

PORTFOLIO MANAGER:

Desjardins Global Asset Management

INCEPTION DATE:

December 1, 1959

CIFSC CATEGORY*:

Canadian Fixed Income

Positive and negative contributors to performance

- In the third quarter of 2021, global vaccination continued to progress despite the emergence of variants. Job creation seems to be at the centre of the Fed's stance at the moment and is probably becoming the most important indicator for anticipating any tightening of monetary policy. The 2- to 10-year yield curve steepened slightly from 0.94% to 0.98%, and the Canadian government's 10-year yield ended the quarter at 1.51%, up 0.12% over the period. Against this backdrop, the bond portfolio slightly outperformed its benchmark target during the quarter, resulting in a total return of -0.39% versus -0.41%. The value added during the period came from a portfolio allocation favouring an overweighting in corporate securities, and an overrepresentation in Alberta's bonds. In addition, positioning for a steepening of the 10-year Canadian government yield curve will contribute added value. However, a slightly longer duration than the target trimmed some of the value added.
- Taking into consideration the return on the FTSE Canada, which ended the quarter at -0.51%, the portfolio added 0.12%. This is due to an overexposure of corporate securities in the portfolio, as well as the positioning on the yield curve. In fact, the portfolio maintained a shorter term than the benchmark index with a positioning that favoured the steepening of the yield curve slope.
- With respect to fund flows, the portfolio recorded \$244 million in contributions over the period.

Desjardins Canadian Bond Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2021

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Positive and negative contributors to performance (cont'd)

- We enter the next quarter with a neutral duration bias, but the steepening of the yield curve could continue in the next quarter. We remain constructive on business credit and the allocation to this asset class should increase during the period.

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