

Desjardins SocieTerra

Canadian Equity Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2023

PORTFOLIO MANAGER:

Desjardins Global Asset Management

INCEPTION DATE:

November 15, 2017

CIFSC CATEGORY*:

Canadian Equity

Contributors to relative performance

- The sectors that positively contributed to the fund's performance were materials (+0.33% compared to benchmark) and financial services (+0.24%).
- In the materials sector, Nutrien Inc. had a return of 8.15%, adding 9.1 basis points due to the over-weighting of the security in the fund. In the industrial sector, RB Global Inc. had a return of + 7.47%, contributing 26.6 basis points to relative performance. The stock rebounded from the lows reached last spring. Despite this, the stock market is still trading at a significant discount to its historical price, and we strongly believe that the company's management will be able to integrate the IAA acquisition well and generate significant synergies in the coming years.

Detractors from relative performance

- In contrast, the information technology and utilities sectors contributed negatively to the relative performance of the fund (-0.35% and -0.24% respectively).
- In information technology, Shopify Inc. (-13.41%) has decreased the fund's performance by 9.2 basis points due to the overweighting of the security in the fund. In the utilities sector, Boralex Inc. (-18.7%) decreased the fund's performance by 13.2 basis points due to the overweighting of the security in the portfolio.

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Major changes to portfolio in the period

- To Purchase of 1.01% of ATS Corp.
- Purchase 1.00% of Zoetis Inc.
- Sale of 1.07% of Stantec Inc.
- Sale of 0.39% of Granite REIT

ESG Analysis

The Desjardins SocieTerra Canadian Equity Fund aims to provide long-term capital appreciation by investing primarily in equity securities of Canadian corporations. The fund follows a responsible investment approach with the goal of achieving a higher quality score than its benchmark, based on environmental, social and governance (ESG) criteria.

For the third quarter of 2023, the fund achieved a quality score of 7.7 on the MSCI scale. The S&P/TSX Composite Index (excluding the energy and utilities sectors) had a benchmark score of 7.3. The portfolio allocation in corporate securities with an ESG rating of A or higher was 69%, while it was 61% for the benchmark. Picks of higher-scoring companies in financials, information technology and materials had a positive impact on the strategy's overall quality score. The SocieTerra Canadian Equity Fund is differentiated from its benchmark by a few of the top holdings selected by the manager, notably Bank of Nova Scotia, Microsoft Corporation and Sun Life Financial Inc.

The portfolio manager takes the scope of climate change risk into account when picking stocks. During the third quarter, the portfolio's carbon footprint was 57% below the Canadian S&P/TSX average.

*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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