

Desjardins Money Market Fund



QUARTERLY COMMENTARY AS OF MARCH 31, 2020

PORTFOLIO MANAGER:
Desjardins Global Asset Management

INCEPTION DATE:
January 15, 1989

CIFSC CATEGORY*:
Canadian Money Market

Contributors to performance

→ The Bank of Canada reduced its key rate three times during the last month of the quarter, from 1.75% to 0.25%, and the portfolio had a positive albeit lesser time bias to ensure greater liquidity through further staggering of maturity dates. The weighting of corporate debt decreased slightly over the quarter. Maturities were redeployed mainly for bankers' acceptances and provincial treasury bills as the liquidity problems on the money markets materialized. With this approach, we were able to limit the impact from the widening interest rate spreads. Because of the growing volatility in the markets, and in order to ensure the Fund's liquidity if needed, maturities for corporate debt were shortened and the weighting for government securities was increased throughout the quarter.

Detractors from performance

→ Short-term rate differentials increased considerably throughout the last quarter, culminating near the end of March with the measures implemented by the Bank of Canada. For three-year securities, the spread between the CDOR rate and treasury bills went from 41 to 99 basis points. Although the securities that are held are not a problem, the fact remains that the widening of the spread will have temporarily reduced the fund's performance.

*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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