

Desjardins Global Infrastructure Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022

 **First Sentier**
Investors

PORTFOLIO MANAGER:
First Sentier Investors

INCEPTION DATE:
October 18, 2013

CIFSC CATEGORY*:
Global Infrastructure Equity

Contributors to relative performance

- Stock selection within the railroads sector
- Stock selection within the toll roads sector

Detractors from relative performance

- Stock selection within the utilities / renewables space
- Underweight exposure to the water / waste sector

Major changes to portfolio in the period

- Initiated a 4% position in Duke Energy
 - Large, vertically integrated electric and gas utility based in North Carolina. Its rate base is forecast to grow at 7% per annum up to 2032, driving EPS growth of between 5% and 7% per annum and supporting a ~4% dividend yield. Added to the portfolio on the appeal of its stable earnings profile and defensive attributes.
- Initiated a 3% position in Crown Castle
 - Large cap tower operator whose assets include over 40,000 mobile towers, ~115,000 on-air or under-contract small cell nodes and ~85,000 miles of fibre network. Crown is well-positioned to benefit from positive mobile tower leasing trends; while a dividend yield of around 5% provides valuation support. The quality of small cells and fibre assets are not as high as macro towers, but we believe this difference is now captured in the price.
- Divested a 3% position in Norfolk Southern
 - Sold on concerns that weaker volumes and pricing may weigh on earnings in 2023.

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

- Divested a 1.5% position in SBA Communications
 - Sold on the view that peers with lower levels of borrowing on their balance sheets were better positioned in the current higher interest rate environment.

*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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