

# Desjardins

## Short-Term Income Fund



QUARTERLY COMMENTARY AS OF JUNE 30, 2020

PORTFOLIO MANAGER:  
**Desjardins Global Asset Management**

INCEPTION DATE:  
**June 30, 1965**

CIFSC CATEGORY\*:  
**Canadian Short-Term Fixed Income**

### Contributors to performance

- The portfolio was positioned to benefit from the additional time needed for the economy to recover by overweighting the long term. The Bank of Canada's purchase programs, which are strongest in the under 5-year sector, caused the curve to flatten even more. The general overexposure to the rate spreads on government securities contributed significantly to the fund's growth, aided once again by the Bank of Canada's purchase programs. In addition, federal holdings were concentrated in agency securities, which performed relatively well.

### Detractors from performance

- Although we were overweighted in corporate debt, the average quality of our holdings was higher than that of the index, which was unfavourable. In what can be considered a perverse effect of the Bank of Canada's short-term purchase program, BBB-rated issues generally performed better, especially in the energy sector, where we were underweighted. Bank securities performed well, but subordinated debt clearly outperformed priority debt, where we were more invested.

\*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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