

Chorus II Low Volatility Portfolios

Quarterly commentary as of March 31, 2023



Market overview

Market performance as of March 31, 2023 (%)

	3 months	1 year	3 years	5 years	10 years
Fixed income					
FTSE Canada Universe Bond Index	3.22	-2.01	-1.67	0.89	1.88
Bloomberg Barclays Multiverse Bond Index (CAD-hedged)	2.75	-4.30	-2.04	0.60	1.95
Growth					
MSCI Canada Index (total return)	4.19	-5.83	16.53	7.60	7.05
MSCI USA Index (CAD) (total return)	7.47	-1.32	15.99	11.60	14.77
MSCI EAFE Index (CAD) (total return)	8.34	6.86	11.10	4.53	8.05
MSCI Emerging Markets Index (CAD) (total return)	3.83	-3.25	6.03	0.06	4.96
MSCI ACWI ex CANADA IMI Index (CAD) (total return)	6.90	0.22	13.59	7.61	11.24

Sources: Desjardins Investments Inc., Morningstar Inc.

Comments on market performance

- Inflation continued its downward trend in the first quarter of 2023. This decrease is mainly attributable to the repeated key interest rate hikes by the Bank of Canada.
- The Canadian stock market posted returns of 4.2%, according to the MSCI Canada Index (total return). This was largely due to strong performance in the materials, industrial goods and technology sectors. The energy sector declined slightly after a remarkable rise in the fourth quarter of 2022.
- With respect to bonds, the FTSE Canada Universe Bond Index posted a positive return of 3.2%, driven by strong performance from government bonds.
- In the US equity market, the MSCI USA Index (CAD) (total return) posted a return of 7.5% for the first quarter of 2023. This increase was primarily driven by the technology, consumer discretionary and telecommunication services sectors.
- With respect to emerging markets, the MSCI Emerging Markets Index (CAD) (total return) performed well, ending the quarter with a return of 3.8%. This increase is mainly due to the good performance of the Chinese market. The technology and consumer discretionary sectors also had a positive impact on the performance of the MSCI Emerging Markets Index (CAD) (total return) with their strong quarterly returns.

Contribution to portfolio performance (A-Class) as of March 31, 2023

	3 months	1 year	3 years	5 years	10 years	Since start of operations	Start date of operations
Chorus II Conservative Low Volatility	2.77	-3.84	1.04	0.60	2.11	2.60	2011/11/28
Chorus II Moderate Low Volatility	2.89	-3.53	2.18	1.01	2.74	3.28	2011/11/28
Chorus II Balanced Low Volatility	3.06	-2.97	3.91	1.81	3.46	4.06	2011/11/28

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

Source: Desjardins Investments Inc.

Comments on portfolio performance as of March 31, 2023

Fixed Income (A-Class return)

- All Canadian bond funds ended the first quarter of 2023 with positive returns ranging from 0.1% (Desjardins Emerging Markets Bond Fund) to 3.0%* (Desjardins Global Government Bond Index Fund).
- Due to its weighting and performance, the Desjardins Canadian Bond Fund (+2.9%) contributed the most to the fixed income component of the portfolios. The Desjardins Emerging Markets Bond Fund (+0.1%) was the weakest contributor to overall performance.
- The Desjardins Global High Yield Bond Fund (+3.0%), Desjardins Global Total Return Bond Fund (+2.9%) and Desjardins Enhanced Bond Fund (+2.9%) were the main contributors to the overall performance of fixed income funds.

Growth (A-Class return)

- With the exception of the Desjardins American Equity Value Fund (-2.5%), all of the equity funds in the portfolios posted positive returns ranging from 0.3% (Desjardins Alt Long/Short Equity Market Neutral ETF) to 11.8% (Desjardins American Equity Growth Fund).
- The Desjardins American Equity Growth Fund (+11.8%), Desjardins Overseas Equity Fund (+10.9%) and iShares Core MSCI EAFE IMI Index ETF (+7.8%) contributed most to the strong performance of the equity component of the portfolios.
- The Desjardins American Equity Value Fund (-2.5%) detracted from the performance of the equity component of the portfolios. The Desjardins Alt Long/Short Equity Market Neutral ETF (+0.3%) also had a slight dampening effect on overall performance.
- Overall, equity funds with significant investments in quality or growth stocks generally performed better. Conversely, funds with a greater focus on value or lower volatility were the biggest detractors overall during the first quarter of 2023.

* Class I performance

Contribution to portfolio performance (A-Class) as of March 31, 2023

	Fixed income	Growth	Tactical allocation
Chorus II Conservative Low Volatility	++	+	-
Chorus II Moderate Low Volatility	++	++	-
Chorus II Balanced Low Volatility	++	++	-

Comments on portfolio tactical asset allocation as of March 31, 2023

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

The following tactical positions were implemented during the first quarter of 2023:

- Reduction in allocation to Canadian short-term bonds
- Reduction in allocation to Global government bonds
- Increase in allocation to Emerging market bonds
- Increase in allocation to Canadian equities
- Increase in allocation to Global small cap equities
- Increase in allocation to Emerging market equities

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