

QUARTERLY COMMENTARY AS OF MARCH 31, 2020

PORTFOLIO MANAGER:
Desjardins Global Asset Management

INCEPTION DATE:
December 1, 1959

CIFSC CATEGORY*:
Canadian Fixed Income

Contributors to performance

→ During Q1 2020, financial markets were hit hard by the COVID 19 pandemic. To respond quickly to the sudden stop in economic activity, the Bank of Canada reduced its key rate by 1.5% in the month of March and applied a series of measures to help the bond market's liquidity. The two- to ten-year interest rate curve sharpened by 0.27% and the Canadian government ten-year rate ended at 0.7%, down 1% during the period. In this environment, the portfolio maintained a longer duration than its benchmark, with a bias for securities with seven-year maturities.

Detractors from performance

→ The overweight to corporate bonds detracted from value added, as this sector posted the worst bond market performance over the period. This sector's allocation consists mainly of AA-rated bank securities, which are not cause for concern.

*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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