

# Wise ETF Portfolios

Quarterly commentary as of September 30, 2022



## Market overview

Market performance as of September 30, 2022 (%)

	3 months	1 year	3 years	5 years	10 years
<b>Fixed Income</b>					
FTSE Canada Universe Bond Index	0.52	-10.48	-2.51	0.66	1.65
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	-3.45	-12.46	-3.22	-0.09	1.77
<b>Growth</b>					
MSCI Canada Index (total return)	-1.94	-5.71	5.42	5.41	6.50
MSCI USA Index (CAD) (total return)	1.39	-10.63	8.96	10.69	14.79
MSCI EAFE Index (CAD) (total return)	-3.45	-18.80	0.61	1.05	7.19
MSCI Emerging Markets Index (CAD) (total return)	-5.81	-22.03	0.85	0.06	4.48
MSCI ACWI ex CANADA IMI (CAD) (total return)	-0.51	-14.76	4.90	6.16	14.79

Sources: Desjardins Investments Inc., Morningstar Inc.

## Comments on market performance

- The sharp increase in inflation remained a hot topic in the third quarter of 2022. In order to control this increase, the Bank of Canada raised its key rate by 1.75% over the quarter with the goal of bringing inflation down to a lower level.
- According to the MSCI Canada Index (total return), the Canadian stock market posted a slightly negative return of -1.9% at the end of the third quarter compared to -13% in Q2. This result is largely due to the strong performance from the industrial products and materials sectors. As for the Canadian bond market, it returned a positive 0.5% according to the FTSE Canada Universe Bond Index following an increase in government bond returns.
- The US market posted the biggest increase, ending the third quarter with a positive return of 1.4% according to the MSCI USA Index (CAD) (total return). This result is largely due to the strong performance from the energy and consumer discretionary sectors. The appreciation of the American dollar against the Canadian dollar during the third quarter also supported the performance of US stocks.
- The MSCI Emerging Markets Index (CAD) (total returns) posted a return of -5.8%. This result was due to a steep decline in the Chinese market following a series of lockdowns and supply chain problems.
- The MSCI EAFE Index (CAD) (overall return) posted a negative return of -3.4%. This result is due to the drop in European stock markets caused by the worsening energy crisis and looming recession in the third quarter.

## Portfolio performance (C-Class) as of September 30, 2022 (%)

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
Wise Fixed Income ETF Portfolio	-1.06	-12.71	-4.35	N/A	N/A	-3.66	2019/07/08
Wise Conservative ETF Portfolio	-1.19	-13.26	-3.73	N/A	N/A	-3.10	2019/07/08
Wise Balanced ETF Portfolio	-1.19	-13.23	-1.89	N/A	N/A	-1.42	2019/07/08
Wise Growth ETF Portfolio	-1.23	-13.24	-0.92	N/A	N/A	-0.56	2019/07/08
Wise Maximum Growth ETF Portfolio	-1.32	-13.44	0.44	N/A	N/A	0.71	2019/07/08
Wise 100% Equity ETF Portfolio	-1.12	-13.07	2.74	N/A	N/A	2.82	2019/07/08

Unlike the benchmarks, portfolio returns are net of fees and expenses.

Source: Desjardins Investments Inc.

## Comments on portfolio performance as of September 30, 2022

### Fixed income (Canadian dollar and Class A returns for Desjardins Funds)

- The third quarter of 2022 was difficult for bond funds, which were affected by rate hikes during this period. All of the ETFs and funds in the Desjardins fixed income portfolios posted returns ranging from -6.6% (iShares U.S. IG Corporate Bond Index ETF CAD-Hedged) to 0.5% (Desjardins Canadian Universe Bond Index ETF).
- Because of its weighting, the Desjardins Canadian Universe Bond Index ETF (0.5%) contributed the most to the fixed-income component of the portfolios' performance. The Desjardins Canadian Short Term Bond Index ETF (DCS) (-0.3%) also limited the decline in the portfolio and was better able to weather the acceleration of key rate hikes in Q3 2022.
- The iShares U.S. IG Corporate Bond Index ETF (CAD-Hedged) (-6.6%) and the iShares J.P. Morgan USD Emerging Markets Bond Index ETF (CAD-Hedged) (-6.4%) were the biggest drags on the fixed income portion of the portfolios, posting the sharpest decreases.

### Equities (Canadian dollar and Class A returns for Desjardins Funds)

- Equity funds comprising ETFs and Desjardins Funds posted returns ranging from -5.9% (iShares Core MSCI Emerging Markets ETF) to 1.3% (Vanguard S&P 500 Index Fund).
- Due to their high weighting and performance, the Vanguard S&P 500 Index Fund (1.3%), the Desjardins Global Equity Fund (1.2%) and the iShares Core S&P Small-Cap ETF (1.0%) contributed the most to the equity component of the portfolios' performance.
- Conversely, due to their underperformance, the iShares Core MSCI Emerging Markets ETF (-5.9%), the Desjardins Global Dividend Fund (-5.0%) and the iShares MSCI EAFE Small-Cap ETF (-4.7%) were the biggest drags on the equity portion of the portfolios.

## Contribution to portfolio performance (C-Class) as of September 30, 2022

	Fixed Income	Equity
Wise Fixed Income ETF Portfolio	-	-
Wise Conservative ETF Portfolio	-	-
Wise Balanced ETF Portfolio	-	-
Wise Growth ETF Portfolio	-	-
Wise Maximum Growth ETF Portfolio	-	-
Wise 100% Equity ETF Portfolio	N/A	-

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