

Desjardins Alt Long/Short Equity Market Neutral ETF Fund



Quarterly commentary as of June 30, 2024

PORTFOLIO MANAGER

Desjardins Global Asset Management

INCEPTION DATE

7/13/2020

CIFSC CATEGORY*

Alternative Market Neutral

Contributors to relative performance

- The fund benefited from its positioning within the industrial services and technology sectors, which generated 22 and 26 basis points (bps), respectively, in added value.
- Industrial services: In this sector, the fund mainly benefited from its exposure to Bombardier (BBD.B) during the quarter. Strong financial results, an increasingly low debt profile and an investor day demonstrating the Quebec company's optimism for the coming years have considerably boosted the stock's performance since the beginning of the year (+64.9%). Bombardier is also a favourite in several of DGAM's Canadian equity portfolios.
- Technology: The portfolio added value in this sector, particularly through our exposure to First Solar (FSLR) and Descartes Systems Group (DSG). First Solar stock benefited from increased US protectionism via the potential imposition of tariffs on solar panel imports from Southeast Asia, which are suspected of "dumping" practices by Chinese parent companies. Descartes contributed positively to performance due to a successful one-time purchase of the stock following financial results that investors deemed disappointing. The stock then rebounded strongly, and we benefited from that recovery.

Detractors from performance

- Pairs in the consumer staples sector and pairs in the consumer discretionary sector trimmed 16 and 18 bps respectively in value added.
- Consumer staples: Underperformance was mainly due to US retailer Target (TGT) and Alimentation Couche-Tard (ATD) here in Canada. The GICS classifies Target as a consumer staple security, but its product offering is much more discretionary than Walmart's (WMT), for example. In an economic environment that remains challenging for consumers, Target's results were in line with expectations, but nevertheless deemed disappointing by investors. For Couche-Tard, sales of comparable stores are under pressure, especially due to decreased tobacco sales (in favour of e-cigarettes, for example), slowing sales in convenience stores due to a drop in the number of visits. However, we remain comfortable with Couche-Tard's fundamentals and have taken advantage of the stock's decline to build our position.
- Consumer discretionary: Underperformance in this sector was mainly due to our position in Louis Vuitton (LVMH), as well as positions in Restaurant Brands International (QSR) and Five Below (FIVE). Consumers remain under pressure, and despite valuations we consider reasonable for the growth profile and quality of these companies, their stocks have underperformed relative to the short side of the trade. That said, Five Below's financial results were particularly disappointing, and we have since liquidated the position.

Desjardins Alt Long/Short Equity Market Neutral ETF Fund



Quarterly commentary as of June 30, 2024

PORTFOLIO MANAGER

**Desjardins Global Asset
Management**

INCEPTION DATE

7/13/2020

CIFSC CATEGORY*

Alternative Market Neutral

*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.

Desjardins®, all trademarks containing the word Desjardins, as well as related logos are trademarks of the Fédération des caisses Desjardins du Québec, used under licence.