

Calculating the return

Calculating the return on Desjardins Balanced Growth Profile Guaranteed Investment Portfolio (Investment of \$25,000 and more – 5-year term)

On April 4, 2012, John Doe purchases a Balanced Growth Profile Guaranteed Investment Portfolio (Investment of \$25,000 and more) for \$26,000. The return is calculated based on the following weighting: 20% in fixed yield component, 10 % is invested in Enhanced Return Guaranteed Investment – Financial Services, 10% in Enhanced Return Guaranteed Investment – Consumer Staples, 10% in Enhanced Return Guaranteed Investment – Health Care and 50% in Equity Guaranteed Investments Portfolio.

Below are the details of his investment as indicated on the investment agreement.

Acquisition date:	April 4, 2012
Pre-issue interest rate (sales period):	1.00%
Issue date:	July 19, 2012
Maturity date:	July 19, 2017
Rate of participation in index growth:	100%
Return on fixed yield component (from issue date to maturity date):	<u>Fixed-rate term savings:</u> The highest of the 5-year conventional term savings rate on April 2, 2012 or on July 11, 2012 or a higher interest rate as delivered by the Guaranteed Product Development and Financial Modelling Group, PLUS 0.65 %.

How the Investment Works

– From the acquisition date to the issue date, interest is earned at the pre-issue rate.

Amount invested	\$26,000.00
Interest calculated daily between April 4, 2012 to July 19, 2012 at a rate of 1.00%	<u>\$75.40</u>
Total	\$26,075.40

–From the issue date to the maturity date, the return depends on fluctuations in the stock market index.

1- The contribution of each of the components to the yield of the investment is described below:

i. Fixed yield component

The fixed annual compound rate of return, which applies to 20% of the principal, corresponds to the highest of the following rates:

- The rate in force at the Caisse as of **APRIL 2, 2012** for a 5-year conventional term savings deposit, increased by a **0.65%** variation.
- Or the rate in force at the Caisse as of **JULY 11, 2012** for a 5-year conventional term savings deposit, increased by a **0.65%** variation

ii. Variable yield components :

a. Enhanced Return Guaranteed Investment – Financial Services

The yield of Enhanced Return Guaranteed Investment – Financial Services, which applies to 10% of the principal, shall be determined at maturity in the following manner:

$$\left\{ \left[\left(\frac{CP^2 \text{ for } S_1}{CP^1} + \frac{CP^2 \text{ for } S_2}{CP^1} + \dots + \frac{CP^2 \text{ for } S_8}{CP^1} \right) \times 1/8 \right] - 1 \right\} \times 100.000$$

Interest: minimum of 5.000 % and maximum of 20.000%

- CP² = The average closing level of each of the reference indexes on **MAY 11, 2017, JUNE 12, 2017 AND JULY 11, 2017** (or the following business day).
 CP¹ = The closing level of each of the reference indexes on **JULY 11, 2012**.
 S₁ to S₈ = Each one of the 8 securities listed below.
 100.000 % = The rate of participation in the growth of the basket of securities.

List of stock market securities. The weight applying to each security is 12.5%		
S ₁ : Royal Bank of Canada (RY CT)	S ₂ : Bank of Nova Scotia (BNS CT)	S ₃ : CIBC (CM CT)
S ₄ : Bank of Montreal (BMO CT)	S ₅ : Toronto-Dominion Bank (TD CT)	S ₆ : Manulife Financial Corp (MFC CT)
S ₇ : Intact Financial Corporation (IFC CT)	S ₈ : Great-West Lifeco Inc. (GWO CT)	

b. Enhanced Return Guaranteed Investment – Consumer Staples

The yield of Enhanced Return Guaranteed Investment – Consumer Staples, which applies to 10% of the principal, shall be determined at maturity in the following manner:

$$\left\{ \left[\left(\frac{CP^2 \text{ for } S_1}{CP^1} + \frac{CP^2 \text{ for } S_2}{CP^1} + \dots + \frac{CP^2 \text{ for } S_{10}}{CP^1} \right) \times 1/10 \right] - 1 \right\} \times 100.000 \%$$

Interest: minimum of 5.000 % and maximum of 20.000%

- CP² = The average closing level of each of the reference indexes on **MAY 11, 2017, JUNE 12, 2017 AND JULY 11, 2017** (or the following business day).
 CP¹ = The closing level of each of the reference indexes on **JULY 11, 2012**.
 S₁ to S₁₀ = Each one of the 10 securities listed below.
 100.000 % = The rate of participation in the growth of the basket of securities.

List of stock market securities. The weight applying to each security is 10%		
S ₁ : Unilever NV (UNA NA)	S ₂ : Procter & Gamble Co. (PG UN)	S ₃ : Nestlé SA (NESN VX)
S ₄ : Kraft Foods Inc. (KFT UN)	S ₅ : Kimberly-Clark Corp. (KMB UN)	S ₆ : Tesco plc (TSCO LN)
S ₇ : Coca-Cola Co. (KO UN)	S ₈ : H.J. Heinz Company (HNZ UN)	S ₉ : ConAgra Foods Inc. (CAG UN)
S ₁₀ : Danone SA (BN FP)		

c. Enhanced Return Guaranteed Investment – Health Care

The yield of Enhanced Return Guaranteed Investment Health Care, which applies to 10% of the principal, shall be determined at maturity in the following manner:

$$\left\{ \left[\left(\frac{CP^2 \text{ for } S_1}{CP^1} + \frac{CP^2 \text{ for } S_2}{CP^1} + \dots + \frac{CP^2 \text{ for } S_{10}}{CP^1} \right) \times 1/10 \right] - 1 \right\} \times 100.000 \%$$

Interest: minimum of 5.000 % and maximum of 20.000%

- CP² = The average closing level of each of the reference indexes on **MAY 11, 2017, JUNE 12, 2017 AND JULY 11, 2017** (or the following business day).
- CP¹ = The closing level of each of the reference indexes on **JULY 11, 2012**.
- S₁ to S₁₀ = Each one of the 10 securities listed on the following page,
- 100.000 %** = The rate of participation in the growth of the basket of securities.

List of stock market securities. The weight applying to each security is 10%		
S ₁ : Novartis AG (NOVN VX)	S ₂ : Roche Holding AG (ROG VX)	S ₃ : Sanofi-Aventis SA (SAN FP)
S ₄ : GlaxoSmithKline Plc (GSK LN)	S ₅ : Johnson & Johnson (JNJ UN)	S ₆ : Takeda Pharmaceutical Co. Ltd (4502 JT)
S ₇ : Pfizer Inc. (PFE UN)	S ₈ : Bristol-Myers Squibb Co. (BMJ UN)	S ₉ : Abbott Laboratories. (ABT UN)
S ₁₀ : Merck & Co. Inc. (MRK UN)		

d. Equity Guaranteed Investment Portfolio

The yield of the Equity Guaranteed Investment Portfolio, which applies to 50% of the principal, shall be determined at maturity in the following manner:

$$\text{Max} \left[0 \%, \left[\left(\frac{CL^2 - CL^1}{CL^1} \right) \times 40\% \text{ for } I_1 + \left(\frac{CL^2 - CL^1}{CL^1} \right) \times 30\% \text{ for } I_2 + \left(\frac{CL^2 - CL^1}{CL^1} \right) \times 30\% \text{ for } I_3 \right] \times 100.000 \% \right]$$

For each of reference indexes I₁ to I₃, the result $\frac{CL^2 - CL^1}{CL^1}$ is subject to a 0% minimum and a **23.000%** maximum.

- CL² = The average closing level of each of the reference indexes on **MAY 11, 2017, JUNE 12, 2017 AND JULY 11, 2017** (or the following business day).
- CL¹ = The closing level of each of the reference indexes on **JULY 11, 2012**.
- 100.000 %** = The rate of participation in the portfolio growth.

* List of reference indexes and weighting		
I ₁ : S&P/TSX 60® (Canada) 40%	I ₂ : S&P 500® (United States) 30%	I ₃ : Overseas Index 30%

If the cumulative growth is **21.45%** (corresponds to an annualized compound yield of **3.96%**), the investor will receive **\$26,075.40 X 1.2145 = \$31,668.57** upon maturity, on July 19, 2017.

If the cumulative growth is below the minimum guaranteed, therefore the interest payment to the account holder on July 19, 2017 will equal only the minimum guaranteed return.