

Desjardins

Alt Long/Short Equity Market Neutral ETF Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2022

PORTFOLIO MANAGER:
Desjardins Global Asset Management

INCEPTION DATE:
July 13, 2020

CIFSC CATEGORY*:
Alternative Market Neutral

- The third quarter of 2022 was once again difficult for North American stock markets and stock indexes, which closed slightly down. However, the first half of the quarter was characterized by a strong stock rebound caused by a surge in investor optimism. The drop in the price of certain commodities, such as oil suggested that inflationary pressures were easing and that, as a result, central banks could potentially pivot. However, high inflation figures for the month of August and hawkish speech by US Federal Reserve Chair Jerome Powell at the Jackson Hole summit contributed to a sharp decline in North American stock markets. Against this backdrop, the S&P/TSX Composite Index continued to decline, falling 1.5% during the quarter, while in the United States the S&P 500 and NASDAQ were deemed bear markets as they continued to sink into negative territory, with declines of 5.4% and 8.4 %.
- In the third quarter of the year, DANC generated an alpha for pairs of +0.03% and +0.33% from the collateral yield after management fees. Year to date, DANC has subtracted -0.34% from the pairs' alpha, but has added +0.15% from the collateral yield, after management fees, for a total return of -0.19% as at September 30, 2022.
- DANC benefited from its positioning in the industrial, financial and consumer discretionary sectors, which generated 21, 15 and 12 basis points in value added, respectively. In contrast, pairs in the energy and technology sectors subtracted 16 and 17 basis points, respectively.

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→ As the macroeconomic environment becomes increasingly uncertain, several indicators have shown a very high degree of uncertainty in the financial markets, resulting in extreme volatility. In this context, we favour a highly disciplined risk management.

*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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