

Desjardins Global Infrastructure Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2021

 **First Sentier**
Investors

PORTFOLIO MANAGER:
First Sentier Investors

INCEPTION DATE:
October 18, 2013

CIFSC CATEGORY*:
Global Infrastructure Equity

Contributors to performance

- Stock selection within the Towers / Data Centers sector
- Overweight position in Cheniere Energy

Detractors from performance

- Stock selection within the Gas Utilities sector
- Overweight exposure to Emerging Market toll roads

Major changes to portfolio in the period

- Initiated a 1% position in Entergy
 - Regulated US electric utility Entergy was added to the portfolio after significantly lagging peers over the past six months, creating an attractive entry point. We believe this company will deliver annual Earnings Per Share growth of between 5% and 7% over the next few years, from increased load growth, improving operational efficiencies and a robust capital expenditure program with upside from increased renewable energy deployment.
- Initiated a 1% position in CyrusOne
 - CyrusOne is a US-listed data centre operator with strategically located data centres in the US, and a growing presence in key European markets. Predictable cash flows are underpinned by multi-year contracts with enterprise and hyperscale customers. Disappointing strategy and elevated management turnover in recent years has seen the stock trade at a discount to peers, presenting an entry point for the Fund.

Data centres, like tower companies, are well positioned to benefit from the structural growth in data usage. Further, data centres are expected to benefit from the shift of IT workloads away from on-premises to colocation or cloud facilities.

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

- Divested a 1% position in Magellan Midstream Partners
 - This company owns and operates refined product (gasoline and diesel) and crude oil pipeline networks in the US Midwest. The stock was sold after the prospect of a US economic recovery drove strong share price gains; and on concerns for its longer-term growth prospects as the global energy transition drives a shift in demand from conventional to electric vehicles.

*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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