

Desjardins Global Dividend Fund



QUARTERLY COMMENTARY AS OF MARCH 31, 2025



PORTFOLIO MANAGER:
Mondrian Investment Partners

INCEPTION DATE:
November 12, 1959

CIFSC CATEGORY*:
Global Dividend & Income Equity

Contributors to relative performance

- Stock selection was very strong in the quarter. In both the U.S. and Japan, positive stock selection was broad-based, with particularly strong contributions from the Technology and Consumer Discretionary sectors. Separately, Lloyds was the top performer after reporting strong results and providing an optimistic outlook.
- Sector allocation added to relative returns in a quarter in which tariff announcements, plus growing concerns over consumer confidence, heightened fears of a potential US recession. The Technology sector was notably weak, with semiconductor stocks taking a significant hit, which added to relative returns. This underperformance followed reports of a breakthrough at a Chinese research lab that could deliver greater-than-expected efficiencies in AI infrastructure, potentially reducing the demand for high-end semiconductors. Defensive sectors outperformed as investors sought stability during a volatile period, helping relative returns in a portfolio overweight Consumer Staples and Health Care sectors.
- Country allocation was positive in the quarter. The portfolio benefited from an overweight exposure to Europe and an underweight exposure to the US. Currency was a positive with the portfolio benefiting from being overweight the stronger Euro and underweight the weaker U.S. dollar.

Detractors from performance

- The underweight exposure to Financials detracted from relative returns, although this was more than offset by positive stock selection. Banks were strong in the quarter due to robust earnings updates and are thought to be less directly exposed to tariffs than companies in many other sectors.
- Stock selection in France detracted from returns due to weakness in the share prices of Kering and Pernod Ricard. For Kering, the luxury market continues to be very challenging, and investors were underwhelmed by the appointment of a new creative director at Gucci. Pernod is seeing pressure as a result of softer demand for spirits, especially in the US and China, and fears around the potential impacts of tariffs.

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Major changes to portfolio in the period

- In the first quarter we initiated a new position in Thermo Fisher Scientific, a high-quality name that has underperformed due to short-term, cyclical end-market weakness. We also added a new position in Workday, a US software company. We continued to build the positions in attractively valued Capgemini and Merck, and added to AB Foods which had underperformed in the period.
- These additions were funded by exiting Amazon, Snam and Hitachi, both of which had delivered strong multi-year performance, as well as Centene, which was sold as more attractive alternative investments became available within US health care.
- We also trimmed names that had done well in the period, such as Sanofi, Meta Platforms and Lloyds.

*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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