

# Interim Financial Statements



DESJARDINS FUNDS

As at **March 31, 2024**

## INTERIM FINANCIAL STATEMENTS (UNAUDITED) | NOTICE

The following Desjardins Funds' Interim Financial Statements have not been subject to a review by the Funds' external auditors.

**WISE MODERATE ETF PORTFOLIO**  
(FORMERLY WISE BALANCED ETF PORTFOLIO)

**STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

AS AT	MARCH 31, 2024 \$	SEPTEMBER 30, 2023 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	657,229	477,674
Investments at fair value through profit or loss (FVTPL)	27,924,097	21,881,086
Investments at fair value through profit or loss (FVTPL) pledged as collateral	2,735,583	117,001
Subscriptions receivable	125,517	4,514
Interest, dividends and other receivables	—	33,985
	<u>31,442,426</u>	<u>22,514,260</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accrued expenses	5,221	5,680
Redemptions payable	10,162	24,536
	<u>15,383</u>	<u>30,216</u>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<u>31,427,043</u>	<u>22,484,044</u>
<b>Data per Class (Note b)</b>		
<b>I-Class</b>		
Net assets attributable to holders of redeemable units	<u>2,816,551</u>	<u>2,525,721</u>
- per unit	<u>10.34</u>	<u>9.51</u>
<b>C-Class</b>		
Net assets attributable to holders of redeemable units	<u>4,038,012</u>	<u>3,262,372</u>
- per unit	<u>10.14</u>	<u>9.31</u>
<b>F-Class</b>		
Net assets attributable to holders of redeemable units	<u>24,572,480</u>	<u>16,695,951</u>
- per unit	<u>10.22</u>	<u>9.37</u>

Approved on behalf of the Board of Directors of  
**Desjardins Investments Inc.**  
Manager of the Desjardins Funds  
Frédéric Tremblay and Pierre-Olivier Samson, Directors

**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

PERIODS ENDED MARCH 31	2024 \$	2023 \$
<b>Income</b>		
Interest for distribution purposes	16,289	8,247
Dividends	302,414	154,839
Distributions from underlying funds	65,923	41,785
Revenue from securities lending activities	9,200	1,376
Foreign exchange gain (loss) on cash	764	539
Changes in fair value:		
Net realized gain (loss) on investments	(53,574)	19,330
Net unrealized gain (loss) on investments	2,358,662	941,553
	<u>2,699,678</u>	<u>1,167,669</u>
<b>Expenses</b>		
Management fees	55,328	35,509
Independent review committee's fees	29	19
Administration fees	19,721	11,976
	<u>75,078</u>	<u>47,504</u>
Withholding taxes	13,911	7,116
Commissions and other portfolio transaction costs	3,808	1,838
	<u>92,797</u>	<u>56,458</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<u>2,606,881</u>	<u>1,111,211</u>
<b>Data per Class</b>		
<b>I-Class</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>277,553</u>	<u>175,694</u>
- per unit	<u>1.05</u>	<u>0.70</u>
Average Redeemable Units	<u>263,723</u>	<u>251,319</u>
<b>C-Class</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>353,019</u>	<u>170,254</u>
- per unit	<u>0.95</u>	<u>0.59</u>
Average Redeemable Units	<u>373,346</u>	<u>287,114</u>
<b>F-Class</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	<u>1,976,309</u>	<u>765,263</u>
- per unit	<u>1.00</u>	<u>0.63</u>
Average Redeemable Units	<u>1,984,286</u>	<u>1,207,431</u>

**WISE MODERATE ETF PORTFOLIO**  
(FORMERLY WISE BALANCED ETF PORTFOLIO)

**STATEMENT OF CHANGES IN FINANCIAL POSITION (UNAUDITED)**

PERIODS ENDED MARCH 31	I-CLASS		C-CLASS		F-CLASS	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
<b>Net Assets Attributable to Holders of Redeemable Units, Beginning of Period</b>	<b>2,525,721</b>	<b>2,214,229</b>	<b>3,262,372</b>	<b>2,486,054</b>	<b>16,695,951</b>	<b>8,555,884</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<b>277,553</b>	<b>175,694</b>	<b>353,019</b>	<b>170,254</b>	<b>1,976,309</b>	<b>765,263</b>
<b>Redeemable Unit Transactions</b>						
Proceeds from sale of redeemable units	531,888	232,718	946,205	505,648	9,115,784	5,670,337
Reinvested distributions	56,181	28,852	45,068	10,732	291,906	77,908
Amounts paid for redeemable units redeemed	(518,611)	(122,438)	(523,215)	(159,866)	(3,159,222)	(866,945)
	<b>69,458</b>	<b>139,132</b>	<b>468,058</b>	<b>356,514</b>	<b>6,248,468</b>	<b>4,881,300</b>
<b>Distributions to Holders of Redeemable Units</b>						
Net investment income	(56,181)	(28,852)	(45,437)	(10,845)	(348,248)	(96,618)
Net realized gain on sale of investments and derivatives	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
	<b>(56,181)</b>	<b>(28,852)</b>	<b>(45,437)</b>	<b>(10,845)</b>	<b>(348,248)</b>	<b>(96,618)</b>
<b>Net Assets Attributable to Holders of Redeemable Units, End of Period</b>	<b>2,816,551</b>	<b>2,500,203</b>	<b>4,038,012</b>	<b>3,001,977</b>	<b>24,572,480</b>	<b>14,105,829</b>

**WISE MODERATE ETF PORTFOLIO**  
(FORMERLY WISE BALANCED ETF PORTFOLIO)

**STATEMENT OF CASH FLOWS (UNAUDITED)**

PERIODS ENDED MARCH 31	2024	2023
	\$	\$
<b>Cash Flows from (used in) Operating Activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	2,606,881	1,111,211
Adjustments for:		
Foreign exchange (gain) loss on cash	(764)	(539)
Net realized (gain) loss	53,574	(19,330)
Net unrealized (gain) loss	(2,358,662)	(941,553)
Non-cash distributions from investments	(65,923)	(41,785)
Proceeds from sale/maturity of investments	1,908,159	19,331
Investments purchased	(8,198,704)	(5,064,423)
Interest, dividends and other receivables	33,985	436
Accrued expenses	(459)	(32)
Payable for investments purchased	—	(105,014)
<b>Net Cash Flows from (used in) Operating Activities</b>	<b>(6,021,913)</b>	<b>(5,041,698)</b>
<b>Cash Flows from (used in) Financing Activities</b>		
Proceeds from sale of redeemable units	10,472,874	6,223,320
Amounts paid for redeemable units redeemed	(4,215,422)	(1,022,688)
Distributions paid to holders of redeemable units, net of reinvested distributions	(56,711)	(18,823)
<b>Net Cash Flows from (used in) Financing Activities</b>	<b>6,200,741</b>	<b>5,181,809</b>
Effect of exchange rate changes on foreign cash	727	501
Increase (decrease) in cash/bank overdraft	179,555	140,612
Cash (bank overdraft), beginning of period	477,674	402,394
<b>Cash (Bank Overdraft), End of Period</b>	<b>657,229</b>	<b>543,006</b>
<b>Supplemental Information on Cash Flows from (used in) Operating Activities</b>		
Interest received	16,084	8,399
Dividends received, net of withholding taxes	322,422	148,128
Interest paid	77	57

**WISE MODERATE ETF PORTFOLIO**  
(FORMERLY WISE BALANCED ETF PORTFOLIO)

**SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2024 (UNAUDITED)**

	PAR VALUE / NUMBER OF SECURITIES	COST \$	FAIR VALUE \$ %	
<b>Equities</b>				<b>84.3</b>
<b>Canadian Equities</b>				<b>67.3</b>
<b>Index-Based Investments</b>				
Desjardins Canadian Short Term Bond Index ETF	63,565	1,155,617	1,168,325	
Desjardins Canadian Universe Bond Index ETF	468,761	8,493,929	8,184,566	
iShares Core Canadian Corporate Bond Index ETF	122,293	2,336,098	2,387,159	
iShares Core MSCI EAFE IMI Index ETF	49,115	1,612,921	1,835,919	
iShares Global Government Bond ETF	36,795	660,559	677,764	
iShares JPMorgan USD Emerging Markets Bond Index ETF	26,595	442,982	419,935	
Vanguard FTSE Canada All Cap Index ETF	74,619	3,017,125	3,366,063	
Vanguard Global ex-U.S. Aggregate Bond Index ETF (CAD-hedged)	80,463	1,901,600	1,876,397	
Vanguard U.S. Aggregate Bond Index ETF (CAD-hedged)	56,719	1,266,690	1,233,071	
<b>Total Canadian Equities</b>		<b>20,887,521</b>	<b>21,149,199</b>	
<b>U.S. Equities</b>				<b>17.0</b>
<b>Index-Based Investments</b>				
iShares Core MSCI Emerging Markets ETF	9,902	675,980	692,098	
iShares Core S&P Small-Cap ETF	5,099	655,655	763,345	
iShares MSCI EAFE Small-Cap ETF	2,401	198,551	205,967	
Vanguard S&P 500 Index ETF	5,646	2,858,758	3,676,292	
<b>Total U.S. Equities</b>		<b>4,388,944</b>	<b>5,337,702</b>	
<b>Total Equities</b>		<b>25,276,465</b>	<b>26,486,901</b>	
<b>Investment Funds</b>				<b>13.3</b>
Desjardins Global Dividend Fund, I-Class	14,065	305,819	360,185	
Desjardins Global Equity Fund, I-Class	68,607	898,336	1,067,869	
Desjardins Global Equity Growth Fund, I-Class	17,980	315,060	350,098	
Desjardins Global Tactical Bond Fund, I-Class	43,100	404,211	408,586	
Desjardins Global Total Return Bond Fund, I-Class	209,631	2,015,632	1,986,041	
<b>Total Investment Funds</b>		<b>3,939,058</b>	<b>4,172,779</b>	
<b>Total Investments</b>		<b>29,215,523</b>	<b>30,659,680</b>	<b>97.6</b>
<b>Other Net Assets</b>			<b>767,363</b>	<b>2.4</b>
<b>Net Assets</b>			<b>31,427,043</b>	<b>100.0</b>

**TABLE 1**

**Securities Lending (Note 2)**

	FAIR VALUE \$	VALUE OF COLLATERAL RECEIVED SECURITIES \$
<b>Loaned Securities</b>	<b>2,735,583</b>	<b>2,790,294</b>

**WISE MODERATE ETF PORTFOLIO**  
(FORMERLY WISE BALANCED ETF PORTFOLIO)

**NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION (UNAUDITED)**

**a) Establishment of the Fund**

The Wise Moderate ETF Portfolio (the Fund) is an unincorporated mutual fund trust established on the following date:

I-, C- and F-Class July 8, 2019

The establishment date of the Fund is the earliest date presented above.

On March 28, 2024, the name of the Wise Balanced ETF Portfolio was changed to Wise Moderate ETF Portfolio.

**b) Units (Note 4)**

Issued and outstanding units

MARCH 31	NUMBER OF UNITS AT THE BEGINNING	UNITS ISSUED	UNITS REINVESTED	UNITS REDEEMED	NUMBER OF UNITS AT THE END
<b>I-CLASS</b>					
2024	265,709	53,068	5,494	(51,957)	272,314
2023	241,486	24,525	3,032	(12,760)	256,283
<b>C-CLASS</b>					
2024	350,427	96,155	4,495	(52,805)	398,272
2023	276,797	53,513	1,165	(17,319)	314,156
<b>F-CLASS</b>					
2024	1,782,621	917,759	28,878	(323,879)	2,405,379
2023	949,497	602,231	8,312	(92,230)	1,467,810

**c) Distributions**

Net investment income of the Fund is distributed in cash or reinvested in additional units, as follows:

I-, C- and F-Class quarterly

Any net capital gains realized are distributed annually in December.

**d) Management Fees and Other Expenses (Note 5)**

The total fees ratio, before taxes, is broken down as follows:

	MARCH 31, 2024		MARCH 31, 2023	
	ANNUAL RATE		ANNUAL RATE	
	%		%	
	MANAGEMENT FEES	FIXED ADMINISTRATION FEES	TOTAL FEES	TOTAL FEES
C-CLASS	1.35	0.15	1.50	1.50
F-CLASS	0.35	0.15	0.50	0.50

I-Class units pay distinct management fees and administration fees, which are negotiated directly with each investor.

**e) Related Party Transactions (Note 6)**

Desjardins Global Asset Management Inc. (DGAM) is the portfolio manager of the Fund. DGAM is an entity belonging to the same group as the Manager. DGAM's fees are entirely paid by the Manager.

Accrued expenses payable (receivable) to the Fund's Manager are:

	MARCH 31, 2024	SEPTEMBER 30, 2023
	\$	\$
EXPENSES PAYABLE (RECEIVABLE)	5,221	5,680

During the period, the Fund received income from exchange traded funds managed by related parties:

	MARCH 31, 2024	MARCH 31, 2023
	\$	\$
DIVIDENDS	91,503	86,465

During the period, the Fund received income from funds managed by related parties:

	MARCH 31 2024	MARCH 31 2023
	\$	\$
DISTRIBUTIONS FROM UNDERLYING FUNDS	65,923	41,785





**WISE MODERATE ETF PORTFOLIO**  
(FORMERLY WISE BALANCED ETF PORTFOLIO)

**Price Risk (in \$'000)**

The Manager's estimate of the impact on Net Assets Attributable to Holders of Redeemable Units as a result of a reasonably possible change in benchmarks, using a historical beta coefficient (a measure of the sensitivity of a security in comparison to the market) between the Fund's return as compared to the return of the Fund's benchmarks, with all other variables held constant, is included in the following table. A 36-month regression analysis has been utilized to estimate the historical beta coefficient. The regression analysis uses data based on the monthly returns of the Fund.

BENCHMARKS	CHANGE IN PRICE %	IMPACT ON NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	
		MARCH 31, 2024 \$	SEPTEMBER 30, 2023 \$
FTSE Canada Universe Bond Index	1.00	130	92
Bloomberg Multiverse Bond Index (CAD hedged)	1.00	56	39
MSCI Canada Index (Total return)	3.00	112	79
MSCI ACWI ex Canada IMI Index (Total return)	3.00	261	184

When there is more than one benchmark, the effect of each benchmark must be considered individually, as each benchmark might fluctuate independently from the others.

In practice, actual trading results may differ from these sensitivity analyses and the differences could be significant.

**Credit Risk**

As at March 31, 2024 and September 30, 2023, the Fund had no significant investments in either fixed-income securities, money market securities or derivative financial instruments. As a result, the Fund is not significantly exposed to credit risk.

**Liquidity Risk**

For further information on maturities of financial liabilities and liquidity risk management of the Fund, please refer to Note 7 "Financial Instruments Disclosures".

**g) Reconciliation of Income from Securities Lending Activities (Note 2)**

The following table shows a reconciliation of the total income generated from securities lending activities of the Fund and the revenue from securities lending activities disclosed in the Fund's Statement of Comprehensive Income.

	MARCH 31, 2024		MARCH 31, 2023	
	\$	%	\$	%
TOTAL INCOME	13,143	100	1,966	100
NET INCOME RECEIVED BY THE FUND	9,200	70	1,376	70
NET INCOME RECEIVED BY DESJARDINS TRUST	3,943	30	590	30

**h) Taxation – Loss Carry Forward (Note 8)**

Capital and non-capital losses determined for tax purposes as at December 15, 2023, which is the fiscal year-end, are as follows:

CAPITAL LOSSES		NON-CAPITAL LOSSES	
AMOUNT	AMOUNT	EXPIRATION	
\$	\$		
257,631	—	—	

**i) Seed Capital**

The Manager has the following seed capital investments:

	SEED CAPITAL	PERCENTAGE OWNERSHIP
	\$	%
MARCH 31, 2024	362,346	1.2
SEPTEMBER 30, 2023	1,045,811	4.7

# NOTES TO THE FINANCIAL STATEMENTS

## PERIODS ENDED MARCH 31, 2024 AND 2023

Throughout the Notes to the Financial Statements, "Unitholders" refers to Holders of redeemable units.

### 1. Establishment of the Funds

Desjardins Investments Inc. (the Manager) acts as the Manager of the Desjardins Funds, collectively called "the Funds". Its head office is located at 2, Complexe Desjardins, P.O. Box 9000, Desjardins Station, Montréal, Québec, Canada, H5B 1H5.

The establishment date is described in Note a) of the "Notes to the Financial Statements – Specific Information" of each Fund.

The information provided in these financial statements and notes thereto is as at March 31, 2024 and 2023, as well as at September 30, 2023 and for the six-month periods ended on those dates, as applicable.

The main activities of each Fund are disclosed in the section "Notes to the Financial Statements – Specific Information" pertaining to each Fund.

### 2. Basis of Presentation and Material Accounting Policies

#### BASIS OF PRESENTATION

##### Statement of Compliance

The policies applied in the preparation of these financial statements are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The financial statements have been authorized for issue by the Board of Directors of the Manager on May 14, 2024.

#### MATERIAL ACCOUNTING POLICIES

The measurement and presentation policies applied to prepare these financial statements are described below.

##### Financial Assets and Liabilities

Upon initial recognition, financial assets and liabilities are recorded at fair value. The Funds' financial assets and liabilities consist primarily of investments in non-derivative financial instruments and derivative financial instruments presented in the schedule of investment portfolio.

Financial assets and liabilities are recognized on the date that the Funds become a party to the contractual provisions of the instrument, namely the trade date of the financial instrument.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Funds have transferred substantially all the risks and rewards of ownership.

##### Classification and Measurement

The Funds classify and measure financial instruments in accordance with IFRS 9, *Financial Instruments*. Financial assets are measured at amortized cost, at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income depending on the contractual cash flow characteristics and the business model for managing the financial assets.

The portfolios of financial assets are managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The contractual cash flows of the Funds' debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds' business model's objective. Consequently, all investments are measured at FVTPL.

The Funds' obligation concerning net assets attributable to holders of redeemable units is recorded at the redemption amount which approximates fair value. The accounting policies used to measure the fair value of investments and derivative financial instruments are identical to those used in measuring the net asset value for transactions with holders of redeemable units, except when the closing price for financial assets and liabilities is not within the bid-ask spread.

As at March 31, 2024 and September 30, 2023, there are no differences between the Funds' net asset value per unit for transactions and their net assets per unit attributable to holders of redeemable units in accordance with IFRS.

##### Impairment

As for the impairment model, it is applicable to financial assets, loan commitments and financial collateral contracts, except for financial instruments at FVTPL or designated at fair value through other comprehensive income.

With respect to other financial assets measured at amortized cost, the Funds consider both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statement date, all financial assets measured at amortized cost are due to be settled within the short term. The Funds consider that the risk of default of these financial assets is low and that the counterparties have a strong capacity to meet their contractual obligation in the near term. Given the limited exposure of the Funds to credit risk from financial assets recorded at amortized cost, no loss allowance has been recognized as no such impairment will have a significant impact on the financial statements.

##### Determination of the Fair Value of Financial Instruments

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the valuation date. The Funds use the closing price for both financial assets and financial liabilities when this price falls within the bid-ask spread. In circumstances when the closing price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivative financial instruments, is determined using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each valuation date.

Valuation techniques include the use of comparable recent arm's length transactions, the fair value of other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other techniques commonly used by market participants and which use observable inputs. Refer to Note 7 "Financial Instruments Disclosures" for further information about the Funds' fair value measurements.

##### Cash

Cash (bank overdraft) is measured at cost, which approximates fair value.

##### Money Market Securities

Money market securities are recorded at cost including accrued interest, which closely approximates fair value.

## NOTES TO THE FINANCIAL STATEMENTS

### PERIODS ENDED MARCH 31, 2024 AND 2023

#### **Equities, Index-Based Investments and Exchange Traded Funds**

Equities, index-based investments and exchange traded funds are recorded at the closing price of the stock exchange on which the corresponding security is principally traded. Unlisted warrants are valued with a recognized valuation model, including Black-Scholes.

#### **Bonds, Bank Loans, Mortgage-Backed Securities and Asset-Backed Securities**

Bonds, bank loans, mortgage-backed securities and asset-backed securities are valued based on prices obtained from recognized securities dealers.

#### **Investment Funds**

The underlying funds' units are generally valued based on the net asset value per unit provided by the underlying fund's manager on each valuation day.

#### **Derivative Financial Instruments**

Certain Funds may use an array of derivative financial instruments such as foreign currency forward contracts, forward contracts, standardized futures contracts, swaps, To-Be-Announced and options for hedging purposes or purposes other than hedging, or both. The fair value of derivative financial instruments takes into account the impact of legally binding master netting agreements, if applicable. Refer to the section "Offsetting Financial Assets and Financial Liabilities" for further information about the Funds' offsetting.

#### **Foreign Currency Forward Contracts, Forward Contracts, Swaps and To-Be-Announced (TBA)**

The fair value of these instruments corresponds to the gains or losses that would result from the contract close-out on the valuation date; this value is recorded in "Unrealized appreciation (depreciation) on derivatives" in the Statement of Financial Position.

#### **Standardized Futures Contracts**

Standardized futures contracts are valued at fair value and are settled daily through brokers acting as intermediaries. Any amounts receivable (payable) from the settlement of standardized futures contracts are recorded in "Receivable (Payable) on standardized futures contracts" in the Statement of Financial Position.

#### **Options**

Options listed on a stock exchange are valued according to fair value based on the closing price of the principal stock exchange on which the option is being traded for long positions and the ask price for short positions. Unlisted options are valued with a recognized valuation model, including Black-Scholes.

#### **Valuation of Unlisted Securities and Other Investments**

When the valuation principles of the aforementioned investments are not appropriate, fair value is determined according to the Manager's best estimates, based on established valuation procedures and on prevailing market conditions on each valuation date. These procedures cover, among others, securities no longer traded, securities issued by private corporations and illiquid securities. For further information, refer to Note 3 "Critical Accounting Judgments, Estimates and Assumptions".

#### **Investment Transactions**

Investment transactions are accounted for on the trade date. Cost is determined on an average cost basis except for money market securities, for which the cost is determined using the First-In, First-Out method. The average cost does not include amortization of premiums or discounts on fixed-income securities with the exception of stripped bonds. Portfolio transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Funds are recognized in the Statement of Comprehensive Income. The difference between the unrealized appreciation (depreciation) of investments at the beginning and at the end of the period is included in "Net unrealized gain (loss) on investments" in the Statement of Comprehensive Income. On disposal of an investment, the difference between the fair value and the cost of the investment is included in "Net realized gain (loss) on investments" in the Statement of Comprehensive Income.

#### **Securities Lending Activities**

Certain Funds may enter into securities lending and repurchase transactions through the securities lending program of the Funds' custodian, Desjardins Trust Inc. (Trust).

The securities loaned and repurchased are not derecognized in the Statement of Financial Position as substantially all the risks and rewards of ownership of these securities are retained.

To limit the risk that the counterparty fails to fulfill its obligations, the Funds obtain collateral, representing at least 102% of the contract amount, determined daily based on the fair value of the previous business day's securities loaned or repurchase transactions. Securities received as collateral in securities lending transactions are not recognized in the Statement of Financial Position as substantially all the risks and rewards of ownership of these securities have not been transferred to the Funds. Cash guarantees received for securities lending and repurchase transactions are recognized as financial assets in the Statement of Financial Position, in "Cash guarantee received for securities lending" or "Cash guarantee received for repurchase transactions", as appropriate. A liability representing the obligation to return the securities is recognized in "Commitments related to securities lending" or "Commitments related to repurchase transactions", as appropriate.

Trust, as the Funds' custodian, may use those amounts to buy investments. Revenue generated through the Trust's securities lending program is shared by the Fund and the Trust at the rate presented in the section "Notes to the Financial Statements – Specific Information" pertaining to each Fund. This revenue is included in "Revenue from securities lending activities" in the Statement of Comprehensive Income.

#### **Offsetting Financial Assets and Financial Liabilities**

A financial asset and a financial liability offset in the Fund's Statement of financial position when, and only when, the Fund has a legally enforceable and unconditional right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Fund has a legally enforceable and unconditional right to offset a financial asset and a financial liability when such right is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

Over-the-counter derivative financial instruments, securities lending and repurchase agreements, receivable for investments sold and payable for investments purchased, are subject to master netting or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position as they give a right to an offset that is enforceable only in the event of default, insolvency or bankruptcy.

The table presenting financial assets and liabilities that are offset or not offset in the Statement of Financial Position and subject to a master netting agreement or similar agreement is presented in the section "Notes to the Financial Statements – Specific Information" pertaining to each Fund, if applicable.

#### **Other Assets and Liabilities**

Margin deposited on derivatives, receivable on standardized futures contracts, subscriptions receivable, receivable for investments sold, cash guarantee received for securities lending and repurchase transactions as well as interest, dividends and other receivables are measured at amortized cost.

Similarly, accrued expenses, collateral payable, payable on standardized futures contracts, redemptions payable, payable for investments purchased, commitments related to securities lending and repurchase transactions, interest, dividends and other payables as well as distributions payable are measured at amortized cost.

**NOTES TO THE FINANCIAL STATEMENTS**  
PERIODS ENDED MARCH 31, 2024 AND 2023

Given the short-term nature of other assets and liabilities, their carrying amount approximates their fair value.

**Income**

Interest for distribution purposes from investments in debt securities presented in the Statement of Comprehensive Income is recognized as it is earned. This category can include other incomes. The Funds do not amortize premiums paid or discounts received on the purchase of debt securities except for stripped bonds. Dividends are recognized as income on the ex-dividend date. Income received from exchange traded funds (ETF's) and income trusts are presented in "Dividends". Notional distributions received from ETFs are considered non-cash transactions and increase the average costs for those ETFs. Amounts from investments that are treated as a return of capital for income tax purposes reduce the average cost of those investments. Foreign interest and dividend income are accounted for on a gross basis and are included in the "Income" section of the Statement of Comprehensive Income.

The net income from Limited Partnership includes income attributed for tax purposes and are presented in "Distributions from underlying funds". Distributions received from underlying funds are recorded at the date of distribution. They are included in "Distributions from underlying funds" and are presented in the Statement of Comprehensive Income. Distributions received in the form of units from underlying funds are presented in "Non-cash distributions from investments" in the Statement of Cash Flows.

On derivative financial instruments contract close-out, the gains and losses from derivative financial instruments held for hedging purposes are included in "Net realized gain (loss) on derivatives" of the Statement of Comprehensive Income. Gains and losses from derivative financial instruments held for purposes other than hedging are included in "Net income (loss) from derivatives" of the Statement of Comprehensive Income.

**Foreign Currency Translation**

The Funds' financial statements, subscriptions and redemptions are denominated in Canadian dollars, the Funds' functional and presentation currency. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate on each valuation date. Purchases and sales of securities, as well as income and expenses denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates.

Foreign exchange gains and losses relating to cash are presented as "Foreign exchange gain (loss) on cash" and those relating to other financial assets and liabilities are presented within "Net realized gain (loss) on investments" and "Net unrealized gain (loss) on investments" in the Statement of Comprehensive Income.

Amount in currencies are presented using the following abbreviations:

Abbreviation	Currency	Abbreviation	Currency	Abbreviation	Currency
AED	United Arab Emirates Dirham	GBP	Pound Sterling	PHP	Philippines Peso
ARS	Argentinian Peso	HKD	Hong Kong Dollar	PLN	Polish Zloty
AUD	Australian Dollar	HUF	Hungarian Forint	QAR	Qatar Rials
BRL	Brazilian Real	IDR	Indonesian Rupiah	RUB	Russian Ruble
CAD	Canadian Dollar	ILS	Israeli Shekel	SAR	Saudi Riyal
CHF	Swiss Franc	INR	Indian Rupee	SEK	Swedish Krona
CLP	Chilean Peso	JPY	Japanese Yen	SGD	Singapore Dollar
CNY	Chinese Yuan Renminbi	KES	Kenyan Shilling	THB	Thai Baht
COP	Colombian Peso	KRW	South Korean Won	TRY	Turkish Lira
CZK	Czech Republic Koruna	MXN	Mexican Peso	TWD	Taiwan Dollar
DKK	Danish Krone	MYR	Malaysian Ringgit	USD	U.S. Dollar
DOP	Dominican Peso	NOK	Norwegian Krone	UYU	Uruguay Peso
EGP	Egyptian Pound	NZD	New Zealand Dollar	ZAR	South African Rand
EUR	Euro	PEN	Peruvian New Sol		

**Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit**

The increase (decrease) in net assets attributable to holders of redeemable units per unit, presented in the Statement of Comprehensive Income, is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the average number of units outstanding during the period.

**Income Taxes**

Under the *Income Tax Act* (Canada), each Fund, except the Funds listed below, is defined as a mutual fund trust. The following Funds are considered unincorporated unit trusts:

- 
- Desjardins Global Governmental Bond Index Fund
  - Desjardins Sustainable Global Corporate Bond Fund (formerly Desjardins SocieTerra Global Corporate Bond Fund)
  - Desjardins Sustainable Emerging Markets Bond Fund (formerly Desjardins SocieTerra Emerging Markets Bond Fund)
  - Desjardins Sustainable Global Balanced Fund (formerly Desjardins SocieTerra Global Balanced Fund)
  - Desjardins Sustainable Canadian Equity Income Fund (formerly Desjardins SocieTerra Canadian Equity Income Fund)
  - Desjardins Sustainable Fixed Income Portfolio (formerly SocieTerra Fixed Income Portfolio)
  - Wise Fixed Income ETF Portfolio
  - Wise Conservative ETF Portfolio
- 

When the Fund reaches 150 or more investors in a Class of units, until the fiscal year-end date, the Fund may qualify as a mutual fund trust.

## NOTES TO THE FINANCIAL STATEMENTS

### PERIODS ENDED MARCH 31, 2024 AND 2023

#### **Year-End Date**

The year-end for tax purposes is December 31 for the following Funds:

---

Desjardins Money Market Fund  
Desjardins Global Governmental Bond Index Fund  
Desjardins Sustainable Global Corporate Bond Fund (formerly Desjardins SocieTerra Global Corporate Bond Fund)  
Desjardins Sustainable Emerging Markets Bond Fund (formerly Desjardins SocieTerra Emerging Markets Bond Fund)  
Desjardins Sustainable Global Balanced Fund (formerly Desjardins SocieTerra Global Balanced Fund)  
Desjardins Sustainable Canadian Equity Income Fund (formerly Desjardins SocieTerra Canadian Equity Income Fund)  
Desjardins Sustainable Fixed Income Portfolio (formerly SocieTerra Fixed Income Portfolio)  
Wise Fixed Income ETF Portfolio  
Wise Conservative ETF Portfolio

---

All other Funds have a year-end for tax purposes of December 15.

The Funds are taxable on net income and net capital gains not distributed to unitholders. All the Funds' investment income and sufficient net capital gains realized in any year are required to be distributed to unitholders to ensure no income tax is payable by the Funds. As a result, the Funds do not record income taxes. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred income tax asset.

Capital losses can be carried forward indefinitely to reduce future capital gains. Non-capital losses incurred in a financial year may be carried forward 20 years to reduce future investment income and capital gains. To know the amounts of capital and non-capital losses determined for tax purposes, refer to the section "Notes to the Financial Statements – Specific Information" pertaining to each Fund.

Distributions are considered to be a return of capital, net investment income or capital gain. The Funds reserve the right to make additional distributions over the course of a given year should the Manager deem it appropriate.

The Funds currently incur withholding taxes imposed by certain countries on foreign investment income and capital gains. Such income and gains are recorded on a gross basis, and the related withholding taxes are shown as a separate expense in the Statement of Comprehensive Income.

For further information, refer to the section "Notes to the Financial Statements – Specific Information" pertaining to each Fund.

#### **Investments in Entities**

The Funds meet the definition in IFRS 10, *Consolidated Financial Statements*, of investment entities and account for their investments in underlying funds at FVTPL.

According to IFRS 12, *Disclosure of Interests in Other Entities*, the Funds must disclose specific information on their investments in other entities, such as subsidiaries, associates and structured entities.

#### **Subsidiaries**

An entity is considered as a subsidiary when it is controlled by another entity. The Fund controls an entity when it has the right to variable returns from its involvement with the entity and through its power over the entity.

#### **Associates**

Associates are investments in entities over which the Fund exercises significant influence without, however, exercising control.

#### **Structured Entities**

Structured entities are conceived in a way that the right to vote and other similar rights are not determining factors in exercising control. The Manager has determined that its investments in underlying funds (including limited partnerships), index-based investments (including exchange traded funds), mortgage-backed securities and asset-backed securities are structured entities, unless the specified relationship is different. Total values of those investments in the table "Fair Value Hierarchy" also represent the fair value of investments in structured entities.

Refer to the section "Notes to the Financial Statements – Specific Information" pertaining to each Fund for more information on entities.

### **3. Critical Accounting Judgments, Estimates and Assumptions**

The preparation of financial statements requires the Manager to use judgment in applying its accounting policies and to make estimates and assumptions about the future. Actual results may differ from these estimates. The following paragraphs discuss the most significant accounting judgments and estimates that the Funds have made when preparing the financial statements.

#### **Fair Value Measurement of Derivative Financial Instruments and Securities not Quoted in an Active Market**

The Funds may hold financial instruments that are not quoted in active markets, including derivative financial instruments. Fair value is determined based on models that make maximum use of observable inputs and rely as little as possible on unobservable inputs. The Funds consider the data observable if that market data is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager.

When no quoted prices are available, the fair value is estimated using present value or other valuation methods, which are influenced by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates, which reflect varying degrees of risk, including liquidity risk, credit risk, risks related to interest rates, exchange rates, and price and rate volatility.

The calculation of the fair values may differ given the role that judgment plays in applying the valuation techniques and the acceptable estimation. Fair value reflects market conditions at a given date and, for this reason, it may not be representative of future fair values. Refer to Note 7 "Financial Instruments Disclosures" for further information on fair value measurement of financial instruments.

#### **Classification and Measurement of Investments**

In classifying and measuring financial instruments held by the Funds, the Manager is required to make significant judgments about the business model in which the portfolio of investments and derivatives is held. The Manager has determined that the Funds' business model is one on which the portfolios are managed and performance is evaluated on a fair value basis. For further information on financial instruments, refer to Note 2, "Basis of Presentation and Significant Accounting Policies".

NOTES TO THE FINANCIAL STATEMENTS  
PERIODS ENDED MARCH 31, 2024 AND 2023

## 4. Net Assets Attributable to Holders of Redeemable Units

### Structure of Redeemable Units

Each Fund is authorized to issue an unlimited number of classes of redeemable units (the units) and an unlimited number of units of each class.

Each class unit entitles the holder thereof to participate equally in the distributions of the Fund made to that class. Fractions of units may be issued.

The units of a Fund are of the same class and confer the same rights and privileges except that in respect of a Fund with more than one class of units, each class of units may have a different management fee, dealer compensation structure or distribution structure. As a result, each unit entitles its holder to one vote, on matters the holder has a voting right on, and to participate equally in distributions made in respect of the class of units by the subject Fund and, upon liquidation, in the net assets attributable of the class of units remaining after satisfaction of outstanding liabilities. A fraction of a unit will entitle the unitholder to similar proportionate participation and to vote.

Units and fractions of units may be issued by a Fund only as fully paid. A unitholder will be entitled to redeem units in the manner described under "Redemptions of Securities" in the Annual Information Form. The Declaration of Trust does not impose any restrictions on the transfer of units.

The rights and conditions attached to the units of each Fund may be modified only in accordance with the provisions of the securities legislation applicable to such units and the provisions of the Declaration of Trust.

The Manager manages the capital of the Funds in accordance with their investment objectives (refer to Note 7). Also, in accordance with securities regulations, the Funds seek to invest subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

### Classification of Units Issued by the Funds

The Funds' outstanding units qualify as "puttable instruments" as required by the IAS 32: *Financial Instruments: Presentation* (IAS 32). IAS 32 states that units that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset should be classified as financial liabilities. The Funds issue different classes of units that are equally subordinated but have different features.

In addition, the Funds have a contractual obligation to distribute any taxable income annually that allows the unitholders to request cash payment for any distributions or dividends declared. These features breach the requirements for the units to be presented as equity under IAS 32. Consequently, the Funds' outstanding units are classified as financial liabilities in these financial statements.

### Authorized units

The unitholders' equity of the Fund is composed of:

An unlimited number of A-Class units offered to all investors.

An unlimited number of T-, T4-, T5-, T6-, T7- and T8-Class units offered to investors who wish to have additional tax-advantaged income to complement their income from other sources, and that are not offered under registered plans.

An unlimited number of I-Class units offered to large investors who negotiate and pay reduced management fees directly to the Manager.

An unlimited number of C-Class units offered to investors who purchase units using an initial sales charge option, a deferred sales charge option or a low load sales charge option. On September 10, 2021, the Manager discontinued the offering of deferred sales charge or low load sales charge purchase options except for purchases made under systematic plans, which are not available for purchases since November 26, 2021. These units are offered only if the investor's representative's firm has reached a security agreement with the Manager.

An unlimited number of R-, R4-, R5-, R6-, R7- and R8-Class units offered to investors who purchase units on an initial sales charge option, a deferred sales charge option or a low load sales charge option. On September 10, 2021, the Manager discontinued the offering of deferred sales charge or low load sales charge purchase options except for purchases made under systematic plans, which are not available for purchases since November 26, 2021. These investors wish to have additional tax-advantaged income to complement their income from other sources. These units are not offered under registered plans. These units are offered only if the investor's representative's firm has reached a security agreement with the Manager.

An unlimited number of F-Class units offered to investors who compensate their representative on a "fee for service" basis, who have a representative's firm-sponsored wrap account or who pay their representative's firm an annual fee and where the representative's firm does not receive trailing commissions from the Manager. These annual fees can be negotiated between the investor and his representative's firm. These units are offered only if the investor's representative's firm has reached a security agreement with the Manager.

An unlimited number of S-, S4-, S5-, S6-, S7- and S8-Class units offered to investors who compensate their representative on a "fee for service" basis, who have a representative's firm-sponsored wrap account or who pay their representative's firm an annual fee and where the representative's firm does not receive trailing commissions from the Manager. These annual fees can be negotiated between the investor and his representative's firm. These investors wish to have additional tax-advantaged income to complement their income from other sources. These units are not offered under registered plans. These units are offered only if the investor's representative's firm has reached a security agreement with the Manager.

An unlimited number of O-Class units offered to investors who purchase the units with the Signature Service Centre and Desjardins Securities Inc. and who compensate their representative on a "fee for service" basis, who have a representative's firm-sponsored wrap account or who pay their representative's firm an annual fee and where the representative's firm does not receive trailing commissions from the Manager. These annual fees can be negotiated between the investor and his or her representative's firm. These units are offered only if the investor's representative's firm has reached a security investment agreement with the Manager.

An unlimited number of P-, P4-, P5-, P6-, P7- and P8-Class units offered to investors who purchase the units with the Signature Service Centre and who compensate their representative on a "fee for service" basis, who have a representative's firm-sponsored wrap account or who pay their representative's firm an annual fee and where the representative's firm does not receive trailing commissions from the Manager. These annual fees can be negotiated between the investor and his or her representative's firm. These investors wish to have additional tax-advantaged income to complement their income from other sources. These units are not offered under registered plans. These units are offered only if the investor's representative's firm has reached a security investment agreement with the Manager.

An unlimited number of Z4- and Z5-Class units offered to certain investors who have entered into an agreement with the Manager. These units are offered on a no-load basis, that means no initial sales charge and no deferred sales charge. These units are not offered under registered plans.

An unlimited number of D-Class units offered to investors who purchase their units through Disnat Online Brokerage or an account with a discount broker and who compensate the discount broker's firm on a "fee for service" basis; the discount broker's firm receives lower trailing commissions from the Manager for these units. These units are offered on a no-load basis, which means no initial sales charge and no deferred sales charge. However, the broker executing the transaction may charge the investor execution fees for any transaction on such securities. These execution fees can be negotiated between the investor and the discount broker. These units are offered only if the investor's discount brokerage firm has reached a security agreement with the Manager.

## NOTES TO THE FINANCIAL STATEMENTS

### PERIODS ENDED MARCH 31, 2024 AND 2023

An unlimited number of N-Class units offered to investors who compensate their representative on a “fee for service” basis, who have a representative’s firm-sponsored wrap account or who pay their representative’s firm an annual fee and where the representative’s firm does not receive trailing commissions from the Manager. These annual fees can be negotiated between the investor and his representative’s firm. These units are not offered under Group RRSPs. These units are offered only if the investor’s representative’s firm has reached a security agreement with the Manager. These units are offered only if the investor’s representative’s firm uses the NAVex platform for the distribution of N-Class Units. Fractions of units cannot be purchased on the NAVex platform. These units are offered on a no-load basis, which means no initial sales charge, no deferred sales charge and no reduced deferred sales charges. The investor’s representative may charge additional fees. As at September 30 2022, the closing price of N-Class units (TSX NAVex) is equal to the net asset value per unit for transactions. On December 9, 2022, the funds closed the N-class units.

An unlimited number of PM-Class units offered to investors who have entered into a discretionary investment authorization with their representative. Representatives wishing to subscribe for PM class units on behalf of their clients must enter into a securities investment agreement between the representative’s firm and the Manager and must sign the portfolio management registration acknowledgement. These units are offered only if the investor’s representative’s firm has concluded a security investment agreement with the Manager.

An unlimited number of W-Class units offered as part of the Discretionary Management Service of Desjardins Securities Inc. or to investors who have entered into a discretionary portfolio management agreement with their representative’s firm or who have received prior authorization from the Manager. The management and fixed administration fees are reduced and negotiated directly with each investor or with the representative’s firm which has entered into a discretionary portfolio management agreement. In the latter case, the fees will be paid by the representative’s firm. These units are offered only if the investor’s representative’s firm has reached a security investment agreement with the Manager. However, the Manager may decide at its discretion to offer these securities to other types of investors.

#### **Valuation of Units**

On each business day and for each class of units of each Fund, the Manager calculates the net asset value per unit by dividing the net assets attributable to holders of redeemable units by the number of units outstanding.

The net asset value of each class in a Fund corresponds to the proportion of the assets of the Fund attributable to the class, net of the proportion of the Fund’s total liabilities attributable to the class and the liabilities of the class. Expenses directly related to a class are applied against this class. Other income and expenses as well as realized and unrealized capital gains and losses are applied against each class in proportion to their respective net asset value.

#### **Management of Risks Associated with Units**

Units issued and outstanding are considered as the Funds’ capital. The Funds are not subject to specific capital requirements concerning subscription and redemption of units, other than certain minimum subscription requirements. Unitholders are entitled to require payment of the net asset value per unit for all or any of the units they hold by giving written notice to the Manager. The written notice must be received within the prescribed time period. Moreover, the notice must be irrevocable and the signature thereon must be guaranteed by a Canadian chartered bank, a trust company or an investment dealer acceptable to the Manager. Units are redeemable for cash equal to a pro rata share of the Funds’ net asset value.

## **5. Management Fees and Other Expenses**

#### **Management Fees**

The Manager receives, from each Fund, weekly management fees, before taxes, calculated on the net asset value of each class of units on each valuation date. The Manager assumes the responsibility for the payment of the investment fees to portfolio sub-managers retained for the Funds.

Certain Funds may invest in other mutual funds (underlying funds), including Desjardins Funds, in order to achieve their investment objectives. There are fees payable by the underlying funds in addition to the fees payable by the investing Fund. No management fees or incentive fees are payable by the Fund that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service.

#### **Other Expenses**

The Manager pays all of the Funds’ operating expenses, excluding certain fees, in exchange for payment of the fixed-rate annual administration fees determined by the Funds (fixed administration fees) for each class of the Funds.

The fees associated with the Independent Review Committee include annual fees and meeting fees, if any, payable to members and the payment of any other expenses related to the operation of the Independent Review Committee and are assumed by each Fund.

The fixed administration fees payable in respect of units of a Fund correspond to a specific percentage of the net asset value of the class, calculated and compounded daily and paid monthly. The fixed administration fees are the same for the various classes of units of the same Fund. The fixed administration fees will vary from one Fund to the next since the fees associated with each type of Fund differ.

For more information regarding the management fees and other expenses each Fund incurs, please refer to the section “Notes to the Financial Statements – Specific Information” pertaining to each Fund.

## **6. Related Party Transactions**

The Manager ensures the daily administration of the Funds and provides or ensures the Funds are provided with all services (accounting, custody, portfolio management, record maintenance, transfer agent) required to function properly. The Funds pay management fees to the Manager, which are calculated on a daily basis with the net asset value of the Funds and paid weekly at the annual rate specified under note “Management Fees and Other Expenses” in the section “Notes to the Financial Statements – Specific Information” pertaining to each Fund. Management and administrative fees presented in the Statement of Comprehensive Income were incurred by the Manager of the Desjardins Funds.

Revenue from securities lending activities are received from Trust, an entity belonging to the same group as the Manager.

Trust, an entity belonging to the same group as the Manager, is the Funds’ Trustee and Custodian. The Funds’ Trustee fees are at the Manager’s expense. The Custodian fees are at the Manager’s expense and are based on market conditions.

Certain Funds invest in Bonds issued by Fédération des caisses Desjardins du Québec, an entity belonging to the same group as the Manager.

#### **Underlying Funds and ETFs**

In accordance with their investment objectives, certain Funds invest in A- and I-Class units of Desjardins Funds, in Desjardins ETFs and other funds managed by related parties. The underlying funds and the ETFs identified as related in the table “Fair Value Hierarchy” are considered related parties. All transactions in those underlying funds are executed based on the net asset value per unit, determined according to the policies of the respective underlying funds prevailing on the transaction date. The Funds pay no commissions or other fees related to these transactions.

For more information regarding the related parties for each Fund, please refer to the section “Notes to the Financial Statements – Specific Information” pertaining to each Fund.

## 7. Financial Instruments Disclosures

### Hierarchy of Financial Instruments Measured at Fair Value

The fair value measurement of financial instruments is determined using the following three levels of the fair value hierarchy:

- Level 1 – Measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques based primarily on observable market data;
- Level 3 – Valuation techniques not based primarily on observable market data.

If inputs of different levels are used to measure the fair value of an asset or liability, the classification within the hierarchy is based on the lowest level input that is significant to the measurement.

### Measurement Monitoring

The Manager is responsible for establishing the fair value measurements included in the Funds' financial statements, including Level 3 measurements. The Manager obtains prices from a pricing agency, monitors and analyzes these prices daily. A Measurement Monitoring Committee ensures that appropriate operating procedures and a proper monitoring structure are in place and followed. This Committee meets on a quarterly basis to review fair value situations. Reports are produced monthly and given quarterly to the Committee members. It also examines specific processes carried out by the Investment Fund Portfolio Department. Moreover, the Measurement Monitoring Committee establishes Measurement Policy orientation. On a quarterly basis, this Committee examines and approves the Level 3 measurements after obtaining confirmation of the measurements from each portfolio manager, as needed. The Committee signs off on any adjustments made to prices or estimates provided by the pricing agency.

### Establishment of Levels

A change in the fair value measurement method could result in a transfer between levels. The Funds' policy is to record the implications of the transfers between levels on the date of the event or change in circumstances behind the transfer.

The following types of investments may be classified as Level 3 if their prices are no longer based on observable inputs.

#### a) Money Market Securities

Money market securities primarily include public sector and corporate securities. The inputs that are significant to valuation are generally observable. Public sector money market securities guaranteed by the federal or provincial government have been classified as Level 1. Other money market securities have been classified as Level 2.

#### b) Equities

Equities are classified as Level 1 when the security is actively traded and a reliable price is observable. Certain equities do not trade frequently and therefore observable prices may not be available. In such cases, fair value is determined using observable market data and the fair value is classified as Level 2. If the determination of fair value uses significant unobservable data, then the fair value is classified as Level 3. Unlisted warrants are generally classified as Level 2.

#### c) Index-Based Investments and Exchange Traded Funds

Index-based investments and exchange traded funds are classified as Level 1 when the security is actively traded and a reliable price is observable.

#### d) Bonds and Bank Loans

Public sector government bonds are classified as Level 1. Corporate bonds and Bank loans, which are valued using models with inputs including interest rate curves, credit spreads and volatility, are usually classified as Level 2.

#### e) Mortgage-Backed Securities and Asset-Backed Securities

Mortgage-backed securities and asset-backed securities consist primarily of corporate securities, which are valued using models with inputs including interest rate curves, credit spreads and volatility. Since the inputs that are significant to valuation are generally observable, mortgage-backed securities and asset-backed securities are usually classified as Level 2.

#### f) Investment Funds

Public investment funds are classified as Level 1 when their prospectus is unrestricted and their price is reliable and observable. Since some investment funds are not public, their price is determined using observable market data and their fair value is classified as Level 2. If the measurement of fair value requires the use of significant unobservable inputs, then it is classified as Level 3.

#### g) Options

Options are classified as Level 1 when the option is actively traded and a reliable price is observable. Unlisted options are generally classified as Level 2.

#### h) Derivative Financial Instruments

Derivative financial instruments, other than the options, consist of foreign currency forward contracts, To-Be-Announced (TBA) and swaps for which counterparty credit spreads are observable and reliable or for which the credit-related inputs are determined to be significant to fair value, are classified as Level 2. TBA are classified as Level 1 when the underlying mortgage-backed securities are classified as level 1.

Detailed information concerning the fair value hierarchy of each Fund is available in their respective "Notes to the Financial Statements – Specific Information". For securities classified as Level 3, the valuation techniques and assumptions are also presented in their respective notes.

### Management of Risks Arising from Financial Instruments

Throughout their activities, the Funds are exposed to a variety of risks associated with financial instruments such as market risk (including currency risk, interest rate risk and price risk), concentration risk, credit risk and liquidity risk. The overall risk management strategy of the Funds focuses on the unpredictability of financial markets and optimizes the Funds' financial performance. Most investments involve a risk of loss.

The Manager is responsible for the Funds' risk management and for selecting and monitoring portfolio sub-managers.

The Manager compares the performance of the Funds with benchmark indexes on a monthly basis. This analysis is submitted and discussed monthly at the Steering Committee Performance of Managers and Solutions of Desjardins Investments Inc. and quarterly at the Committee Performance of Manager and Investment Solutions of Wealth Management and Life and Health Insurance. The Manager also ensures that the Funds' investment policies are followed and writes a compliance report, which is also submitted monthly to the Steering Committee Performance of Managers and Solutions of Desjardins Investments Inc.



## NOTES TO THE FINANCIAL STATEMENTS

### PERIODS ENDED MARCH 31, 2024 AND 2023

Every quarter, the Manager discusses the results of the performance analyses with the portfolio sub-managers and organizes yearly meetings with them in order to keep abreast of any changes in their investment practices.

#### **Market Risk**

Market risk is the risk that the fair value or future cash flows associated with a financial instrument will fluctuate because of a change in the relevant risk variables, such as interest rates, exchange rates and equity prices. The Funds' market risk is managed through diversification of the investment portfolios' exposure ratios.

#### **Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk is composed of monetary items (usually including cash, receivable amounts in foreign currencies, investments in fixed-income and money market securities) and non-monetary items (usually including investments in equities and investment funds). The non-monetary assets are classified according to the trading currency of the security.

The Funds are exposed to currency risk by holding assets and liabilities denominated in currencies other than the Canadian dollar, the Funds' functional currency, as the value of the securities denominated in other currencies will fluctuate according to the prevailing exchange rates.

The Funds' exposure to currency risk is shown based on the carrying value of financial assets and financial liabilities (including the notional amount of foreign currency forward contracts and foreign currency futures, if any).

When the Canadian dollar decreases in relation to foreign currencies, the value of foreign investments increases. Conversely, when the value of the Canadian dollar increases, the value of foreign investments decreases.

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk occurs when an investment fund invests in interest-bearing financial instruments. Generally, the value of these securities increases if interest rates decrease and decreases if interest rates increase. The interest rate risk is managed by calculating and monitoring the average portfolio duration on these securities. The Funds also hold a limited amount of cash subject to variable interest rates, which exposes them to cash flow interest rate risk.

#### **Price Risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price, other than those arising from currency risk or interest rate risk.

The portfolio manager plans to manage this risk by carefully selecting securities and other financial instruments, in accordance with defined limits. The maximum risk resulting from financial instruments is determined by the fair value or contract value of the financial instruments. The Funds' financial instruments are exposed to price risk arising from uncertainties about the future prices of instruments.

#### **Concentration Risk**

Concentration risk arises because of the concentration of exposure within the same category, whether it is geographical location or industry sector. For Funds with an international investment strategy, the concentration by geographic location is presented according to, among other things, the country of incorporation or region. For Funds with a domestic investment strategy, the concentration by industry sector is presented according to their investments in the different sectors. The concentration risk is managed through portfolio diversification within the framework of the Funds' objective and strategy.

#### **Credit Risk**

Credit risk is the risk that the financial instrument counterparty will be unable to pay the full amount at maturity. The Funds' credit risk is managed through an independent credit analysis from the Manager/sub-advisor, in addition to credit rating agencies' analysis.

#### Financial Instrument Transactions

The Funds are exposed to credit risk. The Funds' and the counterparty's respective credit risk are considered when determining the fair value of financial assets and liabilities, including derivative financial instruments. Transactions are settled or paid on delivery using approved brokers. The risk of default is considered limited as delivery of the securities sold is made once the broker has received payment.

Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

However, there are risks involved in dealing with custodians or prime brokers who settle trades and, in rare circumstances, the securities and other assets deposited with the custodian or broker may be exposed to credit risk with regard to such parties. In addition, there may be practical problems or time delays associated with enforcing the Funds' rights to their assets in the case of an insolvency of any such party.

The credit rating for fixed-income securities and money market securities is rated by credit rating agencies, which generally includes the Dominion Bond Rating Service (DBRS), Standard & Poor's and Moody's. In cases where the credit rating agencies do not agree on a credit rating for fixed-income securities and money market securities, they will be classified following these rules:

- If two credit ratings are available, but the ratings are different, the lowest rating is used.
- If three credit ratings are available, the most common credit rating is used.
- If all three credit rating agencies have different ratings, the middle credit rating is used.

The credit rating is then converted to DBRS format. Generally, the greater the credit rating of a security, the lower the probability of it defaulting on its obligations.

Derivative financial instruments are financial contracts whose value depends on underlying assets. The vast majority of derivative financial instruments are negotiated by mutual agreement between the Funds and their counterparties, and include, among others, foreign currency forward contracts. Other transactions are carried out as part of trades and mainly consist of standardized futures contracts.

#### Securities Lending Activities Transactions

Securities lending and repurchase transactions expose the Funds to credit risk. These transactions are governed by the Investment Industry Regulatory Organization of Canada participation agreements. The Funds also use netting agreements with counterparties to mitigate credit risk and require a percentage of collateralization (a pledge) on these transactions. The Funds only accept pledges from counterparties that comply with the eligibility criteria defined in their policies. These criteria promote quick realization, if necessary, of collateral in case of default. The collateral received and given by the Funds are mainly cash and government securities. Further information on assets pledged and received as collateral is presented in the "Notes to the Financial Statements – Specific Information" pertaining to each Fund.

## NOTES TO THE FINANCIAL STATEMENTS

### PERIODS ENDED MARCH 31, 2024 AND 2023

#### **Liquidity Risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities.

The Funds are exposed to daily cash redemptions of units. Most of their assets are therefore invested in liquid investments (i.e., investments that can be readily disposed of).

Some Funds may invest in derivative financial instruments, debt securities and unlisted equity investments that are not traded in an active market. As a result, some Funds may not be able to quickly liquidate their investments at amounts approximating their fair values or be able to respond to specific effects such as deterioration in the creditworthiness of any particular issuer.

Units are redeemable upon request at the holder's option. However, the Manager does not expect that the contractual maturity disclosed will be representative of the actual cash outflows, as holders of the instruments typically retain them for a longer period.

The majority of the remaining liabilities are due within the next three months. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### **CDOR Transition Risk**

CDOR transition risk is the risk related to the anticipated discontinuation of CDOR in June 2024. Certain instruments held by the Funds rely in some fashion upon CDOR. Although the transition process away from CDOR has become increasingly well-defined in advance of the anticipated discontinuation date, there remains uncertainty regarding the nature of any replacement rate, and any potential effects of the transition away from CDOR on the Funds or on certain instruments in which the Funds invest can be difficult to ascertain. The transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that currently rely on CDOR and may result in a reduction in value of certain instruments held by the Funds. The impact of this transition, if any, will be captured in the change in fair value of these investments and is not expected to be material to the Fund.

#### **Additional Information**

For further information on the risks associated with financial instruments to which each Fund is exposed, refer to the section "Notes to the Financial Statements – Specific Information" pertaining to each Fund.



**Desjardins Investments Inc.**

Desjardins Funds Customer Service

514 286-3499 (for the Montréal area)

1 866 666-1280

[info.fondsdesjardins@desjardins.com](mailto:info.fondsdesjardins@desjardins.com)

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