

# Desjardins

## SocieTerra Canadian Bond Fund



QUARTERLY COMMENTARY AS OF MARCH 31, 2020

PORTFOLIO MANAGER:  
Desjardins Global Asset Management

INCEPTION DATE:  
June 8, 2015

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 slowdown in economic activity, the Bank of Canada reduced its key rate by 1.5% in March and applied a series of measures to help the bond market's liquidity. The 2- to 10-year yield curve sharpened by 0.27%, and the Canadian government 10-year yield ended the quarter at 0.7%, down 1% over the period. Amid this climate, corporate bond issuers recorded the bond market's worst performance for the period. The portfolio posted a higher return than the management target from an added value standpoint. The portfolio positioning favouring various short- and long-term securities over medium-term securities was a highlight, since the lowering of the key rate steepened the yield curve. Furthermore, underweighting in the energy sector was beneficial, as the plunge in commodity prices exploded issuers' credit spreads.

### Detractors from performance

→ Overweighting in 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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