

# Melodia Income Portfolios

Quarterly commentary as of June 30, 2023



## Market overview

Market performance as of June 30, 2023 (%)

|   | 3 months | 1 year | 3 years | 5 years | 10 years |
|---|----------|--------|---------|---------|----------|
| <b>Fixed income</b>                                   |          |        |         |         |          |
| FTSE Canada Universe Bond Index                       | -0.69    | 3.15   | -3.75   | 0.65    | 2.06     |
| Bloomberg Barclays Multiverse Bond Index (CAD-hedged) | -0.05    | 0.27   | -2.93   | 0.61    | 2.11     |
| <b>Growth</b>   |          |        |         |         |          |
| MSCI Canada Index (total return)                      | 1.38     | 9.71   | 11.73   | 6.49    | 7.63     |
| MSCI USA Index (CAD) (total return)                   | 6.18     | 22.05  | 12.51   | 11.74   | 14.73    |
| MSCI EAFE Index (CAD) (total return)                  | 0.66     | 21.84  | 7.89    | 4.51    | 7.82     |
| MSCI Emerging Markets Index (CAD) (total return)      | -1.35    | 4.38   | 1.34    | 1.05    | 5.31     |
| MSCI ACWI ex CANADA IMI Index (CAD) (total return)    | 3.62     | 19.44  | 9.84    | 7.81    | 11.23    |

Sources: Desjardins Investments Inc., Morningstar Inc.

## Comments on market performance

- In the second quarter of 2023, fears of a recession weighed heavily on the markets, which experienced high volatility. However, by the end of the quarter, most stock indexes managed to regain some stability.
- The Canadian stock market posted returns of 1.4%, according to the MSCI Canada Index (total return). This was largely due to strong performance in the industrial and tech sectors. The materials sector was down after strong performance in the first quarter of 2023.
- With respect to bonds, the FTSE Canada Universe Bond Index posted a slightly negative return of -0.7%, mainly due to lower government bond yields.
- In the US equity market, the MSCI USA Index (CAD) (total return) posted a return of 6.2% for the second quarter of 2023. This strong performance was primarily driven by the tech, consumer discretionary and telecommunication services sectors.
- Emerging market equities fell in the second quarter of 2023. They posted a negative return of -1.4%, according to the MSCI Emerging Markets Index (CAD). Economic growth in emerging economies slowed mainly due to higher interest rates.

## Contribution to portfolio performance (A-Class) as of June 30, 2023

|  | 3 months | 1 year | 3 years | 5 years | 10 years | Since start of operations | Start date of operations |
|--|----------|--------|---------|---------|----------|---------------------------|--------------------------|
| Melodia Very Conservative Income Portfolio | -0.07    | 3.54   | -1.49   | 0.22    | 1.68     | 1.42                      | 2013/05/17               |
| Melodia Conservative Income Portfolio      | 0.04     | 4.13   | -0.88   | 0.40    | 2.10     | 1.84                      | 2013/05/10               |
| Melodia Moderate Income Portfolio          | 0.38     | 5.29   | 0.32    | 0.87    | 2.61     | 2.25                      | 2013/05/17               |
| Melodia Diversified Income Portfolio       | 0.90     | 7.03   | 2.13    | 1.50    | 3.59     | 3.18                      | 2013/05/17               |

Unlike the benchmarks, portfolio returns are net of fees and expenses.  
Source: Desjardins Investments Inc.

## Comments on portfolio performance as of June 30, 2023

### Fixed Income (A-Class return)

- Bond funds ended Q2 2023 with returns ranging from -0.8% (Desjardins Short-Term Income Fund) to +3.6% (Desjardins Emerging Markets Bond Fund).
- The main contributors to the overall performance of fixed income funds were the Desjardins Emerging Markets Bond Fund (+3.6%), Fiera Comox Private Credit Opportunities (+2.6%) and the Floating Rate Income Fund (+1.9%).
- Due to its weighting and performance, the Desjardins Canadian Bond Fund (-0.6%) was the weakest contributor to the fixed income component of the portfolios. The fixed income component was also dragged down by the Desjardins Enhanced Bond Fund (-0.7%), the Desjardins Global Tactical Bond Fund (-0.6%) and the Desjardins Global Government Bond Index Fund (-0.5%\*).

### Growth (A-Class return)

- The portfolios' equity funds posted returns ranging from -3.2% (Desjardins Global Infrastructure Fund) to +5.8% (Desjardins Global Dividend Fund).
- The strongest contributors to the performance of the equity fund component were the Desjardins Global Dividend Fund (+5.8%), Desjardins Dividend Growth Fund (+3.4%) and Desjardins Global Equity Fund (+2.4%).
- The biggest detractors from the equity component were the Desjardins Global Infrastructure Fund (-3.2%), Desjardins Global Small Cap Equity Fund (-1.9%) and Desjardins Emerging Markets Equity Fund (-0.8%).
- Overall, equity funds with significant investments in high-growth or quality stocks generally performed better. Conversely, funds with a greater focus on value or lower volatility generally delivered lower returns during the second quarter of 2023.

\* Class I performance

## Contribution to portfolio performance (A-Class) as of June 30, 2023

|  | Fixed Income | Growth |
|--|--------------|--------|
| Melodia Very Conservative Income Portfolio | -            | +      |
| Melodia Conservative Income Portfolio      | -            | +      |
| Melodia Moderate Income Portfolio          | -            | +      |
| Melodia Diversified Income Portfolio       | -            | ++     |

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