

# Desjardins

## Canadian Small Cap Equity Fund



QUARTERLY COMMENTARY AS JUNE 30, 2020



**FIERA CAPITAL**

PORTFOLIO MANAGER:  
Fiera Capital

INCEPTION DATE:  
January 1, 1994

CIFSC CATEGORY\*:  
Canadian Small/Mid Cap Equity

### Contributors to performance

- Underweight in Healthcare.
- Security selection in Healthcare.
- Overweight in Information Technology.

### Detractors from performance

- Security selection in Industrials.
- Underweight in Materials.
- Overweight in Real Estate.

### Major changes to portfolio in the period

- We increased our position during the quarter in high-conviction holdings including First Service, Richards Packaging and Parex. Richards is one of the three largest packaging containers distributors in North America. The company also has a growing healthcare segment with equipment that dispenses vials and pill packs. Richards has a long history of predictable growth and solid return on invested capital. Lastly, Gerry Glynn, CEO, has a solid track record of capital allocation and owns 20% of the company.
- In the Industrial sector, we initiated a new position with Calian Group. Calian is a diversified service provider with operations in healthcare, IT, training and manufacturing for the public and private sector. The company's largest segment is healthcare, providing medical services for the Department of National Defense and clinic management of the in-store health clinics at Loblaws. Calian has a long history of organic growth, accretive acquisitions, resulting in superior return on invested capital of 20%.

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## Major changes to portfolio in the period (cont'd)

- In the Materials sector, we lowered our position in gold producer, B2Gold. B2Gold has been a core position in our portfolio for many years and has successfully grown to become a large cap company. B2Gold is now a 1 million oz gold producer and generates substantial free cash flow from its flagship Fekola mine. We initiated new positions in two gold companies, Wesdome and Osisko Mining. Both companies have low-cost mines in Canada and offer superior exploration potential and volumetric production growth.

\*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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