

FOR ADVISOR  
USE ONLY

# WISE ETF PORTFOLIOS

Desjardins Funds

ADVISOR GUIDE

EVEN MORE  
SIMPLIFIED SOLUTIONS



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## WISE ETF PORTFOLIOS: WHY NOW?

Investors are looking for simple, effective, affordable investments that meet their needs. While the benefits offered by exchange-traded funds (ETFs) may be attractive, many investors don't want the added responsibility of having to manage them individually in their accounts.

**Cost is a key issue for many investors—they want to get value for their money.**

**What if you could offer them a turnkey solution that would make it easy for them to achieve their financial goals?**

With Wise ETF Portfolios, investors can:



**Take advantage of the benefits offered by ETFs**



**Enjoy the convenience of a managed solution**



**Benefit from low fees**





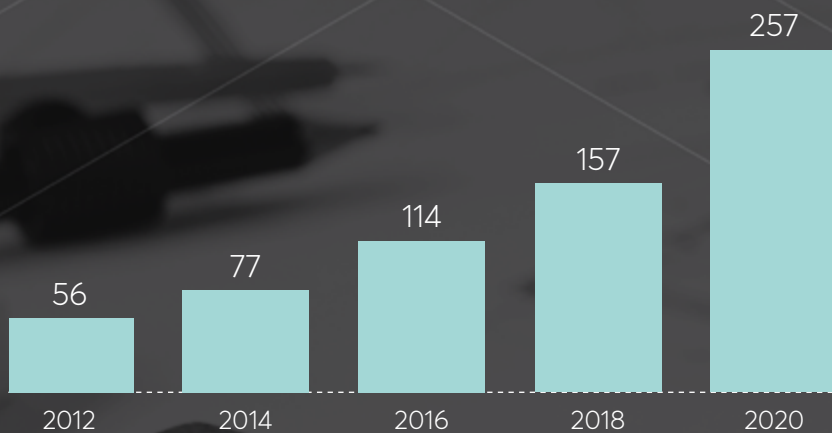
## AN UPWARD TREND

# 25%

GROWTH IN  
ETF NET ASSETS  
IN 2020<sup>1></sup>

# 5x

GROWTH IN THE NUMBER  
OF ETF MANAGERS  
SINCE 2011<sup>1></sup>



### ETF growth in Canada<sup>1></sup>

(net assets in  
billions of CAN\$ as  
at December 31)

### What's their appeal?



Access to nearly all  
asset classes, sectors,  
regions, themes and  
investment styles



Liquidity: Easy to  
trade at their fair  
market value



Low  
management fees



Better transparency  
into ETF holdings





# OFFERING ETFs AS PART OF A MANAGED SOLUTION: AN IDEA WHOSE TIME HAS COME

Wise ETF Portfolios are managed solutions that allow you to select **an all-in-one investment** based on your clients' goals and risk tolerance.

## A MANAGED SOLUTION CONSISTS OF:

- Fixed income securities to provide stable minimum yield
- Equity to capture potential growth

## THEY CAN BE USED AS:

- An investor's only investment strategy
- A complement to a strategy already in use

## QUESTIONS & ANSWERS

### What advantages do managed solutions offer?

- Solutions tailored to each investor profile that meet all of your clients' needs
- Saves time that can be better spent on planning how to achieve financial objectives, estate planning or developing your market
- Ease of management

### How will this solution help you save time?

- Portfolio management expertise at your service
- Subcontracting investment decisions gives you the benefit of:
  - Diverse outlooks from different portfolio managers
  - A combination of active and passive management, which boosts diversification
- Aim for improved diversification to benefit your clients

### Why should you recommend them to your clients?

- Only one investment decision has to be made
- Simple and easy to understand
- Just one tax slip per client
- Approach based on successfully achieving a financial objective

### What's in it for your clients?

- Attractive return potential
- Diversification on various levels aimed to minimize volatility
- Opportunity to invest in promising securities from around the world
- Highly qualified portfolio manager (DGAM)

### What are the purchase conditions?

- Initial investment of at least \$500
- Minimum of \$25 under an automatic investment plan\*

\*A minimum account balance of \$1,000 must be maintained at all times one year after account opening. Applicable to non-registered accounts, RRSPs, RRRIFs, TFSA, LIRAs, LIFs, RLIFs, RLSPs. No minimum balance to maintain for RESPs and group plans.



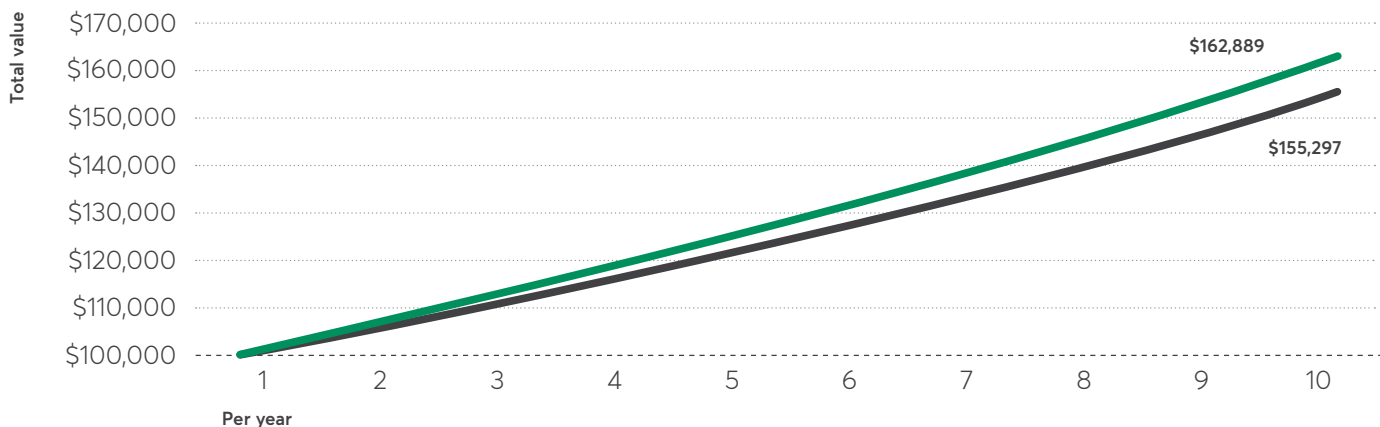
## OFFERING ETFs: AN EASY WAY TO STAND OUT TO YOUR CLIENTS

Wise ETF Portfolios make it possible to take advantage of the benefits offered by exchange-traded funds (ETFs) without trading them individually on the markets.

These portfolios consist of ETFs that replicate several different indices and actively managed investment vehicles, so your clients can benefit from a highly diversified investment.

### SEE HOW SAVING MONEY ON MANAGEMENT FEES CAN PAY OFF OVER THE LONG TERM.

This simulation\* demonstrates that a 50 basis point differential in management fees over 10 years can produce an added value of \$7,592.



The rate of return shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the Wise ETF Portfolio or returns on investment in the Wise ETF Portfolio. The rates of return presented are hypothetical annualized returns over the period.

For an initial investment of \$100,000:

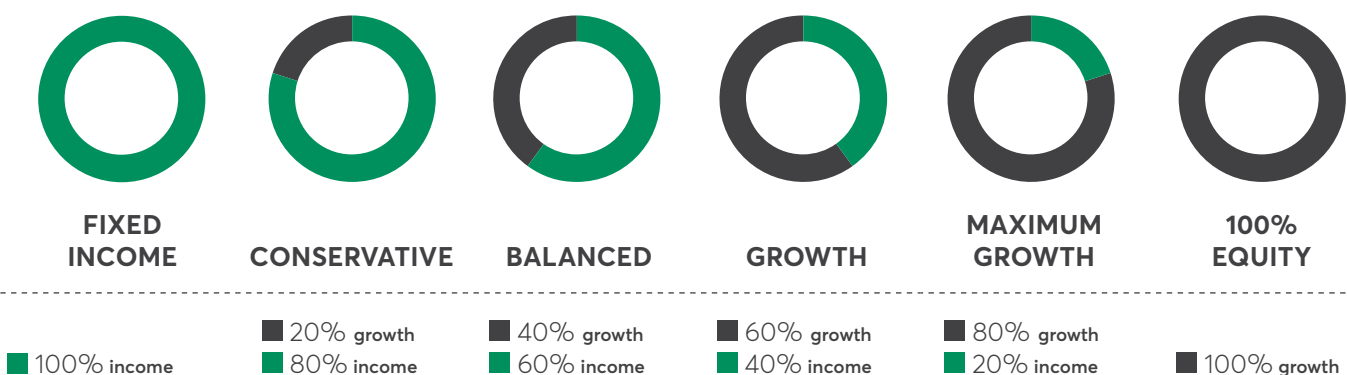
- the estimated final value is \$162,889, assuming an annualized rate of return of 5% over 10 years
- the estimated final value is \$155,297, assuming an annualized rate of return of 4.5% over 10 years

\*Simulation made by Desjardins Insurance.



# SIX PORTFOLIOS, ONE COMBINATION

**Wise ETF Portfolios are created based on the same underlying assets, whose weights vary by objective.**



## F-CLASS UNIT CODES

DJT03991

DJT03992

DJT03993

DJT03994

DJT03995

DJT03996

## C-CLASS UNIT CODES

DJT03191

DJT03192

DJT03193

DJT03194

DJT03195

DJT03196

## WHICH PORTFOLIO SHOULD YOU RECOMMEND?

These resources will help you develop an investment strategy based on your clients' needs, profile and objectives, which you can then readjust based on what's going on in their lives: (Login required)

- Create an Investor Profile - Questionnaire (online)
- Create an Investor Profile and interpretation of the Questionnaire (pdf)



# WISE ETF PORTFOLIOS ARE ALSO AVAILABLE IN THE HELIOS2 GUARANTEED INVESTMENT FUNDS CONTRACT

**This solution protects your clients' savings. Learn more about the HELIOS2 CONTRACT's Guarantees.**

	<b>HELIOS2 – 75/75</b> PROTECT YOUR CLIENTS' INVESTMENTS	<b>HELIOS2 – 75/100i</b> PROTECT YOUR CLIENTS' ESTATES	<b>HELIOS2 – 100/100i</b> OFFER YOUR CLIENTS COMPREHENSIVE COVERAGE
<b>MAIN BENEFITS</b>	Growth potential and distinctive protections	Inflation-adjusted Death Benefit <b>* THE ONLY ONE OF ITS KIND IN CANADA</b>	
			Deposits 100% protected after 15 years
<b>TARGET CLIENTELE</b>	Self-employed workers, business owners, professionals	Clients who want their estate to be passed on quickly and easily	<ul style="list-style-type: none"> <li>→ Cautious investors</li> <li>→ Have a 15-year investment horizon</li> <li>→ Want to leave something</li> </ul>

For fund codes and management expense ratios (MERs), see the [fund chart \(20105E\)](#).

For more about the Helios2 Contract, see the [Representative's Guide \(13185E\)](#).

[webi.ca/helios2contract](http://webi.ca/helios2contract)

DFS Guaranteed Investment Funds are established by Desjardins Financial Security Life Assurance Company.

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## WISE ETF PORTFOLIOS: WHAT SHOULD YOU TELL YOUR CLIENTS?

Wise ETF Portfolios are a complete, value-added solution created by perfectly balancing various aspects of portfolio management.



**Strategic  
allocation**



**ETF and  
fund  
selection**



**Automatic  
rebalancing**



**Active  
management**

**Sources of  
added value**

### 5 REASONS TO OFFER WISE ETF PORTFOLIOS TO YOUR CLIENTS:

- 01** → Simple and transparent portfolio construction ☺
- 02** → Underlying ETFs and funds from renowned managers ☺
- 03** → Strategic allocation aimed at providing consistent long-term performance ☺
- 04** → Automatic portfolio rebalancing to maintain the risk profile ☺
- 05** → A core-satellite approach with index ETFs and active management ☺



01

## SIMPLE AND TRANSPARENT CONSTRUCTION

### Desjardins Investments Inc.



Desjardins Investments Inc. is **one of the leading investment fund manufacturers in Canada.**

It regularly monitors selected managers' performance to ensure that they continue to meet our rigorous standards.

### Desjardins Global Asset Management (DGAM)



Desjardins Investments Inc. has entrusted the selection and monitoring of portfolio holdings to DGAM, **one of the largest portfolio managers in Canada.**

### Selected managers

DGAM carefully selects managers based on:

- how well they fit the mandate
- their management style
- their ability to create value over time
- the skills of their management teams
- their quality as an organization
- excellent track records
- how well they complement other managers

**This independence provides access to cutting-edge expertise for all types of investments.**



**BlackRock.**





# 02

## UNDERLYING FUNDS AND ETFS FROM RENOWNED MANAGERS



DGAM, which also manages ETFs was selected mainly for its range of **ETFs and funds**, which are included in **Wise ETF Portfolios**.

### \$80.6B

CAN\$80.6 billion in assets under management\*

### MONTREAL

Based in Montreal, Quebec (Canada)

-----

One office in Toronto, Ontario (Canada)

### 80

Employees, including 50 highly qualified investment specialists\*



Vanguard is known for its **management fees**, which are among the lowest on the market.

### \$3.2T

Assets under management of US\$3.2 trillion\*

-----

More than 30 million investors in 170 countries\*

### VALLEY FORGE

Based in Valley Forge, Pennsylvania (United States)

-----

4 offices in the United States and 15 outside the US, including one in Toronto (Canada)

### 17,600

Employees\*

### BlackRock

BlackRock is an asset manager with the **most products (including ETFs) and the highest volume of assets under management in the world**.

### \$8.7T

US\$8.7 trillion in assets under management\*

### NEW YORK

Based in New York, New York (United States)

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89 offices in 38 countries, including one in Toronto and another in Montreal (Canada)

### 16,500

Employees\*

\* As at December 31, 2020.



# 03

## STRATEGIC ALLOCATION AIMED AT PROVIDING CONSISTENT LONG-TERM PERFORMANCE

Seasoned portfolio managers at DGAM determine the strategic allocation of Wise ETF Portfolios based on the research of an award-winning team of economists at Desjardins, using a robust and adaptable quantitative model.

This allocation offers diversification at various levels aimed at minimizing volatility while stabilizing and maximizing returns. The allocation does not remain static, but, rather, is adaptive to market cycles. Thanks to their exposure to all of the major asset classes, Wise ETF Portfolios offer substantial diversification.

### TWO COMPONENTS OF STRATEGIC ASSET ALLOCATION

	LONG-TERM COMPONENT	CYCLICAL COMPONENT
Objective	Create efficient strategic portfolios that are exposed to long-term risk premiums and are well diversified	Add value to the strategic allocation by taking advantage of macroeconomic changes and changes in asset valuations that occur during a market cycle
Time horizon	20 years	7 to 8 years
Asset allocation decisions	Sub-asset class deviation relative to target allocation	<ul style="list-style-type: none"> <li>→ Fixed income and equity class deviation relative to target allocation</li> <li>→ Sub-asset class deviation relative to the long-term strategic asset allocation</li> </ul>
Frequency of review	Annual	Weekly monitoring. Phase transitions usually last between 12 and 36 months

**Wise ETF Portfolios are designed to help investors achieve their investment objectives over a long investment horizon.**





## THE ASSETS UNDERLYING WISE ETF PORTFOLIOS

### FIXED INCOME

#### Canadian bonds

- [Desjardins Canadian Universe Bond Index ETF \(DCU\)](#)

#### International bonds

- Vanguard U.S. Aggregate Bond Index ETF (CAD-hedged) (VBU)
- Vanguard Global ex-U.S. Aggregate Bond Index ETF (CAD-hedged) (VBG)
- iShares Global Government Bond Index ETF (CAD-hedged) (XGGB)
- iShares US IG Corp Bond Index ETF (CAD-hedged) (XIG)
- iShares J.P. Morgan USD Emerging Markets Bond Index ETF (XEB)
- [Desjardins Global Total Return Bond Fund – I Class](#)
- [Desjardins Global Tactical Bond Fund – I Class](#)

### GROWTH

#### Canadian equity

- Vanguard FTSE Canada All Cap Index ETF (VCN)

#### US equity

- Vanguard S&P 500 ETF (VOO)

#### International equity

- iShares Core MSCI EAFE IMI Index ETF (XEF)

#### Global equity

- [Desjardins Global Equity Growth Fund – I Class](#)
- [Desjardins Global Dividend Fund – I Class](#)

#### Global small cap equity

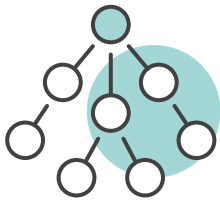
- iShares Core S&P Small-Cap ETF (IJR)
- iShares MSCI EAFE Small-Cap ETF (SCZ)

#### Emerging markets equity

- iShares Core MSCI Emerging Markets ETF (IEMG)

## WHAT IS DIVERSIFICATION AT VARIOUS LEVELS?

This kind of diversification is part of **strategic portfolio management**, i.e., the careful and balanced selection of underlying ETFs and funds.



**Diversification by asset class**



**Diversification by geographic region**



**Diversification by manager type**



# 04

## **AUTOMATIC PORTFOLIO REBALANCING TO MAINTAIN THE RISK PROFILE**

### **HOW OFTEN IS THE PORTFOLIO REBALANCED?**

To meet the strategy's goals, the portfolio manager will adjust the portfolio's asset allocation so that divergence from the target allocation is never more than  $\pm 10\%$ . For asset sub-classes, the maximum divergence from the target allocation is  $\pm 30\%$ .

Thanks to automatic rebalancing, the Wise ETF Portfolios will always remain within established risk limits.







## A CORE-SATELLITE APPROACH WITH INDEX ETFS AND ACTIVE MANAGEMENT

The Wise ETF Portfolios are made up of index ETFs and actively managed investment vehicles.

### INDEX ETFS

Index ETFs replicate benchmark indices, whether broad-market indices (e.g., S&P 500 for share indices) or specific to certain holdings or industries (e.g., emerging market bonds or oil).

They are chosen based on their low management fees and broad diversification.

### ACTIVE MANAGEMENT

The goal of actively managed investments is to outperform their benchmarks. They are the satellite positions in the Wise ETF Portfolios, representing 8.5% of the target weighting for fixed-income assets and 15% of the target weighting for equities.

They are selected based on their managers' ability to deliver attractive returns based on market conditions.





## THE ADDED VALUE OF AN INVESTMENT ADVISOR

Although managed solutions make the transactional side of portfolio management easier, they can't replace the added value provided by an investment advisor.

### EVIDENCE FROM 4 STUDIES

2.88%

#### VALUE-ADD IN 2020

The value added by an advisor who offers comprehensive wealth management services was estimated to be 2.88% in 2020.<sup>2></sup>

3%

The approximate value of the increased returns (after taxes and management fees) which may be added by an advisor who offers comprehensive services such as wealth management, portfolio construction and helping clients stick to their financial plans.<sup>3></sup>

3.9x

#### MORE SAVINGS AFTER 15 YEARS

Investors who have worked with an advisor for 7 to 14 years have 2.9 times more in savings than investors who haven't received advice. Investors who have worked with an advisor for 15 years or more accumulate 3.9 times more in savings.<sup>4></sup>

88%

of investors in 2017 said their advisor helped them obtain better returns.<sup>5></sup>







## DESJARDINS FUNDS

As one of Canada's largest mutual fund manufacturers and the manager of Desjardins Funds, Desjardins Investments Inc. offers investment products that meet the varied and changing needs of Canadian investors. With its innovative portfolios and industry-recognized funds, Desjardins Investments sets the bar high.

\$40.5

BILLION IN ASSETS  
UNDER MANAGEMENT\*

+70

MUTUAL FUNDS

**MORE THAN 60 YEARS OF  
EXPERIENCE AND TRUSTED BY  
NEARLY 600,000 INVESTORS.**

4 PORTFOLIO  
FAMILIES

\* As at December 31, 2020.

1. The Investment Funds Institute of Canada (IFIC). [2020: Investment Funds Report](#) <
2. Russell Investments Canada Limited. ["Russell Investments study shows financial advisors add more value than the 1% typically charged, calculates 2020 value-add as 2.88%."](#) <
3. Vanguard Investments Canada. ["Advisor's alpha: You make the difference - Quantifying your value to your clients."](#) <
4. The Investment Funds Institute of Canada (IFIC). ["Advice Creates Strong Value for Canadian."](#) Advisor Insights (May 2017), p. 1. <
5. The Investment Funds Institute of Canada (IFIC). [Canadian Mutual Fund Investors' Perceptions of Mutual Funds and the Mutual Funds Industry: Report 2017, November 17, 2017](#), p. 27. Note: IFIC commissioned Pollara to conduct a survey of mutual fund investors in Canada, between July 11th and July 25th, 2017 (margin of error  $\pm$  3.1%). <



## ABOUT DESJARDINS GROUP

Desjardins Group is the leading cooperative financial group in Canada and the sixth largest in the world, with assets of \$362 billion\*. It has been rated one of Canada's Top 100 Employers by Mediacorp. To meet the diverse needs of its members and clients, Desjardins offers a full range of products and services to individuals and businesses through its extensive distribution network, online platforms and subsidiaries across Canada. Ranked among the World's Strongest Banks according to The Banker magazine, Desjardins has one of the highest capital ratios and credit ratings in the industry.

## 1<sup>ST</sup> RESPONSIBLE INVESTMENT (RI) FINANCIAL INSTITUTION IN CANADA

Pioneer in the RI field since 1990, Desjardins offers the largest selection of RI solutions in addition to having the most in-depth RI expertise, thanks to a team of internationally recognized portfolio managers.

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

The Desjardins Funds and Desjardins Exchange Traded 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. Commissions, management fees and expenses all may be associated with an investment in exchange traded funds. Please read the prospectus before investing. The Desjardins Funds and Desjardins Exchange Traded Funds are offered by registered dealers.

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\*As at December 31, 2020