

# Desjardins Global Dividend Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2022



PORTFOLIO MANAGER:  
**Mondrian Investment Partners**

INCEPTION DATE:  
**November 12, 1959**

CIFSC CATEGORY\*:  
**Global Equity**

## Contributors to relative performance

- The portfolio's overweight exposure to Japan was positive for relative returns in the period as the market outperformed in local currency.
- There was a strong stock selection in the consumer staples sector. Sundrug reported good results, as it benefited from the Japanese economy's continued re-openness, and announced a significant increase in their pay-out ratio, which was taken positively by the market. Similarly, Walmart reported good results as it showed encouraging progress on managing the excess inventory that had weighed on margins earlier in the year.
- Strong stock selection in financials supported returns. Pinnacle Financial Partners performed strongly after beating market expectations.

## Detractors from relative performance

- The majority of the underperformance in Q3 took place in July, where the market rose 7.2%, led by growth stocks
- In the subsequent two months, a number of the portfolio's health care names, primarily GSK and Sanofi, were hit by growing concerns around U.S. litigation over a heartburn drug that contained a possible carcinogen. While the size of any potential settlement remains unknown, these companies have strong balance sheets that should allow them to weather even the most penal of outcomes.
- Within the consumer discretionary sector, Ubisoft was weak following news that Tencent was increasing its stake in the company. While this news is a positive endorsement of Ubisoft's gaming franchises, it is thought to have lowered the chances of a near-term takeover, which some investors had been speculating on.

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## Detractors from relative performance (cont'd)

- The portfolio's overweight exposure to the Japanese yen and British pound were headwinds in the third quarter, with currency movements more than offsetting the outperformance of these markets in local currency. The portfolio's underweight exposure to the U.S. dollar also held back returns in the period. The strength of the U.S. dollar this year has been driven, in part, by the Federal Reserve being more aggressive than other central banks in fighting inflation and increasing interest rates.

## Major changes to portfolio in the period

- We initiated four new positions during the quarter: Berkshire Hathaway (a diversified conglomerate), Fujitsu (a Japanese IT services company), Micron (a semiconductor manufacturer), and DuPont (a specialty materials company).
- We trimmed a number of U.S. names, including Progressive (an auto insurer), American Tower (a multi-tenant communications REIT), Centene (a health insurer) and Colgate (a global consumer company).

\*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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