Desjardins
Global Dividend Fund

Desjardins Wealth Management Investments

QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2024

Mondrian INVESTMENT PARTNERS

PORTFOLIO MANAGER:
Mondrian Investment Partners

INCEPTION DATE:
November 12, 1959

CIFSC CATEGORY*:
Global Dividend & Income Equity

Contributors to relative performance

- Stock selection was positive in the health care sector. Philips was one of the portfolio's strongest names after reporting positive order growth (for the first time in 2 years) and margin expansion. HCA also outperformed after reporting strong results that beat on both volumes and pricing, with the company increasing its share repurchases in the quarter.
- Sector allocation was positive, particularly the underweight position to the relatively weak information technology sector. Additionally, the portfolio benefited from the overweight position in the interest-rate sensitive real estate and utilities sectors.
- Currency allocation was a positive, with the overweight position in the strong Japanese yen adding to relative returns after the BoJ surprised the market by raising interest rates, signaling a shift away from its ultra-loose monetary policy. Relative returns were also helped by the underweight position to the weaker US dollar.

Detractors from performance

- Country allocation weighed on relative returns. This was driven by overweight positions in the weaker Japanese and Korean markets. The weakness in Japanese country allocation was more than offset by strong Japanese stock selection and currency.
- Stock selection was negative in the consumer discretionary sector. Autoliv was weak along with auto supplier and manufacturing peers due to falling expectations of light vehicle production (LVP). Global LVP has been challenged due to inventory drawdowns, certification issues in Japan (now resolved) and a series of launch delays. Kering also continued to struggle due to weaker demand for luxury goods. It is continuing to turn around its Gucci brand and focus on long-term brand equity.

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- Financial services stock selection was a detractor. Charles Schwab was weak after reporting disappointing asset growth below management's 5-7% target, partly reflecting the integration of Ameritrade. The company is also working through a challenging deposit environment. The weakness in Wells Fargo was driven by interest rate expectations, with net interest margin expected to fall as rates are cut. It also announced a new regulatory action regarding historic anti-money laundering issues.

Major changes to portfolio in the period

- We initiated new positions in McDonald's (a global quick service restaurant chain) and Salesforce (a global software company).
- We exited Colgate (a US consumer company), Sumitomo Metal Mining (a Japanese mining company) and WalMart (the US retailer).

*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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