

Melodia Growth Portfolios

Quarterly commentary as of March 31, 2021



Market overview

Market performance as of March 31, 2021

	3 months	1 year	3 years	5 years	10 years
Fixed Income					
FTSE Canada Universe Bond Index	-5.04	1.62	3.77	2.83	3.98
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	-2.40	2.14	3.83	3.03	4.20
Growth					
MSCI Canada Index (total return)	8.12	40.64	8.64	9.00	5.05
MSCI USA Index (CAD) (total return)	3.95	40.01	15.80	15.42	16.32
MSCI EAFE Index (CAD) (total return)	2.09	27.66	5.13	8.23	8.26
MSCI Emerging Markets Index (CAD) (total return)	0.91	39.86	5.58	11.43	6.34
MSCI ACWI ex CANADA IMI (CAD) (total return)	3.60	38.97	11.01	12.67	12.28

Sources: Desjardins Investments Inc., Morningstar Inc.

Comments on market performance

- The global economy continues to move in tandem with COVID 19 pandemic developments. The decline in cases in many countries early in the year, the faster pace of vaccination programs and greater than anticipated economic resilience have helped brighten the economic outlook, fuelling gains in major equity markets worldwide.
- This improvement has also sparked fears of accelerating inflation, particularly on the back of rising commodity prices. Dampening bond markets reflect growing fears of a more rapid tightening of monetary policy.
- Markets remain cautious as a third wave of the pandemic is hitting many countries.
- In Canada, the faster than expected pace of domestic economic growth in the past quarter and the sharp rise in oil prices galvanized the Canadian stock market, up 8.1% for the quarter.¹ Like a number of other central banks, the Bank of Canada has maintained very favourable financing conditions to help the economy weather the pandemic. However, it has shown a little more openness to tuning the pace of its asset purchases to the strength of the recovery. Accordingly, the FTSE Canada Universe Bond Index returned 5% for the quarter.
- In the United States, the US government's \$1.9 trillion aid package and a fast paced vaccination campaign have sweetened the country's economic outlook. Driven by gains in the industrial and financial sectors, the MSCI USA Index in Canadian dollars (total return) added 4.0% during the quarter. On the bond front, the Federal Reserve continues to adopt a very cautious tone on economic growth, emphasizing labour shortages and downplaying inflationary risks.
- With an updraft from domestic monetary policy and rising commodity prices, the Canadian dollar appreciated against most foreign currencies, including the US dollar, trimming returns on foreign currency denominated assets.

¹ Based on the MSCI Canada Index quarterly return (total return).

Portfolio performance (A-Class) as of March 31, 2021

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
Melodia Moderate Growth Portfolio	-1.44	16.77	4.69	4.85	N/A	4.58	2013/05/10
Melodia Diversified Growth Portfolio	0.02	22.26	5.87	6.15	N/A	5.34	2013/05/17
Melodia Balanced Growth Portfolio	0.93	26.16	6.55	7.06	N/A	6.18	2013/05/17
Melodia Maximum Growth Portfolio	2.69	34.59	7.73	8.98	N/A	7.94	2013/05/17
Melodia 100% Equity Growth Portfolio	4.47	43.43	9.59	N/A	N/A	11.26	2016/04/11

In contrast with the indexes, portfolio return is established net of fees and expenses.
Sources: Desjardins Investments Inc.

Comments on portfolio performance as of March 31, 2021

Fixed income (A-Class return)

- Over the quarter, all the fixed income funds in the portfolios, with the exception of the Desjardins Floating Rate Income Fund (0.9%), posted negative returns ranging from -5.2% (Canadian Bond Fund) to -2.7% (Global Tactical Bond Fund).
- Over the quarter, funds with Canadian government bond holdings were the most penalized, while funds with in high yield corporate bond holdings were generally less penalized. Accordingly, the Desjardins Canadian Bond Fund (-5.2%) and, to a lesser extent, the Desjardins Enhanced Bond Fund (-4.7%), were the top detractors from the performance of the portfolios' fixed income component.

Growth (A-Class return)

- Over the quarter, all the equity funds in the portfolios, with the exception of the Desjardins American Equity Growth, Overseas Equity Growth and Overseas Equity Funds, posted positive returns ranging from 0.4% (Emerging Markets Fund) to 13.1% (Canadian Equity Value Fund).
- For the quarter, funds with significant growth equity holdings lagged the markets. Conversely, funds with significant Canadian equity, value equity and small cap equity holdings generally posted the highest returns.
- Over the quarter, the Desjardins American Equity Value (9.2%), Canadian Equity Value (13.1%), Canadian Equity (6.0%) and Global Small Cap Equity Funds (7.9%) were the top contributors to the performance of the portfolios' equity component.

Contribution to portfolio performance (A-Class) as of March 31, 2021

	Fixed income	Growth
Melodia Moderate Growth Portfolio	---	++
Melodia Diversified Growth Portfolio	--	+++
Melodia Balanced Growth Portfolio	--	+++
Melodia Maximum Growth Portfolio	-	+++
Melodia 100% Equity Growth Portfolio	N/A	+++

The information contained in this document is provided solely for illustration and discussion purposes. It should not be construed as investment advice or recommendations to buy or sell securities or specific investment strategy recommendations. Under no circumstances should this document be considered or used for the purpose of an offer to purchase units in a fund or any other offer of securities in any jurisdiction. The information is general in nature and is used to illustrate and present examples relating to the management capabilities of the portfolio manager referenced in this document. All points of view, observations, and opinions are subject to change without notice.

The information presented on market conditions and the strategy represents a summary of the portfolio manager's observations with respect to the markets as a whole and its strategy on the date indicated. Different points of view can be expressed based on management style, objectives, opinions, or different philosophies.

No part of this document may be reproduced without prior written permission from the portfolio manager referenced.

Desjardins Funds are not guaranteed, their value fluctuates frequently and their past performance is not indicative of their future returns. The indicated rates of return are the historical annual compounded total returns as at the date of this document including changes in securities value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Commissions, trailing commissions, management fees and other fees may be associated with mutual fund investments. Please read the prospectus before investing. Desjardins Funds are offered by registered dealers.

The Desjardins brand is a trademark of the Fédération des caisses Desjardins du Québec, used under licence.