

Desjardins

SocieTerra American Equity Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2021

ClearBridge
Investments

PORTFOLIO MANAGER:
ClearBridge Investments

INCEPTION DATE:
June 14, 2016

CIFSC CATEGORY*:
U.S. Equity

Contributors to performance

- Stock selection in the materials sector

Detractors from performance

- Stock selection in the communication services and industrials sectors

Major changes to portfolio in the period

- Addition of McCormick (MKC) in the portfolio with an average weight of 0.68% and a weight of 1.43% at quarter end.
 - McCormick is a high-quality business that has lagged due to the negative COVID-19 impacts on the business, allowing us an attractive entry point. We like that it is levered to the healthy eating trend, as seasonings are a healthier substitute for sugar and fat. McCormick has also made substantial commitments to people, communities and the planet in its 2025 goals, including sourcing all herbs and spices sustainably. In this regard, McCormick is a leader in the herb and spice industry, with verified sustainability standards for its global supply chain that are best among peers. The company trains farmers on regenerative farming techniques to preserve the soil and save water, empowers women farmers and their communities, provides health insurance and implements supply chain traceability.
- Addition of ON Semiconductor (ON) in the portfolio with an average weight of 0.15% and a weight of 0.96% at quarter end.
 - ON Semiconductor designs, manufactures and markets semiconductor components. We view ON as an attractive restructuring opportunity to increase margin expansion, as executed by the new leadership team. ON's biggest content is in power management, with end markets in industrials and electronics. The opportunity in secular automotive content growth is driven by electric vehicles. ON's products are designed toward energy and resource efficiency, added safety and connectivity. ON has a high level of sustainability disclosure and reports on workforce diversity, materials usage and supply chains, for example. Its products directly

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

contribute to electrification of vehicles, which is a large driver of global greenhouse emission declines, and support roughly 5x the content in electric vehicles than in internal combustion engine vehicles. Other products enable solutions in medical technologies, such as the recent worldwide ramp up of medical ventilator production to provide support for epidemic COVID-19-related respiratory failure.

- Sale of Unilever (UL) with a beginning weight of 1.47% and an average weight of 0.76% in the quarter.
 - Unilever is a great company with an excellent ESG profile; however, we think that margins are likely to be under pressure as it invests for growth.

*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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