

Desjardins

Market Neutral ETF Fund

(formerly the Desjardins Alt Long/Short Equity Market Neutral ETF Fund)



QUARTERLY COMMENTARY AS OF MARCH 31, 2025

PORTFOLIO MANAGER:
Desjardins Global Asset Management

INCEPTION DATE:
July 13, 2020

CIFSC CATEGORY*:
Alternative Market Neutral

Contributors to relative performance

The Desjardins Market Neutral ETF Fund benefited from its positioning in the Materials and Health Care sectors, which generated 28 and 12 bps. of added value, respectively.

- - **Materials:** The positive performance in this sector is mainly due to a strong performance in gold and silver prices, which benefited gold stocks such as Wheaton Precious Metals (WPM), Agnico Eagle Mines (AEM) and Franco-Nevada (FNV).
- - **Health Care:** Within this segment, Chartwell Retirement Residences (CSH-u), one of Canada's largest owners of retirement centers, experienced a segmented gain. Fairfax's low valuation relative to its principal U.S. peer (WELL US) and particularly strong execution in its financial results heled the stock in continuing to outperform relative to the market in the fourth quarter. We remain fully confident in this position for 2025.

Detractors from relative performance

Pairs in the Technology sector detracted from quarterly performance, subtracting 75 bps. of added value. To a lesser extent, the Consumer Discretionary and Utilities sector pairs had a negative impact on the fund's performance.

- - **Technology:** The underperformance in this sector is mainly due to unfavourable positioning in certain thematic names including NVIDIA (NVDA), Celestica (CLS), CGI (GIB.A), Descartes (DSG) and Shopify (SHOP). In contrast to 2024, when most of these stocks were unshakeable, the first quarter was much more difficult, and valuations for these stocks fell sharply. We thought it was reasonable to be cautious as usual to reduce our exposure. Nevertheless, we are still in favour of most of these securities.

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Major changes to portfolio during the period

- In terms of the pairs' contribution to performance, the core strategy subtracted 0.81%, while the arbitrage and return-to-average strategies subtracted 0.33% and 0.17%, respectively. In terms of transactions, 293 pairs were implemented in the last 3 months. This quarter, 43% of pairs achieved a positive return. In addition, the average positive pair return was 0.019% compared to an average loss of approximately 0.022% for negative pairs. The fund had a positive return for 52% of the days in the quarter.
- Capital utilization was maintained between 10.1% and 38.7%, with an average of 33% over the quarter. In addition, the fund's beta was stable, fluctuating between -0.02 and 0.01, with a daily average of -0.01.

*CIFSC refers to Canadian Investment Funds Standards Committee. The CIFSC has the mandate to standardize the classification of mutual funds in Canada. <http://www.cifsc.org/>.

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