

# Desjardins

## SocieTerra Global Opportunities Fund

(formerly Desjardins SocieTerra Environment Fund)



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022

**IMPAX** Asset Management

PORTFOLIO MANAGER:  
Impax Asset Management

INCEPTION DATE:  
September 10, 1990

CIFSC CATEGORY\*:  
Global Equity

### Contributors to performance

Top contributors to returns came from companies in a variety of sectors and typically demonstrated solid earnings and relatively positive growth outlook, often supported by resilient demand and strong pricing power.

- **Hannover Rueck** (reinsurance, Germany) benefitted from better sentiment towards the reinsurance market as investors anticipate a shift in the balance of power between primary insurers and reinsurers will lead to a strong pricing environment going into next year and beyond.
- **AIA Group** (life & health insurance, Hong Kong) benefitted from the relaxation of COVID-19 related mobility restrictions in China as the potential re-opening of the HK-China border allows for a more positive outlook on the value of new business growth.
- **Linde** (industrial gases, UK) produced strong quarterly results indicating continued strength in volumes and pricing of industrial gas demand globally amid a backdrop of elevated inflation. The stock also attracted investor attention from a deeper articulation of the company's opportunities presented by the Inflation Reduction Act in the US.

*Please note stock commentary is based on absolute contribution to return.*

### Detractors from performance

Detractors were from a variety of sectors and impacted by stock specific factors. The fourth quarter also saw a rotation away from recent strong performers.

- **Cadence Design Systems** (application software, US) fell slightly due to concerns of potentially weaker growth momentum in 2023, given the current strong operational performance of the company. Demand for Cadence's semiconductor design tool software is more closely correlated to the electronic industry's research & development activities than end product demand, and the investment team expect the company to continue to benefit from secular growth in the industry.
- **Amedysis** (healthcare services, US) has faced headwinds from continued limited visibility on the outlook for nurse staffing costs and the rates expected to be paid by Medicare and Medicaid for healthcare services. Sentiment was also negatively impacted by the departure of the Chief Executive Officer.

# Desjardins

## SocieTerra Global Opportunities Fund

(formerly Desjardins SocieTerra Environment Fund)



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022

**IMPAX** Asset Management

PORTFOLIO MANAGER:  
Impax Asset Management

INCEPTION DATE:  
September 10, 1990

CIFSC CATEGORY\*:  
Global Equity

### Detractors from performance (cont'd)

- **Lonza** (life sciences tools & services, Switzerland) continues to suffer from negative sentiment due to lingering concerns over biotech funding. However, as a contract drug manufacturing organisation (CDMO) with the ability to offer commercial manufacturing of all large and small molecules across multiple modalities, the company has good visibility of demand and is supported by high margins.

*Please note stock commentary is based on absolute contribution to return.*

### Major changes to portfolio in the period

- Added:
  - **Globe Life** (life & health insurance, US) provides simple life cover and supplemental health insurance to underserved communities in the US, such as lower income customers, rural communities, and labour unions, thus improving access to finance for these groups. The company has stable growth and was added for its defensive characteristics.
- Sold:
  - **Amedisys** (healthcare services, US) was initially added as a replacement for Life Healthcare Group after a corporate bid in that name. The stock was exited due to greater uncertainty in the pricing environment.
  - **Verisk** (research & consulting services, US) was sold to reduce exposure to company specific risks including execution risk on the divestment of their energy business, Wood Mac. The investment team reallocated capital towards more defensive holdings within the portfolio.

# Desjardins

## SocieTerra Global Opportunities Fund

(formerly Desjardins SocieTerra Environment Fund)



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2022

**IMPAX** Asset Management

PORTFOLIO MANAGER:  
Impax Asset Management

INCEPTION DATE:  
September 10, 1990

CIFSC CATEGORY\*:  
Global Equity

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

- **Taiwan Semiconductor** (semiconductors, Taiwan) exited due to rebalancing of semiconductor exposure within the portfolio. The investment team prefers companies with more exposure to semiconductor capex and R&D spending on tools as chip complexity continues to rise, coupled with companies who have a greater exposure to the build out of domestic US chip manufacturing capacity.

\*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.