

# Desjardins

## Canadian Small Cap Equity Fund



QUARTERLY COMMENTARY AS OF MARCH 31, 2020



PORTFOLIO MANAGER:  
Fiera Capital

INCEPTION DATE:  
January 1, 1994

CIFSC CATEGORY\*:  
Canadian Small/Mid Cap Equity

### Contributors to performance

- Underweight in Energy
- Security selection in Real Estate
- Security selection in Information Technology
- Security selection in Industrials

### Detractors from performance

- Security selection in Financials
- Underweight in Materials
- Underweight in Health Care

### Major changes to portfolio in the period

- We used the market dislocation to add to some of our high conviction ideas. People Corp., Andlauer Healthcare and Richelieu Hardware were some of the companies that we increased our investment in. All three of these companies have strong balance sheets, and seasoned management teams that will be able to grow their market share during this downturn and be well positioned for the eventual market recovery.
- We initiated a new position with GDI Integrated in the Industrial sector and Richards Packaging in Materials. GDI and Richards are both leaders in their respective industries. GDI operates in the commercial facility services industry with a dominant position in Canada and a growing US business with double digit organic growth. Richards is a manufacturer and distributor of rigid packaging for the pharmaceutical, cosmetic, and food and beverage industries. The company has a long history of stable growth and free cash flow generation. Richards is led by the entrepreneurial CEO, Gerry Glynn and who is well aligned with shareholders and is the largest shareholder with 20% ownership of the company.

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→ We eliminated our position in Ceridian Software. We invested in this human capital management software company during its IPO and it has subsequently grown to become a large cap and we sold it in favor of superior small cap alternatives. In addition, we exited MTY Foods, a restaurant royalty company, and Martinrea, a global auto parts supplier on concerns over a decline in consumer spending. We exited these investments in the consumer discretionary sector in favor of Aritzia due its superior long-term growth outlook, ecommerce platform, solid balance sheet and 20% return on invested capital.

\*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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