

Desjardins

Global Small Cap Equity Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2020

LAZARD
ASSET MANAGEMENT

PORTFOLIO MANAGER:
Lazard Asset Management

INCEPTION DATE:
January 12, 2004

CIFSC CATEGORY*:
Global Small/Mid Cap Equity

Contributors to performance

→ Stock selection in Materials

- Stelco, a Canada-listed steel manufacturer, contributed to relative performance during the period. Better-than-expected end demand coupled with an industry supply shortage provided a strong backdrop for company operations. With an industry leading cost structure, low debt, and underappreciated assets, the company appears well placed to succeed.

→ Stock selection in Industrials

- Atkore, a US-listed manufacturer of electrical products for the construction industry, contributed to relative performance in the period. The company continued to improve profitability and provided a more optimistic outlook than expected by some investors.

Detractors from performance

→ Stock selection in Information Technology

- Solarwinds, a US-listed provider of information technology management software, detracted from relative performance during the period. During the quarter, one of the company's product suites was compromised in a malicious hack by foreign actors. While the company's long-term track record and high historical retention rates are comforting, investors continue to assess risks related to the breach.

→ Stock selection in Communication Services

- Arteria, a Japan-listed network communication services provider, detracted from relative performance in the period. Incremental demand benefits due to work from home effects were somewhat offset by the resultant need for additional investment as well as by spending delays from corporate customers.

Desjardins Global Small Cap Equity Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2020

LAZARD
ASSET MANAGEMENT

PORTFOLIO MANAGER:
Lazard Asset Management

INCEPTION DATE:
January 12, 2004

CIFSC CATEGORY*:
Global Small/Mid Cap Equity

Major changes to portfolio in the period

- During the quarter, the portfolio added positions in high-quality companies with attractive valuations and solid balance sheets. The portfolio exited positions in companies for which risk/reward no longer appeared compelling and/or the investment thesis was no longer valid.
- During the period, the portfolio purchased Phreesia, a US-listed software provider to the acute care and hospital industry. The company continues to gain market share in its intake management business which allows providers to reduce costs and open facilities more efficiently. In addition, Phreesia's payments division is positioned very well for increased demand when discretionary patient visits and procedures return post the deployment of COVID-19 vaccines.
- During the period, the portfolio purchased Neenah Paper, a US-listed pulp and paper manufacturer. The company continues to streamline assets and operations under the leadership of a new management team. The benefits of these actions, as well as the company's share buyback program, remain underappreciated by investors and we believe the stock offers attractive risk/reward.
- During the period, the portfolio sold Altus, a Canada-listed software and services provider to the real estate industry. The investment's risk/reward profile looked less attractive following a period of share price outperformance and the retirement of the company's well-respected CEO.

Desjardins Global Small Cap Equity Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2020

LAZARD
ASSET MANAGEMENT

PORTFOLIO MANAGER:
Lazard Asset Management

INCEPTION DATE:
January 12, 2004

CIFSC CATEGORY*:
Global Small/Mid Cap Equity

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

- During the period, the portfolio sold Simulations Plus, a US-listed modeling and simulation software provider to the pharmaceutical industry. After significantly outperforming peers and equity markets, we believed the investment's risk/reward profile was not as compelling as other opportunities.

*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.

The Desjardins brand is a trademark of the Fédération des caisses Desjardins du Québec, used under licence.