

## Calculating the return

### Calculating the return on an Equity Guaranteed Investment Portfolio (5-year term)

On February 8, 2012 John Doe purchases an Equity Guaranteed Investment Portfolio for \$20,000, for a term of 5 years. The return is based on the increase in value of 3 indices as follows: 40% Canadian, 30% American, 30% Overseas (based on the performance of the European, UK and Japanese indices equally weighted at 33 1/3% each).

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

<b>Acquisition date:</b>	February 8, 2012
<b>Pre-issue interest rate (sales period):</b>	1.00%
<b>Issue date:</b>	April 18, 2012
<b>Maturity date:</b>	April 18, 2017
<b>Maximum index growth:</b>	25.0% (for each index)
<b>Rate of participation in index growth:</b>	100%
<b>Return on investment (from issue date to maturity date):</b>	The return on maturity depends on fluctuations in the reference indices and their weighting in the Desjardins Equity Guaranteed Investment Portfolio.

### How the investment works

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

Amount invested	\$20,000.00
Interest calculated daily between February 8, 2012 to April 18, 2012 at a rate of 1.00%	<u>\$38.74</u>
Total	<b>\$20,038.74</b>

For the period between the date of issue and the date of maturity, the interest shall be determined at maturity according to the variation in the three reference indexes\*:

* List of reference indexes and weighting			
I <sub>1</sub> : Canadian Index S&P/TSX 60® 40%	I <sub>2</sub> : American Index S&P 500® 30%	I <sub>3</sub> : Overseas Index	30%

**EXAMPLE OF YIELD CALCULATION AT MATURITY (5-year term)**

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

For each of reference indexes  $I_1$  to  $I_3$ , the result  $\frac{(CL^2 - CL^1)}{CL^1}$  is subject to a 0% minimum and a **25.000%** maximum.

- Principal = The amount of the Initial Deposit plus the cumulative pre-issue interest accrued between the date of Initial Deposit and the Date of Issue
- CL<sup>2</sup> = The average closing level of each of the reference indexes on **FEBRUARY 13, 2017, MARCH 13, 2017 AND APRIL 11, 2017** (or the following business day).
- CL<sup>1</sup> = The closing level of each of the reference indexes on **APRIL 11, 2012**.
- 100.000 %** = The rate of participation in the portfolio growth.

**Example of yield calculation at maturity (5-year term) – Bull market**

Reference Index	Start-of-period index level (CL <sup>1</sup> )	End-of-period index level (CL <sup>2</sup> )	Index appreciation	Overseas weighted index appreciation (33 1/3% each)	Minimum and maximum appreciation considered	Retained appreciation	Equity Portfolio weighting	Contribution to the Equity Portfolio cumulative yield	Equivalent annual compound yield*
I <sub>1</sub> : Canadian Index S&P/TSX 60	699.27	948.56	35.65%	S,O,	0% to 25%	25.00%	40%	10.00%	
I <sub>2</sub> : American Index S&P 500	1 292.48	1 469.86	13.72%	S,O,	0% to 25%	13.72%	30%	4.12%	
I <sub>3</sub> : Overseas Index									
I <sub>3-1</sub> :EURO STOXX 50® (Eurozone)	2 339.51	3 455.57	47.70%	15.90%					
I <sub>3-2</sub> : FTSE 100® (United Kingdom)	5 670.82	6 188.51	9.13%	3.04%					
I <sub>3-3</sub> : NIKKEI 225® (Japan)	8 447.88	9 600.23	13.64%	4.55%					
				23.49%	0% to 25%	23.49%	30%	<u>7.05%</u>	
								<b>21.17%</b>	<b>3.92%</b>

\* The yield is presented for information purposes only and is not indicative of future performance.

**Calculation of interest on the principal**

$$\text{\$20,038.74} \times 1.2117 = \text{\$24,280.94}$$

In the example of a bull market, the cumulative stock market index growth of **21.17%** corresponds to an annual rate of return of **3.92%**.

Since the index growth rate is lower than 25.00%, the interest paid to the investor's account on April 18, 2017 will be equal to the total index growth.

### Example of yield calculation at maturity (5-year term) – Bear market

Reference Index	Start-of-period index level (CL <sup>1</sup> )	End-of-period index level (CL <sup>2</sup> )	Index appreciation	Overseas weighted index appreciation (33 1/3% each)	Minimum and maximum appreciation considered	Retained appreciation	Equity Portfolio weighting	Contribution to the Equity Portfolio cumulative yield	Equivalent annual compound yield*
I <sub>1</sub> : Canadian Index S&P/TSX 60	699.27	605.73	-13.38%	S.O.	0% to 25.0%	0.00%	40%	0.00%	
I <sub>2</sub> : American Index S&P 500	1 292.48	1 098.02	-15.05%	S.O.	0% to 25.0%	0.00%	30%	0.00%	
I <sub>3</sub> : Overseas Index									
I <sub>3-1</sub> : EURO STOXX 50® (Eurozone)	2 339.51	2 000.55	-14.49%	-4.83%					
I <sub>3-2</sub> : FTSE 100® (United Kingdom)	5 670.82	5 057.10	-10.82%	-3.61%					
I <sub>3-3</sub> : NIKKEI 225® (Japan)	8 447.88	8 523.23	0.89%	0.30%					
				-8.14%	0% to 25.0%	0.00%	30%	0.00%	
								0.00%	0.00%

\* The yield is presented for information purposes only and is not indicative of future performance.

#### Calculation of interest on the principal

$$\$20,038.74 \times 1.0 = \$20,038.74$$

In this example of a bear market, the growth of the index is zero, therefore no interest will be paid to the account holder on April 18, 2017. Only the capital guarantee will apply.