

# Desjardins SocieTerra International Equity Fund



QUARTERLY COMMENTARY AS OF JUNE 30, 2023



PORTFOLIO MANAGER:  
Addenda Capital

INCEPTION DATE:  
September 5, 2018

CIFSC CATEGORY\*:  
International Equity

## Contributors to relative performance

- The portfolio outperformed its benchmark in the second quarter. This outperformance was due to positive stock selection. All sectors contributed positively to total returns. Positions in the Healthcare sector added the most value, led by positions in Grifols and Terumo. Security selection in materials also contributed significantly to the portfolio's outperformance, following a recent addition to the portfolio's performance, Nippon Sanso.

## Detractors from relative performance

- The sectors posted mixed results during the quarter. Yields were more modest than in the first quarter. Communication Services (-4.8%) and Real Estate (-4.2%) were the worst performing sectors. The Industrials and Information Technology sectors posted the strongest returns, at 3.8% and 3.6% respectively. The Energy sector lagged, with a drop of just over 2% this quarter.

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## Major changes to portfolio in the period

- In terms of transactions during Q2 2023, the portfolio manager crystallized gains by reducing existing positions in LVMH (clothing, accessories and luxury products), Sodexo (restaurants), Novo Nordisk (pharmaceuticals), Relx (research and consulting services), MTU Aero Engines (aerospace and defence) and Schneider Electric (electrical equipment and components). In addition, due to low conviction, the portfolio manager reduced a position in Danone (food & packaged meat) Smith and Nephew (medical equipment) and exited the position in Rakuten (distribution). In contrast, the portfolio manager took advantage of valuation opportunities and added to positions in Coca-Cola Hellenic (non-alcoholic beverages), Kerry Group (food and packaged meat), Nidec (electrical components and equipment) and DSM-Firmenich (specialty chemical products).
- Given investment criteria and portfolio characteristics, most companies in the portfolio are well-equipped to respond to short-term volatility. In most cases, these events do not change the fundamentals of long-term investment themes. The portfolio manager is committed to continuously improving the portfolio's risk/return profile and acting on market fluctuations when opportunities arise.

\*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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