



**MEMORANDUM**  
**TO ALL MEMBERS**  
**OF THE DESJARDINS GROUP PENSION PLAN (DGPP)**  
**(RRQ registration number: 25717)**

**Highlights of the 26th DGPP Annual Meeting, held April 9, 2016**

May 19, 2016

The Desjardins Group Pension Plan (DGPP) Annual Meeting was held April 9, 2016, at the Palais des congrès de Montréal during the Desjardins Group Annual General Meetings. The meeting was also streamed live on the Desjardins Group Plans website.

After welcoming members, the Chair of the Desjardins Group Retirement Committee (DGRC), Jean-Robert Laporte, announced the results of elections to fill three Committee positions. Robert Bastien was re-elected as representative of active plan members from the Fédération. Michel-Pierre Bergeron was re-elected as representative for retirees, beneficiaries and members entitled to a deferred pension, and Mario Lévesque was elected as the observer representing active Desjardins Group plan members. Their three-year terms began immediately and run until the DGPP Annual Meeting in 2019.

The Chair told members that the Plan's excellent performance in 2015 proves that the proactive and rigorous management strategy for the Plan and the steps taken in recent years are paying off. He stated that a number of major economic and social events affected various financial markets throughout 2015; and that low and relatively stable interest rates over the last several years have put pressure on the type of returns needed to improve the Plan's financial position. However, despite all of that, the Plan's management team has once again shown the depth of their expertise and generated positive returns for a seventh straight year. He told members the Plan posted an impressive 8.2% return in 2015, clearly exceeding the long-term target of 5.5%—the baseline for meeting financial obligations to Plan members. The Chair added that over the last seven years the Plan has generated an average return of approximately 10% while maintaining an acceptable level of risk for the organization.

He went on to speak about a major positive development last year in the adoption of Bill 57, *An Act to amend the Supplemental Pension Plans Act mainly with respect to the funding of defined benefit pension plans*. The Act is a compromise between providing benefit security and respecting plan sponsors' funding ability. It helps keep defined benefit plans sustainable by requiring that funding includes an explicit stabilization provision based on the Plan's investment policy. Funding on a solvency basis will therefore no longer be required. The adoption of the legislation and excellent returns in 2015 contributed to a marked improvement in the Plan's funding ratio, which represents the Plan's capacity to meet its future obligations. The ratio rose from 89% to approximately 101%, putting the Plan back in balance and on a solid financial footing. The Chair said the 101% figure is an estimate, but will be confirmed shortly when the Regulation specifying the technical details for the application of Bill 57 is adopted. The Chair spoke on behalf of the Retirement Committee and thanked all the teams that worked with the Quebec Government to develop legislation that is more fair and that more accurately represents the financial position of pension plans.

The Chair highlighted the fact that strong Plan performance and the ability to maintain a balanced financial position are direct results of priority targets set in 2012. The targets are part of a global action plan to ensure the Pension Plan remains stable and sustainable. He highlighted the fact that one of the measures called for extending the bond portfolio's duration in order to achieve a better match with liabilities. Once again in 2015, the move helped protect Plan assets from volatile interest rates. He also detailed how the Plan is benefitting from enhanced real estate and infrastructure investment portfolios worth over 1 billion dollars each. The portfolios have provided greater income stability and strengthened the Plan's financial position.

In the infrastructure sector, the Plan partnered with Desjardins insurance subsidiaries and invested over \$140 million in the Rivière-du-Moulin wind farm. It is the largest investment the Plan has ever made in the asset class, demonstrating real support for the renewable energy sector, and promoting the energy transition that is coming to Quebec and the rest of the world. The Chair said he has no doubt that such a large transaction enhances the international reputation and credibility the DGPP has acquired for investing in sustainable energy.

When addressing governance, the Chair spoke of the Retirement Committee's structure of sub-committees, particularly the Investment Committee and the Risk Management Advisory Committee, both of which help guarantee strong and stable Plan governance. The sub-committees enable the Retirement Committee to manage the Plan's assets responsibly and prudently, thereby ensuring sound stewardship.

The Chair told members that despite strong results, there are still a number of challenges and the Plan will proceed with caution. The first few months of 2016 demonstrated that the global economy remains fragile, with volatile markets and relatively low interest rates; elements that will continue to impact the Plan and that call for the Retirement Committee to keep a close watch on global economic developments. The fact that the retirement rate is not slowing down and lifespans keep getting longer also puts increased pressure on the Plan.

He then moved on to highlight the excellent work of the Member Services Team, which distinguished itself once again by achieving an overall satisfaction rate of 99% for the quality of the support they provided to the 61,000 Plan members last year. The commitment of everyone on the team, combined with the expertise of Plan administrators, managers and actuaries has helped improve the Plan for its members.

Prior to adjourning the meeting, the Chair thanked Retirement Committee members Serges Chamberland, Normand Deschênes, Julie Goulet and Marie Hélène Noisieux, who left in 2015. He also acknowledged the members of the Retirement Committee, the Senior Vice-President of Finance and Chief Financial Officer for Desjardins Group, the Desjardins Group Pension Plan Division, Desjardins Financial Security and the Human Resources Specialized Centre Division. The Chair assured members that the Committee intends to stay the course and continues to work with Plan members to maintain proactive and rigorous management in 2016 and beyond, guaranteeing that being a Desjardins employee or retiree will always have its advantages.

**ANNUAL MEETING – WEBCAST IN PLAYBACK MODE  
AND  
2015 DGPP ANNUAL REPORT**

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