

# Desjardins

## Enhanced Bond Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022



PORTFOLIO MANAGER:  
AllianceBernstein

INCEPTION DATE:  
January 12, 2004

CIFSC CATEGORY\*:  
Canadian Fixed Income

### Contributors to relative performance

- Corporate credit: An overweight to IG and high yield contributed to performance – particularly holdings in the US and Europe.
- Our allocation to emerging markets also helped relative returns as these bonds rebounded strongly.
- CLOs: Contributed as CLOs posted strong performance in 4Q.

### Detractors from relative performance

- Commercial mortgage-backed securities (CMBS): CMBS performance lagged other markets and detracted from performance.
- Yield curve positioning detracted mostly due to an overweight in the 30-year part of the curve.

### Major changes to portfolio in the period

- We exited the 5s30s flattener by adding to the 5-year part of the curve on expectations that the Bank of Canada was going to slow the pace of hikes sooner than some might have anticipated.
- After positioning more defensively earlier last year, we made small adjustments to corporate positions by taking advantage of relative valuations; trimming more expensive names and adding to the ones with more value. We added modestly to Canadian corporate holdings. Here, we remain focused on pipelines, telcos and utilities in Canada.

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