

LAZARD
ASSET MANAGEMENT

PORTFOLIO MANAGER:
Lazard Asset Management

INCEPTION DATE:
March 9, 2020

CIFSC CATEGORY*:
Global Equity

Contributors to relative performance

- In the Financials sector, shares of S&P Global traded higher after the US-based financial data and ratings provider reported strong quarterly results and raised guidance for the current year, driven by strength in its Mobility and Indices businesses. We believe the company will continue to consolidate its position as a leading data and analytics provider and further diversify revenues.
- In the Information Technology sector, shares of Adobe gained after the US-based software company reported better-than-expected earnings and raised full year guidance, with strength across its core businesses, especially in the Digital Media segment. The company's earnings highlighted the sustainable growth of core products and leverage as well as the healthy opportunity the company has for artificial intelligence (AI). We believe Adobe will benefit from AI, with capabilities throughout the portfolio, which is improving demand for the company's products. We also believe that the company will continue to benefit from the shift to more electronic transactions and remote file access and that the company's subscription-based model, combined with its ability to capture new users and higher revenue per user, should allow it to compound high returns over the long term. Adobe continues to show consistent improvement in metrics on gender and underrepresented groups throughout the organization, with granular reporting of the company's pipeline of diverse talent.
- Lack of exposure to the Materials and Energy sectors also boosted relative performance.

Detractors from performance

- Stock selection in and overweight exposure to the Consumer Staples sector detracted from performance. In contrast, stock selection in and overweight to the Consumer Discretionary sector detracted from relative performance.
- Shares of Estée Lauder traded lower after the US-based cosmetics giant reported disappointing quarterly earnings, driven by lower-than-expected revenues in global travel retail. While the delay in the travel retail recovery is disappointing, we view this as a temporary headwind and are encouraged by better-than-expected results across the rest of the business. Our conviction in Estée Lauder is predicated on our belief that the company can sustain its high returns despite the near-term

QUARTERLY COMMENTARY AS OF JUNE 30, 2023

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Detractors from performance (cont'd)

challenges in the business. We believe the structural changes in the US and fragrances businesses toward direct-to-consumer, expected profit improvement in makeup, and changes in Estée Lauder's Asian manufacturing footprint provide multi-year tailwinds for the business. Estée Lauder's vision is to be the most inclusive and diverse prestige beauty company in the world and are best in class, having a long-standing commitment to this since 2004.

- Stock selection in the Consumer Discretionary sector also detracted. Yum China, the largest quick service restaurant chain in China operating brands such as KFC and Pizza Hut, saw its stock price fall amid muted macroeconomic data, coupled with incremental concerns around geopolitics and the real estate market. We continue to see upside in the strong compounding business with competitive advantages of brand, distribution, and logistics. While Yum China was one of few companies in the Minerva portfolio that did not meet our gender threshold of 30% female directors on the Board at purchase, the company has since met that threshold and shown improved reporting clarity. We believe Yum China has a strong commitment to diversity and expect metrics to continue to progress over time.

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Desjardins SocieTerra

Diversity Fund



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Major changes to portfolio in the period

- New Buy:
 - Hoya

- Complete Sell:
 - Hang Seng Bank

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