

# Chorus II Low Volatility 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
<b>Fixed income</b>					
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
<b>Growth</b>					
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.

## Contribution to 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 Conservative Low Volatility	-2.80	1.93	-2.89	-0.01	1.84	2.25	2011/11/28
Chorus II Moderate Low Volatility	-2.73	2.99	-1.88	0.39	2.43	2.91	2011/11/28
Chorus II Balanced Low Volatility	-2.62	4.77	-0.27	1.21	3.14	3.71	2011/11/28

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 +2.7% (Desjardins Fiera Comox Private Credit Opportunities Fund).
- The Desjardins Fiera Comox Private Credit Opportunities Fund (+3.6%), the Desjardins Alt Long/Short Equity Market Neutral ETF Fund (+1.8%) and the Desjardins Global High Yield Bond Fund (+0.7%) were the biggest contributors 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 Desjardins Enhanced Bond Fund (-3.9%), the Desjardins Emerging Markets Bond Fund (-1.9%) and the Desjardins Global Government Bond Index Fund (-2.3%) also reduced the performance of the fixed income component of the portfolios.

### Growth (I-Class return)

- Equity funds and ETFs in the portfolios posted returns ranging from -6.3% (Desjardins Global Infrastructure Fund) to +2.1% (Desjardins Canadian Equity Value Fund).
- Due to their positive returns, the strongest contributors to the equity component of the portfolios were the Desjardins Canadian Equity Value Fund (+2.1%) and the Desjardins International Equity Value Fund (+0.1%).
- The biggest detractors from the equity component were the Desjardins Global Infrastructure Fund (-6.3%), the Desjardins Overseas Equity Fund (-5.8%) and the Desjardins Global Equity Fund (-3.5%).
- 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 Conservative Low Volatility	---	-	-
Chorus II Moderate Low Volatility	--	-	-
Chorus II Balanced Low Volatility	--	--	-

## 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
- Reduced allocation to liquid alternative strategies – fixed income
- Increased allocation to Canadian equity
- Reduced underweight to global equity – all countries
- Reduced allocation to emerging markets equity

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