

# Desjardins

## Money Market Fund



QUARTERLY COMMENTARY AS OF MARCH 31, 2021

PORTFOLIO MANAGER:  
**Desjardins Global Asset Management**

INCEPTION DATE:  
**January 15, 1989**

CIFSC CATEGORY\*:  
**Canadian Money Market**

### Contributors to performance

- The Canadian money markets experienced a lot of volatility during the quarter. Foreign investors taking advantage of advantageous cross-currency swaps and strong demand from domestic buyers helped keep short-term interest rates low and narrow yield spreads. To benefit from the steepening of the banking curve, longer-term exposures were added throughout the quarter. These additions proved to be favourable from the end of the quarter. The weighting in government securities dropped during the period but remained above the minimum threshold thanks to longer-term federal agency securities. These securities continue to offer a better return profile than treasury bills with similar maturities. The weighting of corporate debt securities remained unchanged, ending the quarter near the authorized limit. Even though credit spreads continued to narrow and available issues are still scarce, corporate debt is still more attractive than bankers' acceptances.

### Detractors from performance

- The short-term product in Canada continues to be scarce and rate differentials low, driven by strong demand from international buyers and investor appetite for any excess returns. Three-month and 1-year treasury bills ended the quarter at 0.09% and 0.17% respectively, representing a respective increase of 2 and 1 basis points from the previous quarter, while the spread between the CDOR and the 3-month treasury bills decreased from 40 to 34.5 basis points.

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### Detractors from performance (cont'd)

- Moreover, given the abundance of liquidity in the system and strong demand for short-term product in Canada, short-term rates and yield spreads should remain well supported.

\*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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