

Melodia Income 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.

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
Melodia Very Conservative Income Portfolio	-3.16	1.62	-3.09	-0.31	1.27	1.07	2013/05/17
Melodia Conservative Income Portfolio	-2.99	2.44	-2.47	-0.11	1.65	1.49	2013/05/10
Melodia Moderate Income Portfolio	-2.99	3.64	-1.37	0.35	2.16	1.90	2013/05/17
Melodia Diversified Income Portfolio	-2.93	5.55	0.33	0.97	3.05	2.81	2013/05/17

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 (+2.7%) and the Desjardins Alt Long/Short Equity Market Neutral ETF Fund (+1.8%) were the biggest positive contributors to the overall performance of the fixed income funds. The Desjardins Short-Term Income Fund (+0.04%) also limited the decline of the fixed income component of the portfolios
- 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 Desjardins Emerging Markets Bond Fund (-1.9%) and the Desjardins Global Government Bond Index Fund (-2.3%).

Growth (I-Class return)

- Equity funds in the portfolios posted returns ranging from -6.4% (Desjardins Global Infrastructure Fund) to +1.9% (Desjardins Floating Rate Income Fund).
- The Desjardins Floating Rate Income Fund (+1.9%) was the strongest contributor to performance of the equity component of the portfolios. The Desjardins Global Equity Dividend Fund (-0.2%) also limited the decline of the equity component of the portfolios.
- The biggest detractors from the equity component were the Desjardins Global Infrastructure Fund (-6.4%), the Desjardins Dividend Growth Fund (-4.3%) 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
Melodia Very Conservative Income Portfolio	---	-
Melodia Conservative Income Portfolio	---	-
Melodia Moderate Income Portfolio	--	--
Melodia Diversified Income Portfolio	--	--

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