

# Desjardins

## Emerging Markets Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022

**LAZARD**  
ASSET MANAGEMENT

PORTFOLIO MANAGER:  
**Lazard Asset Management**

INCEPTION DATE:  
**January 17, 2007**

CIFSC CATEGORY\*:  
**Emerging Markets Equity**

### Contributors to relative performance

- Strong demand in the oil country tubular goods market helped lift shares of Tenaris, a leading supplier of pipes to energy companies.
- HDFC Bank, the largest private Indian bank, outperformed as loans accelerated contributing to strong operating profit for the quarter.
- Shares of Ping An Insurance, a Chinese insurance company, rose on the back of supportive government policies for the real estate sector.
- Stock selection in the materials and consumer discretionary sectors was positive as well as in India and China.
- Below-index-exposure to Saudi Arabia was additive to portfolio returns.

### Detractors from relative performance

- Telkom Indonesia, an Indonesian telecom services company, declined over sales growth concerns.
- Investors took profits in shares of Indian health insurance company, Star Health, following their quarterly earnings report.
- Brazilian oil and gas company, Petrobras as well as Banco do Brasil, a bank, declined on the back of heightened political concerns after the elections of Lula da Silva.
- Stock selection in the communication services and information technology sector was negative as well as in Brazil.
- Below-level-index exposure to South Africa detracted.

### Major changes to portfolio in the period

- The portfolio had five complete trades during the fourth quarter of 2022.
- We purchased a Mexican airport operator, Grupo Aeroportuario del Pacifico with steady growth, stable returns, and solid cash flow.

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

- We exited South Korean internet company, Naver, as the risk/reward profile became less attractive.
- We exited Mondi, a manufacturer and distributor of paper and packaging products, as we believe the pending divestment of Russian assets will result in lower overall profitability for the company and that this could also result in the company no longer meeting our definition of an emerging market company.

\*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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