

# Desjardins

## SocieTerra Canadian Bond Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022

### PORTFOLIO MANAGER:

Desjardins Global Asset Management

### INCEPTION DATE:

June 8, 2015

### CIFSC CATEGORY\*:

Canadian Fixed Income

### Contributors to relative performance

- Sector allocation contributed positively over the period thanks to an overweight to corporate securities at different points along the yield curve. Most corporate sub-sectors positively contributed to quarterly performance, with banking holdings providing a notable lift. Shorter-than-benchmark duration was another contributor, due to widespread rate rises.

### Detractors from relative performance

- The portfolio only holds two issuers in energy generation, both of which are green bonds. However, both underperformed against their peers over the period and are off-benchmark holdings.

### 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 means we've been taking full advantage of narrowing spreads.

### ESG analysis

- Green, sustainable and social bonds account for 12.5% of the portfolio. Some provincial green bonds were sold for valuation reasons and reinvested in corporate green bonds. We also participated in the new National Bank of Canada issue in November, which has a sustainable development focus.

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### ESG analysis (cont'd)

- We take the scope of climate change risk into account when selecting issuers. In Q4, the portfolio's carbon footprint was 78% lower than the average on the FTSE Canada Corporate Bond Index.

\*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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