InfoFunds

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Desjardins Wealth Management
Investments

Let's stay the course!

A number of events have affected financial markets since the start of 2022.

ÉRIC LANDRY
Chief Operating Officer
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These include the war in Ukraine, inflationary pressures, interest rate hikes and both resource and labour shortages. All of these factors have triggered volatility on stock and bond markets.

Although the current economic environment is highly uncertain, history has shown us that the best solution for investors is to stick to the investment strategy implemented with their advisor.

The portfolio managers for Desjardins Funds are taking care of your best interests by identifying promising investment opportunities in this particular environment. It's normal to have more questions than usual right now, and the advisory team is still your best resource for getting answers and discussing your investment strategy.

As always, Desjardins is right there with you during this turmoil and will keep you informed about everything that affects your investment funds. This bulletin will explain how important it is to stick to your investment strategy and how to use funds invested in registered education savings plans (RESPs), as well as tell you about responsible investment solutions.

Thank you for choosing us to manage your investments. Your well-being comes first, and satisfying your needs is our priority. We're doing everything we can to support you and do what's best for you.

Thanks and enjoy!

Good to know!

Desjardins expands its SocieTerra product line

Desjardins has consolidated its position as one of the leaders in Canada's responsible investment market by launching 10 new Desjardins SocieTerra Funds and a SocieTerra Portfolio. With the addition of these fossil fuel-free responsible investment funds, the SocieTerra line now offers almost 30 products.

Thanks to this even broader range of responsible investment (RI) funds, Desjardins is maximizing opportunities for portfolio diversification and ensuring it fully meets the needs of investors in these kinds of products.

To learn more about the SocieTerra line of portfolios and funds, speak to our advisory team or visit desjardins.com/desjardinsfunds.

If you have any questions about your investments, contact your representative or visit desjardins.com/desjardinsfunds.

Given the current economy, should I rethink my strategy for investing in funds?

The current economic environment is uncertain, which in combination with high volatility, interest rate hikes and soaring inflation, may give rise to concern that you may lose some of your savings or fail to meet your financial goals.

Under these circumstances, you may be wondering whether you should rethink your strategy for investing in funds. If the events that have unfolded since the year began haven't affected your financial position or ability to reach your goals, you should stick to your strategy. Making a hasty decision may have long-term repercussions on your ability to achieve your investment goals.

When you buy into an investment fund, your Desjardins advisor will work with you to identify your investment profile and the goals that drive you. After that, you look over your strategy together every year to see whether your goals and financial position have changed.

Here's some advice to help you keep your cool when markets tumble.

Learn to control your emotions

Unchecked emotions can lead to bad decisions when market volatility has you spooked. Keeping them in check will allow you to reach your goals.

Hold your investments

Markets often yield their best returns after corrections*. Being uninvested during these times can have a negative impact on your investments in the long run.

Invest regularly

Nobody can predict which way the markets will go, so it's better to invest regularly. Take advantage of market lows — don't just buy when everything looks rosy and prices are high. Setting up automatic investments lets you aim for the best average cost per share possible.

Diversify your portfolio

It's important to diversify your investments. Including various industries, management styles, countries and asset classes in your portfolio increases your potential returns while leaving you less vulnerable to volatility.

Think long term

Let time do its work and stick to your long-term investment strategy. The markets have always had ups and downs but in the long term, they've generally increased in value.

Get professional advice

Teaming up with a Desjardins advisor means you can count on the support of an experienced, objective professional who understands your financial situation.

* Generally, a correction is when the stock markets drop by 10% or more.

The Desjardins Funds are not guaranteed, their value fluctuates frequently, and their past performance is not indicative of their future returns. The indicated rates of return are the historical annual compounded total returns of the date of the present document including changes in securities value and reinvestment of all distributions and do not consider sales, redemption, distribution or other optional charges, or income taxes payable by any securityholder that would have reduced 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.

Everything you need to know about RESP withdrawal strategies

Your kids have started a qualifying post-secondary education program and it's time to withdraw funds from their registered education savings plan (RESP). This is the withdrawal stage. Find out how to optimize your withdrawals for you and your children.

What do the funds you withdraw from your RESP consist of?

First, you should know that the money in an RESP falls into 2 categories:

- The capital invested by the people who opened it
- The government grants and accumulated investment income, known as Educational Assistance Payments (EAP) upon withdrawal

How can money withdrawn from an RESP be used?

Since you don't have to justify how you use the money withdrawn, it can be used to pay for tuition, textbooks, a computer or car, an apartment, and so on. In fact, as soon as the money is paid out, it can be used however your child desires.

Do you have to give all the money you withdraw to your child?

When you make a withdrawal, you can choose to pass some or all of the money to your child. Although subsidies and investment income have to be given to the student, you can decide to take back your capital for other projects.

How can you optimize your RESP withdrawals?

Did you know that you can maximize your savings by using your savings plans more effectively? Here are some strategies that help students and their parents benefit from RESP withdrawals.

1. Keep building up savings tax-free

If your child is over 18, you can give them the capital withdrawn from the RESP so they can contribute it to their TFSA up to their contribution limit. A gift like this will allow them to keep saving tax-free.

2. Reinvest your capital

Since the capital you withdraw belongs to you, you can contribute this amount to your RRSP if you still have contribution room. If you get a tax refund, you'll be able to use this amount for your child's education or your own projects, or even to pay your mortgage.

You can also contribute this capital to your younger children's RESPs, if they haven't already been maxed out, to take advantage of subsidies and build up more tax-free savings for their post-secondary educations.

Planning your children's future and your own isn't easy

Feel free to contact an advisor to help you maximize your savings based on your needs.

Learn more about RESPs: desjardins.com/resp

Responsible investment: High-conviction investment over the long term

The turmoil that has upset financial markets since the start of the year has also shaken up investors. In this environment, responsible investment (RI) sets itself apart with its long-term goals and principles, which are based on both financial and environmental, social and governance (ESG) criteria. Let's see how it's done.

First, an analysis of over 1,000 studies published from 2015 to 2020 showed that most of the time RI funds had equivalent or superior returns compared to traditional funds.[1]

In addition, adopting sound ESG practices makes it easier for businesses to deal with the risks related to current shifts, such as the transition to a low-carbon economy, as well as take advantage of investment opportunities.

Furthermore, although rising fossil fuel prices are good for securities in that sector, which is not included in the responsible investment universe, they also boost demand for renewables, which are one of the sectors that RI focuses on. These conditions accentuate the challenges related to energy efficiency, which is a risk that ESG investments try to minimize.

In short, the objective of RI is twofold: It aims to offer attractive potential returns while playing a role in the transition to a more sustainable world. Even when returns go down in the short term, the satisfaction of helping this transition along remains, and the desire to take part in it may help investors stay grounded.

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[1] https://www.stern.nyu.edu/sites/default/files/assets/documents/NYU-RAM_ESG-Paper_2021%20Rev_0.pdf

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