

Desjardins Global Small Cap Equity Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022

LAZARD
ASSET MANAGEMENT



PORTFOLIO MANAGERS:
Lazard Asset Management
Grandeur Peak Advisors

INCEPTION DATE:
January 12, 2004

CIFSC CATEGORY*:
Global Small/Mid Cap Equity

Lazard Asset Management

Contributors to relative performance

- Stock selection in the healthcare and energy sectors
- Stock selection in the United States

Detractors from relative performance

- Stock selection in the industrials and financial sectors
- Stock selection in continental Europe

Major changes to portfolio in the period

- During the period, the portfolio added positions in high-quality companies with attractive valuations and solid balance sheets. The portfolio exited positions in companies for which risk/reward no longer appeared compelling and/or the investment thesis was no longer valid.
- During the period, we initiated a position in Ashland, a US-listed small-batch chemical producer serving personal care, pharmaceuticals, and residential paint customers. We believe other investors underappreciate benefits associated with the new management team's plans to increase personal care growth, cut costs, and improve product mix.
- During the period, we initiated a position in Persol, a Japan-listed staffing and business process outsourcing company. We believe the company is well placed to benefit from both secular and cyclical trends in Japan's working population at a time when corporate management is working to expand profitability through better business mix and operational improvements in its Asia Pacific division.
- During the period, we sold a position in flatexDEGIRO, a German-listed online broker. We decided to redeploy capital into better risk/reward opportunities following a series of disappointing data points, the most recent of which included a profit warning due in large part to a regulatory audit that will require the company to improve business practice and governance processes, hire additional headcount, raise capital buffers, and temporarily suspend dividends and buybacks.

Desjardins Global Small Cap Equity Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022

LAZARD
ASSET MANAGEMENT



GRANDEUR PEAK ADVISORS
ELEVATED GLOBAL INVESTING · ACTIVE AT ITS BEST™

PORTFOLIO MANAGERS:
Lazard Asset Management
Grandeur Peak Advisors

INCEPTION DATE:
January 12, 2004

CIFSC CATEGORY*:
Global Small/Mid Cap Equity

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

- During the period, we sold a position in Summit Industrial Income REIT, a Canada-listed manager of light-industrial properties. Following a bid at a 30%+ premium for the company's shares by a sovereign wealth fund and industry peer, we decided to exit the position in favor of better risk/reward opportunities.

Grandeur Peak Advisors

Contributors to relative performance

- Sectors:
 - Healthcare (overweight and outperformance relative to bench)
- Countries:
 - UK (large overweight and strong performance in line with bench)
 - Poland (very strong performance and overweight vs bench)
 - Italy (overweight and strong performance in line with bench)

Detractors from relative performance

- Sectors:
 - Industrials, energy, materials (very underweight as a group and underperformance vs bench)
 - Financials (overweight to benchmark; underperformance vs bench)
 - Real estate (underweight to benchmark; outperformance vs bench)
- Countries:
 - United States (underweight to benchmark and underperformance)
 - Japan (underweight to benchmark; outperformance)
 - Canada (underweight to benchmark and underperformance)

Desjardins Global Small Cap Equity Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022

LAZARD
ASSET MANAGEMENT



GRANDEUR PEAK ADVISORS
ELEVATED GLOBAL INVESTING · ACTIVE AT ITS BEST™

PORTFOLIO MANAGERS:
Lazard Asset Management
Grandeur Peak Advisors

INCEPTION DATE:
January 12, 2004

CIFSC CATEGORY*:
Global Small/Mid Cap Equity

Major changes to portfolio in the period

- The portfolio was initiated this year, so there still have not been significant changes to the holdings.
- Similar to our commentary last quarter, the team continues to use the volatile markets to rotate into higher quality companies and put weight behind our highest conviction ideas. So far this year, our companies have produced attractive quarterly results. We understand the risk of another leg down in markets, but we believe our companies will weather the turbulence and continue to capture earnings growth due to our emphasis on high quality holdings.
- We are strong believers that captured earnings growth dictates the stock price over the long term. In 2022 we saw a large disconnect between captured earnings and price. We believe that as the market returns to rewarding company fundamentals, our positioning will be rewarded.

*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/>.

The information provided in this document is presented for illustration and discussion purposes only. It should not be considered as investment advice or securities transaction recommendations or recommendations on specific investment strategies. This document should in no case be considered or used for the purpose of buying units in a fund or any other offer of securities, regardless of jurisdiction. Said information is intended to be general and intended to illustrate and present examples relating to management of the portfolio manager cited in this document. All views, comments and opinions are subject to change without notice. The information presented on the market context and strategy represents a summary of the cited portfolio manager's observations with regards to the markets as a whole and its strategy as of the stated date. Different perspectives can be expressed based on different management styles, objectives, opinions or philosophies. Under no circumstances may this document be reproduced, in whole or in part, without obtaining written permission from the cited portfolio manager.

The Desjardins Funds are not guaranteed, their value fluctuates frequently, and their past performance is not indicative of their future returns. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The Desjardins Funds are offered by such registered dealers.

The Desjardins brand is a trademark of the Fédération des caisses Desjardins du Québec, used under licence.