

SocieTerra Portfolios

Quarterly commentary as of December 31, 2022



Market overview

Market performance as of December 31, 2022 (%)

	3 months	1 year	3 years	5 years	10 years
Fixed income					
FTSE Canada Universe Bond Index	0.10	-11.69	-2.20	0.27	1.63
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	1.13	-11.48	-2.72	0.00	1.76
Growth					
MSCI Canada Index (total return)	5.93	-6.54	6.50	5.71	6.92
MSCI USA Index (CAD) (total return)	5.49	-14.02	8.54	10.46	15.32
MSCI EAFE Index (CAD) (total return)	15.71	-8.23	2.35	3.14	7.95
MSCI Emerging Markets Index (CAD) (total return)	8.18	-14.28	-1.26	0.16	4.61
MSCI ACWI ex CANADA IMI Index (CAD) (total return)	8.38	-12.66	5.38	6.64	11.49

Sources: Desjardins Investments Inc., Morningstar Inc.

Comments on market performance

- In 2022, Canada faced strong inflationary pressure, but by the end of the year, the trend decelerated and inflation began to stabilise. This directional change is largely attributable to the Bank of Canada's successive policy rate hikes. These increases were effective and helped to curb inflation in Q4 2022.
- The Canadian stock market posted returns of 5.9%, according to the MSCI Canada Index (total return). This result is largely due to strong showings from the Energy, Financials and Information Technology sectors. On the fixed income side, the FTSE Canada Universe Bond Index posted a positive return of 0.1%, led by strong performance from corporate bonds.
- The MSCI USA (CAD) (total return) index posted returns of 5.5% in the fourth quarter. This growth was primarily driven by the Health Care, Financials and Information Technology sectors.
- On the emerging markets front, the MSCI Emerging Markets Index (CAD) (total return) had a remarkable run, ending the quarter with a return of 8.2%. This increase is mainly due to a good performance by the Chinese market, which managed to mitigate the impact of the pandemic on its supply chains and commercial operations.
- Overall, 2022 was a challenging year for financial markets. US equities posted an annual return of -14.0% according to the MSCI USA Index (CAD) (total return), due to notable declines in the Financials and Consumer Discretionary sectors. The Canadian equity market, for its part, posted an annual return of -6.5%, as measured by the MSCI Canada Index (total return). This result is attributable to the sharp drops in the Financial and Information Technology sectors over 2022. According to the MSCI Emerging Markets Index (CAD), emerging markets posted a negative total return of -14.3% for 2022, mainly due to the Chinese market's difficulties with supply chains. As for fixed income, the FTSE Canada Universe Bond Index fell 11.7% in 2022, primarily due to the Bank of Canada's interest rate hikes.

Portfolio performance (A-Class) as of December 31, 2022 (%)

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
SocieTerra Conservative Portfolio	2.22	-14.68	-2.21	0.23	1.88	3.26	2022/03/31
SocieTerra Moderate Portfolio	2.95	-14.84	N/A	N/A	N/A	-0.64	2020/04/14
SocieTerra Balanced Portfolio	3.93	-15.15	0.10	1.91	3.43	4.56	2022/03/31
SocieTerra Growth Portfolio	4.57	-15.40	0.72	2.51	4.47	3.85	2000/01/10
SocieTerra Maximum Growth Portfolio	5.86	-15.80	2.28	3.88	6.33	6.90	2022/03/31
SocieTerra 100% Equity Portfolio	6.99	-16.12	3.83	N/A	N/A	5.22	2019/07/08

Unlike the benchmark, the portfolio's performance is net of fees and expenses

Source: Desjardins Investments Inc.

Comments on portfolio performance as of December 31, 2022

Fixed Income (A-Class return)

- Overall, Canadian bond funds finished the third quarter with positive returns ranging from -0.3%* (Desjardins Government Bond Index Fund) to +9.7 (Desjardins SocieTerra Emerging Markets Bond Fund).
- Because of its weighting and performance, the Desjardins Canadian Bond Fund (+0.1%) contributed the most to the fixed income component of the portfolios. The Desjardins Global Government Bond Index Fund (-0.3%) was the main detractor.
- The Desjardins SocieTerra Emerging Markets Bond Fund (9.7%), SocieTerra Global Bond Fund (5.3%) and SocieTerra Global Corporate Bond Fund (3.6%) were the largest contributors to the overall performance of the fixed income funds.
- Despite strong performance in the fourth quarter, the fixed income funds in the portfolios delivered annual returns ranging from -18% to 0%. Due to its high weighting, the Desjardins SocieTerra Canadian Bond Fund was the largest detractor from the overall performance of fixed income funds, with an annual return of -12.4%.

Growth (A-Class return)

- Over the last three months, all of the equity funds in the portfolios posted positive returns ranging from +4.2% (Desjardins SocieTerra American Small Cap Equity Fund) to +13.1% (Desjardins SocieTerra International Small Cap Equity Fund).
- The Desjardins SocieTerra International Small Cap Equity Fund (+13.1%), SocieTerra International Equity Fund (+12.2%) and SocieTerra Global Dividend Fund (+12.1%) are the funds that contributed most to the solid performance of the equity component of the portfolios.
- Overall, equity funds with significant investments in value or high dividend yield stocks fared better, while funds with large holdings in growth, quality or lower volatility stocks suffered the most during the fourth quarter of 2022.
- For 2022, the equity funds that make up the portfolios posted returns of -26.0% to 0.0%. The Desjardins SocieTerra Positive Change Fund, the Desjardins SocieTerra Cleantech Fund and the Desjardins SocieTerra American Equity Fund were the main detractors from overall equity fund performance, with annual returns of -26%, -19.04% and -17.2% respectively.

* Class I performance

Contribution to portfolio performance (A-Class) as of December 31, 2022

	Fixed income	Growth
SocieTerra Conservative Portfolio	+	++
SocieTerra Moderate Portfolio	+	++
SocieTerra Balanced Portfolio	+	+++
SocieTerra Growth Portfolio	+	+++
SocieTerra Maximum Growth Portfolio	+	+++
SocieTerra 100% Equity Portfolio	Neutral	+++

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