

Desjardins SocieTerra

Canadian Equity Income Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2023

PORTFOLIO MANAGER:

Desjardins Global Asset Management

INCEPTION DATE:

May 30, 2022

CIFSC CATEGORY*:

Canadian Equity

Contributors to relative performance

- ✓ The materials and consumer discretionary sectors contributed positively to the portfolio's performance.
- ✓ Within materials, Franco-Nevada Corp. returned -18.8%, contributing to performance due to the security's absence in the fund. In consumer discretionary, Dollarama Inc. posted a return of +2.12%, contributing to relative performance due to the security's absence in the fund. Contribution is explained by Dollarama's underperformance (2.12%) compared to its sector (7.31%). The stock declined after posting positive results, but below investor expectations.

Detractors from performance

- ✓ Conversely, the real estate and communication services sectors detracted from the fund's relative performance.
- ✓ Within the real estate sector, not owning Colliers International Group Inc (+29.72%) negatively contributed to relative performance. The share price rise is correlated with improved investor sentiment versus their real estate trading segment following a 10-year rate cut and a potential pause by the Federal Reserve. A recovery in real estate transactions would be favourable for Colliers's results. In the communication services sector, Rogers Communications Inc. posted a return of + 20.87%, which was negative for relative performance,

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Detractors from performance (cont'd)

considering that the security is not held in the portfolio. The increase in Rogers shares is primarily attributable to strong third quarter results.

Major changes to portfolio in the period

The 4 largest transactions over the quarter were:

- ✓ 3.4% purchase of Constellation Software
- ✓ 0.5% purchase of Finning International
- ✓ 1.03% sale of First Quantum Minerals
- ✓ 0.85% sale of Nutrien Limited

ESG Analysis

The Desjardins SocieTerra Canadian Equity Fund aims to provide long-term capital appreciation by investing primarily in equity securities of Canadian corporations. The fund follows a responsible approach to investing 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 7.6 on the MSCI scale. The TXDC index (excluding the energy and utilities

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ESG Analysis (cont'd)

sectors) posted a score of 7.3 for the reference period. The portfolio allocation in corporate securities with an ESG rating of A or higher was 72%, while it was 64% for the benchmark. Picks of higher-scoring companies in financials, information technology and materials had a positive impact on the strategy's overall quality score. The Desjardins SocieTerra Canadian Equity Income Fund differs from its benchmark by a few key securities, such as Sun Life Financial Inc., Bank of Nova Scotia and Microsoft Corporation.

The manager takes the scope of climate change risk into account when picking stocks. In the fourth quarter, the portfolio's carbon footprint was 23% lower than the Canadian TXDC index average (excluding the energy and utilities sectors).

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