

# Desjardins SocieTerra

## Canadian Equity Income Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2023

#### PORTFOLIO MANAGER:

Desjardins Global Asset Management

#### INCEPTION DATE:

May 30, 2022

#### CIFSC CATEGORY\*:

Canadian Equity

### Contributors to relative performance

- The sectors that contributed positively to portfolio performance were the materials (+ 0.14% over benchmark) and healthcare (+ 0.06%) sectors.
- In materials, Barrick Gold Corp. fell -11.5%, adding 15.3 basis points due to the absence of the security in the portfolio. In healthcare, Zoetis Inc. earned a return of + 3.67%, which contributed to 7.2 basis points in relative performance due to overweighting the security in the fund. The stock appreciated following the publication of positive results from a product that adds to the company's competitive advantage.

### Detractors from relative performance

- Conversely, the information technology and consumer staples sectors contributed negatively to the relative performance of the fund (-0.23% and -0.20%, respectively).
- In the information technology sector, Constellation Software Inc. (+ 2.21%) decreased the fund's performance by 15.2 basis points due to the absence of the security in the portfolio. In consumer staples, Alimentation Couche-Tard Inc. (+1.95%) eroded the fund's performance by around 13.8 basis points, due to the stock's absence from the fund. The security's performance is attributed to strong margins on gasoline sales, as well as analysts' enthusiasm with the potential for capital deployment that could create value for investors.

### Major changes to portfolio in the period

The 4 largest transactions over the quarter were:

- Purchase (1.97%) of Restaurant Brands International.
- Purchase (0.53%) of Open Text Corp.
- Sale of 0.43% of BCE Inc.
- Sale of 0.30% of Telus Corp.

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## ESG Analysis

The Desjardins SocieTerra Canadian Equity Income Fund aims to provide long-term capital appreciation by investing primarily in equity securities of Canadian corporations. The fund follows a responsible investing approach with the goal of achieving a higher quality score than its benchmark, based on environmental, social and governance (ESG) criteria.

For the third quarter of 2023, the fund achieved a quality score of 7.8 on the MSCI scale. The TXDC Index (excluding the energy and utilities sectors) had a benchmark score of 7.3 for the reporting period. The portfolio allocation in corporate securities with an ESG rating of A or higher was 72%, while it was 63% for the benchmark. Selection of higher-scoring companies in financials, information technology and materials had a positive impact on the strategy's overall quality score. The SocieTerra Canadian Equity Income Fund is differentiated from its benchmark by a few of the top holdings selected by the manager, including Bank of Nova Scotia, Microsoft Corporation and Sun Life Financial Inc.

The manager takes the scope of climate change risk into account when picking stocks. During the third quarter, the portfolio's carbon footprint was below the Canadian TXDC average.

\*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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