

Desjardins SocieTerra International Equity Fund



QUARTERLY COMMENTARY AS OF MARCH 31, 2023



PORTFOLIO MANAGER:
Addenda Capital

INCEPTION DATE:
September 5, 2018

CIFSC CATEGORY*:
International Equity

Contributors to relative performance

- Both sector allocation and security selection had a positive impact in the quarter. The lower relative weight in financials but also the lack of exposure to sectors delivering the weakest returns such as energy and real estate sectors positively contributed to the overall allocation effect.

Detractors from relative performance

- As per the security selection, holdings within healthcare and information technology sectors detracted to the portfolio's relative performance. However, this was more than offset by holdings within consumer staples, materials and consumer discretionary.

Major changes to portfolio in the period

- In terms of transactions in Q1 2023, the portfolio manager crystallized gains by trimming the existing positions in Prudential (UK, life and health insurance), LVMH (France, apparel, accessories and luxury goods), Richemont (Switzerland, apparel, accessories and luxury goods), Schneider Electric (France, electrical components and equipment), ING (Netherlands, diversified banks), Allianz (Germany, multi-line insurance), Novo Nordisk (Denmark, pharmaceuticals) and liquidated Linde (Germany, industrial gases) following a delisting announcement from the Frankfurt stock exchange. On the contrary, the portfolio manager took advantage of some valuation opportunities and added to the positions in Nidec (Japan, electrical components and equipment), Terumo (Japan, healthcare equipment), Grifols (Spain, biotechnology) and initiated new positions in Nippon Sanso (Japan, industrial gases), DSM (Netherlands, specialty chemicals) and Symrise (Germany, specialty chemicals). Nippon Sanso is a Japanese industrial gas leading manufacturer that in recent years pursued M&As opportunities to expand its business in regions abroad. When it comes to DSM, the company is specialized in solutions for human and animal health nutrition. Last year, the group announced a merger with Firmenich – a privately owned fragrance and taste Swiss company. After the merger completion, the new group is expected to become a leader

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Major changes to portfolio in the period (cont'd)

in the creation and innovation in nutrition, beauty and well-being. As per Symrise, while active in the same industry as DSM, the company encompasses a growing presence in complementary markets such as pet and baby food.

- As a result of the investment criteria and the characteristics that the portfolio manager looks for in companies, the portfolio's investments are well-equipped to face turbulent events. The portfolio manager remains alert for market disconnections and opportunities to enhance the risk/reward profile of the portfolio.

*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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