

# Desjardins

## Global Total Return Bond Fund



QUARTERLY COMMENTARY AS OF JUNE 30, 2020



PORTFOLIO MANAGER:  
**PGIM Fixed Income**

INCEPTION DATE:  
**January 12, 2004**

CIFSC CATEGORY\*:  
**Global Fixed Income**

### Contributors to performance

- Curve positioning in US rates contributed to performance.
- Sector overweights in Emerging Market Sovereigns, Developed Market HY Corporates, and Developed Market IG Corporates added to performance.
- Security selection in these three sectors also boosted performance. Overweights in Ovintiv Inc and Diamond BC BV were the largest contributors.

### Detractors from performance

- An underweight to Korean duration detracted from performance.
- An underweight to agency mbs hurt performance.

### Major changes to portfolio in the period

- Duration / Curve: Increased our duration exposure in European rates and decreased our exposure to US duration.
  - In order to fund outflows, we sold more of our USD-denominated spread product because we found it offered less value than our EUR-denominated spread product.
- Sectors: Increased our spread duration to both emerging market and eurozone sovereigns. Our exposure in structured products was reduced over the period.
  - We continue to believe that European Peripheral and select emerging market sovereigns offer attractive yields. We reduced exposure to structured products (ABS/CMBS/CLOs) primarily to fund outflows.

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### Major changes to portfolio in the period (cont'd)

- Credit quality: Increased our exposure to BBB-rated securities.
  - Attractive valuations among BBB-rated securities.

\*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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