

QUARTERLY COMMENTARY AS OF DECEMBER 31, 2020



PORTFOLIO MANAGER:  
AllianceBernstein

INCEPTION DATE:  
January 12, 2004

CIFSC CATEGORY\*:  
Canadian Fixed Income

### Contributors to performance

- Allocation to US investment grade and high yield corporates were the largest contributors to relative performance.
- Security selection within US investment-grade corporates, emerging-market sovereigns, and US securitized assets such as CMBS contributed as well.
- Our sector underweight to Canadian provincials was also positive.

### Detractors from performance

- Security selection of US and Euro High Yield Corporates detracted from performance.
- A longer than benchmark duration positioning specifically an overweight in the long end part of the curve where rates increased the most.
- A long position in the US dollar was negative on relative performance.

### Major changes to portfolio in the period

- Moved our exposure to Canadian provincials to the 10-year part of the curve to have more balance from a yield curve perspective.
- Increased allocation to high yield corporates as we prefer them to emerging-market securities right now.
- Added to Canadian inflation where it's cheap, as break-evens lag in Canada vs. the US where they have nearly fully retraced.

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