

Desjardins

SocieTerra Diversity Fund



QUARTERLY COMMENTARY AS OF JUNE 30, 2021

LAZARD
ASSET MANAGEMENT

PORTFOLIO MANAGER:
Lazard Asset Management

INCEPTION DATE:
March 9, 2020

CIFSC CATEGORY*:
Global Equity

Contributors to performance

- Stock selection in industrials
 - Wolters Kluwer is a global provider of professional information, software solutions, and services to professional industries. The company reported better than expected earnings driven by a rapid recovery of non-recurring revenues in health and financial services.
- Stock selection in consumer discretionary
 - Shares of LVMH rose as the luxury goods retailer reported strong earnings driven by sales in its fashion and leather division, led by brands Louis Vuitton and Dior. We believe that LVMH has very strong brands and will see robust financial productivity, bolstered by positive changes in luxury spending habits due to COVID-19. Lack of exposure to the energy sector also contributed to performance.

Detractors from performance

- Stock selection in materials
 - Shares of cleaning and sanitation services company Ecolab fell as some investors were disappointed with the pace of the recovery in its Institutional business. We continue to own Ecolab as its strong returns and growth prospects are driven by energy and water conservation efforts, as well as compliance with health and safety regulations.
- Lack of exposure to energy
 - Detracted from performance as the sector was among the best performers in the index during the period

Major changes to portfolio in the period

- Added

We purchased Adobe, a high-quality software company leading digital transformation, with strong market share in areas with rapid secular growth including creative design, dynamic media, and marketing automation. The company's subscription model, combined with its ability to capture new users and higher revenue per user, should allow it to compound high returns over the long term. Adobe's products enable more-sustainable design and business and marketing

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

processes, as well as resource conservation, and its operations-focus on improving energy efficiency, as one example, aligns with the goal of making the world more sustainable. Strong gender characteristics.

- We initiated a position in HDFC Bank, the largest private sector lender in India, with an enviable position in the retail lending market. The bank's main lines of business have been retail loans, working capital loans and trade services. India offers strongest demographics in the world, very low mortgage and credit card penetration and private banks continue to take share from uncompetitive state-owned banks.

Future growth will come from extensions of the bank's franchise into additional fee-based services, greater penetration of credit cards and personal lending, and a broader geographic footprint.

Digitalization offers upside potential as well.

→ Sold

- We sold pharmaceutical distributor company AmerisourceBergen. We initially were attracted to its defensive characteristics and attractive valuation during the initial COVID-19 outbreak. The stock has performed well and we decided to rotate capital to other opportunities.

*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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