

# Wise ETF Portfolios

Quarterly commentary as of September 30, 2021



## Market overview

Market performance as of September 30, 2021 (%)

	3 months	1 year	3 years	5 years	10 years
<b>Fixed Income</b>					
FTSE Canada Universe Bond Index	0.51	3.35	4.32	2.59	3.33
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	0.09	0.21	4.31	2.59	3.83
<b>Growth</b>					
MSCI Canada Index (total return)	0.28	26.99	9.42	8.59	7.90
MSCI USA Index (CAD) (total return)	2.62	23.25	15.35	15.81	18.42
MSCI EAFE Index (CAD) (total return)	1.85	19.25	6.90	8.02	10.23
MSCI Emerging Markets Index (CAD) (total return)	5.97	12.11	7.86	8.43	8.18
MSCI ACWI ex CANADA IMI (CAD) (total return)	1.20	22.10	11.68	12.35	14.42

Sources: Desjardins Investments Inc., Morningstar Inc.

## Comments on market performance

- The gradual deployment of the COVID-19 vaccine has helped improve the global economic situation. This improvement is reflected in the growth of the GDP of most countries, which may put the global economy back on track to return to pre-pandemic levels. There are still lingering uncertainties about the progress of the pandemic, however, threatening an economy that is already weakened by COVID-19.
- Despite good economic growth in the country, the Canadian stock market showed a return of 0.3% for the third quarter, according to the MSCI Canada Index (total return). This outcome was due primarily to the poor performance of the materials sector. On the bond front, the FTSE Canada Universe Bond Index rang in at 0.5%, due to the declining value of Canadian government bonds. At the same time, the Bank of Canada (BoC) is continuing its monetary easing program to keep interest rates low by purchasing bonds.
- On the US stock market, the MSCI USA Index in Canadian dollars (total return) delivered a return of 2.6% for the third quarter. This gain is due primarily to the information technology sector. The easing of public health restrictions and the government stimulus plan also provided strong support for US consumption.
- In the emerging economies, the MSCI Emerging Markets Index in Canadian dollars (total return) dipped significantly, posting 6.0% for the current quarter. This decrease is related mainly to shrinkage in the Chinese stock market, which was deeply affected by the threat of bankruptcy in major players in the real estate sector, such as *Evergrande Real Estate Group*.
- The troubled situation in China and the encouraging economic performance in the United States have contributed significantly to the increase in the value of the US dollar, boosting returns on assets denominated in US currency.

## Portfolio performance (C-Class) as of September 30, 2021 (%)

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
Wise Fixed Income ETF Portfolio	-0.77	-3.20	N/A	N/A	N/A	0.69	2019/07/08
Wise Conservative ETF Portfolio	-0.82	-0.02	N/A	N/A	N/A	1.84	2019/07/08
Wise Balanced ETF Portfolio	-0.80	5.01	N/A	N/A	N/A	4.38	2019/07/08
Wise Growth ETF Portfolio	-0.74	9.68	N/A	N/A	N/A	5.72	2019/07/08
Wise Maximum Growth ETF Portfolio	-0.68	15.02	N/A	N/A	N/A	7.79	2019/07/08
Wise 100% Equity ETF Portfolio	-0.17	20.41	N/A	N/A	N/A	10.86	2019/07/08

Unlike the benchmarks, portfolio returns are net of fees and expenses.

Source: Desjardins Investments Inc.

## Comments on portfolio performance as of September 30, 2021

### Fixed Income

- Over the third quarter, all the portfolios' fixed income ETFs and Desjardins Funds, with the exception of the iShares Global Government Bond Index ETF (CAD-Hedged) (0.17%), posted negative returns ranging from -1.37% (iShares J.P. Morgan USD Emerging Markets Bond Index ETF (CAD-Hedged)) to -0.07% (Vanguard U.S. Aggregate Bond Index ETF (CAD-Hedged)).
- The Desjardins Canadian Universe Bond Index ETF (0.56%) was the top detractor from the fixed income component of the portfolios' performance due to its weighting and return. The iShares J.P. Morgan USD Emerging Markets Bond Index ETF (CAD-Hedged) also significantly harmed the fixed-income component of the portfolios' performance.

### Equity

- Stock markets saw a mixed third quarter. The portfolios' fixed-income ETFs and Desjardins Funds posted returns ranging from -5.75% (iShares Core MSCI Emerging Markets ETF) to 2.89% (Vanguard S&P 500 Index ETF).
- The iShares Core MSCI Emerging Markets ETF was the top detractor from the equity component of the portfolios' performance. Emerging market equities declined due to economic, financial and regulatory concerns from China. The iShares Core S&P Small-Cap ETF (-0.62%) and the Desjardins Global Equity Growth Fund (-1.50%) also harmed the equity component of the portfolios' performance.
- Conversely, the Vanguard S&P 500 Index ETF was the top contributor to the equity component of the portfolios' performance. The iShares Core MSCI EAFE IMI Index ETF (1.99%) and the iShares MSCI EAFE SmallCap ETF (2.62%) also significantly contributed to the equity component of the portfolios' performance.

## Contribution to portfolio performance (C-Class) as of September 30, 2021

	Fixed Income	Equity
Wise Fixed Income ETF Portfolio	-	Neutral
Wise Conservative ETF Portfolio	-	Neutral
Wise Balanced ETF Portfolio	-	+
Wise Growth ETF Portfolio	-	+
Wise Maximum Growth ETF Portfolio	-	+
Wise 100% Equity ETF Portfolio	N/A	+

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