

# Desjardins

## Global Infrastructure Fund



QUARTERLY COMMENTARY AS OF MARCH 31, 2021



PORTFOLIO MANAGER:  
First Sentier Investors

INCEPTION DATE:  
October 18, 2013

CIFSC CATEGORY\*:  
Global Infrastructure Equity

### Contributors to performance

- Stock selection within the Electric Utilities sector
- Overweight exposure to Japanese passenger rail

### Detractors from performance

- Underweight exposure to Ports
- Positioning within the Water / Waste sector

### Major changes to portfolio in the period

- Initiated a position in CCR
  - Brazil's largest toll road operator added to the portfolio after significant share price underperformance. Resilient traffic volumes seem to have been overshadowed by Brazil's elevated country / political risk (high coronavirus case numbers / populist right wing president). As vaccines are distributed, country risk concerns should ease in the medium term – to the benefit of CCR's valuation multiples.
- Initiated a position in Atmos Energy
  - Dallas-based gas utility serving more than 3 million customers across eight states, with a healthy forecast earnings growth rate of 6% - 8% pa over the next five years. Valuation multiples contracted significantly in 2020, along with its sector. The company then underperformed further on volatility in the Texas energy market during February's unusually cold weather. This created an attractive entry point to a well-managed company, operating in favourable regulatory jurisdictions.
- Initiated a position in Republic Services
  - The second largest waste company in the US, run by an experienced management team. Republic has high barriers to entry (it owns its own landfill sites), strong pricing power (over half of its revenues linked to inflation, contracts typically feature escalators of over 3% per annum) and provides an essential service. Bought after a period of underperformance moved the stock to a higher ranking within our process.

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

- Divested a position in West Japan Railway
  - Sold after vaccine developments in late 2020 raised the prospect of a passenger recovery. This drove significant share price gains and reduced mispricing in this stock.

\*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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