

# Desjardins SocieTerra

## Canadian Bond Fund



QUARTERLY COMMENTARY AS OF JUNE 30, 2023

**PORTFOLIO MANAGER:**

Desjardins Global Asset Management

**INCEPTION DATE:**

June 8, 2015

**CIFSC CATEGORY\*:**

Canadian Fixed Income

### Contributors to relative performance

- The added value of 39 basis points this quarter is chiefly due to the portfolio's overweight to corporate securities of around 25% compared to its benchmark. This asset class outperformed government bonds over any term. The underweight position to the short- and medium-term provincial sectors added value compared to FTSE Canada, as they underperformed the long-term provincial sector, whose portfolio was overinvested during the period during the period, as the yield curve flattened.

### Detractors from relative performance

- The sharp flattening of the yield curve during the quarter brought down value due to the portfolio's underweighting to issuers with a term of more than ten years. However, the duration that was kept shorter than the benchmark's counteracted this effect.

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### Major changes to portfolio in the period

- During the quarter, exposure to corporate and provincial securities was reduced by approximately 5%, mainly by the long-term sector of the yield curve. The goal is to limit portfolio volatility based on potentially widening credit spreads, since there are signs that an economic slowdown is on the horizon. However, the portfolio remains overweight in the corporate sector for the time being.

### ESG Analysis

- Green, sustainable and social bonds accounted for 8% of the portfolio in the last quarter. Some ESG bonds were reallocated from corporate sectors to Canadian agencies for valuation purposes.
- We take the scope of climate change risk into account when selecting issuers. In Q2, the portfolio's carbon footprint was 83.6% lower than the average on the FTSE Canada Corporate Bond Index.

\*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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