Desjardins
Global Dividend Fund

Desjardins Wealth Management Investments

QUARTERLY COMMENTARY AS OF MARCH 31, 2024

Mondrian INVESTMENT PARTNERS

PORTFOLIO MANAGER:
Mondrian Investment Partners

INCEPTION DATE:
November 12, 1959

CIFSC CATEGORY*:
Global Dividend & Income Equity

Contributors to relative performance

- Country allocation was positive, particularly the overweight positions to the Japanese and Italian markets, both of which continued to appreciate after a very good 2023.

- The portfolio's exposure to the UK was positive. Strong stock selection more than offset the market's relative weakness. **GSK** stood out after reporting results ahead of expectations, driven by strong sales performance in HIV, specialty medicine and vaccines. The company's new guidance for 2024 was also taken positively by the market.

- Positive stock selection in the communication services and information technology sector. **Meta** was up 37% after reporting higher-than-expected revenues, with margins hitting an all-time high and the company initiating a dividend and increasing its program of share purchases. **Micron** returned 39% due to results which showed the memory cycle turning faster than expected, in part because of demand for high bandwidth memory (HBM) that goes into AI servers. Micron now expects gross margins to recover next quarter, ahead of expectations.

*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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Detractors from relative performance

- In a quarter in which more growth-oriented stocks outperformed, defensive positioning detracted from overall relative returns. Specifically, the portfolio's overweight positions in the consumer staples and utilities sectors pulled back relative returns, as did the underweight to the information technology sector.

- Stock selection by geography was also negative, due to selections in Italy, Japan and the Netherlands. In Italy we hold two utilities stocks, **Enel** and **Snam**, which both lagged a strong market. **Philips** outperformed in 2023 – driven by easing of supply chain issues, an improving hospital capex environment, rebasing of the targets for 2025 and beyond, and management efforts to refocus on safety, quality and improvement of the group's culture – but has been weak this year as the company communicated to the market the details of a consent decree with the US FDA (finalised in April) which included a temporary US sales ban on the company's sleep and respiratory devices. In Japan, **Sony Group** was weak after reporting results that disappointed in its games division.

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Major changes to portfolio in the period

- New positions in **NNN REIT**, **Charles Schwab** and **Texas Instruments**.
- Exited positions in **Sekisui Chemical**, **Stericycle** and **WH Group**.

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