

Desjardins Global Dividend Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022



PORTFOLIO MANAGER:
Mondrian Investment Partners

INCEPTION DATE:
November 12, 1959

CIFSC CATEGORY*:
Global Equity

Contributors to relative performance

- The portfolio's overweight exposure to the Japanese yen and British pound, as well as underweight exposure to the US dollar, boosted relative returns in the period. The strength of the Japanese yen was driven by the Bank of Japan's surprise move to adjust its longstanding policy of yield curve control. The British pound also rallied significantly through the period, having been weak in the third quarter, as Rishi Sunak was elected Prime Minister, settling the political turmoil that had plagued the UK earlier in the year.
- The portfolio benefitted from strong stock selection in the US, as well as the consumer discretionary and IT sectors, where outperformance was driven in part by large companies that we had avoided, such as Amazon, Apple, and Tesla, which underperformed the market significantly.
- Sector allocation was a positive in the period. Underweight exposure to the communication services, consumer discretionary, and IT sectors, as well as overweight exposure to the healthcare sector, was positive for performance in the period.

Detractors from relative performance

- Stock selection was negative in financials. Pinnacle Financial Partners and Wells Fargo were both weak with fears growing of higher credit costs due to the increased likelihood of a recession. Pinnacle's underperformance was also partly a reversal of outperformance in the third quarter, as well as being driven by general concerns around credit costs and a US recession. Wells Fargo lagged a strong market, in part because of a renewed focus on regulatory concerns after the Consumer Financial Protection Bureau fined the company a record \$1.7bn.
- Stock selection was negative in China / Hong Kong: WH Group's US operations are continuing to struggle due to high feed costs.
- The portfolio's underweight to the energy and materials sectors was a drag on relative returns, with the sectors benefiting from commodity prices stabilizing in the quarter.

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Major changes to portfolio in the period

- We initiated two new positions during the quarter: Amazon (a US online retailer and web services company) and TC Energy (a North American pipeline company).
- We exited two IT names: Kyocera (a Japan semiconductor supplier) and Visa (a US payments company). We also exited the position in Ubisoft (a French games company) and Progressive (a US insurer).

*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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