

PORTFOLIO MANAGER:

Desjardins Global Asset Management

INCEPTION DATE:

July 13, 2020

CIFSC CATEGORY*:

Alternative Market Neutral

Contributors to relative performance

DANC benefited from its positioning within the industrials and financial services sectors, which generated 42 and 20 basis points (bps) respectively in added value.

- **Industrials:** Positive performance in this sector was mainly due to a rebound in the shares of RB Global (RBA) and AtkinsRéalis (ATRL), following a more challenging third quarter. These securities remain convictions for a market-neutral approach in 2025.
- **Financial services:** Shares of Fairfax Financial (FFH) drove the gain in this sector. With its low valuation, potential inclusion in the Canadian stock index (S&P/TSX 60) and, above all, outstanding delivery of financial results, Fairfax continued to outperform the market in the fourth quarter. As we look to 2025, our confidence in this security remains strong.

Detractors from relative performance

Pairs in the materials sector detracted from quarterly performance, trimming 12 bps of added value. To a lesser extent, pairs in the healthcare and real estate sectors also negatively affected DANC's performance.

- **Materials:** The underperformance in this sector was mainly due to an unfavourable positioning in gold securities. This can be explained in large part by macroeconomic factors such as the election of Donald Trump, which led to an increase in interest rates and the US dollar (with negative impacts on the price of gold).

Desjardins

Alt Long/Short Equity Market Neutral ETF Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2024

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Major changes to portfolio during the period

Regarding the contribution of pairs to performance, the fundamental strategy added 0.98%, while the arbitrage and mean reversion strategies subtracted 0.12% and 0.06%, respectively. On the transactional side, 255 pairs were implemented in the last 3 months. In this quarter, 44% of them had a positive return. In addition, the average return for positive pairs was 0.026%, compared to an average loss of approximately 0.015% for negative pairs. The DANC fund posted a positive return on 64% of the days in the quarter.

Capital employed remained between 20.5% and 39.3%, with an average of 30.7% for the quarter. In addition, DANC's beta was stable, fluctuating between -0.02 and 0.02, with a daily average of 0.01.

*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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