

Desjardins

Short-Term Income Fund



QUARTERLY COMMENTARY AS OF MARCH 31, 2020

PORTFOLIO MANAGER:
Desjardins Global Asset Management

INCEPTION DATE:
June 30, 1965

CIFSC CATEGORY*:
Canadian Short Term Fixed Income

Contributors to performance

- Average corporate bond quality slightly outstripped that of the benchmark, partially offsetting the adverse effect of allocation. The overweight to municipal securities curbed the adverse impact of the underweight to government securities as a whole.

Detractors from performance

- The Bank of Canada lowered its key rate to 0.25%, bringing rates cuts to 1.50% for the quarter as expectations soured in response to the COVID 19 pandemic. As a result, the five-year bond yield fell from 1.69% to 0.59%, while the two- to five-year yield curve steepened by 19 basis points. As for the remainder of the yield curve, the portfolio was underweight to the two-year sector, which detracted from value added. In addition, the quarter had begun with a short-duration bias. Credit spreads narrowed under pressure from stock markets and recessionary expectations, and the portfolio was overweight to corporate bonds.

*CIFSC refers to Canadian Investment Funds Standards Committee. The CIFSC has the mandate to standardize the classification of mutual funds in Canada. <http://www.cifsc.org/>.

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