

Desjardins

SocieTerra Canadian Equity Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2022

PORTFOLIO MANAGER:
Desjardins Global Asset Management

INCEPTION DATE:
November 15, 2017

CIFSC CATEGORY*:
Canadian Equity

Contributors to relative performance

- The sectors that boosted the fund's relative performance were information technology (+0.18% versus the benchmark) and industrials (+0.16%).
- In information technology, OpenText Corp. returned -24.41% adding 15.2 basis points, due to the stock's absence from the fund. In the industrials sector, Waste Connections Inc. posted a +17.14% return, contributing 10.9 basis points to relative performance due to its overweighting in the fund.

Detractors from relative performance

- Conversely, the materials and consumer discretionary sectors contributed negatively to the fund's relative performance (-0.53% and -0.52%, respectively).
- In the materials sector, Newmont Corporation (-26.30%) brought the fund's performance down by 41.7 basis points, due to the stock's overweighting in the fund. In consumer staples, Alimentation Couche-Tard Inc. (+11.19%) eroded the fund's performance by around 22.6 basis points, given the stock's absence from the fund.

Major changes to portfolio in the period

- The 4 largest transactions over the quarter were:
 - Purchase of 0.93% of Nutrien Ltd. shares
 - Purchase of 0.92% of Evoqua Water Technologies Co. shares
 - Sale of 1.68% of Newmont Corporation shares
 - Sale of 0.88% of Finning International Inc. shares

ESG analysis

- The Desjardins SocieTerra Canadian Equity Fund aims to provide long-term capital appreciation by investing primarily in equity securities of Canadian corporations. The fund follows a responsible approach to investing with the goal of achieving a higher quality score than its benchmark, based on environmental, social and governance (ESG) criteria.

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ESG analysis (cont'd)

- For the third quarter of 2022, the fund achieved a quality score of 10 on the MSCI scale. The S&P/TSX Index (excluding energy and utilities) scored 10 for the reporting period. The portfolio allocation in corporate securities with an ESG rating of A or higher was 88%, while it was 79% for the benchmark. Stock picking companies with higher scores in consumer staples, information technology and materials had a positive impact on the strategy's overall quality score. The SocieTerra Fund differs from its benchmark due to a few key securities picked by the fund manager, including Microsoft Corporation, Agnico Eagle Mines Limited and Loblaw.
- The manager takes the scope of climate change risk into account when picking stocks. In Q1, the portfolio's carbon footprint was 59% lower than the average on Canada's S&P/TSX index.

*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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