represent ~3%. Total of asset classes may differ due to rounding. <sup>2</sup>US managed AUM refers to Pax World Funds. Impax acquired Pax World Management LLC on 18 January 2018. Company and AUM history includes private equity/sustainable property funds, and advisory accounts which are not included as part of Impax's GIPS compliant business. This information is presented as supplemental to the Annual Disclosure Presentation which can be found at the back of this presentation.



# Specialists Strategy Overview



The Impax Specialists strategy is a long-only global equity strategy that invests in stocks of small and mid-cap environmental services and technology companies

## INVESTMENT APPROACH

Strategy type	Long-only global equity
Investing style	Bottom-up GARP + top-down
Predominant cap size	Small and mid-cap
Thematic revenue exposure	Min 50%
Universe / A-List	~1100 / ~200 companies
Holdings	55 – 65 stocks
Turnover ratio	~20 – 30% p.a.

## KEY CHARACTERISTICS

AUM	C\$4.1bn <sup>1</sup>
Launch date	March 2002
Portfolio managers	Bruce Jenkyn-Jones, Jon Forster

<sup>1</sup>Data as at 31 March 2019. Total AUM of the strategy including accounts excluded from the GIPS composite.



# Impax's Classification of Environmental Markets

## New Energy



### Energy Efficiency

- Power Network
- Industrials
- Buildings
- Transport
- Consumer

### Alternative Energy

- Developers/IPPs
- Solar
- Wind
- Biofuels
- Other

## Water



### Water Infrastructure/ Technologies

- Infrastructure
- Treatment
- Utilities

### Pollution Control

- Pollution Control Solutions
- Testing & Gas Sensing
- Public Transportation

## Sustainable Food, Agriculture & Forestry



- Sustainable & Efficient Agriculture
- Logistics, Food Safety & Packaging
- Sustainable Forestry
- Nutrition

## Waste/Resource Recovery



### Waste Management & Technologies

- Tech Equipment
- Recycling & Processing
- Hazardous
- General

### Environmental Support Services

- Consultancies
- Carbon & Asset Trading
- Diversified Environmental

Adopted by FTSE as a basis for Environmental Technologies and Environmental Markets index series since 2007.

# Investment examples

## PTC

*US, Industrial Energy Efficiency*

Software for industrial processes

Environmental Technology content:

67%



## Xylem

*US, Water Infrastructure*

Produces a diverse range of water testing, treatment and transportation equipment.

Environmental Technology content:

88%



## Lenzing

*Austria; Sustainable & Efficient Agriculture*

Market leader in Man Made Cellulose

fibers, a sustainable substitute to cotton

Environmental Technology content:

99%



## Clean Harbors

*US, Hazardous Waste Management*

Market leader in environmental remediation and industrial management services

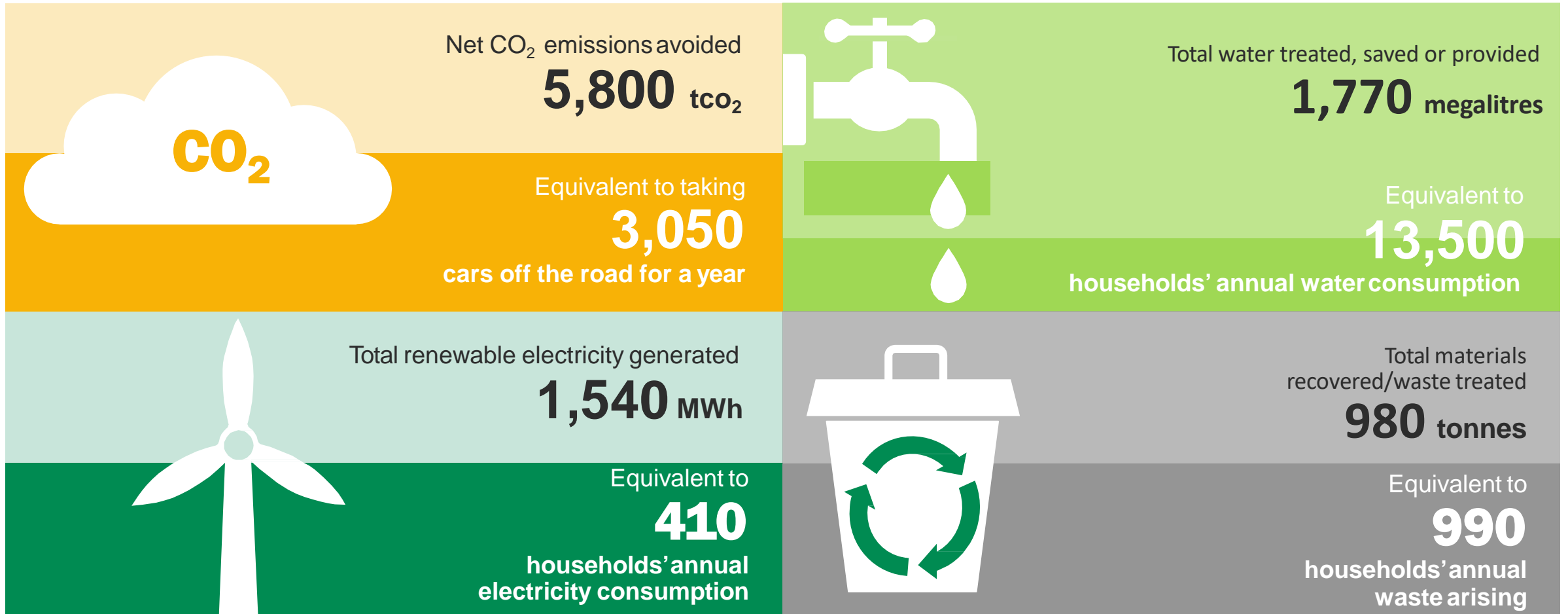
Environmental Technology content:

66%



# Specialists strategy

## Environmental impact of US\$10M investment



Adopted by FTSE as a basis for Environmental Technologies and Environmental Markets index series since 2007.



# Desjardins Helios2 Contract

# The Helios2 Contract

## Offer the best guarantees for wealth transfer

- Helios2 – 75/100 i
- Helios2 – 100/100 i

## Put a floor on retirement income

- Helios2 – 75/100 GLWB

## Protect yourself from creditors

- Helios2 – 75/75



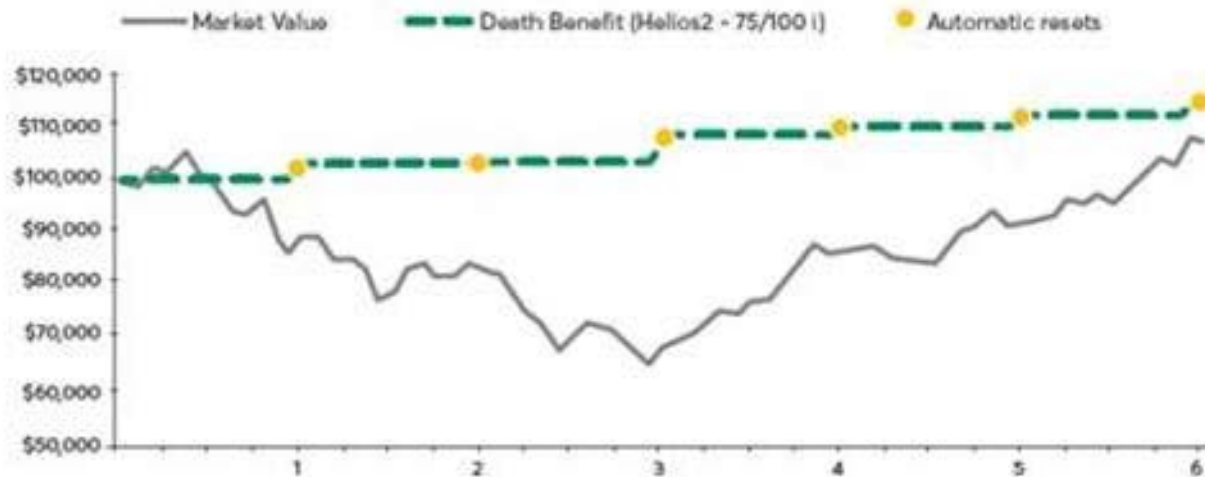


# Helios2 – 75/100i Guarantee

## Protection when markets are down

Inflation and market downturns reduce purchasing power and the overall value of your clients' investments. With Helios2 – 75/100 i, your clients' estates are fully protected so they can leave the bulk of it to their loved ones.

### Estate protection



Despite market downturns, the Death Benefit is fully protected and adjusted every year\* to the inflation-adjusted value.

#### A POWERHOUSE AGAINST MARKET DOWNTURNS



**100 %**  
Protection



Inflation  
adjustment

Inflation adjustment is automatic when you select the Helios2 – 75/100 i Guarantee for your clients' Helios2 Contract.



# The Helios2 Contract

Offering the full range of SocieTerra Portfolios

	DFS GIF – Conservative – Desjardins SocieTerra	DFS GIF – Balanced – Desjardins SocieTerra	DFS GIF – Growth – Desjardins SocieTerra	DFS GIF – Maximum Growth – Desjardins SocieTerra
<b>Morningstar ratings for underlying funds</b>	★★★★★	★★★★★	★★★★★	★★★★★
<b>Fixed income</b>	<b>71.0%</b>	<b>55.0%</b>	<b>40.0%</b>	<b>20.0%</b>
Desjardins SocieTerra Canadian Bond	56.8%	44.0%	32.0%	16.0%
Desjardins SocieTerra Environmental Bond	7.1%	5.5%	4.0%	2.0%
Desjardins SocieTerra Global Bond	7.1%	5.5%	4.0%	2.0%
<b>Equity</b>	<b>29.0%</b>	<b>45.0%</b>	<b>60.0%</b>	<b>80.0%</b>
Desjardins SocieTerra Canadian Equity	8.0%	12.4%	16.5%	22.0%
Desjardins SocieTerra American Equity	7.8%	12.1%	16.2%	21.5%
Desjardins SocieTerra International Equity	4.7%	7.2%	9.7%	12.9%
Desjardins SocieTerra Environment	2.0%	3.0%	4.1%	5.4%
Desjardins SocieTerra Positive Change	2.0%	3.0%	4.1%	5.4%
Desjardins SocieTerra Cleantech	2.0%	3.2%	4.2%	5.6%
Desjardins SocieTerra Emerging Markets Equity	2.6%	4.1%	5.4%	7.2%

Please refer to the Contract and Information Folder to learn more about the funds available with Helios 2 – 75/100 GLWB.

\* As at October 31, 2019

# Desjardins – A Leader In Structure Products

## Guarantee Advantage MLTI

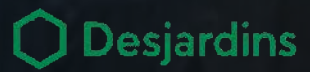
### Return options

	Term of 3 years and 2 days	Term of 4 years and 2 days	Term of 5 years and 2 days								
	Global Diversified	Global Diversified	ESG Global Diversified	Global Diversified			Consumer Staples	Global Financials	Canadian Diversified		
				\$500 - \$24,999	\$25,000 - \$249,999	\$250,000 +			\$500 - \$24,999	\$25,000 - \$249,999	\$250,000 +
Univeris product code <sup>1</sup>	GAV66	GAV67	GAZ01	GAV68	GAW08	GAY08	GAB46	GA028	GAG30	GAQ12	GAU12
Initial Date	Feb. 7, 2020	Feb. 7, 2020	Feb. 7, 2020	Feb. 7, 2020	Feb. 7, 2020	Feb. 7, 2020	Feb. 7, 2020	Feb. 7, 2020	Feb. 7, 2020	Feb. 7, 2020	Feb. 7, 2020
Maturity Date	Feb. 9, 2023	Feb. 9, 2024	Feb. 9, 2025	Feb. 9, 2025	Feb. 9, 2025	Feb. 9, 2025	Feb. 9, 2025	Feb. 9, 2025	Feb. 9, 2025	Feb. 9, 2025	Feb. 9, 2025
Return (%) guaranteed minimum – potential maximum (Annual return (%))	<b>0 – 12</b> (0 – 3.85)	<b>0 – 20</b> (0 – 4.66)	<b>0 – 30</b> (0 – 5.39)	<b>0 – 30</b> (0 – 5.39)	<b>0 – 33*</b> (0 – 5.87*)	<b>0 – 36**</b> (0 – 6.34**)	<b>2.5 – 20</b> (0.5 – 3.71)	<b>0 – 45</b> (0 – 7.71)	<b>0 – unlimited</b> (0 – unlimited)	<b>0 – unlimited</b> (0 – unlimited)	<b>0 – unlimited</b> (0 – unlimited)
Participation rate	100%	100%	100%	100%	110%	120%	100%	100%	100%	110%	120%

\* Return includes a Participation Rate of 110%.

\*\* Return includes a Participation Rate of 120%.





# Integrating RI

into your practice





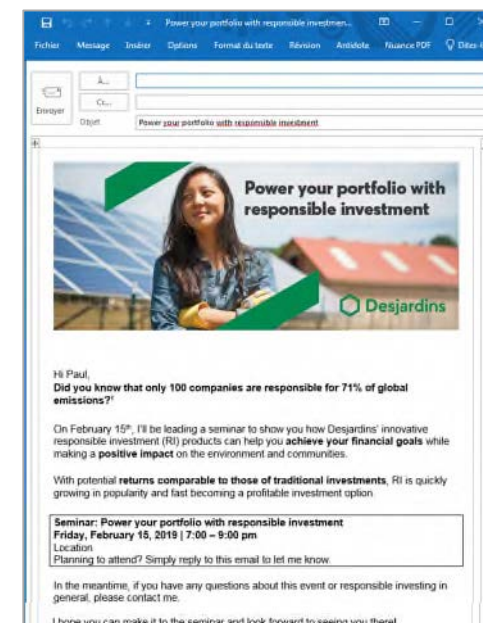
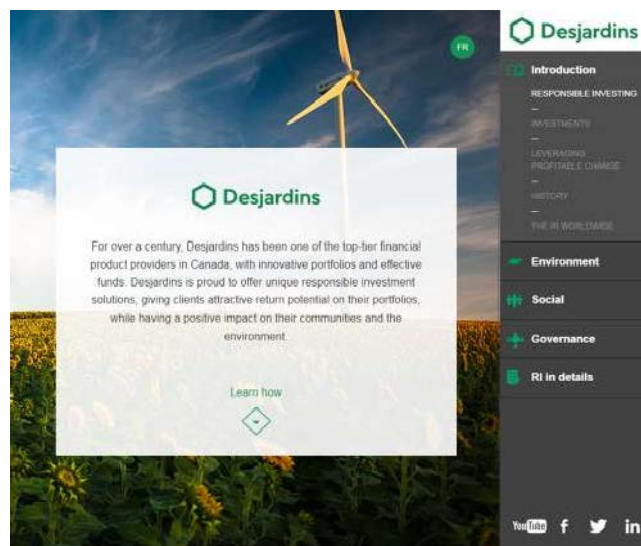
# Motivate your clients to invest in RI

## Turnkey RI client seminar

- Seminar presentation
  - Responsible Investment – Power your portfolio
  - Women investors and RI
- Personalized ad template
- E-mail invite template

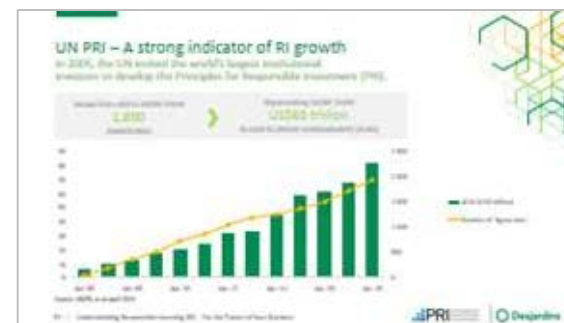
LetsthinkRI.com

Shareholder engagement



# Differentiate your business through RI

- RI Certification Workshop
  - Why RI, why now?
  - RI = alpha
  - Integrating RI into your practice
- CE credits





# RI Certification Workshop

January 23rd - Brantford, ON

How to integrate RI into your practice

Portfolio Manager Presentation

Desjardins RI Specialist Presentation

**\*\*CE Credits Provided**



# Q & A

## Wrapping it up

- RI is one of the fastest growing segments in the investment market
- RI = alpha
- Be the first to speak to your clients about it

We will help you be a leader in RI

[desjardinsfunds.com](https://desjardinsfunds.com)



# Disclaimer

The Desjardins Funds are not guaranteed, their value fluctuates frequently and their past performance is not indicative of their future returns. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The Desjardins Funds are offered by registered dealers.





**Power your portfolio with  
responsible investment**

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**Thank you**