

Desjardins

Alt Long/Short Equity Market Neutral ETF Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022

PORTFOLIO MANAGER:

Desjardins Global Asset Management

INCEPTION DATE:

July 13, 2020

CIFSC CATEGORY*:

Alternative Market Neutral

- The Canadian and US stock markets closed this turbulent year with a total quarterly return of 6% for the S&P TSX Index and 7.5% for the S&P 500 Index. The first 2 months of the quarter were characterized by a strong stock rebound caused by a surge in investor optimism following a drop in inflation statistics for October and November. However, the rebound reversed course again in December as the market anticipates a recession that seems increasingly inevitable in 2023.
- From the highs reached at the end of last year, the S&P TSX Index fell more than 12%, while the S&P 500 fell more than 20%. Quantitative easing, COVID-19-related government cheques, the war in Ukraine, supply chain issues, lockdowns in China, central banks perception of a transitory inflation contributed to a significant and sustained rise in inflation in 2022. Central banks have tried to control inflationary pressures by rapidly raising key policy rates. These significant interest rate hikes put pressure on valuation multiples that are negatively impacting stock markets and bursting some of the bubbles that emerged from the global pandemic.
- During the fourth quarter of the year, the DANC generated an alpha for pairs of 0.05% and 0.62% from the collateral yield after management fees, for a total quarterly yield of 0.57%. For 2022, the DANC trimmed 0.40% from the pairs' alpha, but added 0.78% from the collateral yield, after management fees, for a total return of 0.38% as at December 31, 2022.
- In the fourth quarter, the DANC benefited from its positioning within the communications and industrials sectors, which generated 10 and 6 basis points of added value, respectively. In contrast, pairs in the healthcare and energy sectors subtracted 6 and 24 basis points, respectively.

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QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022

PORTFOLIO MANAGER:
Desjardins Global Asset Management

INCEPTION DATE:
January 24, 2019

CIFSC CATEGORY*:
Alternative Market Neutral

→ As the macroeconomic environment becomes increasingly uncertain for 2023, several indicators show a very high degree of uncertainty in the financial markets, resulting in high volatility. In this context, we favor a highly disciplined risk management.

*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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