

Wise ETF Portfolios

Quarterly commentary as of June 30, 2021



Market overview

Market performance as of June 30, 2021

	3 months	1 year	3 years	5 years	10 years
Fixed Income					
FTSE Canada Universe Bond Index	1.66	-2.43	4.16	2.64	3.90
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	1.07	0.51	4.24	2.72	4.12
Growth					
MSCI Canada Index (total return)	8.41	32.59	9.18	9.95	6.50
MSCI USA Index (CAD) (total return)	7.18	28.98	16.42	16.38	17.22
MSCI EAFE Index (CAD) (total return)	3.62	20.33	6.11	9.23	8.56
MSCI Emerging Markets Index (CAD) (total return)	3.50	28.11	9.05	11.96	6.92
MSCI ACWI ex CANADA IMI (CAD) (total return)	5.51	27.97	12.04	13.58	12.93

Sources: Desjardins Investments Inc., Morningstar Inc.

Comments on market performance

- Pandemic developments continue to have a major impact on global economic growth. The regions that were most affected by the second and third waves of COVID-19 have had a harder time in their economic recoveries than other countries. However, the markets remain optimistic as vaccination campaigns make headway and public health restrictions loosen. Nearly all stock markets around the world posted strong performances for the quarter.
- In Canada, the quarter ended on a positive note with an 8.41% return for the MSCI Canada Index (total return). The financial and information technology sectors played a major role in this impressive performance. The Bank of Canada (BoC) slowed the pace of its bond purchases in April, then opted for the status quo in June. Positive developments in the public health crisis suggest that the Canadian economy will see a strong rebound this summer. The BoC should therefore continue to gradually tighten its monetary policy while reducing its bond purchases. The FTSE Canada Universe Bond Index posted a 1.66% gain for the quarter.
- The US stock markets fared well thanks to the information technology sector's performance. The MSCI USA Index posted a return of 7.18% for the period. As for bonds, the Federal Reserve adopted a more optimistic tone, even signalling that the robust outlooks for inflation and the labour market could justify normalizing its monetary policy sooner.
- The slow pace of vaccination campaigns in emerging countries and tightened financial conditions in China have had a negative impact on economic growth outlooks for those countries. The stock markets were hampered by the 3.50% quarterly return on the MSCI Emerging Markets Index (CAD) (total return).
- 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.

Portfolio performance (C-Class) as of June 30, 2021

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
Wise Fixed Income ETF Portfolio	0.98	-2.64	N/A	N/A	N/A	1.18	2019/07/08
Wise Conservative ETF Portfolio	1.68	1.89	N/A	N/A	N/A	2.50	2019/07/08
Wise Balanced ETF Portfolio	2.48	7.94	N/A	N/A	N/A	5.38	2019/07/08
Wise Growth ETF Portfolio	3.44	13.58	N/A	N/A	N/A	6.87	2019/07/08
Wise Maximum Growth ETF Portfolio	4.36	19.90	N/A	N/A	N/A	9.19	2019/07/08
Wise 100% Equity ETF Portfolio	5.18	25.68	N/A	N/A	N/A	12.42	2019/07/08

Unlike the benchmarks, portfolio returns are net of fees and expenses.

Source: Desjardins Investments Inc.

Comments on portfolio performance as of June 30, 2021

Fixed Income

- Over the quarter, all of the portfolios' fixed-income ETFs posted positive returns, ranging from 0.1% (Vanguard Global ex-U.S. Aggregate Bond Index ETF (CAD-Hedged)) to 4.0% (iShares J.P. Morgan USD Emerging Markets Bond Index ETF (CAD-Hedged)).
- The Desjardins Canadian Universe Bond Index ETF (1.56%) was the top contributor to the fixed-income component of the portfolios' performance due to its weighting. The iShares J.P. Morgan USD Emerging Markets Bond Index ETF (CAD-Hedged) (4.0%), the Desjardins Global Tactical Bond Fund (3.1%) and the Desjardins Global Total Return Bond Fund (2.6%) also contributed significantly to the fixed-income component of the portfolios' performance.

Equity

- Over the quarter, all of the portfolios' equity ETFs posted positive returns, ranging from 2.8% (iShares MSCI EAFE Small-Cap ETF) to 8.5% (Vanguard FTSE Canada All Cap Index ETF).
- The Vanguard FTSE Canada All Cap Index ETF (8.5%) contributed the most to the equity component of the portfolios' performance. The Vanguard S&P 500 Index ETF (6.9%), the iShares Core MSCI Emerging Markets ETF (4.2%) and the Desjardins Global Equity Growth Fund (5.6%) also contributed significantly to the equity component of the portfolios' performance.

Contribution to portfolio performance (C-Class) as of June 30, 2021

	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	+++

Recent developments

A new strategic asset allocation, including a new cyclical component, was implemented during the months of April and May. During the review, several changes were made to the portfolios. An allocation to global bond and managed global equity funds has been added to the portfolios. In addition, the Desjardins Multifactor-Controlled Volatility ETFs and the tactical asset allocation have been removed.

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