

Wise ETF Portfolios

Quarterly commentary as of June 30, 2020



Market overview

Market performance as of June 30, 2020

	3 months	1 year	3 years	5 years	10 years
Fixed Income					
FTSE Canada Universe Bond Index	5.87	7.88	5.28	4.20	4.63
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	2.71	5.34	4.43	4.06	4.40
Equity					
MSCI Canada Index (total return)	14.99	-4.36	2.75	3.39	5.29
MSCI USA Index (CAD) (total return)	16.34	12.35	12.16	12.03	16.25
MSCI EAFE Index (CAD) (total return)	9.93	-1.12	2.42	3.85	8.39
MSCI Emerging Markets Index (CAD) (total return)	12.99	0.70	3.53	4.67	5.87
MSCI ACWI ex CANADA IMI (CAD) (total return)	14.58	5.73	7.38	8.13	12.10

Sources: Desjardins Investments Inc., Morningstar Inc.

Comments on market performance

- The gradual reopening of economies, large stimulus packages and growing hope for a new vaccine led to a strong rebound for the main stock markets around the world. The initial data on the global economy suggest a quicker recovery than expected.
- The upsurge in COVID-19 cases at the end of the quarter especially in the United States may nonetheless slow down economic recovery at the end of the quarter. The pandemic is currently the primary source of uncertainty on the financial markets, and there is every reason to believe that it will take several years before the economic environment returns to normal.
- Like many other countries around the globe, Canada experienced one of the worst recessions in its history, prompting one of the U.S. credit rating agencies to lower its rating. However, we should see the Canadian economy start to recover in May as lockdown measures are lifted. This was followed by a significant increase in the Canadian stock market fuelled in part by a sharp increase in the materials and technology sectors.
- In the United States, the technology sector contributed substantially to the best quarterly performance for the U.S. stock market in more than two decades. Furthermore, the U.S. Federal Reserve remains committed to using all the tools at its disposal to support the economy. Low interest rates and securities purchasing should continue for a while.
- The first country affected by the pandemic, China, was also one of the first economies to recover. Industrial production has already recovered to almost the same level as before the crisis. However, relations between China and a number of countries, including the United States, have deteriorated as a result of the coming into force of the national security act imposed by the Chinese regime on Hong Kong and the crackdown on demonstrators there.
- The Canadian dollar appreciated against most international currencies. Compared to the U.S. dollar, the value of the Canadian dollar increased by 4.5% over the quarter, decreasing the value of assets denominated in foreign currencies.

Portfolio performance (C-Class) as of June 30, 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

In contrast with the indexes, portfolio return is established net of fees and expenses.

Sources: Desjardins Investments Inc.

Comments on portfolio performance as of June 30, 2020

Fixed Income (C-Class return)

- Unlike in the previous quarter, all of the portfolio's fixed income ETFs posted positive returns, ranging from 2.6% to 13.8%.
- Desjardins Canadian Universe Bond Index ETF (5.5%) contributed the most to the portfolios' performance for the fixed income component. The iShares J.P. Morgan USD Emerging Markets Bond Index CAD-Hedged ETF (13.8%) also contributed significantly because of the sharp rebound by emerging market bonds in the second quarter.

Equity (C-Class return)

- Unlike in the previous quarter, all of the portfolio's equity ETFs posted positive returns, ranging from 7.1% to 16.8%.
- The Vanguard S&P 500 (15.3%) and Vanguard FTSE Canada All Cap Index (16.8%) ETFs contributed the most to the portfolios' performance for the equity component. The iShares Core MSCI EAFE IMI Index ETF (10.5%) also made a significant contribution.

Contribution to portfolio performance (C-Class) as of June 30, 2020

	Fixed income	Equity	Tactical asset allocation
Wise Fixed Income ETF Portfolio	+++	N/A	Neutral
Wise Conservative ETF Portfolio	+++	+++	-
Wise Balanced ETF Portfolio	+++	+++	-
Wise Growth ETF Portfolio	+++	+++	-
Wise Maximum Growth ETF Portfolio	++	+++	-
Wise 100% Equity ETF Portfolio	N/A	+++	-

Comments on portfolio tactical asset allocation (C-Class) as of June 30, 2020

- For the quarter, Desjardins Global Asset Management Inc.'s tactical interventions trimmed value slightly compared to neutral allocations, except for the Wise Fixed Income Portfolio, where the tactical interventions had a neutral effect.
- Wise Conservative, Balanced, Growth and Maximum Growth portfolios: The portfolios remained slightly underweight for equity and overweight for the money market and Canadian bonds pending stabilization of the markets and an opportunity to arise to reposition them for the next economic recovery. In terms of equities, Desjardins Global Asset Management Inc. maintained the underweight for Canadian and U.S. equities that they feel are overvalued compared to emerging market equities, which they have overweighted. Underweighting for Canadian and U.S. equities detracted from portfolio performance.
- Wise 100% Equity Portfolio: Desjardins Global Asset Management Inc. maintained the underweight for Canadian and U.S. equities that they feel are overvalued compared to emerging market equities, which they have overweighted. Underweighting for Canadian and U.S. equities detracted from portfolio performance.

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The information presented on market conditions and the strategy represents a summary of the portfolio manager's observations with respect to the markets as a whole and its strategy on the date indicated. Different points of view can be expressed based on management style, objectives, opinions, or different philosophies.

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