

Chorus II Growth Portfolios

Quarterly commentary as of September 30, 2023



Market overview

Market performance as of September 30, 2023 (%)

	3 months	1 year	3 years	5 years	10 years
Fixed income					
FTSE Canada Universe Bond Index	-3.87	-1.36	-5.14	0.05	1.64
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	-1.87	1.91	-3.80	0.25	1.81
Growth					
MSCI Canada Index (total return)	-1.96	9.70	9.52	6.27	6.79
MSCI USA Index (CAD) (total return)	-1.07	19.09	9.46	10.31	14.28
MSCI EAFE Index (CAD) (total return)	-2.03	23.63	6.18	4.17	6.71
MSCI Emerging Markets Index (CAD) (total return)	-0.82	9.91	-1.33	1.46	4.91
MSCI ACWI ex CANADA IMI Index (CAD) (total return)	-1.29	18.51	7.24	7.07	10.50

Sources: Desjardins Investments Inc., Morningstar Inc.

Comments on market performance

- In the third quarter of 2023, strong market volatility negatively affected quarterly performance.
- The Canadian stock market posted returns of -2.0% according to the MSCI Canada Index (total return). This was largely due to a drop in performance in the telecommunications services and information technology sectors. The energy sector posted strong performance in the third quarter of 2023, helping to ease the downturn in the Canadian market.
- With respect to bonds, the FTSE Canada Universe Bond Index posted a negative return of -3.9%, mainly due to lower government bond yields.
- In the US stock market, the MSCI USA Index (CAD) (total return) posted a return of -1.1% for the third quarter of 2023. This drop in performance was primarily due to the information technology, consumer discretionary and real estate sectors.
- Emerging market equities posted a negative return of -0.8% in the third quarter of 2023 according to the MSCI Emerging Markets Index (CAD). Economic growth in emerging economies slowed mainly due to high interest rates.

Portfolio performance (A-Class) as of September 30, 2023 (%)

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
Chorus II Growth	-3.14	6.30	-0.42	2.11	3.98	4.62	2011/11/28
Chorus II Aggressive Growth	-3.05	7.95	0.92	2.79	4.72	5.62	2011/11/28
Chorus II Maximum Growth	-3.07	8.83	1.38	2.91	5.13	6.17	2011/11/28
Chorus II 100% Equity Growth	-3.02	11.14	3.13	N/A	N/A	6.74	2020/04/14

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

Source: Desjardins Investments Inc.

Comments on portfolio performance as of September 30, 2023

Fixed Income (I-Class return)

- Bond funds ended Q3 2023 with returns ranging from -3.9% (Desjardins Enhanced Bond Fund) to +0.7% (Desjardins Global High Yield Bond Fund).
- The Desjardins Global High Yield Bond Fund (+0.7%) was the only positive contributor to the overall performance of the fixed income funds.
- Due to its weighting and performance, the Desjardins Canadian Bond Fund (-3.7%) 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 (-3.9%), the iShares J.P. Morgan USD Emerging Markets Bond ETF (-2.7%) and the Desjardins Global Government Bond Index Fund (-2.3%).

Growth (I-Class return)

- The portfolios' equity funds posted returns ranging from -8.1% (Desjardins Overseas Equity Growth Fund) to +0.1% (Desjardins International Equity Value Fund).
- Due to its positive return, the Desjardins International Equity Value Fund (+0.1%) was the strongest positive contributor to the overall performance of the equity component of the portfolios.
- The biggest detractors from the equity component were the Desjardins Overseas Equity Growth Fund (-8.1%), the Desjardins Overseas Equity Fund (-5.8%) and the Desjardins Global Equity Growth Fund (-5.7%).
- Overall, equity funds with significant investments in quality or value stocks generally performed better. Conversely, funds with a greater focus on lower volatility generally delivered lower returns during the third quarter of 2023.

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

	Fixed income	Growth	Tactical allocation
Chorus II Growth	--	--	-
Chorus II Aggressive Growth	-	---	-
Chorus II Maximum Growth	-	---	-
Chorus II 100% Equity Growth	Neutral	---	-

Comments on portfolio tactical asset allocation as of September 30, 2023

Lazard Asset Management ("Lazard") adjusted its guidance in the third quarter of 2023, taking into account various economic and geopolitical factors such as global inflation. Its tactical positions had a slightly negative impact on overall performance over the period.

The following tactical positions were implemented in Q3 2023:

- Reduced allocation to short-term Canadian bonds
- Increased allocation to Canadian bonds
- Reduced allocation to global total return bonds
- Increased allocation to Canadian equity
- Reduced underweight to global equity – all countries
- Reduced allocation to emerging markets equity

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