

SocieTerra Portfolios

Quarterly commentary as of September 30, 2022



Market overview

Market performance as of September 30, 2022 (%)

	3 months	1 year	3 years	5 years	10 years
Fixed Income					
FTSE Canada Universe Bond Index	0.52	-10.48	-2.51	0.66	1.65
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	-3.45	-12.46	-3.22	-0.09	1.77
Growth					
MSCI Canada Index (total return)	-1.94	-5.71	5.42	5.41	6.50
MSCI USA Index (CAD) (total return)	1.39	-10.63	8.96	10.69	14.79
MSCI EAFE Index (CAD) (total return)	-3.45	-18.80	0.61	1.05	7.19
MSCI Emerging Markets Index (CAD) (total return)	-5.81	-22.03	0.85	0.06	4.48
MSCI ACWI ex CANADA IMI (CAD) (total return)	-0.51	-14.76	4.90	6.16	14.79

Sources: Desjardins Investments Inc., Morningstar Inc.

Comments on market performance

- The sharp increase in inflation remained a hot topic in the third quarter of 2022. In order to control this increase, the Bank of Canada raised its key rate by 1.75% over the quarter with the goal of bringing inflation down to a lower level.
- According to the MSCI Canada Index (total return), the Canadian stock market posted a slightly negative return of -1.9% at the end of the third quarter compared to -13% in Q2. This result is largely due to the strong performance from the industrial products and materials sectors. As for the Canadian bond market, it returned a positive 0.5% according to the FTSE Canada Universe Bond Index following an increase in government bond returns.
- The US market posted the biggest increase, ending the third quarter with a positive return of 1.4% according to the MSCI USA Index (CAD) (total return). This result is largely due to the strong performance from the energy and consumer discretionary sectors. The appreciation of the American dollar against the Canadian dollar during the third quarter also supported the performance of US stocks.
- The MSCI Emerging Markets Index (CAD) (total returns) posted a return of -5.8%. This result was due to a steep decline in the Chinese market following a series of lockdowns and supply chain problems.
- The MSCI EAFE Index (CAD) (overall return) posted a negative return of -3.4%. This result is due to the drop in European stock markets caused by the worsening energy crisis and looming recession in the third quarter.

Portfolio performance (A-Class) as of September 30, 2022 (%)

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
SocieTerra Conservative Portfolio	-1.23	-15.00	-6.91	-2.61	0.28	1.79	2009/01/20
SocieTerra Moderate Portfolio	-1.15	-15.40	-6.39	N/A	N/A	N/A	2020/04/14
SocieTerra Balanced Portfolio	-0.96	-15.93	-5.04	-0.53	1.72	3.25	2009/01/20
SocieTerra Growth Portfolio	-0.86	-16.33	-4.28	0.20	2.28	4.26	2000/01/10
SocieTerra Maximum Growth Portfolio	-0.67	-17.00	-2.77	1.76	3.51	5.99	2009/01/20
SocieTerra 100% Equity Portfolio	-0.31	-17.40	-1.23	3.37	N/A	N/A	2019/07/08

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

Source: Desjardins Investments Inc.

Comments on portfolio performance as of September 30, 2022

Fixed income (A-Class return)

- Canadian bond funds ended the third quarter with slightly positive or negative returns after 2 difficult quarters. Foreign bond funds were further penalized by increased inflationary pressures and expectations of rate increases, and thus ended the third quarter with negative returns.
- Bond funds posted returns ranging from -6.4%* (Desjardins SocieTerra Emerging Markets Bond Fund) to +0.2% (Desjardins SocieTerra Canadian Bond Fund).
- The Desjardins Global Government Index Bond Fund (-3.8%*), SocieTerra Global Corporate Bond Fund (-5.1%*), and SocieTerra Emerging Markets Bond Fund (-6.4%*) detracted the most from the fixed income component of the portfolios.
- Because of its exposure and performance, the Desjardins Canadian Bond Fund (+0.2%) contributed the most to limiting the decline of the fixed income component of the portfolios.

Growth (A-Class return)

- Equity funds in the portfolios posted returns ranging from -3.6% (Desjardins SocieTerra International Equity Fund) to +4.1% (Desjardins SocieTerra American Equity Fund).
- Overall, equity funds with significant investments in American or growth-oriented securities generally fared better during the quarter, while equity funds with significant investments in companies outside Canada and the United States posted the weakest returns. The Desjardins SocieTerra International Equity Fund (-3.6%) and SocieTerra Emerging Markets Equity Funds (-3.4%) were the funds that detracted the most from returns on the equity component of the portfolios.
- In contrast, the Desjardins SocieTerra American Equity Fund (+4.1%), SocieTerra Positive Change Fund (+2.5%) and SocieTerra Diversity Fund (0.8%) limited the decline of the equity component of the portfolios.

* Class I performance

Contribution to portfolio performance (A-Class) as of September 30, 2022

	Fixed income	Growth
SocieTerra Conservative Portfolio	-	-
SocieTerra Moderate Portfolio	-	-
SocieTerra Balanced Portfolio	-	-
SocieTerra Growth Portfolio	-	-
SocieTerra Maximum Growth Portfolio	-	-
SocieTerra 100% Equity Portfolio	Neutral	-

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