

# Desjardins

## Alt Long/Short Equity Market Neutral ETF Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2021

PORTFOLIO MANAGER:  
**Desjardins Global Asset Management**

INCEPTION DATE:  
**July 13, 2020**

CIFSC CATEGORY\*:  
**Alternative Market Neutral**

For the first time since the troughs reached in March 2020, North American stock markets finished a quarter with mixed results. Bond yields were up significantly in late September in response to the latest meeting of the US Federal Reserve, with interest rate hikes anticipated starting next year, leading to a new rotation of investors from "growth" to "value" securities. In addition, fears of slowing economic growth in China in relation to the potential collapse of Chinese real estate giant Evergrande as well as the highly publicized supply chain problems, in particular the shortage of labour and semiconductors, worried the stock markets at the end of the month.

The consumer staples and energy sectors contributed positively to the strategy's performance. The strategy also performed well with certain pairs in the consumer staples sector. This explains the good results for comparable sales for many big box retailers.

We note that alpha generation is currently complex, related to the market context of recent months and repercussions on the strategy's performance. This is mainly due to quick, sudden rotations between the various investment styles, in particular the value and growth styles. This phenomenon is directly correlated with the variation in interest rates. In this market context, many securities tend to decorrelate from the fundamentals. In other words, quality companies with good historical returns and favourable growth outlooks tend to underperform their respective sectors in this environment. Furthermore, some securities with defensive features do not outperform as well as expected when the market is down.

\*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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