

# Desjardins

## SocieTerra American Equity Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2020



PORTFOLIO MANAGER:  
ClearBridge Investments

INCEPTION DATE:  
June 14, 2016

CIFSC CATEGORY\*:  
U.S. Equity

### Contributors to performance

- Stock selection in the information technology (IT), industrials and utilities sectors
- Lack of energy holdings

### Detractors from performance

- Stock selection in the health care sector

### Major changes to portfolio in the period

- Addition of Regal Beloit (RBC) in the portfolio with an average weight of 1.03 % and a weight of 1.48% at quarter end.
  - Regal Beloit designs, manufactures and sells electric motors and controls. With motors consuming 45% of global electricity production, RBC's focus on improving efficiency can have a meaningful impact on GHG emissions. New management is focused on improving profitability and returns on capital, which we see as a significant opportunity for shareholders.
  - Other sustainability themes driving growth in the business are electrification and digital connectivity, as Regal Beloit's products enable higher water and chemical reduction in manufacturing, and carbon dioxide and nitrogen oxide reduction versus traditional alternatives.
  - The company is in the top 25% of all U.S. manufacturers for safety. It discloses DART (Days Away Restricted or Transferred) and TRR (Total Recordable Rate) with the ultimate goal of zero harm every year.
- Sale of Alexion Pharmaceuticals (ALXN) from the portfolio with a beginning weight of 1.00% and an average weight of 0.35%.
  - Alexion's main franchise is facing patent expirations and competitive threats that we believe will keep the multiple from expanding meaningfully from current levels. Attempts at diversification have had mixed results.

# Desjardins

## SocieTerra American Equity Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2020



PORTFOLIO MANAGER:  
ClearBridge Investments

INCEPTION DATE:  
June 14, 2016

CIFSC CATEGORY\*:  
U.S. Equity

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

- Sale of Jones Lang LaSalle (JLL) from the portfolio with a beginning weight of 1.12% and an average weight of 0.32%.
  - Jones Lang LaSalle is facing a turbulent commercial real estate landscape due to the global pandemic and we are concerned that the demand environment could be weak for an extended period

\*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/>.

The information provided in this document is presented for illustration and discussion purposes only. It should not be considered as investment advice or securities transaction recommendations or recommendations on specific investment strategies. This document should in no case be considered or used for the purpose of buying units in a fund or any other offer of securities, regardless of jurisdiction. Said information is intended to be general and intended to illustrate and present examples relating to management of the portfolio manager cited in this document. All views, comments and opinions are subject to change without notice. The information presented on the market context and strategy represents a summary of the cited portfolio manager's observations with regards to the markets as a whole and its strategy as of the stated date. Different perspectives can be expressed based on different management styles, objectives, opinions or philosophies. Under no circumstances may this document be reproduced, in whole or in part, without obtaining written permission from the cited portfolio manager.

The Desjardins Funds are not guaranteed, their value fluctuates frequently, and their past performance is not indicative of their future returns. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The Desjardins Funds are offered by such registered dealers.