

# Desjardins SocieTerra International Equity Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2023



PORTFOLIO MANAGER:  
Addenda Capital

INCEPTION DATE:  
September 5, 2018

CIFSC CATEGORY\*:  
International Equity

## Contributors to relative performance

- Sector performance was quite polarized. The energy sector went from a laggard at the beginning of the year to the best performing sector this period, returning 14%, supported by the performance of crude oil. Financial services and real estate followed suit with a more muted return of 3.0% and 1.1%, respectively. All other sectors were in negative territory with information technology and utilities having the lowest returns at -8.8% and -6.9%, respectively.

## Detractors from relative performance

- The underperformance was mainly from stock selection with only information technology names contributing positively to performance. Luxury names in the consumer discretionary sector saw a pullback in their stock price, fueled by growth concerns around the global consumer, especially Chinese consumers.
- Our holdings **LVMH** and **Richemont** were down respectively 17.7% and 24% through the period. In the financial services space, **Worldline** (payment sector out of favor) and **Prudential** (exposure to China) detracted from performance. In consumer staples, **Pernod Ricard** was the main detractor, again impacted by a softening of the Chinese consumer.

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## Major changes to portfolio in the period

- In terms of transactions in Q3 2023, the portfolio manager crystallized gains by trimming the existing position in **Novo Nordisk** (pharmaceuticals) while also taking advantage and add to the positions in **Qiagen** (life sciences tools & services) based on valuation opportunity but also **Symrise** (specialty chemicals) to improve the risk/return profile of the portfolio.
- Lastly, the portfolio manager initiated a new position in **ResMed** (healthcare equipment). The company develops, manufactures, and markets medical equipment for the treatment of sleep disordered breathing. We believe ResMed has an appealing long-term growth potential. The company is well positioned to capitalize on the growth of the sleep apnea market, as more and more people are diagnosed with this condition.
- Given the investment criteria and portfolio characteristics, most of the companies in the portfolio are well-equipped to respond to short-term volatility. In most cases, these events do not alter the underlying long-term fundamentals of the investment themes. The portfolio manager is committed to continually upgrading the risk/return profile of the portfolio and acting on market disconnections as 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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