

Wise ETF Portfolios

Quarterly commentary as of March 31, 2020



Market overview

Market performance as of March 31, 2020

	3 months	1 year	3 years	5 years	10 years
Fixed Income					
FTSE Canada Universe Bond Index	1.56	4.46	3.68	2.66	4.34
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	0.64	5.29	3.83	3.10	4.35
Growth					
MSCI Canada Index (total return)	-20.46	-14.68	-2.58	0.07	3.16
MSCI USA Index (CAD) (total return)	-11.94	-1.64	6.73	8.42	13.61
MSCI EAFE Index (CAD) (total return)	-15.29	-8.78	0.33	1.73	6.25
MSCI Emerging Markets Index (total return)	-16.14	-12.30	0.54	1.99	4.15
MSCI ACWI ex CANADA IMI (CAD) (total return)	-14.64	-6.74	3.17	5.04	9.70

Sources: Desjardins Investments Inc., Morningstar Inc.

Comments on market performance

- The crisis caused by the COVID-19 pandemic led to a downward revision of the economic outlooks, and they remain very uncertain. This resulted in a significant pullback for all stock markets around the world.
- The Canadian market was doubly affected. In addition to the pandemic, the dispute between Saudi Arabia and Russia caused oil prices to fall to their lowest levels in almost 2 decades, accentuating the Canadian oil industry's problems.
- The COVID-19 pandemic crisis will end the longest growth cycle in U.S. history. In order to stimulate the economy, the U.S. government implemented a plan to offer US\$2,300 billion in support: nearly three times the amount of the stimulus package for the 2008 financial crisis.
- The unprecedented stimulus packages from governments and the recent data on the spread of COVID-19 contributed to an initial rebound at the end of March that continued during the first weeks of April.
- In response to the expected drop in the global economy, the Federal Reserve and the Bank of Canada decreased their key rates by 150 basis points over the quarter to a target rate of 0 to 0.25%. Combined with the securities purchasing programs, these actions by the central banks contributed positively to bond performance.
- Most international currencies, including the Canadian dollar, fell against the U.S. dollar. Often considered a safe haven, U.S. currency remains attractive in periods of uncertainty.

Portfolio performance (C-Class) as of March 31, 2020

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
Wise Fixed Income ETF Portfolio	In accordance with the legislation in effect, information regarding returns may not be published for funds that are less than one year old.						2019/07/08
Wise Conservative ETF Portfolio							2019/07/08
Wise Balanced ETF Portfolio							2019/07/08
Wise Growth ETF Portfolio							2019/07/08
Wise Maximum Growth ETF Portfolio							2019/07/08
Wise 100% Equity ETF Portfolio							2019/07/08

Unlike the indexes, portfolio return is established after deducting fees and expenses.

Source: Desjardins Investments Inc.

Comments on portfolio performance as of March 31, 2020

Fixed Income (C-Class return)

- The fixed income ETFs that make up the portfolio posted returns ranging from 2.12% to -16.18%.
- Canadian and U.S. bonds posted positive returns for the quarter, while emerging market bonds posted sharply negative returns.
- Canadian dollar hedging of foreign bonds was unfavourable because of the Canadian dollar's depreciation over the quarter.

Growth (C-Class return)

- The equity ETFs that make up the portfolio posted returns ranging from -11.78% to -26.07%.
- U.S. large cap equities better withstood the drop in stock market prices, while Canadian equities and small cap equities underwent the sharpest drops over the quarter.

Contribution to portfolio performance (C-Class) as of March 31, 2020

	Fixed income	Equity	Tactical asset allocation
Wise Fixed Income ETF Portfolio	█	-	█
Wise Conservative ETF Portfolio	█	█	█
Wise Balanced ETF Portfolio	█	█	█
Wise Growth ETF Portfolio	█	█	█
Wise Maximum Growth ETF Portfolio	█	█	█
Wise 100% Equity ETF Portfolio	-	█	█

Comments on portfolio tactical asset allocation (C-Class) as of March 31, 2020

- For the quarter, Desjardins Global Asset Management Inc.'s tactical interventions trimmed value slightly compared to neutral allocations, except for the Wise 100% Equity Portfolio, where the tactical interventions added slight value.
- Wise Fixed Income Portfolio: Underweighting in U.S. bonds in favour of liquidities harmed the portfolio's performance. The manager progressively decreased the underweighting in U.S. bonds starting in mid-March, when the U.S. Federal Reserve launched quantitative easing programs that should put downside pressure on short- and long-term interest rates. The portfolio was neutral for U.S. bonds at the end of the quarter.
- Wise Conservative, Balanced, Growth and Maximum Growth Portfolios: Underweighting in bonds in favour of equities harmed the portfolio's performance. With the spread of coronavirus around the globe, the manager progressively decreased the underweighting in bonds starting in mid-March. He underweighted Canadian equities starting in mid-March and took advantage of the stock market rebound at the end of the quarter to slightly underweight U.S. equities.
- Wise 100% Equity Portfolio: underweighting in Canadian equities contributed positively to the portfolio's performance.

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