

Desjardins

SocieTerra International Equity Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2021



PORTFOLIO MANAGER:
Addenda Capital

INCEPTION DATE:
September 5, 2018

CIFSC CATEGORY*:
International Equity

Contributors to performance

- Underweighting in communications—a recent addition—contributed positively to the portfolio's sector allocation. Moreover, specific securities in the materials and industrials sectors slightly offset security selection performance.

Detractors from performance

- The stock market seemed to favour defensive sectors during the third quarter. Energy, technology and financial services were among the best performing sectors in the benchmark. As a result, the lack of exposure in the energy sector as well as underweighting in financial services hindered the portfolio's overall performance. Security selection also contributed to the portfolio's relative underperformance. Investments in the technology and consumer discretionary sectors negatively affected the portfolio's return due to security selection.

Major changes to portfolio in the period

- In terms of transactions, a new position was initiated in Tencent Holdings (China, media and interactive services). Tencent, through its subsidiaries, provides platforms dedicated to social networking, music, e-commerce, and mobile games as well as systems dedicated to payment, entertainment, artificial intelligence, and technology solutions. The size of the Chinese market as well as the accelerating trends of various services offered digitally give Tencent a strategic positioning with very attractive long-term growth opportunities.
- Lastly, the portfolio manager crystallized gains in Diageo (U.K., distillers and wine merchants), Novo Nordisk (Denmark, pharmaceuticals), Experian (U.K., research and consulting services), Hoya (Japan, medical supplies), and strengthened positions in Philips (Netherlands, medical equipment), Reckitt Benckiser (U.K., household products), Worldline (data processing and outsourced services), Prudential (U.K., life and health insurance), and Tencent (China, media and interactive services). Across all operations, the portfolio manager continually works to improve the Fund's total risk/reward profile by taking advantage of market disconnects.

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

- Due to the investment criteria and characteristics sought, most of the companies in which the portfolio manager invests are well equipped to deal with short-term events (including a pandemic). The portfolio manager keeps abreast of market disconnects as opportunities arise.

*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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