

PORTFOLIO MANAGER:

Desjardins Global Asset Management

INCEPTION DATE:

December 1, 1959

CIFSC CATEGORY*:

Canadian Fixed Income

Contributors to relative performance

- Duration management had a positive impact thanks to a shorter positioning than the benchmark. In addition, an overweight position in the energy sector (pipeline) in the medium-term portion of the interest rate curve generated positive returns for the period. The largest issuers included Enbridge, TransCanada Pipeline and Pembina Pipeline. The largest value added by stock picking came from Rogers, where some issues were forced to pay a large premium in September for exceeding the deadline for the Shaw buyback clause.

Detractors from relative performance

- The expanded the range of corporate bonds to which the portfolio is overexposed detracted from relative performance. This began in the first quarter of 2022 and reduced exposure to provincial credit as a result. This means the fund is 16% overweight in the banking sector compared to its benchmark. This position represents more than 23% of assets. The yield spread between the banking sector and short-term provincial bonds widened by around 0.25% in the second quarter. Moreover, the flattening of the term structure of interest rates was not beneficial for added value due to the overweight position in short-term corporate bonds.

Major changes to portfolio in the period

- September was a tough month for credit spreads, as all of August's gains were wiped out. After generating more than 0.35% of added value at the end of the second month of the quarter, the portfolio ended the period with a gain of 0.05% against its benchmark index. As a result, the underperformance of spreads in September was an opportunity to increase the

Desjardins

Canadian Bond Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2022

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

overweighting in corporate securities against the provincial sector during the quarter.

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