

Desjardins

Dividend Income Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2022

PORTFOLIO MANAGER:
Desjardins Global Asset Management

INCEPTION DATE:
January 1, 1994

CIFSC CATEGORY*:
Canadian Equity Balanced

Tactical management of the fund's asset allocation had a positive impact on the third-quarter return, adding 0.6%. The overweight on cash was the main source of added value. An underweighting in Canadian equities also added value, while other asset classes contributed negatively to the strategy's performance. Stock picking contributed negatively to the fund's performance, subtracting 0.68%, mainly from Canadian equities.

Market conditions are still as worrying in the third quarter as in previous quarters. Central banks are forced to raise interest rates to contain widespread and persistent inflation. The message they are sending confirms that reducing the inflation rate must be achieved through a potentially significant economic slowdown. In fact, forecasters are seriously revising their growth outlook downwards. However, they are very optimistic about inflation and expect record disinflation in consumer prices. Moreover, the persistent economic malaise in China requires a strong response from the authorities. However, China's potential stimulus should be the exception in a world of restrictive policies. For the next few quarters, we believe that the global macroeconomic environment will be particularly hostile to growth.

The fund manager still anticipates high volatility over the coming quarters as the likelihood of a recession increases. The fund manager will be looking to take advantage of the various opportunities that could arise.

Fixed income market

Contributors to relative performance

- Duration management had a positive impact thanks to a shorter positioning than the benchmark.
- 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.

Desjardins

Dividend Income Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2022

PORTFOLIO MANAGER:
Desjardins Global Asset Management

INCEPTION DATE:
January 1, 1994

CIFSC CATEGORY*:
Canadian Equity Balanced

Detractors from relative performance

- September was a tough month for credit spreads, as all of August's gains were wiped out. After generating more than 0.19% of added value at the end of the second month of the quarter, the portfolio ended the period with a gain of 0.01% against its benchmark index.
- We expanded the range of corporate bonds to which the portfolio is overexposed. This began in the first quarter of 2022 and reduced exposure to provincial credit as a result. This means the fund is 11% overweight in the banking sector compared to its benchmark. This position represents more than 18% of assets. The yield spread between the banking sector and short-term provincial bonds widened by around 0.25% in the second quarter.

Major changes to portfolio in the period

- We added to our overweight to corporate debt compared to the provincial sector.

Preferred shares

Contributors to relative performance

- Stock picking in rate reset shares, particularly in the banking sector, in both traditional and institutional preferred shares. These shares significantly outperformed the index.
- Overweight in Cenovus Energy, which not only outperformed energy stocks, but also the index.

Detractors from relative performance

- Stock picking in fixed-rate shares detracted from relative performance. Sun Life and Loblaws stocks underperformed in the third quarter.

Major changes to portfolio in the period

- Increased exposure to the banking sector through the purchase of institutional preferred shares in the primary market.

Desjardins

Dividend Income Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2022

PORTFOLIO MANAGER:
Desjardins Global Asset Management

INCEPTION DATE:
January 1, 1994

CIFSC CATEGORY*:
Canadian Equity Balanced

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

- Reduced allocation to fixed-rate shares, which is now at the target weight.

Canadian stock market

Contributors to relative performance

- The sectors that made positive contributions to the fund's performance were utilities (+0.37% compared to benchmark) and financial services (+0.31%).
- In the utilities sector, Fortis Inc. returned -13.00% adding 13.3 basis points, considering the stock's absence from the fund. In the financials sector, Definity Financial Corp. turned in a performance of 17.04%, adding 17.0 basis points, due to our overweight position in the fund.

Detractors from relative performance

- Materials and consumer staples sectors detracted from the fund's relative performance (-0.30% and -0.16%, respectively).
- In the materials sector, Newmont Corporation (-24.01%) brought the fund's overall performance down by 23.4 basis points, due to the stock's overweighting in the fund. In consumer staples, Alimentation Couche-Tard Inc. (+11.19%) eroded the fund's relative performance by around 20.1 basis points, given the stock's absence from the fund.

Major changes to portfolio in the period

- The 4 largest transactions over the quarter were:
 - Purchase of 2.00% of Sherwin-Williams shares
 - Purchase of 1.26% of Koninklijke Ahold Delhaize shares

Desjardins

Dividend Income Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2022

PORTFOLIO MANAGER:
Desjardins Global Asset Management

INCEPTION DATE:
January 1, 1994

CIFSC CATEGORY*:
Canadian Equity Balanced

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

- Sale of 3.91% of Bank of Nova Scotia shares
- Sale of 1.56% of Suncor Energy Inc. shares

*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/>.

The information provided in this document is presented for illustration and discussion purposes only. It should not be considered as investment advice or securities transaction recommendations or recommendations on specific investment strategies. This document should in no case be considered or used for the purpose of buying units in a fund or any other offer of securities, regardless of jurisdiction. Said information is intended to be general and intended to illustrate and present examples relating to management of the portfolio manager cited in this document. All views, comments and opinions are subject to change without notice. The information presented on the market context and strategy represents a summary of the cited portfolio manager's observations with regards to the markets as a whole and its strategy as of the stated date. Different perspectives can be expressed based on different management styles, objectives, opinions or philosophies. Under no circumstances may this document be reproduced, in whole or in part, without obtaining written permission from the cited portfolio manager.

The Desjardins Funds are not guaranteed, their value fluctuates frequently, and their past performance is not indicative of their future returns. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The Desjardins Funds are offered by such registered dealers.

The Desjardins brand is a trademark of the Fédération des caisses Desjardins du Québec, used under licence.