

Desjardins

SocieTerra Environment Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2020

IMPAX Asset Management

PORTFOLIO MANAGER:
Impax Asset Management

INCEPTION DATE:
September 10, 1990

CIFSC CATEGORY*:
Global Equity

Contributors to performance

- Demand for digital infrastructure continues to demonstrate it is one of the core backbones of a resilient and more efficient economy. Industrials, Health Care, and Materials holdings enjoyed a strong quarter, as companies continued to demonstrate resilient demand amidst an uncertain broader economic backdrop. Within the portfolio, this included companies active in water infrastructure, efficient agricultural equipment, diagnostic medical and laboratory equipment, efficient drug testing tools, and healthy and bio-based food ingredients.
- **Taiwan Semiconductor Manufacturing Corporation** (Semiconductors, Taiwan), the world's largest chipmaker, saw strong demand from large customers, including Apple, together with a broadening need for semiconductor chips as connectivity demands continue to rise.
- **Thermo Fischer Scientific** (Life Sciences Tools & Services, US) performed above market expectations as demand continues for the company's COVID-19 related expertise, including vaccine related drug discovery and virus testing equipment.

Please note stock commentary is based on absolute contribution to return.

Detractors from performance

- Detractors were largely stock specific.
- **KDDI** (Wireless Telecommunications Services, Japan) was negatively impacted by concerns that the government may seek to implement tariff cuts for telecommunication companies in Japan. Whilst the level of the cuts is unknown, KDDI has other important revenue streams including lifestyle media packages.
- **Jeronimo Martins** (Food Retail, Portugal) suffered from restrictions on customer traffic and as rising COVID-19 safety equipment costs impacted profitability.

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Major changes to portfolio in the period

→ Added:

- **Teamviewer** (Application Software, Germany) – on increasing confidence that the company's leading remote work login platform will continue to gain traction and deliver growth as the flexible working era begins.

→ Sold:

- **Beazley** (Property and Casualty Insurance, UK) – took advantage of share price strength following the successful capital increase and used the proceeds to increase exposure to Verisk. The latter is a unique environmental solutions provider that benefits from the increased demand for catastrophe risk and climate modelling and has a more predictable and resilient business model than the risk-taking reinsurance companies.

*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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