

# Desjardins

## Emerging Markets Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2022

**LAZARD**  
ASSET MANAGEMENT

PORTFOLIO MANAGER:  
**Lazard Asset Management**

INCEPTION DATE:  
**January 17, 2007**

CIFSC CATEGORY\*:  
**Emerging Markets Equity**

### Contributors to relative performance

- Stock selection in the financials and information technology sectors boosted relative performance, as did stock selection in Korea and Mexico.
- Overweight exposure to the energy sector contributed.
- Underweight exposure to China was beneficial to relative performance.
- Shares of HDFC Bank outperformed on news that the India-based lender's loan growth accelerated, contributing to strong operating profit for the quarter.
- The rise in the stock price of India-based insurer Star Health was attributed to new tax cuts that boosted profit outlooks and attracted foreign investment.
- Shares of Bank Mandiri advanced as a part of larger year-to-date gains recorded by the Indonesian banking sector, with net interest income rebounding above their pre-pandemic levels.

### Detractors from relative performance

- Stock selection in the healthcare sector undercut relative performance, as did stock selection in India.
- Underweight exposure to Saudi Arabia detracted.
- The fall in the stock price of Electric vehicles maker Xpeng was attributed to concerns about increased regulatory risk and as part of larger declines in the Chinese equity market.
- Chinese machinery company Wuxi Lead Intelligent saw its stock price fall on weaker demand and macro volatility in China.
- Shares of Poland-based miner KGHM Polska Miedz faltered on concerns about profit outlooks of Polish companies due to the Russia-Ukraine conflict.

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### Major changes to portfolio in the period

- The portfolio had three complete trades during the third quarter of 2022.
- Some notable changes include a new position in Kosmos energy, an emerging, undervalued LNG play. Large debt levels due from funding significant capital projects during previous periods of low oil prices and the subsequent harvesting of cash flows from a large newly commissioned greenfield project should create a significant transfer of value to shareholders, in our view.
- We exited the following positions over the quarter: CD Projekt, a polish video game provider as the macro volatility from the Russian invasion of the Ukraine weighed on growth and profit outlooks and Naspers, a South African Internet Company, as valuations became less compelling.

\*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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