

Desjardins Canadian Bond Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2020

PORTFOLIO MANAGER:
Desjardins Global Asset Management

INCEPTION DATE:
December 1, 1959

CIFSC CATEGORY*:
Canadian Fixed Income

Positive and negative factors affecting performance

- In Q3 2020, the financial markets saw economic activity gradually regain momentum and unprecedented interventions on the bond market. The 2- to 10-year interest rate curve steepened by 0.08%, and the Canadian government 10-year rate ended at 0.56%, up 0.03% during the period. Against this backdrop, the bond portfolio's performance beat its benchmark in Q3, resulting in a total return of 0.83% versus 0.77% for the management target. Added value for the period arose from positioning the portfolio to take advantage of a steeper interest rate curve and overweighting corporate securities. However, underweighting long-term corporate securities contributed negatively to added value. Changes this quarter include the reinvestment of several short-term (1–1.5 years) bank securities in the provincial and federal agency sector with a 3- to 4-year maturity, an extremely attractive level historically.
- Next quarter will see a return to a neutral position on the interest rate curve once we reach our intervention targets. Against this backdrop, we'll continue to buy provincials and specific corporate securities with long-term maturities if the valuation is justified.

*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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