

Desjardins

SocieTerra International Equity Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022



PORTFOLIO MANAGER:
Addenda Capital

INCEPTION DATE:
September 5, 2018

CIFSC CATEGORY*:
International Equity

Contributors to relative performance

- The lack of exposure to communication services sector at the end of the quarter helped to partially mitigate the sector allocation negative impact.
- Stock selection had a negative effect on performance during the quarter, however, it was partially mitigated by the portfolio's holdings within healthcare and consumer discretionary.

Detractors from relative performance

- Sector allocation had a negative impact in the quarter. The lower relative weight in financials sector was the main detractor within sector allocation. Moreover, the higher relative weight to both consumer staples and healthcare sectors has negatively contributed to the portfolio's relative return.
- Stock selection was also a headwind on performance, driven mainly by industrials, but also materials and information technology.

Major changes to portfolio in the period

- In terms of transactions in Q4 2022, the portfolio manager took advantage of certain valuation opportunities and added to the positions in Kerry (Ireland, packaged foods & meats), Daifuku (Japan, industrial machinery), Adidas (Germany, apparel, accessories and luxury goods), and Coca Cola HBC (Switzerland, soft drinks). Also, the portfolio manager crystalized some gains in LVMH (France, apparel, accessories), Novo Nordisk (Denmark, pharmaceuticals), Bunzl (UK, trading companies and distributors), and Linde (Germany, industrial gases). Moreover, the portfolio manager decided to liquidate Philips (Netherlands, healthcare equipment) following ongoing operational headwinds along with other management concerns as well as Tencent (China, interactive media & services) given some government regulation concerns but also the political environment which increased uncertainty and reduced visibility on the name. The portfolio manager took the opportunity to enhance the risk reward profile of the portfolio and initiated

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

Sika (Switzerland, specialty chemicals) - a global player offering bespoke products for the construction and auto industries such as concrete and mixtures, mortars, sealants, and adhesives. Besides the company's appealing growth profile, long-standing expertise, competitive positioning as well as brand power, Sika is differentiated by having sustainability at the core of its innovation strategy. The company's solutions enable decarbonization, recycling and energy efficiency within the construction industry.

- As a result of the investment criteria and the characteristics that the portfolio manager looks for in companies, the portfolio's investments are well-equipped to face turbulent events. The portfolio manager remains alert for market disconnections and opportunities to enhance the risk/reward profile of the portfolio.

*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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