

Wise ETF 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 (C-Class) as of December 31, 2022 (%)

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
Wise Fixed Income ETF Portfolio	0.31	-13.45	-3.98	N/A	N/A	-3.31	2019/07/08
Wise Conservative ETF Portfolio	1.59	-13.33	-3.30	N/A	N/A	-2.44	2019/07/08
Wise Balanced ETF Portfolio	3.01	-12.81	-1.32	N/A	N/A	-0.48	2019/07/08
Wise Growth ETF Portfolio	4.37	-12.31	-0.23	N/A	N/A	0.71	2019/07/08
Wise Maximum Growth ETF Portfolio	5.71	-12.05	1.19	N/A	N/A	2.28	2019/07/08
Wise 100% Equity ETF Portfolio	6.95	-11.52	3.59	N/A	N/A	4.61	2019/07/08

Unlike the benchmarks, the portfolios' performance is net of fees and expenses.

Source: Desjardins Investments Inc.

Comments on portfolio performance as of December 31, 2022

Fixed income (Canadian dollar and Class A returns for Desjardins Funds)

- The fourth quarter was more favourable to the Desjardins bond funds and ETFs compared to Q3 2022. Desjardins fixed income ETFs and funds posted returns ranging from -0.1% (Vanguard Global ex-U.S. Aggregate Bond Index ETF (CAD-hedged)) to +7.9% (iShares J.P. Morgan USD Emerging Markets Bond Index ETF (CAD-Hedged)).
- Due to their strong returns during the fourth quarter of 2022, the iShares J.P. Morgan USD Emerging Markets Bond Index ETF (CAD-Hedged) (+7.9%), the iShares US IG Corporate Bond ETF (CAD-Hedged) (+4.1%) and the Desjardins Global Tactical Bond Fund (+3.1%) contributed the most to the fixed income component of the portfolios' performance. The Desjardins Canadian Universe Bond Index ETF (0.0%) also limited the decline in the fixed income component of the portfolios.
- The Vanguard Global ex-U.S. Aggregate Bond Index ETF (CAD-hedged) (-0.1%) was the sole detractor from the fixed income component of the portfolios, as it was the only fund that posted a negative return during this period.
- Despite strong performance in the fourth quarter, the fixed income funds in the portfolios delivered annual returns ranging from -20.0% to -3.9%. Due to its high weighting, the Desjardins Canadian Universe Bond Index ETF was the largest detractor from the overall performance of the fixed income component, with an annual return of -11.4%.

Equities (Canadian dollar and Class A returns for Desjardins Funds)

- Over the last three months, all of the equity funds in the Desjardins ETFs and funds posted positive returns ranging from +5.9% (Vanguard FTSE Canada All Cap Index ETF) to +15.4% (iShares Core MSCI EAFE IMI Index ETF).
- Due to their high weighting and their returns, the iShares Core MSCI EAFE IMI Index ETF (+15.4%), the Vanguard S&P 500 Index Fund ETF (+6.06%) and the Vanguard FTSE Canada All Cap Index ETF (+5.9%) contributed the most to the equity component of the portfolios' performance.
- While performance in the fourth quarter was positive, the funds and ETFs in the portfolios delivered negative annual returns ranging from -24.4% to -4.9%. Due to their high weighting, the Vanguard FTSE Canada All Cap Index ETF and the Vanguard S&P 500 Index ETF were the main detractors from overall performance, posting annual returns of -5.8% and -12.2% respectively.

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

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

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