

QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022

PORTFOLIO MANAGER:  
Desjardins Global Asset Management

INCEPTION DATE:  
December 1, 1959

CIFSC CATEGORY\*:  
Canadian Fixed Income

## Contributors to relative performance

- Sector allocation contributed positively over the period thanks to an overweight to corporates at different points along the yield curve. All corporate sub-sectors positively contributed to quarterly performance, with standout contributions from pipeline-type energy issuers, particularly Pembina, followed by bank holdings. Shorter-than-benchmark duration was another contributor due to widespread rate rises.

## Detractors from relative performance

- The portfolio outperformed its benchmark by 0.44% in the fourth quarter, with asset class biases contributing positively to the fund's relative performance.

## Major changes to portfolio in the period

- It was an excellent quarter for corporate bonds, which outperformed government bonds at every maturity along the yield curve. It marks a reversal of what we'd been seeing since the start of the year. We've been gradually upping the portfolio's exposure to corporate bonds over the course of the year, whenever they've been spotted underperforming, with the most recent round of purchases in October. That's involved shifting a portion of the portfolio's allocation to bank holdings from 2 years to 5 years against federal bonds. It means we've been taking full advantage of narrowing spreads.

\*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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