

*Assemblées générales
annuelles*



NOTES FOR A SPEECH BY

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PRESIDENT AND CHIEF OPERATING OFFICER
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CENTRE DES CONGRÈS DE QUÉBEC, MARCH 25, 2006
(THE ACTUAL SPEECH MAY DIFFER FROM THE FOLLOWING TEXT)

Mr. President of Desjardins Group,
Mr. Chairman,
Dear Partners,
Ladies and Gentlemen,

It is a great pleasure for me to be with you here today to present the 2005 results for Desjardins Asset Management. They are very encouraging, and reflect the positive performance of the markets.

Thanks to the sustained trust and support shown by our partners and clients, assets under management have grown from over \$16 billion in 2001 to nearly \$36 billion in 2005. In 2005 alone, they rose 35%.

Even with the favourable market context, the rise also reflects the spectacular growth in our securities lending activities, the new management mandates entrusted to us and the caisse network's very solid sales performance, including for the Alternative Term Savings and Perspectives Plus Term Savings products.

Total income was \$68 million, up 11% over 2004, attributable to the volume outstanding of savings products and the launch of new institutional funds.

Moreover, despite the voluntary decrease in our profit margins in favour of our Desjardins partners, we are able to report net income of \$21 million, an increase of \$1 million over 2004.

Lastly, we paid out \$19 million in dividends this year, bringing the total dividend payout to \$90 million over the past five years.

I can truly say that 2005 was another very good year, thanks to the contribution made by all our employees in achieving these results.

From this quick overview of the recent past, let us now move on and see what tomorrow has in store. It is an accepted fact that investment managers are more concerned with the future than with the past.

As you know, we live in a world that is defined by the rapid pace of change and instant communications. The global economy impacts us all.

Although major events may well take place halfway around the globe, they are bound to have an impact on our daily lives.

For example, we have only to think about how quickly China and other emerging countries are growing their economies, and the very strong impact this is having on the manufacturing sector in Quebec and in the rest of Canada.

Consider also the consequences of higher energy prices. While they have underpinned our dollar's appreciation, they have also further eroded our competitive position worldwide and caused a shift in economic activity in Canada from east to west.

We have also had to contend with low interest rates over the past several years.

All this has had repercussions on our results and, accordingly, we had to adapt our investment strategies in our three main sectors of activity, namely:

- Securities investments and financial engineering,
- Mortgage investments and institutional financing, and
- Real estate investments.

In the area of securities investments, our specialists were forced to review our investment allocations to keep pace with the rapid growth of emerging countries and high energy prices.

This prompted us to include securities from countries like China and India, and to invest directly in the commodities sector.

You will recall that one of the challenges we faced in 2005 was the launch of the multi-management platform.

At Desjardins, multi-management is an exclusive tool, which is used to structure portfolios, find and select some of the best managers in the world and carefully follow-up on their management. When we do this, not only are we able to control risks, but we are also able to improve returns in a low interest-rate environment, which, as we know, does not generate appreciable returns for Desjardins investors and our own funds.

This key tool helped us launch seven new institutional funds, and plans are in the works for five more in 2006.

As for the hedge funds portfolio, we currently manage assets totalling \$5.2 billion, and we successfully improved on our positioning, moving up from 40th to 36th in world rankings, and we consolidated our top ranked-position in Canada.

I would now like to talk about something that affects you more directly: structured savings products. Over the past few years, and you have been able to establish this for yourself at your caisse, products such as the Alternative Term Savings and Perspectives Plus Term Savings have contributed to the favourable results at Desjardins.

Over the next few years, we will multiply our efforts and develop products and strategies adapted to the needs of each stage of the lifecycle of Desjardins members and clients.

The key is to have the right product and the right strategy, at the right time. In a context of low interest rates, this becomes crucial.

From securities investment, let us now take a look at the real estate investment segment of our activities.

As we all know, the low interest-rate environment and demographic trends have created a real estate boom, the likes of which we have not seen in a long time. The very dynamic real estate market has fanned competition among lenders in Canada and created a major imbalance between supply and demand.

Despite all this, the mortgage investments and institutional financing sector underwrote a record number of loans in 2005.

Over \$450 million in large multi-residential and commercial mortgage loans were written across Canada, thereby maintaining the sound geographic diversification of the portfolio, 63% of which is invested outside Quebec.

As an example, let me mention the innovative breakthrough made by our financing team in Western Canada. We granted a 42-year Public Private Partnership financing of over \$41 million for the construction of a student residence at Thompson Rivers University, in Kamloops, British Columbia.

Moreover, for the past several years, the mortgage investment team, as part of its business development efforts, has strengthened its collaboration with the caisses network and the Corporate Financial Centres.

Now, at the beginning of 2006, I can truly say that we have a partnership based on reciprocity; the success of this partnership is clearly apparent from the more than \$95 million in business generated in 2005. Our collaboration, while enabling us to share the risks, has often allowed us to go one better than the competition.

And, as we did successfully last year, we renewed our association with the Ontario caisses to underwrite a \$107 million financing to the Ontario Francophone School Boards.

I would now like to present the results of our third sector of activity - real estate investments. These are carried out mainly for the account of Desjardins Financial Security.

The real estate portfolio we manage, which is invested 40% outside Quebec, generated returns of 15% in 2005. This, in a context where attractive returns attracted a glut of investors, creating a further imbalance between supply and demand.

Buy and sell transactions across Canada generated more than \$121 million, making 2005 a very busy year indeed.

In light of the economic and demographic changes, in 2006, we will continue to finetune the real estate portfolio by applying more secure and less cyclical investment strategies. In addition, the shift in economic activity from east to west will prompt us to seek out strategic alliances, to ensure that we are more present on the Pacific coast.

If we are to sustain, and even improve on our past performance, in a context of change, not only must we closely track the movement of markets in Canada and elsewhere in the world, we must also interpret the changes correctly, anticipate shifts in economic activity and innovate, by being creative and rigorous, to ensure the greatest benefit for Desjardins Group and its members.

Permit me this analogy with our national sport – one in which, I must acknowledge, the women clearly outperformed the men at the Turin Olympics...

To succeed in today's investment world, knowing where the puck is on the ice won't cut it.

We need to be able to anticipate how the game will play out, have a good match plan and solid teamwork ... and hire more women! I'll let you think about that.

In closing, I would like to thank Alban D'Amours, President and Chief Executive Officer of Desjardins Group, and each of our partners and clients for their vote of confidence and for their support.

My thanks also to Michel Houle and Serge Gadbois, who stepped down as Directors, for their contribution, and I welcome Anne Langevin and Daniel Leclair.

Lastly, I would like to take this opportunity to thank André Gagné, Chairman of the Board, as well as all the Directors of Desjardins Asset Management for their support as we carry out our mission, at the service of Desjardins.

Thank you.